

OECD Development Co-operation Peer Reviews: European Union 2025



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Foreword

The OECD Development Assistance Committee (DAC) conducts reviews of the development co-operation efforts of DAC members every five to six years. DAC peer reviews seek to improve the quality and effectiveness of development co-operation policies, programmes and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries.

As set out in the methodology updated regularly and agreed to by the DAC, DAC peer reviews focus on a select number of areas critical to the quality of a member's development co-operation. These focus areas are decided in agreement with the member under review, drawing on a self-assessment submitted by the member as well as inputs from key partners. Based on these, staff from the Secretariat and two DAC members designated as peer reviewers visit the member's headquarters to interview officials and parliamentarians, as well as representatives of civil society, the private sector and relevant experts. This is followed by visits to developing partner countries or territories, where the review team meets with the reviewed member's representatives as well as senior officials and representatives of the partner country's administration, parliamentarians, civil society, the private sector and other development partners. The findings of these consultations and accompanying recommendations are then discussed during a formal meeting of the DAC prior to finalisation of the report. During the process, the OECD Development Co-operation Directorate provides analytical support and ensure consistency across reviews.

To support learning between DAC members, the report highlights valuable practices from the European Union, from which peers can draw inspiration and learning. These are documented in further detail on the Development Co-operation TIPs · Tools Insights Practices peer learning page (<https://www.oecd.org/en/topics/sub-issues/development-co-operation-in-practice/development-co-operation-tools-insights-practices.html>), that offers insights into making policies, systems and partnerships more effective. The peer review report is complemented by the European Union's development co-operation profile (https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/european-union-institutions_e27f9002-en.html) which includes factual information on its policies, development financing, institutional arrangements, and management systems.

The analysis presented in this report is based on (1) a desk review, including the European Union's self-assessment and written assessments and inputs provided by more than 21 partners (multilateral organisations, non-government and academic partners as well as partner governments); and (2) an extensive process of consultation with actors and stakeholders primarily in Belgium, Angola, Colombia and Ukraine (listed in Annex C). The work was discussed during the meeting of the DAC on 17 November 2025 and revised to integrate comments. It reproduces in the section titled "The DAC's peer review recommendations to the European Union" the recommendations approved by the Committee via written procedure on 2 December 2025.

Acknowledgements

OECD Development Assistance Committee (DAC) peer reviews serve both learning and accountability. This report is the result of an in-depth consultation and review process. It was produced by a review team comprising peer reviewers from Norway (Hege Røttingen, Ministry of Foreign Affairs and Elise Guzda, Norwegian Agency for Development) and Switzerland (Séverine Donnet-Descartes, Swiss Agency for Development and Cooperation, Federal Department of Foreign Affairs and Lorenz Kammermann, State Secretariat for Economic Affairs). From the OECD Development Co-operation Directorate, Joëlline Bénéfice and Rachel Sberro-Kessler served as lead analysts for the review, together with Sarah Spencer Bernard, fragility specialist. Renwick Irvine, Team Lead Peer Reviews, oversaw the review. Samantha Proteau provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Robin Ogilvy, Head of Division, Reforms and Partnerships for Development Impact. The report was edited by Mark Foss.

The team are grateful for valuable inputs from across the Development Co-operation Directorate – including from the Financing for Sustainable Development division and the Global Partnership for Effective Development Co-operation –, and the OECD, in particular the Centre for Tax Policy and Administration; the Directorate for Financial and Enterprise Affairs; the Directorate for Legal Affairs; the Directorate for Public Governance; the Global Relations Secretariat; the Trade and Agriculture Directorate; the Development Centre; and the Financial Action Task Force. Submissions from a selection of partners to the European Union helped to focus and enrich the review, including a comprehensive written submission from CONCORD, the European confederation of Non-Governmental Organisations working on sustainable development and international cooperation, and inputs from the European Think Tanks Group.

The Peer Review of the European Union benefited throughout the process from the commitment and dedication of representatives of the European Commission. The review team is also thankful to Ambassador to the European Union in Colombia and his team, who ensured smooth contact with local counterparts as well as documentation, insights and logistical support.

Table of contents

Foreword	3
Acknowledgements	4
Abbreviations and acronyms	7
Executive summary	10
The DAC's recommendations to the European Union	12
Findings	16
The European Union context	17
The emerging development paradigm to international partnerships	21
Team Europe in motion and partnerships in countries	38
The Global Gateway in practice and working with the private sector	47
Staying engaged in a context of growing fragility and a shifting development paradigm	66
References	77
Notes	87
Annex A. Progress since the 2018 DAC peer review recommendations	95
Annex B. Progress against OECD legal instruments under the responsibility of the DAC	98
Notes	105
Annex C. Organisations consulted during the peer review	106
Annex D. Glossary	109
FIGURES	
Figure 1. A trilogue for policy making	18
Figure 2. NDICI-Global Europe is the biggest financial instrument for international partnership, excluding exceptional support to Ukraine	19
Figure 3. ODA from EU institutions grew steadily until 2023	20
Figure 4. EU institutions allocated more than half of their bilateral ODA general budget support, including macro-financial assistance	21
Figure 5. ODA from EU institutions to LDCs is decreasing in volume	26

Figure 6. ODA from EU institutions is declining in countries most affected by poverty	27
Figure 7. LDCs face the steepest global cuts	28
Figure 8. ODA with gender equality objectives is stable at 60% of disbursements	32
Figure 9. Attention to gender equality is lower in key sectors of the Global Gateway such as energy and transport	32
Figure 10. Budget support has been decreasing in regions covered by DG INTPA since 2021	34
Figure 11. Transformative value of Team Europe Initiatives	40
Figure 12. The share of EU development assistance directly through local systems is high but decreasing	46
Figure 13. The European Union uses the concept of “mobilisation of private sector” to describe various forms of private sector engagement	48
Figure 14. Governance structures for the Global Gateway are distinct from the usual development co-operation structures	50
Figure 15. Stakeholders have varying interpretations of the 360-degree approach	52
Figure 16. Most untied ODA contracts funded by EU institutions are awarded to European entities	54
Figure 17. Financing of the Global Gateway is expected to come from various institutions and instruments, with the EFSD+ playing a key role	57
Figure 18. European multilateral and bilateral financial institutions have different financing capacity	58
Figure 19. The EFSD+ guarantee approval process under the Open Architecture is long and complex	60
Figure 20. EU ODA to contexts with high or extreme fragility has remained relatively stable over time, although it has fallen as a share of total ODA	71
Figure 21. Top 10 United Nations recipients, 2023	76

INFOGRAPHICS

Infographic 1. Highlights from the 2025 Development Co-operation Peer Review of the European Union	14
Infographic 2. The European Union’s development co-operation at a glance	15

TABLES

Table 1. More than one-third of Global Gateway flagships are in LDCs	29
Table 2. Global Gateway flagship projects are mostly active in the climate and energy sector	30
Table 3. Programming in sub-Saharan Africa is moving towards the Green Deal and economic growth	31
Table 4. Overview of the different methods of the Team Europe approach	40

BOXES

Box 1. Supporting reform through a comprehensive offer in the EU Neighbourhood	35
Box 2. The Twinning and TAIEX instruments – practical ways to leverage expertise of EU Member States for peer-to-peer learning	41
Box 3. Connecting the unconnected in Colombia – supporting infrastructure investments and community Internet networks to bring connectivity to rural areas	51
Box 4. The Lobito Corridor exemplifies a renewed emphasis on mutual benefits in today’s geopolitical landscape	53
Box 5. The Ukraine Investment Framework, a de-risking instrument similar to the EFSD+, helps mobilise private financing for investments	61
Box 6. The European Union has deployed an array of tools to promote the positive impacts of trade and investment on sustainable development	64
Box 7. Integrated support to peace in Colombia	68

Abbreviations and acronyms

CBAM	Carbon Border Adjustment Mechanism
CFSP	Common Foreign and Security Policy
CLIP	Country Level Implementation Plan
COVID-19	Coronavirus (SARS-CoV-2)
CRA	Climate Risk Assessment
CS3D	Corporate Sustainability Due Diligence Directive
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTIP	Clean Trade and Investment Partnership
DAC	Development Assistance Committee (OECD)
DFI	Development Finance Institution
DG ECHO	Directorate-General for European Civil Protection and Humanitarian Aid Operations
DG ENEST	Directorate-General for Enlargement and the Eastern Neighbourhood
DG INTPA	Directorate-General for International Partnerships
DG MENA	Directorate-General for the Middle East, North Africa and the Gulf
EEAS	European External Action Service
EFSD+	European Fund for Sustainable Development Plus
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EU	European Union
EUDR	EU Deforestation Regulation
EUTF	EU Trust Fund
IFI	International Finance Institution
FPI	Service for Foreign Policy Instruments
GAP	Gender Action Plan

GDP	Gross Domestic Product
GNI	Gross National Income
GSP	Generalised Scheme of Preferences
HDP	Humanitarian-Development-Peace
I-Marker	Inequality Marker
IPA III	Instrument for Pre-Accession Assistance III
LACIF	Latin America and Caribbean Investment Facility
LIC	Low-Income Country
LMIC	Lower Middle-Income Country
MAV+	Manufacturing and Access to Vaccines, Medicines and Health Technology Products in Africa
MFA	Macro-Financial Assistance
MFF	Multiannual Financial Framework
MIP	Multiannual Indicative Programme
NDICI-Global Europe	Neighbourhood, Development and International Cooperation Instrument – Global Europe
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PSI	Private Sector Instrument
RBC	Responsible Business Conduct
SDG	Sustainable Development Goal
SEA	Strategic Environmental Assessment
SIFA	Sustainable Investment Facilitation Agreement
TAIEX	Technical Assistance and Information Exchange
TEI	Team Europe Initiative
TSD	Trade and Sustainable Development
TVET	Technical and Vocational Education and Training
UMIC	Upper Middle-Income Country
UN	United Nations
USD	United States Dollar

Signs used:

EUR	Euro
USD	United States dollar

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = EUR

2018	2019	2020	2021	2022	2023	2024
0.8473	0.8933	0.8775	0.8456	0.9509	0.9248	0.9246

Executive summary

What are the opportunities and challenges for the European Union's new development paradigm centred on mutual benefits and quality infrastructure investments in contributing to poverty and inequality reduction? How can the European Union further improve? These questions underpinned the OECD Development Assistance Committee (DAC) peer review of the European Union, conducted by Norway and Switzerland.

The European Union is a standard setter committed to poverty reduction, peace and sustainable development. As a unique regional organisation, it has played a leading role in promoting human rights, rule of law and environmental norms. Committed to multilateralism, it leverages its diplomatic and financial weight to advance a rules-based international order. The European Union has made important efforts to integrate sustainability and development considerations into global economic governance frameworks and has played a leading role in the promotion of responsible business conduct through global supply chains. In 2024, the EU institutions provided USD 27.7 billion (preliminary data) of official development assistance (ODA). This marks the third year of increases in ODA volume driven by unprecedented support to Ukraine.

The European Union is reshaping its development co-operation in response to a rapidly evolving geopolitical environment. The convergence of global crises and rising tensions around migration, energy and trade have prompted the European Union to recalibrate its external action towards a stronger emphasis on defence, economic security and mutual interest. Development co-operation is a valuable tool for conflict prevention and can support broader geopolitical and strategic objectives. The European Union aims to deploy ODA as a catalyst for public and private investments.

The Global Gateway is an ambitious strategy that has the potential to create jobs, reduce poverty and inequality. Launched in 2021, the strategy aims to support digital connectivity, sustainable energy and transport, health and education and research in partner countries based on mutual interests of the European Union and its partners. In 2024, the European Union formalised a 360-degree approach that has the potential to strengthen the inclusivity and sustainability of infrastructure investments in accordance with its six key principles. However, understanding of this concept by stakeholders varies widely.

By mobilising and expanding its toolbox, the European Union can maintain its comparative advantage in support of structural reforms and human development. The European Union can mobilise grants, policy-based loans, budget support, technical assistance, capacity building and guarantees. The tool mix allows it to tailor responses to varied country contexts and development challenges, while using ODA to catalyse other sources of funding. The complementarity between tools can enable engagement in policy areas where market-based solutions cannot deliver the desired outcomes. This will be particularly important in the areas of basic services, which are facing ODA cuts worldwide.

With EUR 40 billion in guarantees, the European Fund for Sustainable Development Plus (EFSD+), is the main financing tool of the Global Gateway. It can help incentivise investments in sectors and locations perceived as risky by the private sector but that can bring development benefits. Streamlining the process for eligible financial institutions to access guarantees and sharing further information on the additionality of investments would strengthen this approach.

With a strategy more focused on mutual benefits and infrastructure investments, and a search for greater geographic flexibility in the next Multiannual Financial Framework, staying engaged in least developed countries (LDCs) and contexts most affected by fragility requires sustained efforts and attention. Indeed, the volume of mobilised private sector finance in these contexts is limited, reflecting private sector priorities and concerns. In contexts facing high fragility, a mix of tools can help create conditions for future investments and can help tailor the investment approach so that it supports peace and resilience objectives.

As the Global Gateway strategy moves from start-up to scale-up, further strengthening information sharing will be key to increase buy-in. The Global Gateway governance structure is inclusive with platforms such as the Business Advisory Group and the Civil Society and Local Authorities Advisory Platform, which bring a variety of perspectives. EU partners would benefit from clearer information on why Global Gateway projects were selected as flagships and their expected results. The ambition of the European Union to mobilise up to EUR 300 billion between 2021 and 2027 has created high expectations. Greater clarity on volumes of new investments and sources of financing for the Global Gateway would increase understanding from partners.

The Global Gateway has a distinctive focus on EU companies that can bring benefits to partner countries but also creates risks. The European Union promotes tenders that consider environmental, social and governance (ESG) standards, life-cycle costing, local labour and content. This can help level the playing field, transfer know-how and skills, and create opportunities for local companies. The European Union has a strong track record on untying aid. However, procurement restrictions in Ukraine risk undermining value for money. A new focus on European companies should not undermine the EFSD+'s effective support to local private sector development.

The Team Europe approach is a pragmatic and flexible way of working to enhance co-ordination, coherence and complementarities by aligning EU institutions, Member States and their implementing agencies, including development finance institutions and export credit agencies and partners, around shared priorities for impact. At global and country levels, co-ordination and decision-making are agreed among Team Europe actors without imposing formal harmonisation. While the European Commission plays a central role in facilitating Team Europe Initiatives, challenges remain around inclusivity and visibility concerns of EU Member States. Maintaining EU-level co-ordination and sustained co-ordination with local actors is essential for the continued success of Team Europe and to avoid fragmentation.

The country presence of the European Union is a key strength that facilitates policy dialogue based on an in-depth understanding of local and national contexts. As investment-driven approaches gain prominence in EU external action, nurturing the EU's strong country presence with development expertise is critical to ensure that programmes remain politically informed, evidence-based and results-oriented.

The strong track record of the European Union in support of peace and resilience through long-term partnerships is a central feature of its engagement in contexts exposed to fragility or conflict, with an approach anchored in the Humanitarian-Development-Peace nexus. As the European Union updates its Commission-wide approach to fragility, embedding the expertise and toolbox on fragility beyond specialised units will be important for conflict-sensitive investments, and can benefit partnerships even in contexts less exposed to fragility.

The European Union is recognised as a leading humanitarian actor. In a changing donor landscape with shrinking resources, the planned review of its humanitarian action comes at a critical time. Partners are looking to the European Union for sustained, principled and effective humanitarian leadership, distinct from broader approaches to fragility, especially as prioritisation and efficiency drive changes across the system.

The DAC's recommendations to the European Union

1. The European Union should safeguard access to concessional finance for Least Developed Countries (LDCs) and contexts most exposed to fragility as the development co-operation paradigm shifts.
2. While implementing a paradigm shift in partnerships, and in a context of official development assistance (ODA) cuts globally, the European Union should maintain its comparative advantage by:
 - communicating and applying the 360-degree approach that includes broad support to the enabling environment to ensure that investments place poverty and inequality at the core
 - continuing predictable support to basic human development and institutional strengthening, including beyond the Global Gateway strategy.
3. The European Union should leverage its complementary set of approaches and tools, such as policy-based loans, budget support and technical assistance, and conflict sensitivity and resilience analysis, to support policy reform in all geographies of its external action, including by continuing to share good practices across all directorates general from the external relations family as well as the European External Action service.
4. While modernising its global presence, the European Union should:
 - continue to accompany staff most affected by the modernisation process
 - ensure that staff working in reinforced delegations have a clear mandate and means to work across their geographic portfolios
 - nurture its country presence with development expertise to leverage the knowledge and network of Delegations and sustain engagement with national and local actors.
5. Recognising its role of facilitating co-ordination and promoting effective development co-operation, the European Union should:
 - continue incentivising and supporting the monitoring and evaluation of Team Europe Initiatives including their added value
 - select members for delegated co-operation on the basis of their demonstrated added value – such as country presence and technical expertise – and systematically assess whether direct funding to national and local actors would be more appropriate.
6. As the Global Gateway moves from start-up to scale-up, buy-in from stakeholders could be further strengthened by:
 - increasing external awareness on the Global Gateway's objectives, processes and selection criteria

- publishing comprehensive information on projects (including stage of implementation, implementing partners, expected outcomes and impact, and investment amounts by source of financing).
7. The EU should build on its strong track record on untying and continue to operate in line with the DAC Recommendation on Untying of ODA as the development co-operation paradigm shifts.
 8. Recognising the leading role of the European Union on policy coherence, and as it increasingly relies on the private sector to create development impact in partner countries, the EU should:
 - continue promoting high environmental and social standards in global value chains, building on its history of leadership on responsible business conduct
 - ensure that regulations in all policy areas within its competence are designed in ways that further consider their impact on developing countries and provide appropriate support to help partner countries adjust to sustainability expectations.
 9. In order to maximise its impact, the European Union should strengthen the guarantee scheme by:
 - simplifying and accelerating its process to improve its attractiveness
 - preserving its focus on local private sector development
 - sharing information on the additionality of its investments
 - facilitating private finance mobilisation.
 10. The European Union should build on its strong track record on supporting peace, resilience, crisis response and principled humanitarian leadership by continuing to emphasise the value of development co-operation to prevent crises and maintain peace through the Humanitarian-Development-Peace Nexus, including in more stable contexts, and apply its toolbox to ensure its investment approach is tailored to fragility.

Infographic 1. Highlights from the 2025 Development Co-operation Peer Review of the European Union

A KEY DEVELOPMENT CO-OPERATION PROVIDER COMMITTED TO A RULES-BASED INTERNATIONAL ORDER, THE EUROPEAN UNION'S STRENGTHS ARE:

A long-term, predictable commitment to reducing poverty and inequality, and fostering peace



In Colombia, integrated and sustained engagement with successive governments, and tangible projects at community level, confirmed the European Union as a credible partner for peace

A pragmatic approach to co-ordination through Team Europe Initiatives



Over 160 initiatives are being rolled out worldwide enhancing co-ordination and complementarities between EU institutions and Member States

An ambitious Global Gateway strategy that has the potential to create jobs, reduce poverty and inequality



The strategy aims to support investments in five key sectors - digital connectivity, sustainable energy, transport, health and education and research - based on mutual interests of the European Union and its partners

A wide array of tools that can be tailored to country contexts



In its neighbourhood, EU macro-financial assistance and budget support contributed to stabilise economies, protect essential services and advance longer-term national reforms

...AND AREAS FOR IMPROVEMENT

Safeguarding concessional finance to least developed countries and contexts facing fragility and conflicts to leave no country behind



Ensuring Global Gateway investments prioritise poverty and inequality and are tailored to fragility and complement other approaches to human development



Strengthening information on Global Gateway processes and projects



Preserving attention to local private sector development and streamlining the European Fund for Sustainable Development Plus process



PROGRESS SINCE THE PREVIOUS PEER REVIEW

The European Union has partially or fully implemented **19** of the **20** recommendations for its review in **2018**.



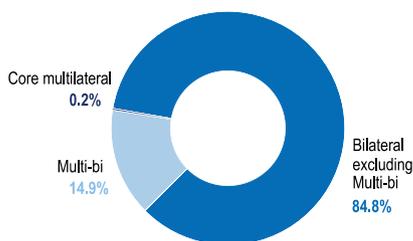
PARTIALLY OR FULLY IMPLEMENTED

Infographic 2. The European Union's development co-operation at a glance

Figures expressed in USD millions and 2023 constant prices unless mentioned otherwise

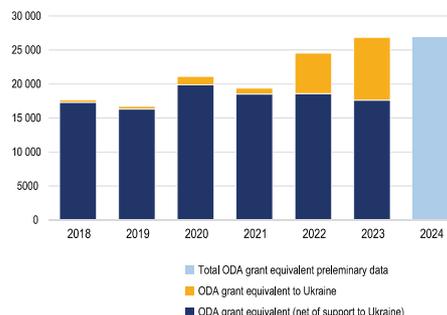
EU INSTITUTIONS PROVIDED USD 27.7 BILLION OF ODA IN 2024

2024, current price, grant equivalent



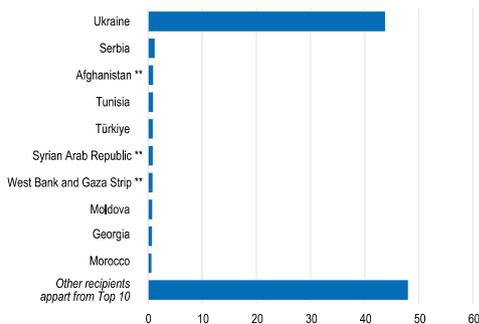
EU'S ODA ROSE STEADILY UNTIL 2024 DRIVEN BY SUPPORT TO UKRAINE

USD million, grant equivalent



UKRAINE IS BY FAR THE EU'S MAIN PARTNER COUNTRY

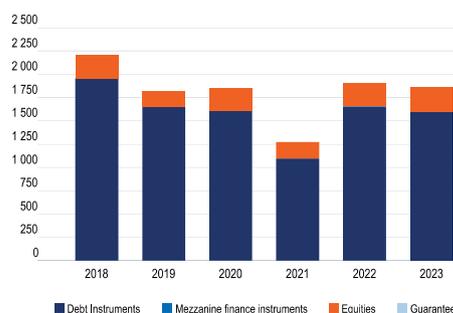
2022-23 average, disbursements



** Highly to extremely fragility and/or conflict affected

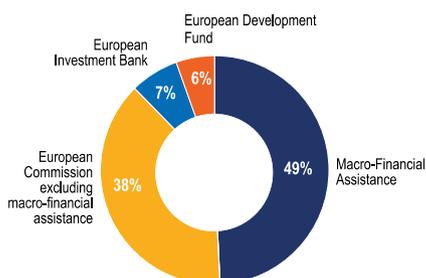
IN 2023, THE EIB, EXTENDED USD 1.9 BILLION IN THE FORM OF PRIVATE SECTOR INSTRUMENTS TO DEVELOPING COUNTRIES, MAINLY THROUGH LOANS

Private sector instruments by financial instrument gross disbursements



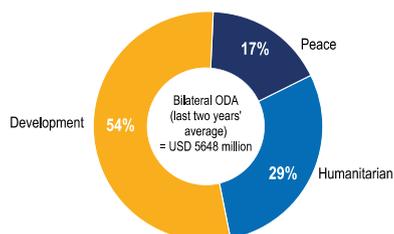
IN 2023, HALF OF EU SUPPORT HAS BEEN PROVIDED AS MACRO-FINANCIAL ASSISTANCE

Disbursements



17% OF EU SUPPORT IN CONTEXTS WITH HIGH AND EXTREME FRAGILITY GOES TO PEACE

2022-23 average, disbursements



Findings

This report presents the findings of the 2025 development co-operation peer review of the European Union (EU) and includes the relevant recommendations approved by the Development Assistance Committee (DAC). The report focuses on four areas of EU development co-operation that were identified in consultation with representatives of the European Commission and its partners. To that end, it analyses the strategic shift in the European Union's overall development co-operation and its humanitarian assistance architecture. It then explores EU efforts to support co-ordination through the Team Europe approach and its impact on partnerships in countries, how Global Gateway and private sector engagement works in practice and how the European Union engages in contexts with high or extreme fragility. For each of these areas, the report identifies strengths and challenges, the elements enabling achievements, and the opportunities or risks that lie ahead.

The European Union context

A commission focused on geopolitics and investment in a polarised international context

EU composition has changed since the last peer review. In 2020, following its 2016 “Brexit” referendum, the United Kingdom (UK) became the first Member State to withdraw from the European Union (EU), resulting in a membership of 27 states. While there are nine candidate countries, and one aspiring candidate involved in accession process,¹ the last EU enlargement occurred in 2013 with the accession of Croatia.

The recovery of the EU economy is slowing down. The unprovoked war of aggression against Ukraine by the Russian Federation (hereafter “Russia”) has shaped recovery efforts following the COVID-19 pandemic (Eurostat, 2025^[1]). The post-pandemic rebound in gross domestic product (GDP) has faded as the impacts of the war have unfolded globally. This has driven energy prices higher and caused new supply chain disruptions, highlighting the need for long-term investment in green and digital transitions. To address these challenges, the European Union launched the EUR 800 billion *Next Generation EU* recovery plan. However, spending has been executed more slowly than planned. In addition, rising geopolitical and trade tensions continue to slow the recovery and increase uncertainty, emphasising the need to deepen structural reforms (OECD, 2025^[2]).

Russia’s war of aggression against Ukraine has provoked an unprecedented response from the European Union and its Member States. Heavy EU sanctions on Russia have targeted energy, trade and technology, among other sectors. As of end 2024, EU support for Ukraine totalled almost EUR 135 billion. This was allocated as financial, economic and humanitarian support (EUR 67.7 billion); military support (EUR 48.7 billion); and support for refugees within the European Union (EUR 17 billion). Defence is also on the agenda of the European Commission (hereafter “the Commission”) and spending is expected to increase within the European Union and Member States (NATO, 2025^[3]). EU countries are discussing a EUR 500 billion joint fund for common defence projects and arms procurement (European Commission, 2024^[4]).

The political landscapes in EU Member States show increased polarisation. Multiple governments, including Austria, France, Germany and the Netherlands, among others, have recently struggled to maintain support or to stabilise working coalitions. Traditional centrist parties have tended to lose majority. Many governments are taking or are projected to take stronger stances regarding immigration and protecting domestic economies (Economist Intelligence, 2025^[5]). Following the 2024 European Parliament elections, while the pro-EU mainstream parties (European People’s Party and Social Democrats) retained the majority, far-right parties made significant gains – up one-fifth from 2019.

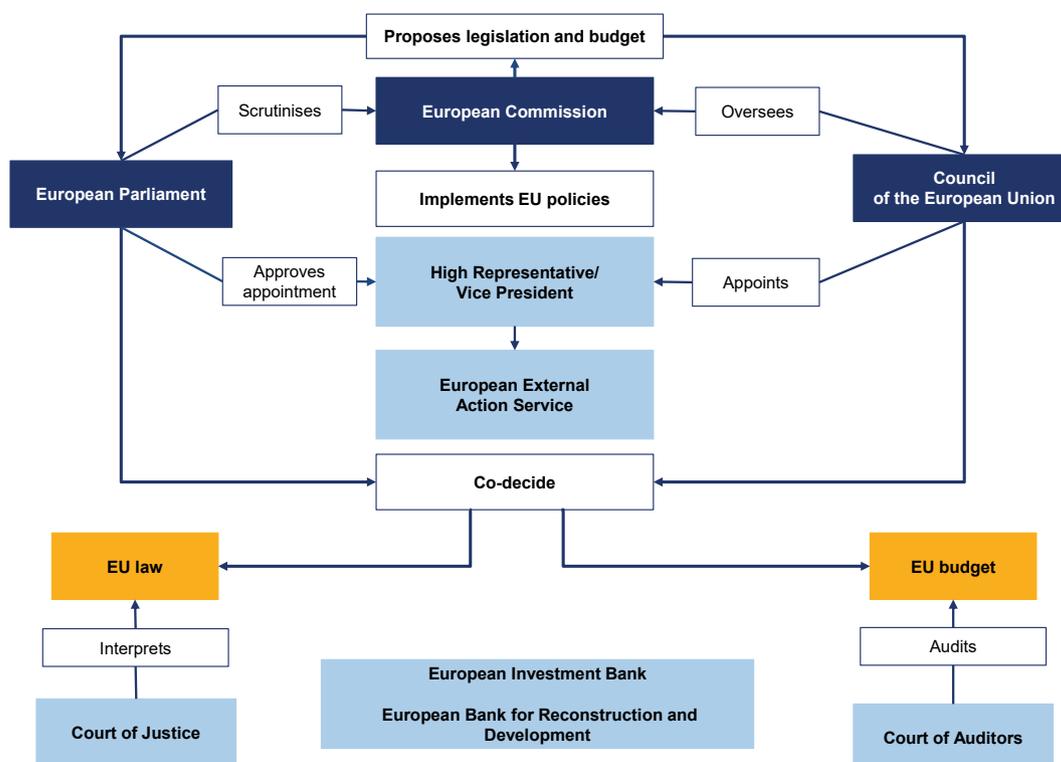
The current Commission is focused on geopolitics and investment (European Commission, 2024^[6]). The mandate of Ursula von der Leyen, who has been Commission president since 2019, was renewed in late 2024 for another five years. A new college of commissioners was installed on 1 December 2024. The priorities of the Commission are Europe’s sustainable prosperity and competitiveness, defence and security, the European social model, quality of life (food security, water and nature), democracy, leveraging Europe’s power and partnerships, and modernising and reinforcing the EU budget (European Commission, 2025^[7]).

A multi-layer system for decision making and delivery

Development co-operation is a shared competency between the European Union and its 27 Member States. The European Union has a legal personality based on the legitimacy of the Member State governments represented in the Council (i.e. indirect legitimacy) and the legitimacy of the European

Parliament that is directly elected by EU citizens (i.e. direct legitimacy). The Commission is the executive body of the European Union. As such, it has the right of initiative for policies except for Common Foreign and Security Policy (CFSP), implements EU policies and executes its budget (Figure 1).² Development co-operation is a shared competence:³ the European Union can carry out activities and conduct a common policy on development co-operation, but this does not prevent Member States from exercising theirs. The European Union can also facilitate co-ordination. Having its own resources and budgetary authority, it is a full Member of the Development Assistance Committee (DAC) and provider of official development assistance (ODA) in its own right.

Figure 1. A trilogue for policy making



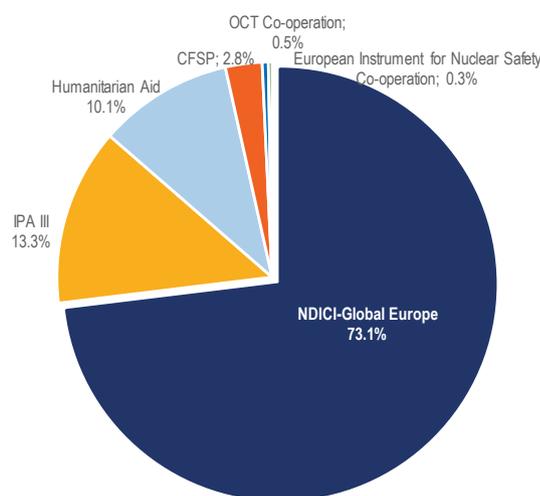
The Multiannual Financial Framework (MFF) is the long-term budget for the European Union, setting expenditure ceilings for EU policies and programmes over five to seven years. The MFF ensures that EU spending is predictable and aligned with strategic priorities. The Commission proposes the MFF, which is negotiated by Member States within the Council of the European Union in consultation with the European Parliament. Its adoption requires unanimous approval by the Council and consent of the European Parliament. Once adopted, the MFF is implemented through annual budgets, which must remain within the agreed limits. The current MFF 2021-2027 is ending and negotiation of the 2028-2034 framework started in July 2025 based on a proposal from the Commission.

The Neighbourhood, Development and International Co-operation Instrument – Global Europe (NDICI-Global Europe) is the biggest financial instrument for international partnership of the current MFF. In the initial envelope, NDICI-Global Europe 2021--2027 allocated EUR 79.5 billion for co-operation (Figure 2), with 98% of commitments ODA-eligible to date (2021--2024), and expecting to exceed the 93% target over the MFF. Under the NDICI-Global Europe Regulation, the External Action Guarantee (European Fund for Sustainable Development Plus, or EFSD+) can guarantee financing and

investments up to EUR 53.4 billion thanks to a EUR 9 billion provision in the NDICI-Global Europe envelope. The Instrument for Pre-Accession Assistance (IPA) III is dedicated to enlargement and incentivises political and economic reforms and counts with an envelope of EUR 14.5 billion. Other instruments for external action include Humanitarian Aid (EUR 11 billion), CFSP (EUR 3 billion), European Instrument for Nuclear Safety Co-operation (EUR 300 million), and the Overseas Countries and Territories (OCT) Co-operation (EUR 500 million).

Figure 2. NDICI-Global Europe is the biggest financial instrument for international partnership, excluding exceptional support to Ukraine

Main EU financial instruments for external action, in share



Three Directorates-General (DGs) of the Commission and several other services with an external-facing mandate are directly involved in development co-operation, including one dealing with macro-financial assistance (MFA) and one dealing with humanitarian assistance:

- The Directorate-General for International Partnerships (DG INTPA) formulates the EU international co-operation and development policy. The DG covers co-operation with sub-Saharan Africa, Asia and the Pacific, as well as the Americas, and the Caribbean and Overseas Countries and Territories.
- The Directorate-General for the Middle East, North Africa and the Gulf (DG MENA), resulting mainly from the restructuring of the former Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and the current DG INTPA, is the Commission's entry point for all countries in these three regions.
- The Directorate-General for Enlargement and the Eastern Neighbourhood (DG ENEST), also resulting from the restructuring of the former DG NEAR, takes forward EU policies for the Enlargement and Eastern Neighbourhood.
- The Directorate-General for Economic and Financial Affairs (DG ECFIN) is responsible for macro-financial assistance to third countries.
- The Service for Foreign Policy Instruments (FPI) is responsible for the financial and operational components of EU foreign policy, focusing on crises, peace and security, in close co-ordination with Commission services and the European External Action Service (EEAS). It is responsible for the peace, stability and conflict prevention thematic programme of NDICI-Global Europe, and the foreign policy needs and crisis response components of the rapid response pillar of this instrument.

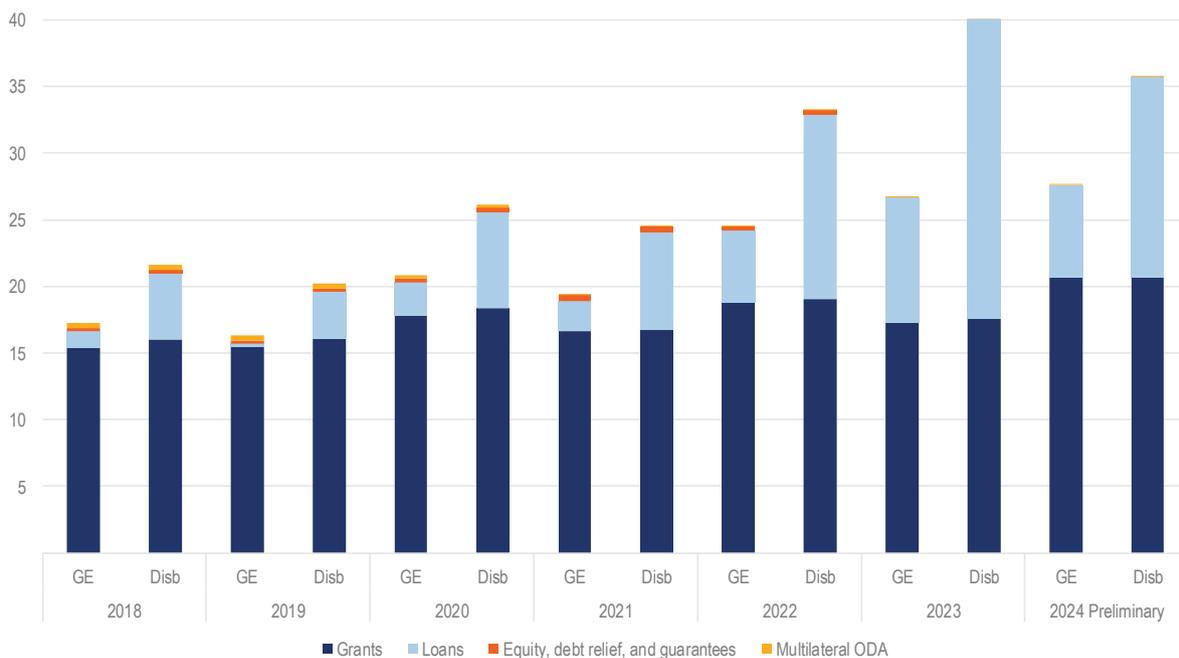
- The EEAS co-ordinates the European Union’s foreign policy, participates in co-operation programming and manages the EU Delegations.
- The Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) is responsible for humanitarian assistance.
- Other DGs such as DG TRADE, DG CLIMA, DG HOME, DG REGIO, DG ENV, DG SANTE also engage with third countries in their areas of expertise.

The European Investment Bank (EIB), through EIB Global, supports the delivery of EU external action policies in partner and candidate countries. The EIB operates with its own resources in accordance with the provisions of EU treaties and through specific Commission mandates with EU development funds. While around 10% of EIB financing goes to developing countries, it disburses approximately one-quarter of total net EU ODA. Therefore, as a significant implementer of EU development co-operation and signatory of the 2017 European Consensus on development (Council of the European Union, 2017^[8]), the EIB is committed to supporting and implementing the external and development co-operation policy objectives of the European Union.

EU institutions provided USD 27.7 billion (preliminary data) of ODA in 2024 (USD 26.9 billion in constant terms), calculated in grant equivalent. This is equal to the ODA volume provided in 2023 (Figure 3) and follows three years of increases led by the unprecedented support to Ukraine (Infographic 2). In 2024, net disbursements of ODA from EU institutions reached USD 34.7 billion.⁴

Figure 3. ODA from EU institutions grew steadily until 2023

Grant equivalent and net ODA, constant 2023 USD billion



Note: GE = grant equivalent; Disb = disbursements.

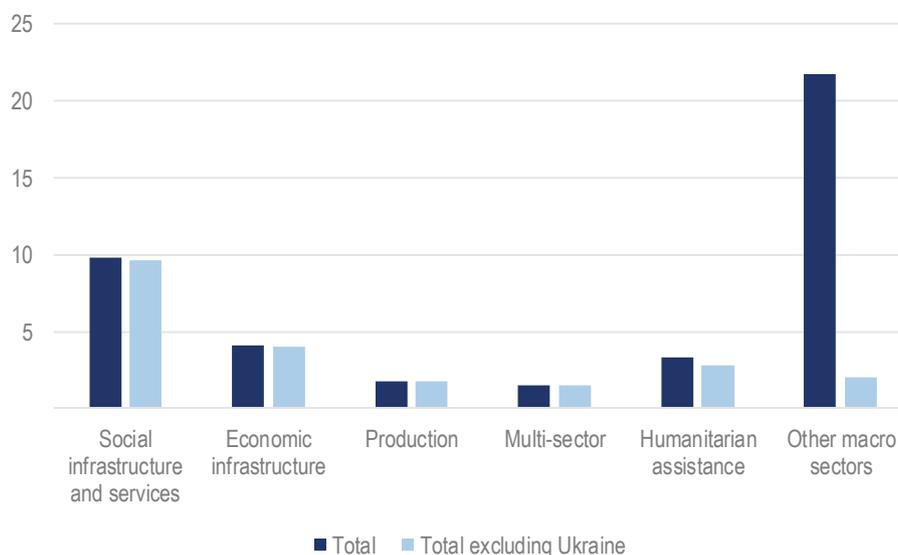
Source: OECD (2025^[9]), DAC 1, *OECD Data Explorer* (dataset), <http://data-explorer.oecd.org/s/9w> and OECD (2025^[10]), *Preliminary data on 2024 ODA* (dataset), <https://www.oecd.org/en/data/datasets/development-finance-statistics-data-on-flows-to-developing-countries.html>.

In 2023, EU institutions allocated more than half of their bilateral ODA to other macro sectors due to the exceptional support to Ukraine (Figure 4). Investments in this area accounted for 51.4% of bilateral ODA commitments (USD 21.8 billion), with a strong focus on general budget support and MFA

(USD 21.3 billion – including USD 19.7 billion to Ukraine). Excluding support to Ukraine, the EU institutions committed most of their ODA to social infrastructure and services (USD 9.6 billion excluding Ukraine and USD 9.8 billion total), with a focus on government and civil society (USD 4 billion). Economic infrastructure and services amounted to USD 4 billion (USD 4.1 billion including Ukraine).

Figure 4. EU institutions allocated more than half of their bilateral ODA general budget support, including macro-financial assistance

Bilateral ODA by sector, 2023, Commitments, USD billion, current prices



Note: other macro sectors include general budget support and macro-financial assistance, administrative costs of donors and development food assistance.

Source: OECD (2025^[11]), *Development Co-operation Profiles: European Union institutions*, https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/european-union-institutions_e27f9002-en.html

The emerging development paradigm to international partnerships

The EU policy framework focuses on poverty and inequality, giving clear indications for democratic oversight and predictable partnerships

The EU legal framework and regulations for development co-operation provide a clear mandate to focus on poverty and inequality reduction and to contribute to the sustainable development agenda. The Treaty on the European Union (European Union, 2016^[12]) reaffirms the EU commitment to supporting human rights; preserving peace and preventing conflict; assisting populations, countries and regions confronting natural or human-made disasters; and the sustainable management of global natural resources. The Treaty on the Functioning of the European Union (TFEU) (European Union, 2016^[13]) sets the reduction and eventual eradication of poverty as the primary objective of EU development co-operation. Similarly, the 2017 European Consensus on Development (Council of the European Union, 2017^[8]) signed by the European Union and its Member States, reaffirms that poverty eradication remains the primary objective of European development policy.

The current financing instruments for external action and their programming reaffirm this commitment and further amplify the priority given to social inclusion, climate action and migration, and forced displacement. According to regulations of the Instrument for Pre-Accession Assistance III

(IPA III), the instrument should support implementation of the United Nations 2030 Agenda for Sustainable Development and promote social protection and inclusion; combat poverty; promote gender equality and the empowerment of women and girls; and strengthen capacities to face migration challenges, among other priorities (European Parliament and Council of the European Union, 2021^[14]). NDICI-Global Europe, the main development co-operation instrument in the 2021-2027 MFF, identifies several concrete targets:

- At least 93% of expenditures shall fulfil the criteria for ODA.
- Thirty per cent of expenditures shall contribute to step-up efforts on climate objectives.⁵ NDICI-Global Europe should also contribute to the MFF overall targets related to biodiversity; namely, 7.5% of annual spending under the MFF should support biodiversity objectives in the year 2024 and 10% of annual spending should support biodiversity objectives in 2026 and 2027.
- Indicatively, 10% should support management and governance of migration and forced displacement, as well as address the root causes of irregular migration and forced displacement.
- At least 20% of ODA spending should be dedicated to social inclusion and human development.⁶
- At least 85% of new actions should have gender equality as the principal or significant objective.
- At least 5% of these actions should have gender equality as a principal objective.

The clear strategic framework and regulatory targets in NDICI-Global Europe provide strong policy guidance and promote transparency. The strategic framework and funding targets offer a solid basis to assess whether the Commission’s funding decisions align with EU commitments and priorities – supporting democratic oversight by the European Parliament, the Council, civil society and citizens. Many EU partners – such as multilateral organisations, Member States and civil society organisations (CSOs) – appreciate how the targets, along with indicative budgets and multiannual indicative programmes (MIPs), bring clarity and predictability. These have helped them plan and focus their strategic and operational efforts. While targets have added some complexity to programming, they have also helped speed up progress, particularly at the launch stage, on key priorities like gender equality and climate action (see “An investment agenda, critical to bridge the financing gaps for the SDGs, would benefit from complementary approaches to sustain progress in human development, democracy and institutional strengthening”).

Complementary strategies and tools help put key priorities into practice by tailoring them to country contexts, which helps build solid foundations for quality programming. These include the EU Toolbox on the Sustainable Development Goals (SDGs); the Gender Action Plan III and its country-level implementation plans; the EU Action Plan Human on Rights and Democracy (2020-2027) and its country strategies; Civil Society Roadmaps designed at partner country level following a dialogue between the European Union and civil society; conflict analysis screenings; and the Greening EU International Co-operation Toolbox.⁷ EU-wide strategies on child rights; persons with disabilities; and gay, bisexual, transexual, queer and intersex (LGBTIQ) issues also include chapters guiding external co-operation.⁸ To ensure its commitments are implemented effectively, the European Union actively monitors its progress, and to what extent its programmes target vulnerable groups, including the bottom 40%. One example is the launch of the first Inequality Marker (I-Marker), designed to track and benchmark the impact of the Commission’s development interventions on reducing inequalities across all regions and sectors (OECD, 2024^[15]).

The European Union is a standard setter and principled international partner committed to multilateralism – values that partners count on

The EU project illustrates the possible role of regional integration to support growth and regional stability, creating systems for cross border co-operation. Building on its experience, the European Union has been supporting regional integration across the world. Examples include support to implement the African Continental Free Trade Area to bolster African economic integration and support local value chains; the creation of a Common Regional Market in the Western Balkans; and the

EU-LAC Digital Alliance with Latin America and the Caribbean. This model has been attractive for regional development. The virtual mission to Ukraine confirmed how accession perspectives and the desire of countries to align with EU values can drive policy reform with enhanced political commitment.

A unique regional organisation, the European Union is seen as a standard setter when it comes to consumer safety, green energy transition, human rights, the rule of law and peace. The European Union is an active partner to setting shared standards and supporting their implementation internationally. Partners' assessments gathered as part of this review also highlighted the role of EU leadership with respect to economic, environmental and social standards (see The Global Gateway in practice and working with the private sector and “The European Union has built a strong reputation as a partner for peace and stability”). In countries such as Colombia or Ukraine, EU support to the peace process, human rights, rule of law and the migration crises has been recognised for bringing political clout combined with operational and financial support.

The European Union is committed to multilateralism. The European Union defends universal values and international law, acts as a strategic convenor within the United Nations, pursues institutional reforms and supports a rules-based international order to achieve global prosperity. It champions these goals through its 2021 Joint Communication “Strengthening the EU’s contribution to rules-based multilateralism (European Commission and High Representative of the Union for Foreign and Security Policy, 2021^[16]) and the Council Conclusions ahead of the Fourth International Conference on Financing for Development (FfD4) (Council of the European Union, 2025^[17]).

The European Union leverages its financial resources and diplomatic power to uphold and strengthen multilateralism. As an enhanced observer at the United Nations, the European Union co-ordinates common negotiating positions across its 27 Member States, drives collective action on human rights and security in the UN General Assembly and Economic and Social Council and Human Rights Council, and advocates for Security Council and institutional reforms to enhance transparency, representation and accountability.⁹ Along with its Member States, it has also been active in reform dialogues led by the World Health Organization and the World Trade Organization (WTO). EU institutions contribute financially to the multilateral system, providing USD 6.1 billion of gross ODA in 2023 (representing 15% of total ODA). The United Nations is a partner of choice for humanitarian action as exemplified by EU readiness to back UN pooled funds in crises (see “Partners are increasingly looking to the European Union as a leader in humanitarian action as the donor landscape changes”). At a time when multilateralism, the rule of law and shared solutions are challenged, such a principled approach and financial support are vital to underpin a functioning multilateral system.

EU engagement with the multilateral system could support more policy influence. According to an evaluation of EU co-operation with the United Nations in external action, partnerships were pragmatic, with the European Union seeking the best implementing partner. However, the strong policy-based engagement at UN headquarters did not always lead to strategic engagement in countries (ADE, PEMconsult and IRAM, 2023^[18]). The evaluation suggested that lack of strategic engagement in countries could limit policy influence. Further, more analytical information on co-operation with the United Nations on a specific sector, theme, region, country or UN entity consolidated across DGs could help further leverage this partnership.

As the European Union is shifting to the narrative of mutual benefit in its approach to partnerships and the use of ODA as a catalyst, there is scope for firmer grounding within established governing structures

In an increasingly polarised world, economic security is at the core of external action for the European Union. According to the 2024-2027 priorities of the Commission, the European Union aims to defend and promote a rules-based international order. It also pushes to strengthen the role of global

institutions to uphold EU values of human dignity, freedom, democracy, equality, rule of law, sustainability and respect for human rights, and to strengthen EU prosperity and its position globally (European Commission, 2024^[20]). To do so, it is prioritising enlargement to increase global influence and strengthen stability and is increasingly focusing on its wider Neighbourhood – including MENA and the Gulf – to support investments, economic stability, job creation, energy and security. The creation of two distinct DGs with dedicated commissioners for these regions, DG ENEST and DG MENA, illustrates this increased political attention. Globally, EU economic foreign policy focuses on economic security, trade and investment in partnerships. It aims to build resilience, secure supply chains, strengthen collaborative innovation and tackle the roots of insecurity (European Commission, 2024^[20]).

Development co-operation is closely linked to political goals and EU projection on the global stage.

By making enlargement a geopolitical imperative and merging most external action financial instruments into NDICI-Global Europe,¹⁰ the European Union has expanded objectives of the envelope for development co-operation to embrace broader foreign policy concerns. According to the 2024 evaluation of the external financial instruments, the creation of NDICI-Global Europe contributed to increasing coherence of international partnerships with foreign policy objectives (Particip GmbH, 2024^[19]).

Flexibility in the NDICI-Global Europe set-up enabled the European Union to react to political shocks.

For instance, while programming is mostly done at country level, the Commission has been able to move country funding within geographic envelopes.¹¹ It mobilised this possibility for the Sahel and MENA regions and countries when political changes in the region meant that EU values were no longer aligned with those of partner countries (see *Staying engaged in a context of growing fragility and a shifting development paradigm*). In addition, NDICI-Global Europe includes a cushion of EUR 9.53 billion for emerging challenges and priorities. This allows it to respond swiftly and with scale to crises, while protecting the predictability of geographic programming. Nonetheless, the vast majority (79%) of the seven-year cushion budget was earmarked in the first three years of implementation to several priorities: the impact of the COVID-19 pandemic, the Syrian refugee crisis in partner countries and Russia's war of aggression against Ukraine. It also provided additional guarantees to the EIB in the context of the Global Gateway strategy (Hauck, Sabourin and Jones, 2024^[21]). Building on this experience, some argue for more flexibility in the future MFF.

EU development co-operation operates in a global context of financing and investment gaps that undermine progress towards the SDGs.

According to a recent OECD report, developing and emerging economies face an annual SDG financing shortfall of approximately USD 4 trillion – a dramatic rise from USD 2.5 trillion in 2015 (OECD, 2025^[22]). Despite a 36% increase in SDG finance needs between 2015 and 2022, actual funding only grew by 22%, resulting in a financing gap that has ballooned by 60%. ODA is a vital source of development finance, but at USD 223 billion in 2023, it is too small to fill the financing gulf and can only complement mobilisation of more domestic resources and investments. Global financial assets – 21% of which are held in developing countries – have the potential to contribute to social and economic progress if aligned to development needs.

With expanded policy objectives and a tight budgetary environment, the European Union aims to respond to the funding gap by using ODA as a catalyst for public and private investments.

Across its regions of engagement, the Commission aims to diversify its toolbox, expanding non-grant modalities to provide support at a bigger scale. In regions covered by DGs ENEST and MENA, the Commission is expanding private sector investment and results-based policy loans to spur reforms, while leveraging ODA resources. For instance, the European Union created two new facilities in the Neighbourhood region: the Ukraine Facility, and the Reform and Growth Facility for the Western Balkans. These facilities mix loans and grants with disbursements triggered by achievement of qualitative and quantitative steps. They also aim to leverage private sector resources and expertise as funds are channelled through national treasuries and infrastructure investment platforms that also enable economic convergence.¹² In addition, DG INTPA aims to use ODA as a catalyst with a major focus on leveraging private sector investments through projects

that fit EU priorities and the need for stability and resilience (see *The Global Gateway in practice and working with the private sector*).

The Global Gateway Strategy, launched in December 2021 by the Commission’s Joint Communication (European Commission, 2021^[23]), **illustrates this paradigm shift**. The Global Gateway aims to frame part of how the Commission engages in international partnerships. It shifts EU strategy from a donor-recipient approach to a mutually beneficial partnership model. Such an approach addresses the long-term economic and policy interests of the European Union in addition to the development needs of partner countries. The new approach aims to support smart financial investments in quality infrastructure to build connectivity partnerships; reduce the worldwide investment disparity; boost smart, clean and secure connections in digital, energy and transport sectors; and strengthen health, education and research systems (see *The Global Gateway in practice and working with the private sector*), while providing long-term investments that uphold EU values.¹³ Physical investments are to be combined with human investments in ways that make them sustainable and mutually reinforcing. The goal is to mobilise up to EUR 300 billion of investment between 2021 and 2027. This closer attention to infrastructures seems adequate to respond to mutual interests if attention is not focused on economic growth alone: there is evidence that infrastructure financing, and aid for trade, yield mutual benefits in the economic domain, even though spillovers via growth are limited (Heidland et al., 2025^[24]).¹⁴

Broader and evolving strategic priorities have outpaced the foundational policy framework of NDICI-Global Europe. The Global Gateway was launched in late 2021, just months after NDICI-Global Europe entered into force. In practice, this means that initial programming and tools were designed and sized according to a former strategic approach – while being reshaped under the current MFF. The Commission made comprehensive efforts to develop inclusive governance mechanisms, including with private sector and civil society representatives (see section *The Global Gateway in practice and working with the private sector* for more information on the governance), and provide regular information on the investments. For instance, the Commission created a dedicated public website on the Global Gateway with the list of Global Gateway projects within an interactive map (DG INTPA, 2025^[25]), and publishes information in the annual report on implementation of EU external action instruments. Nonetheless, as the strategic approach is continuously being refined, it has proven challenging for the Parliament to engage. In addition, recognising that Global Gateway projects align to NDICI-Global Europe’s regulation, criteria for selecting flagship Global Gateway projects, their stage of implementation, implementing partners and expected results, are not publicly available. This information deficit is affecting trust from a wide range of partners, as observed in partners’ assessments and interviews. Some external observers met during the review process question how development objectives will remain part of an agenda focused on mutual interest. They fear this evolving policy will also mean a move away from the poverty objectives of EU development co-operation and an exit from countries where private sector investments are proving to be more challenging than expected. The following sections discuss the changes observed.

Maintaining engagement in least developed countries, and contexts with high or extreme fragility beyond the Neighbourhood, will require sustained efforts with a portfolio focused on economic security and investment

EU development co-operation increasingly focuses on ODA-eligible countries in Europe, especially Ukraine, reflecting political priorities. Including Ukraine, the top ten recipients are mainly in the Eastern and Southern Neighbourhood (see Infographic 1): ODA-eligible countries in Europe received 60.8% of bilateral ODA from EU institutions, in line with the geopolitical attention to these regions. This is mostly explained by EU support to Ukraine following Russia’s war of aggression against the country.

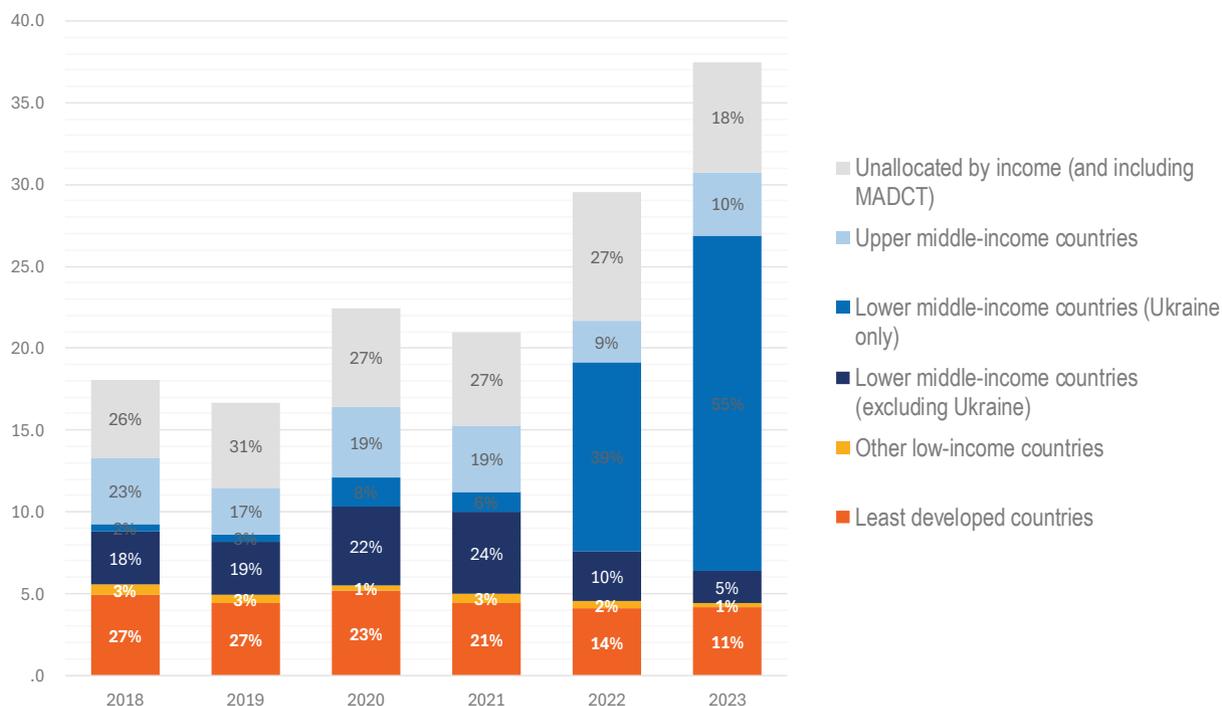
The decreasing share of ODA to countries beyond the Neighbourhood from 2020 to 2023 does not yet reflect changes since the mid-term review of the MFF and the mid-term review of NDICI-Global Europe programming. Trends visible in the OECD Creditor Reporting System (CRS) mainly reflect the

mobilisation of the NDICI-Global Europe cushion mostly in the Neighbourhood and Enlargement regions following the COVID-19 pandemic, Syria's forced displacement crises and Russia's war of aggression against Ukraine. The CRS does not yet reflect the 2024 revision of the MFF that will be operationalised in 2025 and will further increase the share of the Neighbourhood countries in the ODA of EU institutions. Notably, the increased share is due to three components: EUR 50 billion approved for the Ukraine Facility (EUR 17 billion in grants and EUR 33 billion in loans for 2024-2027); and additional funding for migration and border management in the southern Neighbourhood, and for Syrian refugees and host communities in Iraq, Jordan, Lebanon, Türkiye and Syria.¹⁵ Part of this additional budget comes from reshuffling existing EU funding, including EUR 2.6 billion from NDICI-Global Europe and IPA III. Reshuffling led to a 7.48% pro-rata cut for all budget lines managed by DG INTPA, former DG NEAR and FPI but excluding the emerging challenges and priorities cushion and the administrative lines. These cuts were spread over the period 2025-2027 for DG INTPA and former DG NEAR and 2024-2027 for FPI.

In parallel, support from the European Union to least developed countries (LDCs) shows a slight decrease at a time that ODA to these countries is decreasing globally. In 2023, LDCs received 10.6% of gross bilateral ODA from EU institutions (USD 4.2 billion) (see Figure 5). This was a slight decrease in both volume and share of EU bilateral ODA since 2020 (a peak year in EU support to LDCs in the context of the COVID-19 pandemic) and a minor decrease since 2018 within bigger cuts to the MFF. EU institutions allocated the highest share of gross bilateral ODA (58.9%) to lower middle-income countries (LMICs) noting that 17.3% was unallocated by income group.¹⁶ Similarly, the share and volume ODA to countries with indices of poverty between 20% and 80% has decreased since 2020 (see Figure 6). In 2023, looking at ODA distribution of EU institutions in relation to "ODA per person in extreme poverty", the amount was USD 5.7 per person in LDCs, USD 38.1 in LMICs and USD 46.8 in upper middle-income countries (UMICs) (OECD, 2025^[11]).

Figure 5. ODA from EU institutions to LDCs is decreasing in volume

Net bilateral ODA (disbursements), constant 2023 USD billion

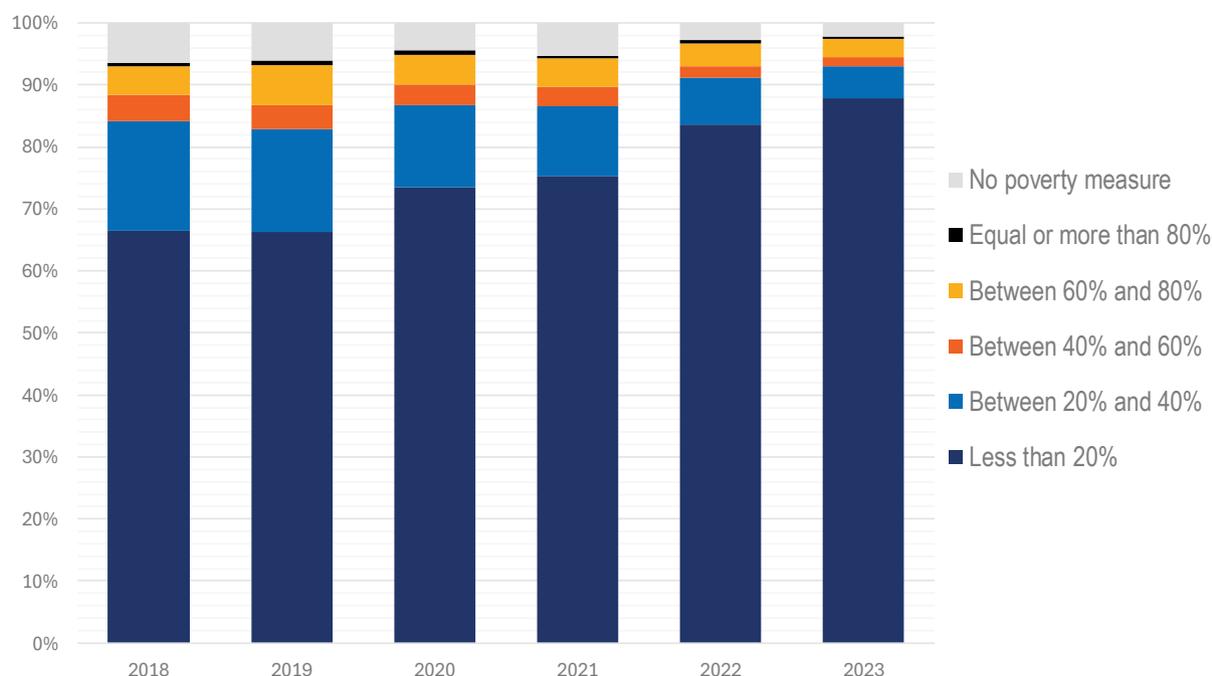


Note: constant prices to reduce the distortion that could be induced by inflation when comparing over time.

Source: OECD (2025^[26]), DAC 2, *OECD Data Explorer* (dataset), <http://data-explorer.oecd.org/s/od>.

Figure 6. ODA from EU institutions is declining in countries most affected by poverty

Share of ODA assigned across countries' poverty incidence (World Bank's extreme poverty line), USD millions, constant price of 2021

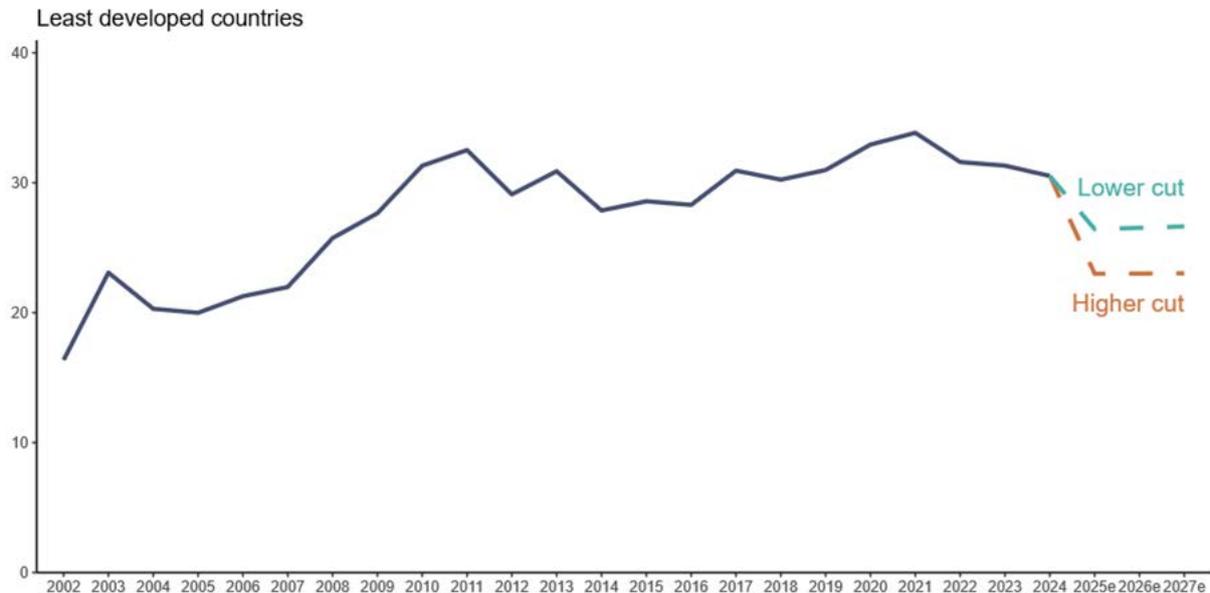


Source: OECD (2025^[26]); DAC 2, *OECD Data Explorer* (dataset), <http://data-explorer.oecd.org/s/od>; World Bank (2025^[27]), *Poverty and Inequality Platform*, pip.worldbank.org.

Global ODA cuts are likely to affect LDCs disproportionately. An OECD study calculated that due to major ODA cuts globally, bilateral ODA to LDCs could drop by 13-25% in 2025, following a 3% decline in 2024 (preliminary data) (see Figure 7). In the higher cut scenario (17% cut in total ODA), these countries could lose around one-quarter of their ODA in 2025 alone (OECD, 2025^[28]). The projected bilateral ODA to LDCs in 2025 would be the lowest since the mid-2000s. These drops are particularly concerning as ODA plays an important role compared to other international financial flows in these countries, representing an important share of the national budget and gross national income (1.6% in LDCs).

Figure 7. LDCs face the steepest global cuts

Net bilateral ODA for LDCs from DAC countries, 2002-2024 (official data) and 2025-2027 (projections), USD billion, constant (2023) prices



Note: Data from 2002 to 2023 reflect final statistics reported to the OECD. 2024 data are preliminary. Estimates in 2025-27 show a range of projected ODA

Source: OECD (2025^[28]), "Cuts in official development assistance: OECD projections for 2025 and the near term", https://www.oecd.org/en/publications/cuts-in-official-development-assistance_8c530629-en.html.

Leveraging ODA for private sector investments is therefore critical for addressing funding gaps, but LDCs tend to be left out of private sector instruments and mobilisation globally. Private finance has mainly been mobilised by DAC Members in LMICs and UMICs. Over 2020-2023, 28.5% and 22% of private finance, respectively, were mobilised by DAC Members in these contexts compared to 12% in LDCs (OECD, 2025^[29]). Indeed, bankable projects and risk-sharing mechanisms are more viable in MICs. Countries with the institutional capacity to propose bankable projects are more attractive for investments, leaving behind countries that struggle to meet the same criteria. Despite more policy attention to address the challenges, structural constraints in LDCs limit the pipeline of investable projects and reduce private sector appetite.

Maintaining engagement in LDCs will require sustained and complementary efforts as the European Union moves towards an investment portfolio. LDCs are covered in terms of the number of Global Gateway projects, representing 37% of the flagships (see Table 1). However, there is no publicly accessible information on the actual volume these individual new investments will represent once materialised. In addition, looking at the EU efforts, 2.7% of the private sector instruments of EU institutions were allocated to LDCs and other low-income countries (LICs) in 2022-2023, less than a 1.0 percentage point increase since 2018-2019. During 2022-2023, 5.2% of total mobilised private finance benefitted LDCs and other LICs, with 52.3% unallocated by income. Several reports highlighted the difficulties in using EU blended finance and guarantees in LDCs and LICs (Particip GmbH, 2024^[20]; European Court of Auditors, 2024^[30]; European Court of Auditors, 2025^[31]). Therefore, while these investments are responding to the demand in partner countries, countries that are not benefitting from market solutions will still need access to concessional funding through complementary approaches. Continued efforts towards

domestic resource mobilisation, anticorruption and good governance will also remain critical in complementarity with an investment approach to make it possible.

Table 1. More than one-third of Global Gateway flagships are in LDCs

Number Global Gateway flagships in countries by income level from 2023 to 2025

Sectors	LDC	LMIC	UMIC	Unclassified	Grand total	Share of LDC (%)
Climate and energy	29	32	27	5	82	35
Digital	7	4	10	7	26	27
Education and research	12	1	2	3	15	80
Health	3	2	10	3	14	21
Transport	11	12	13	3	32	34
Grand total	62	51	62	21	169	37

Note: LMIC and UMIC refer to MICs that are not LDCs. Some flagships are implemented in more than one country. In that case, they are not double-counted but are classified in the category of the country with the lowest income.

Source: internal list shared by European Commission.

Similar complementary approaches in contexts facing high or extreme fragility would support implementation of the Global Gateway strategy. The EU institutions collectively allocate between 15% and 30% of total ODA to highly and extremely fragile and conflict-affected settings, with relatively stable amounts in terms of volume (Figure 20). Efforts to develop Global Gateway investments in 41 of the 61 contexts (67%) facing high or extreme fragility shows the attention the Commission is paying to these environments. Continuing to adapt implementation of Global Gateway partnerships and approaches will be important to support private sector interest and incentivise tailored approaches. Indeed, private finance for development remains concentrated in contexts in medium to low fragility on the OECD 2025 Fragility Framework (OECD, 2025^[32]), in part because of the institutional capacities of the parties involved. The section Staying engaged in a context of growing fragility and a shifting development paradigm reflects further on the challenges to make the Global Gateway work for highly to extremely fragile contexts.

Balancing flexible programming and some ringfencing for countries most in need can support EU ambitions. As the European Union expands its investment focus in a rapidly evolving landscape, it aims for greater flexibility in the next MFF, looking at macro-regions rather than country programming. Some increased flexibility makes sense as shown by the quick absorption of the NDICI-Global Europe cushion; the need to react quickly to geopolitical changes in a polarised world; and the need to leverage investment opportunities when they arise. Yet, a fully flexible approach, leaving fewer tools to measure implementations of commitments, makes external oversight more complex and challenges partners' ability to plan strategic engagement with the European Union. In addition, given the complexity of mobilising private finance in LDCs and contexts with high or extreme fragility, protecting funding to these more challenging contexts will require the right balance so the European Union can still contribute to their stability. Such ringfencing will be particularly important as stakeholders within the European Union have a different understanding whether the Global Gateway strategy and investment approach will be the sole or main approach to international partnerships.

An investment agenda, critical to bridge the financing gaps for the SDGs, would benefit from complementary approaches to sustain progress in human development, democracy and institutional strengthening

Human development is central to the Global Gateway strategy, which includes combining investments in hard and soft infrastructures. The 2021 Conclusions of the Council stressed the importance of providing systemic support to key building blocks of human development and investment

sectors of the Global Gateway. This would ensure prevention and recovery, strengthening resilience, promoting stability and sustainable growth, and mitigating the long-term impact of the pandemic on income loss and poverty. Subsequent Council Conclusions (Council of the European Union, 2023^[33]) called for investment in human development as an enabler of private sector investments for a social, green and digital transition. The Council Conclusions focused on support for transparent and effective public institutions, strong social protection systems and measurable focus on the furthest behind, including through use of the I-Marker. With priority areas that include health, education and research, the Global Gateway is aligned to the NDICI-Global Europe priority of human development and social inclusion. In other priority sectors, with its 360-degree approach, the European Union also aims to combine human and physical investments in ways that make them sustainable, accessible, inclusive and mutually reinforcing. This reflects the view that human capital can increase economic and social returns to infrastructure (see “Refining the 360-degree approach”). The EU Global Health Strategy also contributes to the Global Gateway, which has health as one of its five key areas of partnership.

Nonetheless, Global Gateway projects aiming at human development are mainly focused on market-based solutions. Global Gateway flagship projects are dominated by investments in high-visibility infrastructure projects with emphasis on economic interests. Therefore, they are naturally more active in sectors with more mature markets and bankable projects, such as climate mitigation and energy (see Table 2). Human development projects represented less than 20% of total flagship projects. Within the health and education sectors, investments will partially address the countries’ challenges, moving away from primary health care and the health system, as well as basic education. For instance, projects in education often focus on Technical and Vocational Education and Training (TVET) to ensure that partner countries can manage and maintain infrastructure investments. Projects in health are focused on local vaccine manufacturing.

Table 2. Global Gateway flagship projects are mostly active in the climate and energy sector

Number and share of Global Gateway flagship projects by sector

Sector	2023				2024				2025				2023-2025	
	Total	%	EU	MS	Total	%	EU	MS	Total	%	EU	MS	Total	%
Climate and Energy	46	58	37	9	58	43	36	22	27	53	20	7	131	50
Transport	16	20	15	1	31	23	19	12	6	12	5	1	53	20
Digital	9	11	8	1	17	13	14	3	7	14	6	1	33	13
Health	7	9	7		14	10	6	8	6	12	5	1	27	10
Education and Research	1	1	1		14	10	13	1	5	10	4	1	20	8

Note: EU = European Union; MS = Member States. Amounts per projects are not publicly available

Source: Bilal and Chloe (2024^[34]), “Global Gateway: Where now and where to next?”, <https://ecdpm.org/work/global-gateway-where-now-and-where-next>.

However, traditional sub-sectors of health and education will be in critical need of funding since global ODA cuts and early signs of decreased support for essential public services and social protection systems. For 2025-2027, 11 DAC Members have substantially cut their ODA budget. ODA from DAC Members to education is projected to decline by 18-22% from 2023 to 2025, with primary education projected to decline by 13-26% in the same period (OECD, 2025^[28]). ODA to health is projected to decline by 50-60% from 2022 to 2025, bringing ODA levels to 2008 levels. Funding for basic healthcare, basic nutrition, and water supply and sanitation programmes had already fallen between 2019-2022 in part due to a reorientation of funding in response to the pandemic. However, support to local health can bring indirect economic, political and strategic benefits to providers in the medium term (Heidland et al., 2025^[24])

while further reductions in these areas risk reversing progress towards universal health coverage and building longer-term resilience to pandemics (Penn et al., 2025^[35]).

While the European Commission is on track to achieve the NDICI-Global Europe spending targets of at least 20% of ODA for human development reaching 32% over 2021-2024, early signs suggest less support for essential public services and social protection systems, strengthened governance and tackling multidimensional drivers of fragility beyond the European Eastern Neighbourhood and MENA regions. For instance, according to Van Damme (2025^[36]), the NDICI-Global Europe mid-term review exercise in sub-Saharan Africa led to decreased attention to governance, human development and support measures in future financial allocations (see Table 3). Missions to Angola and Colombia confirmed that local civil society and administration attach importance to issues of democracy and participation (see Staying engaged in a context of growing fragility and a shifting development paradigm).

Table 3. Programming in sub-Saharan Africa is moving towards the Green Deal and economic growth

Focus areas in programming

Focus area	Share 2021-2024 (percentage)	Share 2025-2027 (percentage)	Change (percentage points)
Green Deal (including energy, digital and transport infrastructures)	33.7	44.5	+10.8
Economic growth and employment (including vocational training)	14.2	17.1	+2.9
Governance (including migration, refugees and internally displaced persons)	24.1	15.5	-8.6
Human development (including health, education and gender)	22.5	19.9	-2.9
Support measures (including public diplomacy)	5.7	2.9	-2.8

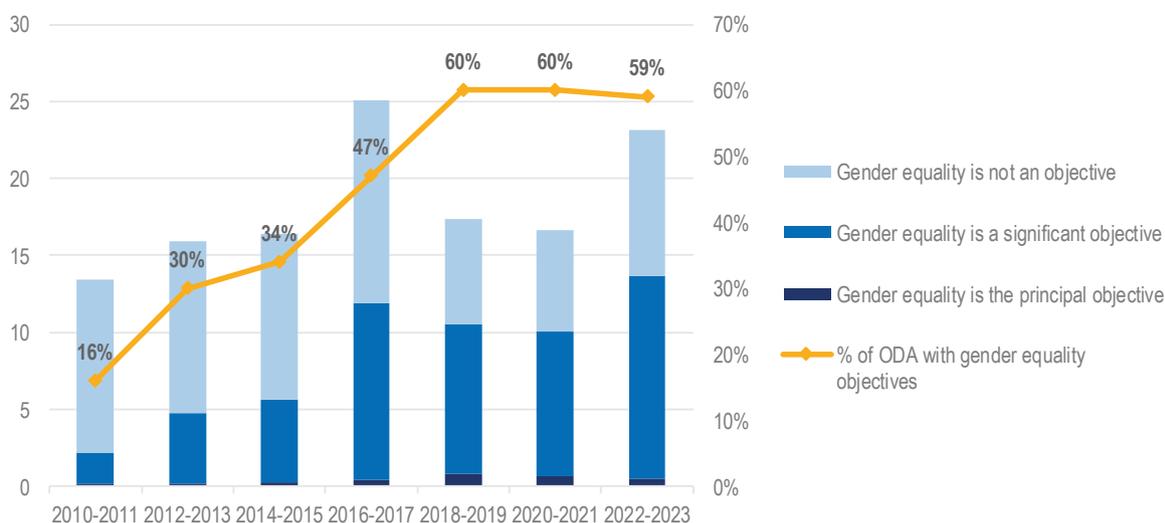
Source: Van Damme (2025^[36]), "The NDICI-Global Europe mid-term review exercise in sub-Saharan Africa: Lessons for the future", <https://ecdpm.org/application/files/6117/4599/9277/NDICI-Global-Europe-Mid-Term-Review-Exercise-Sub-Saharan-Africa-Lessons-Future-ECDFM-Briefing-Note-192-2025.pdf>.

The European Union has demonstrated strong political leadership in recent years on gender equality, sexual and reproductive health and rights, as well as rights related to LGBTIQ individuals. Under a new Commissioner for Equality, the ambitious and progressive third Gender Action Plan (GAP III) has driven progress in the inclusion of gender equality objectives into programming and its strategic importance in EU external action (DG INTPA et al., 2023^[37]). Notably, the European Union has committed to integrate gender equality objectives into 85% of all its development actions.

Maintaining the pace of progress in supporting gender equality will require sustained efforts. According to EU internal statistics, 78.4% of all external actions launched in 2021-2023 had gender equality objectives; 85% of actions under NDICI-Global Europe, 75% under IPA III and 28% under CFSP. Similarly, looking at disbursements from the European Commission only, the share of disbursements with gender equality objectives continuously increased from 16% in 2010-2011 to 71% in 2022-2023. When including all EU institutions, including the EIB, the share of ODA with gender equality objectives stagnated at around 60% (see Figure 8), above the DAC average of 46%. In addition, only 2% of bilateral allocable ODA of EU institutions had gender equality as a principal objective in 2022-2023, compared with the DAC average of 4%.

Figure 8. ODA with gender equality objectives is stable at 60% of disbursements

Volumes and shares of ODA with gender equality objectives, USD billion, EU institutions, bilateral allocable ODA commitments, two-year averages

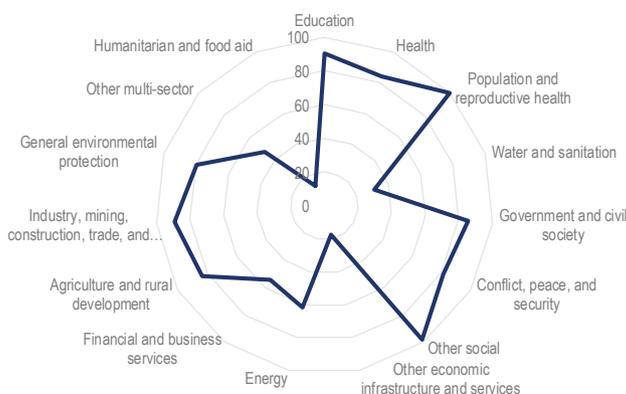


Source: OECD (2025_[38]), *Gender Markers: Aid projects targeting gender equality and women’s empowerment*, *OECD Data Explorer* (dataset), <http://data-explorer.oecd.org/s/a9>.

A relatively smaller share of ODA allocated to economic infrastructures and services, water and sanitation and the energy sector has gender equality as an objective, although these sectors are Global Gateway priorities. This means that all EU institutions have to sustain efforts to put gender equality front and centre in Global Gateway investments (see Figure 9 and “Refining the 360-degree approach”).

Figure 9. Attention to gender equality is lower in key sectors of the Global Gateway such as energy and transport

Gender equality focus by sector, 2022-2023, bilateral allocable ODA, commitments, percent



Note: Transport is included in other economic infrastructures and services. Digital is not considered as a sector in the OECD Creditor Reporting System

Source: OECD (2025_[11]), *Development Co-operation Profiles: European Union institutions*, https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/european-union-institutions_e27f9002-en.html.

The European Union is committed to tackling climate change and protecting biodiversity in all its partnerships and operations. The European Union Green Deal sets ambitious objectives for the green transition. For its part, NDICI-Global Europe sets the European Union as a key funder of international climate and environmental action. After introducing spending targets for climate and biodiversity, EU institutions have increased the share of their ODA in support of the environment and the Rio Conventions. In 2022-2023, this support reached 35% (USD 8.1 billion), up from 26.7% in 2020-2021 but below the DAC average of 39% (OECD, 2025^[11]). They have also contributed to most of the mobilisation of private finance in favour of the environment. In the case of biodiversity, the European Union is the third biggest bilateral provider in 2022-2023 and, together with Member States, accounts for over 75% of all financing. The European Union and its Member States are strong advocates for the negotiation and implementation of the multilateral environmental agreements that defend the rights of Indigenous Peoples and local communities. Through the Global Gateway strategy, the European Union is aiming to step up efforts to mobilise public and private investments to support the green and digital transition in partner countries, where green and clean is a central principle.¹⁷ Climate and energy are also prominent in the list of Global Gateway flagships, covering a wide range of energy solutions – from hydropower and geothermal plant to green hydrogen, solar plants and biogas.

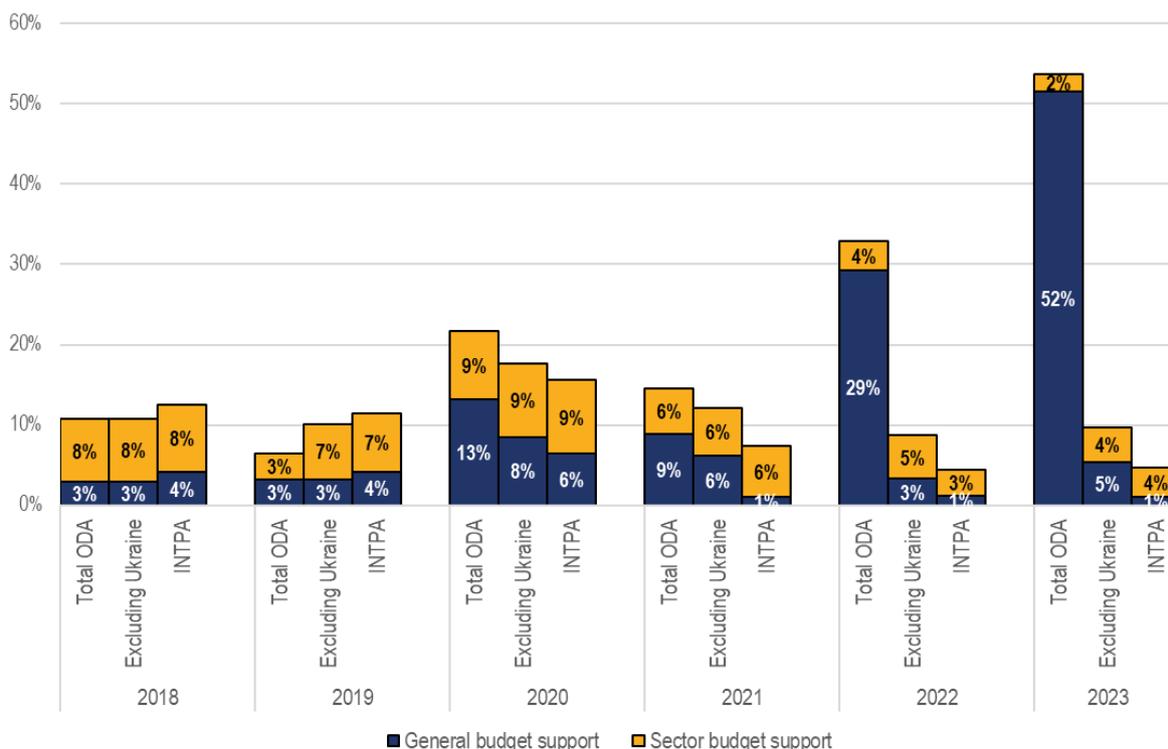
Structurally, support for adaptation, losses and damages, as well as biodiversity, might be less suitable for the Global Gateway. The financing of climate change adaptation and nature-based solutions faces numerous market failures. DG INTPA works actively to remove barriers for such investments and incentivise financing institutions (see *The Global Gateway in practice and working with the private sector*). However, some projects might not be appropriate for Global Gateway investments and risk losing centrality while relevant and effective to meet the EU climate and biodiversity goals and serve its partner countries. These include projects not involving infrastructure-type activities with European interests, such as to small-scale agricultural transformation, circular economy, sustainable food production or nature park conservation. According to an ongoing OECD study, national and local authorities, as well as providers in Gabon, Madagascar, Togo and other countries, have noted the EU budget for climate and biodiversity is shrinking in their countries. This decline, along with new approaches (e.g. “NaturAfrica”, which replaced the Support Programme for the Preservation of Biodiversity and Fragile Ecosystems in Central Africa) would mean negative impacts on nature (and indirect climate impacts). This issue could be solved by ensuring the future international partnership portfolio has space for activities that would fall outside the Global Gateway logic, in addition to its “do no harm” principle (see *The Global Gateway in practice and working with the private sector*) alongside efforts to mainstream nature and resilience. Sustained attention to biodiversity and nature-oriented solutions will be increasingly important as the Global Gateway also aims to secure EU access to critical minerals that are often in ecologically sensitive areas that play a vital role in global climate and biodiversity objectives.

A mix of instruments and approaches will be critical to maintain institutional strengthening. The European Union has a differentiated approach and toolbox for its partnership depending on the region of engagement and European interest. In the Eastern Neighbourhood and MENA regions, this toolbox is wide and expanding. It can thus count on a full list of modalities from projects, public and private investments, budget support, policy loans and peer-to-peer technical assistance, which have proven useful to support reform (see Box 1). Engagement towards digital transformation is an example of combining infrastructure with institutional strengthening building capacities in cybersecurity, strengthening the resilience and sustainability of EU investments and infrastructure, while supporting the reliability and effectiveness of public services.¹⁸ In contrast, the use of budget support has been decreasing in countries and regions covered by DG INTPA since 2021 (see Figure 10). This decline was due to the increasing number of political crises that did not allow ongoing budget support or the design of new programmes under this modality (such as Sahel countries, or Haiti). In countries where reliable state partners are absent, engagement focuses on basic needs and livelihoods delivered through civil society and international organisations. It is still unclear to external observers and key European stakeholders if the partnership

toolbox in countries farther from the EU vicinity will be limited to Global Gateway investments and humanitarian support. However, institutional strengthening – which goes beyond creating an enabling environment connected to Global Gateway projects – is critical to support sustainable development solutions and address inequalities. Given the impact of access to basic services and functioning institutions on inequality and stability, the EU investment agenda should complement – rather than replace – its valued and principled support to these dimensions, as expressed by most stakeholders met during the peer review mission.

Figure 10. Budget support has been decreasing in regions covered by DG INTPA since 2021

Share of budget support in total ODA; ODA excluding Ukraine; and ODA in geographies covered by DG INTPA, disbursements, constant price



Note: General budget support is unearmarked contributions to the government budget, including funding for macroeconomic reforms (structural adjustment programmes, poverty reduction strategies). Therefore, this excludes funds transferred to the national treasury for financing programmes or projects managed according to different budgetary procedures from those of the recipient country, with the intention of earmarking the resources for specific uses. Sector budget support, like general budget support, is a financial contribution to a recipient government’s budget. However, in this case, dialogue between donors and partner governments focuses on sector-specific concerns rather than on overall policy and budget priorities.

Source: OECD (OECD, 2025^[39]), “Creditor Reporting System”, *OECD Data Explorer* (dataset), <http://data-explorer.oecd.org/s/52>.

Box 1. Supporting reform through a comprehensive offer in the EU Neighbourhood

Macro-financial assistance (MFA) – an effective tool for macroeconomic stability

MFA is an EU financial instrument to support partner countries with balance-of-payments crises, delivered through concessional loans and/or grants. Disbursements are conditional on respect for human rights and effective democratic mechanisms. This includes a multi-party parliamentary system and the rule of law, a satisfactory track record with the IMF programme, and implementation of policy reforms outlined in a bilateral Memorandum of Understanding (MoU).

Evaluations show that MFA has stabilised beneficiaries' macroeconomic positions, especially in the short to medium term. Success has been attributed to its focus on neighbouring countries, where proximity enabled a tailored approach and well-calibrated reform packages; the scale of support due to the prevalence of loans and limited timeframes that incentivise reforms; and close co-ordination with support programmes by other international financial institutions.

MFA faces some operational and strategic challenges. The length of the MFA decision-making process could cause delays. However, the European Union demonstrated it can expedite procedures when its commitment aligns with a crisis, as showed during the COVID-19 pandemic and following Russia's unprovoked invasion of Ukraine. While the rigid nature of the MoU reinforces the effectiveness of the instrument in driving a comprehensive reform effort, it can limit flexibility in more dynamic contexts. Additionally, the relatively small size of some MFA packages can reduce their impact, and the instrument's visibility in beneficiary countries could be increased. Political preconditions, while principled, can sometimes constrain EU engagement even when strategic interests call for it. In Egypt, the European Union managed to identify interim conditions to provide support. Dependence on a satisfactory track record with IMF programmes can also deter some countries due to associated stigma and procedural delays, while there are merits in increasing reform leverage and coherence.

Complementary budget support, MFA and public lending to support long-term change

Budget support from DAC providers has been efficient and effective to support the response to the COVID-19 Pandemic. It was aligned with national priorities, ensured co-ordinated approaches and strengthened long-term resilience of country systems. EU budget support and MFA helped some countries stabilise their macro-fiscal framework, target COVID-19 measures, and address social and economic effects of the crisis. They also offered a policy dialogue platform to monitor the response to COVID-19. However, the European Union tended to emphasise supporting an immediate response to respond to the pandemic over building longer-term resilience.

In Ukraine, MFA helped the country meet the criteria to receive policy loans. Linking investments and policy reform through the Ukraine Plan underpinning the Ukraine Facility helped keep the pace of policy reform as it enabled showcasing quickly the benefits of applying the EU acquis. The ability to mix loans, grants and technical assistance has been praised for its relevance in middle-income countries, which face liquidity challenges but can access different sources of funding.

Note: This practice is documented in more detail on the Development Co-operation TIPs • Tools Insights Practices platform at https://www.oecd.org/en/publications/development-co-operation-tips-tools-insights-practices_be69e0cf-en/eu-macro-financial-assistance-and-budget-support-for-economic-stability-and-reforms_a8c8a54e-en.html

Source: ADE (2022^[40]), "Fast-track assessment of the EU initial response to the COVID-19 crisis in partner countries and regions", <https://data.europa.eu/doi/10.2841/973188>; European Commission (2023^[41]), *Evaluation of Macro-financial Assistance to Third Countries (Meta evaluation of operations for 2010–2020)*, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023SC0016>; OECD (2025^[42]), *Strategic Joint Evaluation of the Collective International Development and Humanitarian Assistance Response to the COVID-19 Pandemic*.

As the Commission pivots to an investment portfolio, it can safeguard its institutional strength of having an evidence-based and country-led approach

Country-led programming is conducive to tailored co-operation according to partner countries' needs and priorities. NDICI-Global Europe focuses on geographic programmes rather than thematic or global programmes. It earmarks at least 75% of external action funding to specific regions, a financial envelope that is then programmed through MIPs at country, multi-country, regional and global levels. This enhances predictability and ownership for partner countries and leads to better tailored co-operation.¹⁹ MIPs provide partners with clear indications on EU priorities by setting out clear priorities, objectives, expected results and indicative financial allocations for each country, regional and thematic programme. Delegations have the primary responsibility to programme and implement the bulk of the external action, supported by geographic and thematic units, and in co-operation with line DGs. Their level of responsibility is high, Delegations being central to most analytical, decision making, implementation and reporting processes.

As investment-driven approaches gain prominence in EU external action, maintaining a strong country presence can ensure programmes are politically informed and based on solid evidence. A detailed understanding of the systems, political dynamics and local contexts of partner countries is key to identifying investments that reduce poverty and deliver broad, inclusive impact; recognising who benefits and who may be left behind; and mitigating the risks of elite capture. This is particularly true in context affected by conflicts where injecting resources may do more harm (see also *Staying engaged in a context of growing fragility and a shifting development paradigm*). It is also true for countries with the perspective of joining the European Union where supporting socio-economic reforms and boosting investment is crucial. Good knowledge and understanding of the different counterparts are also needed for a 360-degree approach that links investments with wider development goals (see “Refining the 360-degree approach”).

Complementarity between regional and global programmes and country programmes, however, can be strengthened. As observed during the three partner country visits, regional and global programmes developed in Brussels generally complement country programmes. However, communication and consultation with Delegations can be more limited. This is particularly the case when regional or global programmes are designed by more than one DG, which can slow down the flow and precision of information. A precise overview of engagement in different countries beyond bilateral programmes could increase the possible interplay between geographic, global and thematic elements in countries, and possibly the visibility of the European Union. Centralised decisions on MFA have sometimes also disrupted geographic programming by overhauling the regular annual planning process led by Delegations (Particip GmbH, 2024^[19]).

Most partners perceive the strong country presence of the European Union as an asset to the Commission's approach to partnership. More than half of all Commission staff (56.4%) working on development co-operation and humanitarian assistance are posted abroad with delegations physically present in 145 countries worldwide.²⁰ EU Delegations also mobilise the experience and knowledge of local staff in programming and policy roles.²¹ According to partner assessments and interviews, EU Member States, their agencies and partners value this EU presence in countries and its convening power, for understanding the local and national context, both at policy and implementation level, and in some instances for its capacity to pool resources (see Box 7). As repeatedly discovered during desk research, EU Delegations play an important role in complex settings where Member States have a limited presence, including by facilitating political dialogue. Stakeholders interviewed during the mission to Colombia highlighted that the long-standing EU presence in the country deepened trust and made it possible for the Commission to facilitate unique access to otherwise largely inaccessible territories to other actors.

EU delegations are central to building trusted and peer-level relationships with partner governments and local civil society. The European Union is in the process of modernising its network of delegations to align to new policy priorities and gain in efficiency and flexibility. The decision was made

to maintain the 145 EU delegations outside of the European Union though 10 are transitioning to a lighter diplomatic presence only setup. Six Delegations are being reinforced with technical, administrative and policy staff with the mandate to support other delegations within different geographic groupings. A further six will be reorganised, reducing traditional financial profiles while reinforcing support to policy areas in particular focusing on EU accession. As the European Union is fine-tuning working arrangements for the new type of positions in reinforced Delegations, ensuring that staff have clear mandate and means to work regionally and that delegations continue to leverage local knowledge will be critical to nurture the EU capacity for political dialogue, local analysis and real-time exchange and learning locally to inform investment decisions. Continued attention to staff morale and support to transitioning staff, as already initiated by the EEAS and relevant DGs, will remain crucial as these changes are implemented.

DG INTPA has updated training programmes to support its ongoing strategic shift. DG INTPA has conducted a skills survey and a forward-looking competencies profile analysis. On that basis, it has already started updating its training offer available for all staff in Brussels and in Delegations. It pays particular attention to programme management, investment management and use of digital technology and artificial intelligence, in addition to its more traditional training offer on gender equality, human rights-based approach and linked topics such as disability inclusion, LGTBQI and human rights. The EU International Partnerships Academy, or INTPA Academy, provides structured courses (e-learning and webinars) aimed at EU staff and partners on financial instruments, trade facilitation and private sector engagement. Its new module “EFSD+ for dummies”, explaining the European guarantee mechanism, is the most followed course. This illustrates its relevance and the need for staff to expand their financial literacy (see also “The EFSD+ instrument promotes private sector investments, but sharing of information on additionality and preserving local private sector focus are important”).

Online training can be complemented by broader trainings on the role of private sector in development and peer-to-peer exchanges. The Private Sector Work Stream within the EU development practitioners’ network could support peer exchanges on the role of the private sector in development. Further technical training on key Global Gateway concepts, such as the 360-degree approach beyond the business environment, would accelerate cultural appropriation of the Global Gateway. In addition, while Global Gateway is a Commission-wide strategy, there is scope to increase its understanding and buy-in by staff beyond DG INTPA – enhanced training and communication could serve in that perspective. DG INTPA has multiple knowledge management platforms, including the Evaluation Network Group, Learn4dev, Cap4dev, European Expert Network on International Co-operation and Development and the Network on Knowledge Management Correspondence, as well as other platforms for other DGs. This can sometimes make it difficult for staff to build and own their learning journey. In order to address this challenge, DG INTPA has developed a comprehensive competency framework for staff with corresponding learning modules.

Recommendations

1. The European Union should safeguard access to concessional finance for Least Developed Countries (LDCs) and contexts most exposed to fragility as the development co-operation paradigm shifts.
2. While implementing a paradigm shift in partnerships, and in a context of official development assistance (ODA) cuts globally, the European Union should maintain its comparative advantage by:
 - communicating and applying the 360-degree approach that includes broad support to the enabling environment to ensure that investments place poverty and inequality at the core
 - continuing predictable support to basic human development and institutional strengthening, including beyond the Global Gateway strategy.
3. The European Union should leverage its complementary set of approaches and tools, such as policy-based loans, budget support and technical assistance, and conflict sensitivity and resilience analysis, to support policy reform in all geographies of its external action, including by continuing to share good practices across all directorates general from the external relations family as well as the European External Action service.
4. While modernising its global presence, the European Union should:
 - continue to accompany staff most affected by the modernisation process
 - ensure that staff working in reinforced delegations have a clear mandate and means to work across their geographic portfolios
 - nurture its country presence with development expertise to leverage the knowledge and network of Delegations and sustain engagement with national and local actors.

Team Europe in motion and partnerships in countries

Team Europe Initiatives are a pragmatic move to advance co-ordination, with the Commission playing a core role

Co-ordination between the European Union and its Member States is central to EU development co-operation and international partnerships. As stated in the Treaty on the Functioning of the European Union (TFEU), the EEAS co-ordinates the European Union's foreign policy, participates in co-operation programming and manages the EU delegations. The European Union and its Member States co-ordinate their policies on development co-operation and consult each other on their aid programmes, including in international organisations and during their implementation on the ground, to promote complementarity and efficiency (European Union, 2016^[13]). As per article 210.2 of the TFEU (European Union, 2016^[13]), the Commission may take any useful initiative to promote this co-ordination. The Commission has the mandate to propose joint actions, facilitate information exchange, encourage division of labour to avoid overlap and promote common EU positions in international forums.

The Team Europe approach is the translation of such EU co-ordination in practice. Team Europe emerged in the context of the COVID-19 pandemic to increase the visibility and impact of the collective response of the European Union to support partner countries, including EU Member States and their diplomatic network, finance institutions (including national development banks), implementing agencies, the EIB and the European Bank for Reconstruction and Development (EBRD). The positive experience among EU Member States led to broaden the understanding of the Team Europe approach and preparing

longer-term co-operation strategies that cover the entire scope of EU development policy. By bringing together resources and expertise with that of its Member States, EIB and EBRD, and acting in a more co-ordinated manner, the European Union aims to ensure results on a bigger scale. Within the Humanitarian-Development-Peace (HDP) nexus, the Team Europe collaboration framework can facilitate the co-ordination of resources, and alignment of diplomatic and financing tools, as well as strengthen government capacities to co-ordinate external assistance. The Team Europe approach also contributes to a more coherent, efficient, effective and visible European Financial Architecture for Development. The Council called for using the Team Europe approach as the preferred option whenever feasible for development co-operation and partnerships of the European Union and its Member States (Council of the European Union, 2023^[43]).

The Team Europe approach is an umbrella for three different methods: joint programming, joint implementation and Team Europe Initiatives (TEIs) (see Table 4).

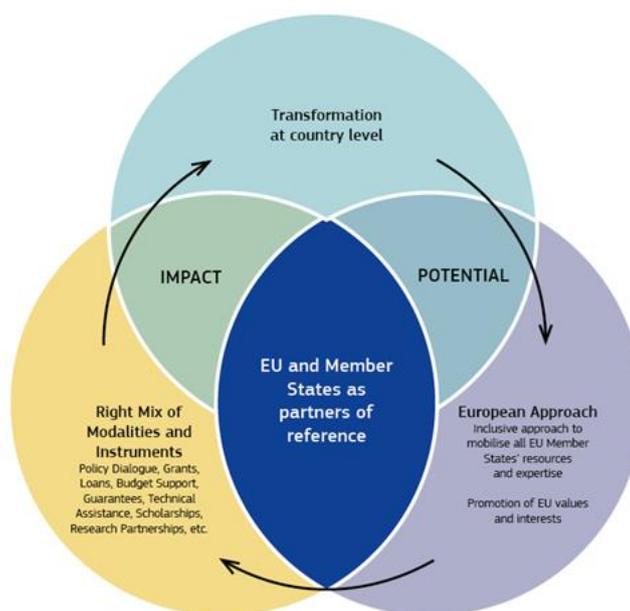
- **Joint programming** is a collaborative process through which the European Union and its Member States align their development co-operation strategies in partner countries by jointly analysing needs, defining shared priorities and formulating a common multiannual strategy – ideally resulting in a single country strategy document. There are 14 active joint programming processes with an average of four actors in joint programming in countries (European Union, 2025^[44]).
- **Joint implementation** refers to the collaborative delivery of development co-operation activities in how EU institutions and Member States execute jointly agreed priorities in specific areas. Joint implementation refers to the delivery modality, which can be joint calls for proposals, pooled funds, joint results frameworks or delegated co-operation (when a pillar-assessed institution from an EU Member State implements an EU-funded programme on behalf of the European Union).²²
- **TEIs** are designed to be easily recognisable initiatives in areas where the Team Europe actors can have collective impact while aligning to EU strategic interests and policy priorities, as well as those of partner countries. They are the sum of several co-ordinated, but mostly independent, actions/interventions by individual Team Europe actors under an agreed Joint Intervention Logic. To take part, all participants must make a contribution, which can be assigned a financial value.

Table 4. Overview of the different methods of the Team Europe approach

	Joint programming	Joint implementation	Team Europe Initiatives
What	Common strategic planning (what to do)	Co-ordinated delivery (how to do it)	High-impact co-ordinated action on specific areas of shared interest
Focus	Shared analysis, country priorities, planning	Shared implementation of agreed actions	Mobilising full EU toolbox for global priorities
Actors	European Union + Member States (donors and agencies)	European Union + Member States + (EU) implementing partners	European Union + Member States and their implementing agencies and (development) financial institutions. EU and local private sector, CSOs, academia, IOs, etc. as partners
Outcome	Joint strategy document (e.g. MIP, HDP Nexus Collaboration Framework)	Joint delivery mechanisms or projects	Achieve a transformative impact through co-ordinated and consistent efforts; become the partner of reference
Geographic scope	Country-specific	Country-specific or regional	Can be country, global or regional in scale

TEIs are a pragmatic move for joint action by focusing on alignment rather than harmonisation. In many countries, the TEI traction has outgrown joint programming and joint implementation: in 2025, 161 initiatives were being rolled out worldwide – 123 at country level, 32 at regional level and 6 at global level. TEIs help Member States and the Commission share analysis and align on macro-level objectives without adopting a harmonised approach. Rather, they aim to link technical and financial co-operation, mixing and using different available modalities to facilitate policy dialogue, support public policy reform and simplify financial leverage and public investment delivery (see Figure 11). Previous co-ordination formats were more structured but suffered from bureaucratic processes (ADE, COWI, DG INTPA, 2017^[45]; Keijzer et al., 2021^[46]). The successful rollout of TEIs was due to their greater flexibility; co-ordination modalities tailored to each context; and the ability of non-resident Member States to participate.

Figure 11. Transformative value of Team Europe Initiatives



Source: European Commission (n.d.^[47]), *Capacity4Dev – Methodological note TEI Design*.

Active engagement of Member States in Team Europe Initiatives requires continued attention

The Commission plays an active role in facilitating TEIs. In the case of country-level TEIs, the identification and formulation of a TEI starts through consultation between the EU Delegation and Member States present in-country, as well as with national and local actors. Regional and global TEIs are initiated and co-ordinated at HQ-level. The Commission then screens proposals of new TEIs to ensure strategic relevance, coherence with EU programming and global priorities, operational feasibility and complementarity. Once TEIs are launched, the Commission also conducts regular “health checks” of the different initiatives from Brussels, either to reinvigorate or close those slowing down.

Member States often lack capacity to engage actively and take the initiative on co-ordination, especially those with limited country presence. All Member States are involved in at least one TEI. Their engagement is facilitated through their participation in regional and global/thematic TEIs, as well as through the TAIEX and Twinning offer (see Box 2). Nonetheless, France and Germany are the main members engaged in TEIs. As TEIs have a strong country lens, Members with limited country presence have more limited engagement in them even though there is space for all Member States to contribute. Stronger mechanisms are therefore needed to ensure that the most competent EU Member State is chosen, including with a leading role.

Efforts to encourage more participation of non-resident Team Europe actors may influence selection priorities. In line with the principle of inclusiveness, the European Union is working to ensure engagement of non-resident Team Europe actors, especially accredited Member States or finance institutions with regional offices. The aim is to strengthen information flow among Team Europe actors and increase transparency, in line with the Commission mandate. Close monitoring will remain important to ensure it does not unintentionally influence the selection of priorities and partnerships (see “Maintaining engagement in least developed countries, and contexts with high or extreme fragility beyond the Neighbourhood, will require sustained efforts with a portfolio focused on economic security and investment”).

Box 2. The Twinning and TAIEX instruments – practical ways to leverage expertise of EU Member States for peer-to-peer learning

Many developing countries continue to face institutional constraints that hinder their ability to implement the 2030 Agenda for Sustainable Development. Competent, transparent and accountable public institutions are essential for delivering effective policies, building resilience and managing complex reforms, and creating environments conducive to sustainable investments. Understanding and applying the EU regulatory framework add complexity to countries interested in deeper engagement. At the same time, in a fragmented provider landscape, understanding and identifying which country or agency is best placed to share relevant and relatable expertise to support policy reform can be challenging.

The EU Twinning and Technical Assistance and Information Exchange (TAIEX) instruments offer an alternative, peer-to-peer model of capacity strengthening focused on ownership and public sector partnership by mobilising the expertise of EU Member States. The TAIEX instrument provides short-term and targeted support to public administrations in EU candidate countries and beyond. TAIEX aims to accelerate legal and regulatory alignment with EU standards, strengthening governance frameworks and driving socio-economic reforms. Twinning builds long-term institutional co-operation between the administrations of EU Member States and partner countries. Both

instruments work by matching specific partner requests with relevant EU expertise from public institutions.

Working through calls for proposals addressed to all EU Member States creates an inclusive offer. In 2024, 23 of 27 Member States were involved in Twinning either as a leader or a junior partner, with Lithuania being the Member most represented. According to DAC peer reviews of European Member States, these mechanisms have been particularly effective in leveraging the expertise of Member States with less experience as development co-operation providers compared to delegated co-operation. For instance, countries from the Neighbourhood region leveraged the expertise of countries that had recently undergone similar transformation reforms or EU accession processes such as the Czech Republic, Poland or Slovenia. Promoting participation among public experts – through awareness raising, training and documenting good practices – is essential to sustain the engagement of EU public institutions in Twinning.

Facilitating consortia supports internal learning and efficiency. In 2024, 60% of all Twinning projects were implemented by more than one Member State. This approach helped reduce fragmentation by ensuring the necessary complementary skills in each project. It also supported two-way learning for European experts. The fact each EU Member can only submit one offer per call for proposals also supports internal co-ordination and reduces fragmentation.

Building on success, both instruments initially designed to support EU accession have now been extended to the global scale. Twinning is supporting institutional reform in over 30 countries, with more than 60% of projects implemented jointly by multiple Member States. TAIEX, meanwhile, has supported over 100 countries. This combination can allow for effective sequencing: TAIEX missions often build trust and familiarity, laying the groundwork for more comprehensive Twinning projects.

Source: OECD (2023^[48]), "Mobilising public institutions to support partner country reforms through EU Twinning and TAIEX", https://www.oecd.org/en/publications/2021/03/development-co-operation-tips-tools-insights-practices_d307b396/mobilising-public-institutions-to-support-partner-country-reforms-through-eu-twinning-and-taie_x_5e609c70.html; European Union (2024^[49]), *TAIEX and Twinning Highlights – Annual Activity Report: Moving Forward Together with EU Expertise*, https://enlargement.ec.europa.eu/document/download/9da2f60a-8938-45d5-9101-e9da379b3bd2_en?filename=TAIEX-Twinning-AAR-2023_EN.pdf.

With the scaling up of the Global Gateway and increased focus on the private sector, Team Europe is expanding to a whole-of-government approach and effective mobilisation of the private sector.

Representatives of the European private sector (e.g. companies, investors), as well as Member States' export credit and export promotion agencies, including through Team Nationals, are increasingly integral to Team Europe grouping. This is due to their role in facilitating and making investments within the framework of international partnerships. Broader co-ordination is necessary to bring on board EU Member States; implementing organisations of EU Member States; development finance institutions (DFIs) and export credit agencies and trade promotion organisations, the EIB, other European financial institutions (including the EBRD); as well as EU CSOs and foundations, and the EU private sector. As observed in Colombia, such an approach enabled the EU Delegation to build broader coalitions with increased co-ordination with the trade representatives, chambers of commerce of its Member States and the EIB.

The participation of European public development banks and DFIs remains limited to a few organisations largely reflecting the level of engagement of Member States and their institutional landscape. Accordingly, the DFIs of the most active Member States – notably France's AFD and Proparco, Germany's KfW and the Netherlands' FMO – are also the most active in TEIs. In Colombia, while the EU Delegation has strengthened its engagement with DFIs and Member States, it appears to have reduced interactions with Member States' staff working on development. This trend could risk affecting trust

between the Commission and these actors, particularly in contexts where the European Union is shifting away from traditional forms of support for human rights, peace and inclusion.

Team Europe Initiatives can push for further integration

Bilateral visibility can take priority over shared EU approaches. Visibility concerns and national interests of Member States can sometimes slow down engagement in a Team Europe approach. According to a study by Jones et al. (2025^[50]), Member States continue to prioritise bilateral co-operation in areas such as economic diplomacy and infrastructure financing, often favouring national interests and actors over a Team Europe approach. Trade, investment and migration agendas frequently take precedence over a unified EU engagement. Without clearer alignment, there is a risk that NDICI-Global Europe funding serves fragmented national objectives rather than driving shared European interests. The Team Europe approach has also faced limitations in contexts facing high or extreme fragility, where divergent political priorities complicate co-ordination (see *Staying engaged in a context of growing fragility and a shifting development paradigm*). Team Europe and Team National are expected to be key vectors to implement the Global Gateway strategy. Consequently, it will be critical to find ways to support collaboration between competing companies from the EU private sector. To make the Global Gateway happen, it will be equally crucial to incentivise ECAs and financial institutions to engage with the whole EU private sector and not just the national one – while maintaining a clarity of mandate between development co-operation and export promotion to keep ODA untied.

Size, governance and clarity over the selection of the initiatives are key strategic issues. The optimal size and governance of TEIs are determined by the relationship between the added value of each Member and the increased administrative complexity that results. The limited transparency of TEI-related processes – from establishment of priorities to identification and design of initiatives, and selection of best-placed partners – also heightens concerns about strategic integration. Civil society actors have, for instance, repeatedly said they have been excluded from these processes. To face some of these challenges and increase transparency, the Commission is using information technologies, including the Global Gateway Platform launched in 2024, the Joint Programming Tracker and the Team Europe Explorer.²³ EU Delegations also have responsibility for increased accountability over the process. In that sense, consultations on strategic priorities at the country level are a positive step (European Commission, 2024^[51]).

Continued efforts to monitor the results and added value of the Team Europe approach and TEIs could help further build the case and help with strategic steering beyond increased visibility. Team Europe and the Global Gateway aim to enhance collective EU engagement and show that a more flexible, interest-driven approach can increase the participation of Member States. The question remains as to whether some TEIs repackage interventions under a political label that give them more visibility or truly increase influence and impact as part of a collective European effort. In practice, TEIs often function through co-operation between one Member State and the Commission rather than enabling truly joint or strategic planning across Member States and institutions. Monitoring results of TEIs and of the added value of a collective approach is voluntary and not documented publicly.²⁴ However, such assessments would allow the European Union to fully leverage the comparative strengths of its actors from technical expertise and political capital to project portfolios. Against this backdrop, selecting TEIs where co-ordination adds the most value emerges as a pragmatic and relevant way forward. Clearer strategic guidance from the Council on the policy objectives and priorities of TEIs would further strengthen coherence, consistency and complementarity.

The European Union has been a champion of development effectiveness, supporting co-ordination beyond Member States and country ownership

The Commission is valued for its multistakeholder approach and convening role. Not only does the Commission support co-ordination with its Member States, it extends this effort to like-minded development partners in terms of sharing analysis, building policy coalitions or supporting joint implementation. This includes acting as a central point for political dialogue, financing and programming. For instance, through the EU Trust Fund for Peace in Colombia (see Box 7) or the Ukraine Donor Platform, the European Union via the Commission has been instrumental in co-ordinating donors along shared peace and security objectives. The Guarantee Agreement between the European Union and the International Finance Corporation in Ukraine, for example, aims to mobilise more than USD 1 billion in private sector investments, showing how EU extended co-ordination can bring programmes to scale (see Box 5). In both contexts, development partners also value how the European Union has been able to build coalitions of actors with local governments, civil society and the private sector by engaging at regional, national and local levels (see also below on civil society roadmaps).

The European Union is committed to ownership and alignment. Guided by the “policy first” principle, the Team Europe approach is expected to contribute to inclusion, alignment and ownership. This principle means that the European Union and its Member States prioritise joint support to partner countries based on their own development policies, strategies and reform agendas, rather than starting from the funding instruments or donor priorities. According to internal guidance, TEIs should be designed through an inclusive process with the consultation of representative stakeholders. This includes national and local authorities, CSOs and private sector actors – both European and local – and non-EU donors and multilateral partners.

The European Union has a strong track record on national ownership and alignment to local priorities. According to the evaluation of the external financing instruments, the programming phase of the current MFF and its MIPs was inclusive, involving broad dialogues with partner countries; EU Member States; CSOs (including women and youth organisations, and representation of persons with disabilities and other vulnerable groups); local authorities; the private sector; the United Nations and other providers; and other key stakeholders (Particip GmbH, 2024^[19]). In the Africa, Caribbean and Pacific regions, the intermediary programming role of the National Authorising Officer/Regional Authorising Officer, enacted by the Samoa agreement, was discontinued. This change enabled the EU Delegations to engage directly with partner countries’ line ministries and public bodies. Initial findings from the 2023-2026 Global Partnership for Effective Development Cooperation (2025^[52]) monitoring confirm that the European Union continues to maintain its strong track record on ownership and use of country systems. Specifically, the European Union provides forward-spending plans to partner country governments; provides data to national information management systems, both at the frequency and level of information requested by the government; and uses public financial management systems.

Regular and strategic consultations with CSOs and multistakeholder dialogues are a cornerstone of EU policy development and implementation. The European Union has also expanded its third generation of Civil Society Roadmaps - a useful tool to pursue inclusion - in 90 countries. In Ukraine, the roadmap allowed CSOs to clearly understand the priorities of the EU Delegation to Ukraine and to connect with other providers. These roadmaps are developed with the full participation of local CSOs to ensure local ownership and inclusivity. In 2023, consultations were held in nearly all surveyed countries (100 of 101), with a predominant focus on local CSOs (82% of all CSOs consulted). The fourth generation of Civil Society Roadmaps (2025-2027) will reinforce the role of civil society in engaging on Global Gateway initiatives. The European Union also organises structured multistakeholder dialogues through the Policy Forum on Development, which brings together global and regional networks of CSOs, associations of local authorities, EU institutions and representatives of EU Member States.

Maintaining the balance between local ownership and the interests of EU Member States is critical in a context of polarisation

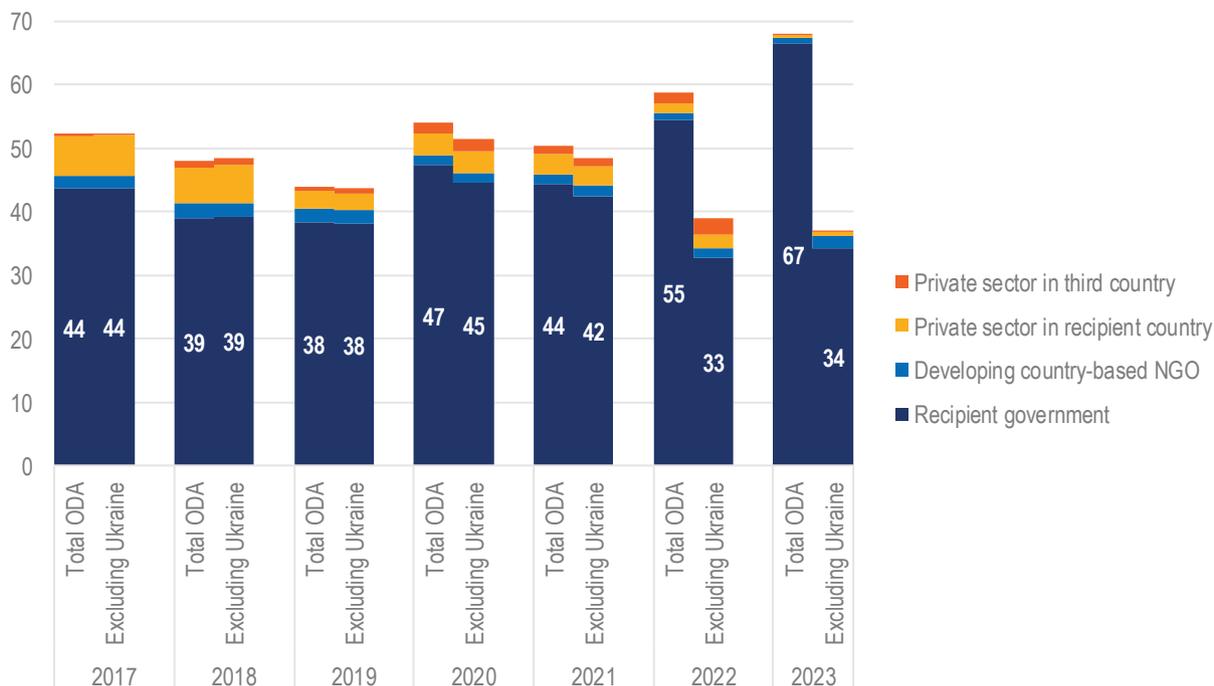
Increased attention to EU Member States to identify and implement projects can sometimes create tensions between EU, national and local priorities – a challenge not unique to the European Union. As observed by chief economists from major development agencies (DCD, 2025^[53]), the shift in aid towards mutual or strategic interests may leave less room to align with partner country- level priorities. This, in turn, could fuel dissatisfaction among various actors in partner countries. An imbalance between self-interest and mutual interest also erodes recipient trusts and development outcomes (Heidland et al., 2025^[24]).²⁵ In the Team Europe approach, national and local priorities are expected to be the starting point for co-ordination. However, some partners perceive the focus on Member States has sometimes led to choosing EU-level co-ordination and the priorities of Member States over partner-led engagement and national co-ordination of partners. Moreover, partner countries or other local stakeholders are not expected to have a role in overall governance of TEIs (such as steering and management), which remain essentially a European structure. The deployment of Team Nationals to identify potential Global Gateway investments will strengthen the attention to the private sector interests of Member States. The role of the Commission will be critical to ensure the needs and interests of partners are equally targeted to genuinely support development in partner countries and limit an EU-centric short-term bias. This is especially the case at a time of geopolitical fragmentation (see “Engagement with the private sector increasingly focuses on EU companies, which brings both benefits and risks”).

Favouring implementation by EU Members can lead to fragmentation of the provider landscape and add layers of intermediaries. Delegated co-operation²⁶ represents about 6% of EU ODA (excluding support to Ukraine), a stable share over time, and it has gained relevance (OECD, 2025^[39]). Delegated co-operation is presented as an efficient delivery channel as it can leverage the expertise of EU Members and simplify administration. In Ukraine, for instance, working through EU Members was seen as more efficient than working with private consultancies, in part due to their broader scope. The engagement of EU Members was especially useful to bring coherence to different technical assistance projects. Delegated co-operation has also been effective in strengthening aid management capacities of EU Members. Peer reviews of EU Member States have identified some negative indirect effects of delegated co-operation (OECD, 2019^[54]; OECD, 2022^[55]; OECD, 2022^[56]; OECD, 2023^[57]; OECD, 2023^[58]; OECD, 2024^[59]; OECD, 2025^[60]). These indirect effects include a multiplication of bilateral agencies and or DFIs, as Member States are incentivised to establish their own institutions – easier to be pillar-assessed than a ministry – to implement programmes on behalf of the European. This in turn raises the risk of EU Members becoming just another implementer, regardless of whether they are best placed to do the work. Missions during the peer review also confirmed that, in some cases, choosing an EU Member did not result in selection of the most suitable implementing partner in terms of network or expertise. This trend may be exacerbated by a stronger focus on EU interests. In addition, delegated co-operation creates additional administrative layers with funding from EU Member States being moved at EU level before being reallocated to Member States.

Increased attention to EU strategic interests and implementation by EU Member States comes with decreased direct engagement with local actors. The European Union used to stand out for its direct use of national and local delivery channels with the public sector by far the channel of choice. Recipient governments are the main EU local partners (see Figure 12); most direct support to local actors is provided as budget support (USD 21.3 billion in 2023 – including MFA, see also Figure 10). Nonetheless, the share of national and local channels for direct delivery tends to decrease when excluding support to Ukraine – even though EU implementing partners may work through local actors. This raises questions whether this strong track record will be maintained. However, as evidenced in an OECD peer learning exercise on locally-led development co-operation (OECD, 2024^[61]), direct long-term and core funding is a key enabler for increasing the ownership and agency of local actors, be it at national or subnational levels.

Figure 12. The share of EU development assistance directly through local systems is high but decreasing

Gross disbursements, share of total ODA and total ODA, excluding support to Ukraine



Note: Given the size of EU support to Ukraine through macro-financial assistance and policy loans, comparisons that exclude Ukraine might be more relevant.

Source: OECD (2025^[39]), *Creditor Reporting System*⁹, *OECD Data Explorer* dataset), <http://data-explorer.oecd.org/s/52>.

The implementation role of national and local actors, especially civil society, is decreasing. As mentioned previously, partner countries or other local stakeholders are expected to play a consultative role in overall governance of TEIs rather than a steering and management role as TEIs remain essentially a European structure. In addition, within the current MFF and NDICI-Global Europe instrument, CSOs and local authorities have lost dedicated access to EU funding but compete for funding within the geographic programmes.²⁷ Funding to and through CSOs has increased in volume, reaching USD 2.7 billion of gross bilateral ODA in 2023. However, its share of bilateral ODA decreased from 10.6% in 2018 to 6.8% in 2023. While the partnership shift has demonstrably resulted in greater inclusion of international and EU-based CSOs in strategic programming, the situation is different for national and grassroots CSOs that struggle to find their place under geographic instruments. Funding towards local CSOs decreased as a share of total funding to and through and dropped from 20.9% in 2018 to 13.9% in 2023. Over that same period, direct funding to local civil society was stable but low at between 1-2% of ODA. This struggle for funding is due to increasingly larger calls for proposals and new regulations that have brought added complexity for CSOs, especially local ones. CSOs in Angola and Colombia reported lack of clarity in terms of access and the timeline for calls for proposals, as well as complex administration. In addition, calls for proposals are now only online and some tools and instructions are only available in English or French, which further complicates access. To overcome this challenge, Delegations provide training sessions on calls for proposals, ensuring that timelines and procedures are clearly communicated. The European Union also uses the Financial Support to Third Parties (FSTP) modality to provide flexible support to grassroots and marginalised groups, enabling local CSOs to access funding more easily, even if indirectly. The shift towards the Global Gateway and private sector engagement at DG INTPA leaves questions about how

and to what extent local CSOs will be involved in this new way of implementing development co-operation. The extent to which the fourth generation of Civil Society Roadmaps will reflect the priorities articulated by civil society actors and those of the Global Gateway strategy has yet to be determined.

Recommendation

5. Recognising its role of facilitating co-ordination and promoting effective development co-operation, the European Union should:
 - continue incentivising and supporting the monitoring and evaluation of Team Europe Initiatives including their added value
 - select members for delegated co-operation on the basis of their demonstrated added value – such as country presence and technical expertise – and systematically assess whether direct funding to national and local actors would be more appropriate.

The Global Gateway in practice and working with the private sector

The Global Gateway renews emphasis on private sector

The European Union has promoted the Global Gateway as its “positive offer” to partner countries (see “As the European Union is shifting to the narrative of mutual benefit in its approach to partnerships and the use of ODA as a catalyst, there is scope for firmer grounding within established governing structures”). In a context where the annual SDG financing gap is estimated at USD 4 trillion, the Global Gateway aims at addressing strong demand from partner countries for investments in infrastructure. Its approach supports quality investments in five key sectors: digital technology, climate and energy, transport, health, and education and research. On the one hand, it offers physical infrastructure such as subsea cables, transport corridors and renewable energy. On the other, it promotes a reform agenda to create an enabling business environment to facilitate European investments. It is based on democratic values and high standards, good governance and transparency, equal partnerships, green and clean, security-focused and catalysing private sector investment.

Global Gateway is a strategy which does not have dedicated instruments. The EFSD+, launched as part of the NDICI-Global Europe regulation (June 2021), pre-dates the launch of the Global Gateway and is one of its main financing instruments. Its objectives and those of the Global Gateway are therefore not entirely aligned (see The EFSD+ instrument promotes private sector investments, but sharing of information on additionality and preserving local private sector focus are important). A wide array of private sector development programmes, from DG INTPA, DG MENA, DG ENEST, are not branded as “Global Gateway.” For example, a dedicated private sector instrument, “Ukraine Investment Framework”, was created following the Russian war of aggression in Ukraine; it does not fall under the Global Gateway branding but follows similar principles (Box 5).

Mobilising the private sector, including the European private sector, is one of the key priorities of the Global Gateway and the concept of “mobilisation” takes various forms (Figure 13). The private sector, such as pension funds, can engage in development projects as investor, for instance, by investing in facilities set up by European multilateral institutions and DFIs. Such a setting allows mobilising EU private capital for development (Karakı, Bilal and van Seters, 2022^[62]). Private sector companies can also benefit debt and equity financing from European multilateral institutions and Development Finance Institutions (DFIs), supported by the EFSD+. Finally, the private sector can engage in development projects as implementer (or service provider) after a public procurement process. Over the past years, the

European Union has pushed for an increased focus on European companies mostly as beneficiaries (see “The EFSD+ instrument promotes private sector investments, but sharing of information on additionality and preserving local private sector focus are important”) and as implementer (see “Engagement with the private sector increasingly focuses on EU companies, which brings both benefits and risks”). While the OECD uses the concept of “mobilisation” to refer to private finance mobilisation (i.e. private sector as investor) (OECD, 2018^[63]), the European Union generally uses the concept of “mobilisation of private sector” in all three cases (investor, beneficiary, implementer).

Figure 13. The European Union uses the concept of “mobilisation of private sector” to describe various forms of private sector engagement



Since the launch of the Global Gateway, the European Commission has diversified how to engage with the private sector. More than 20 EU business forums have been organised at regional and country level in Africa, Asia, Latin America and the Caribbean, Western Balkans, Türkiye and the Eastern Neighbourhood to engage with the private sector. The Global Gateway Business Advisory Group provides a forum to discuss and gather feedback on the strategic orientations of the Global Gateway. It collects input from private sector representatives on their priorities, activities, challenges and opportunities in sectors and regions covered by the Global Gateway. It also allows discussion on implementation of the strategy.²⁸ At the level of partner country, European chambers of commerce engage increasingly with EU Delegations (see “Active engagement of Member States in Team Europe Initiatives requires continued attention”). More recently, with the Team National approach, EU companies in each Member State can suggest investment projects to the Commission. Team National is a whole-of-government approach at the level of Member States (government, export credit agencies, DFIs) complemented with structured private sector partnerships to foster collaboration around strategic objectives (Bilal and Klasen, 2025^[64]). DG INTPA is working on a new channel to process all proposals of Global Gateway investment projects in the regions covered by INTPA involving the private sector: the Global Gateway Investment Hub. For the countries in the Western Balkans, Türkiye and Eastern Neighbourhood, companies are directly encouraged to participate in the Calls for expression of interest for private investments organised by DG ENEST.

While DG INTPA is helping identify new projects, it needs to ensure the process takes advantage of the strengths of partners. DG INTPA is playing a strong role in project origination, which can help identify new types of projects with development impact. Since the launch of the Global Gateway, DG INTPA has invested in promoting the private sector skills of its staff (see “As the Commission pivots to an investment portfolio, it can safeguard its institutional strength of having an evidence-based and country-led approach”). An EFSD+ focal point has also been identified in each EU Delegation so they can play a stronger role in identifying investment opportunities. DG INTPA is increasingly involved in identifying projects for partner financial institutions (e.g. Sargassum project in the Caribbean, e-mobility in Costa Rica, satellite connectivity in Central Asia). Such an approach can help push for investments in high development impact interventions at the riskier and more innovative end of the spectrum (Gavas and Perez, 2022^[65]). However, ensuring that such investment opportunities are close to bankability would allow DG INTPA to further engage in a constructive dialogue with partner financial institutions and private investors.²⁹

Maintaining a clarity of roles between the Commission as a policy-setter and its pillar-assessed financial partners in project appraisal will also ensure that the strength of each institution is leveraged.

The access to information around the Global Gateway requires attention

The European Union indicated that the Global Gateway would mobilise up to EUR 300 billion between 2021 and 2027, but information on volumes of financing is limited. The Commission indicated that up to EUR 135 billion of sustainable investments could be mobilised under NDICI-Global Europe over 2021-2027, notably through the guarantees and blended finance for financial institutions for development. The Commission also estimated that EU Member States and their development institutions, along with the EBRD, could mobilise EUR 145 billion in additional investments aligned to the Global Gateway without direct support from the EU budget. As of June 2025, the Commission indicates the European Union supported EUR 50 billion and that EU Member States, the EIB and the EBRD mobilised EUR 129 billion (see Figure 17). However, there is no detailed information on the sources of financing (EU, EU Member States, European DFIs, other international finance institutions (IFIs), partner governments, private financing). In addition, there is also limited information on whether these volumes of financing correspond to new investments or to ongoing TEIs and projects. In Angola for instance, until now, the European Union has only focused on soft measures (TVET, trade facilitation), while other IFIs and regional banks finance hard infrastructure investments. This raises questions from local stakeholders on the mismatch between communication and actual EU support. Given the strong communication of the Commission on the EUR 300 billion target, precise updates on new investments and sources of financing would help partners better understand the Global Gateway strategy.

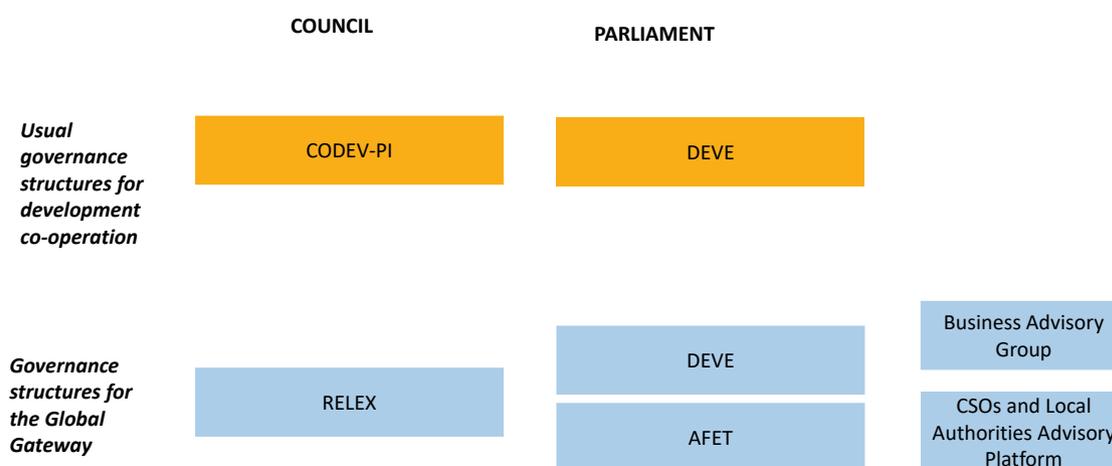
As the Global Gateway is moving from start-up to scale-up (European Commission, 2024^[66]), **a transparent results framework that assesses impacts ex ante and measures them ex post will be critical.** EU partners, and Members of Parliament and Council lack information on why Global Gateway projects were selected and their expected results. Each Commission-supported project has clear objectives with output and outcome indicators tracked in publicly available action documents under the NDICI. However, the European Union lacks a results framework for Global Gateway projects, including actors such as agencies of Member States and DFIs. Sharing a few key results indicators for each Global Gateway project (e.g. expected impact on the bottom 40% in the partner country, increase in access to water, jobs creation, CO₂ emissions reduction, etc.) would help increase understanding and improve oversight. The 2025 Commission work programme outlines an ambition to bring the Global Gateway from start-up to scale-up, creating an opportunity to put in place an effective and visible results system.

Member States, the private sector and CSOs have varying levels of information on the Global Gateway. In Colombia, some municipal, regional and national authorities strongly value the Global Gateway strategy and appreciate regular contacts with the European Union and European companies. EU private sector companies also appreciate Global Gateway consultation through sectoral working groups (e.g. preparation of position papers). However, country officials, Member States and private companies have varying levels of understanding of Global Gateway objectives and functioning. As part of the Colombia country visit, Member States delegations mentioned that some of their projects jointly implemented with the EU had been labelled as “Global Gateway” without prior discussion.

A specific governance structure has been set up for the Global Gateway, but it can be improved to ensure meaningful involvement of all stakeholders, including local partners. New platforms, such as the Business Advisory Group³⁰ and the Civil Society and Local Authorities Advisory Platform, bring a variety of perspectives (Figure 14). A Global Gateway Board provides strategic guidance to the Global Gateway and the development of TEIs.³¹ Within Parliament and Council, governance is often different for the Global Gateway and development co-operation. For example, the Working Party on Foreign Relations Counsellors (RELEX) and the European Parliament’s Committee on Foreign Affairs (AFET) jointly with the Committee on Development (DEVE), and with involvement of the Committee on International Trade

(INTA), oversee the Global Gateway. Meanwhile, the Working Party on Development Cooperation and International Partnerships (CODEV-PI) and the Committee on Development (DEVE) usually oversee development co-operation. This split reflects the more geostrategic and political nature of the Global Gateway but also raises questions on co-ordination with EU development co-operation. The Global Gateway is not anchored in legal documents (see “As the European Union is shifting to the narrative of mutual benefit in its approach to partnerships and the use of ODA as a catalyst, there is scope for firmer grounding within established governing structures”) making it challenging for Parliament and Council to engage with it. Partner country representatives from government, the private sector³² or CSOs are generally absent from governance.

Figure 14. Governance structures for the Global Gateway are distinct from the usual development co-operation structures



Note: Parliament is observer in Global Gateway Board. AFET = European Parliament’s Committee on Foreign Affairs; CODEV-PI = Working Party on Development Cooperation and International Partnerships; DEVE = Committee on Development; RELEX: Working Party on Foreign Relations Counsellors.

Refining the 360-degree approach would increase development impact

The Global Gateway has strong potential to create jobs and reduce poverty and inequality. With the Global Gateway strategy, the European Union aims to focus on fewer bigger projects, in selected sectors, with private sector participation to ensure sustainable impact. The Global Gateway strategy is being deployed in various types of countries, and 31% of all 2024-2025 projects are in LDCs (see Table 1). Global Gateway projects with inequality reduction as a main or significant objective, known as Equality Flagships, have transformative potential to reduce inequalities.³³ Other flagship projects like the Manufacturing and Access to Vaccines, Medicines and Health Technology Products in Africa (MAV+) initiative or the Trans-Caspian Transport Corridor,³⁴ linking Europe and Central Asia, could bring about transformative change in partner countries (OECD, 2023^[67]). In Colombia, large infrastructure projects such as the Bogota metro, or the commuter train in the Valle del Cauca, will boost green and inclusive growth. Beyond urban and peri-urban centres, the European Union is also promoting digital connectivity to rural areas. This is complex but can play a key role in bringing prosperity and peace to remote regions (see Box 3 and Staying engaged in a context of growing fragility and a shifting development paradigm).

Box 3. Connecting the unconnected in Colombia – supporting infrastructure investments and community Internet networks to bring connectivity to rural areas

Supporting Colombia in improving Internet connectivity in rural areas can be a powerful way to reduce inequalities and ensure peace. Colombia has set a target of connecting 85% of Colombians by 2026, up from the current 60% of total citizens. This is especially ambitious in rural areas that are standing at 29%. The Information and Communications Technology Ministry of Colombia, the European Union, and Development Bank of Latin America and the Caribbean (CAF) have established a partnership to address this challenge.

To promote rural connectivity, the European Union is providing support through various interventions:

- **Infrastructure investments:** The European Union is supporting a feasibility study on the technical and financial conditions to enable satellite solutions for connectivity in remote rural areas. It has also allocated EUR 4.6 million to structure a portfolio of fundable projects for the deployment of connectivity infrastructure in the ten departments with the widest gap in the country. Potential follow-up investments from CAF and the EIB could raise up to EUR 200 million.
- **Promotion of community Internet networks:** Community communication networks for access to Internet and Intranet services have been established as an alternative in rural communities. They are committed to promoting local capacities, collaborative work and the agency of the communities themselves in rural and peri-urban areas. Ultimately, this will allow communities to take on the management, design, implementation and maintenance of their own networks. The European Union supports the government's Communities Connectivity Strategy, which seeks to bridge the connectivity gap in the most remote areas (frontier and jungle areas). It adopts solutions financed and managed by the communities, with support from the state. In so doing, it considers the market failure that prevents local operators and Internet service providers from providing services.

Building on these projects, the European Union can test if the Global Gateway is suitable in remote areas and areas with high or extreme fragility.

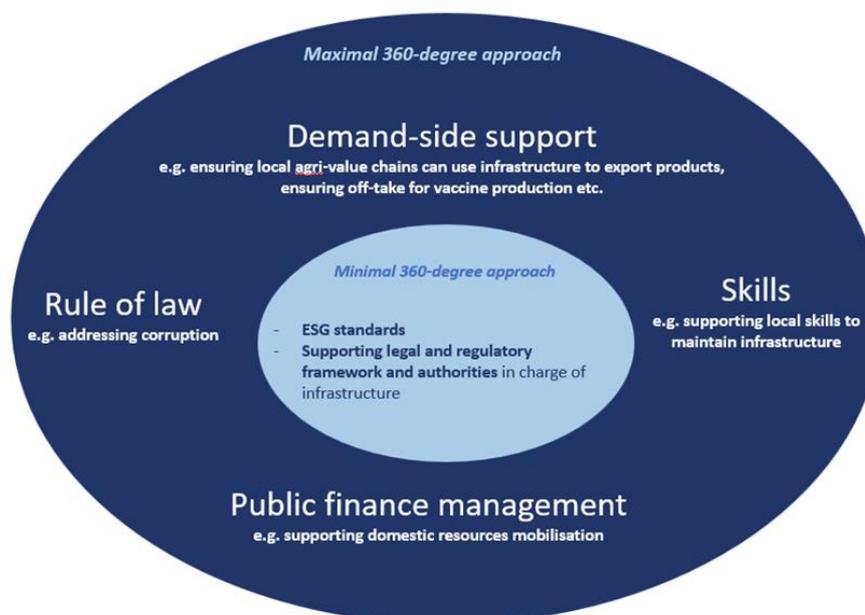
Source: Internal document from EU Delegation in Colombia on Global Gateway projects.

However, the 360-degree approach, which is the European Union's key added value to make infrastructure projects inclusive and sustainable, would benefit from greater clarity and guidance. Adopted in 2024, the 360-degree approach comprises six key principles that guide the selection, implementation and monitoring of all Global Gateway investments: equal partnerships, green and clean, catalysing private sector investment, democratic values and high standards, good governance and transparency, and security focused. Beyond "hard infrastructure", the 360-degree approach covers investments in education, skills and access to sustainable financing, regulatory support, technology transfer and knowledge sharing (European Commission, 2024^[68]). It is generally perceived as "everything around the infrastructure investment" that will make it inclusive and sustainable, but the understanding of this concept varies widely (see Figure 15). Some interpret the 360-degree approach simply as embodying the "do no harm" principle. In that sense, it ensures that infrastructure investments do not have negative consequences on human rights, labour and social standards and the environment. This is coupled with some limited support to the enabling environment linked to infrastructure (e.g. technical assistance to a transport regulation authority). For others, the 360-degree approach is about making infrastructure

investments work for the poorest and providing broad support to the enabling environment (e.g. rule of law, public finance management). In some cases, the 360-degree approach is defined as one that combines the three dimensions of supply, demand and enabling environment.³⁵ Others understand it as the two social sectors of the Global Gateway (health and education) complementing infrastructure sectors (transport, digital, climate and energy). A clearer definition of the 360-degree approach, with guidance and criteria on how to implement it as part of the Global Gateway, would ensure greater coherence in understanding and implementation. An internal communication has recently been distributed in DG INTPA on the 360-degree approach and several sessions during the Cooperation days of 2023 and 2024 have been organised.

In Colombia, EU efforts to strengthen the enabling environment and public finance management are strongly valued. The European Union provides technical assistance to ministries and agencies, notably in the transport and energy sector, as well as in public finance management (e.g. support to the Public Expenditure and Financial Accountability framework). Local stakeholders perceive such support as a prerequisite for the success of the Global Gateway. This is an area where the European Union could play a stronger role. A recent evaluation of EU support for “Collect More Spend Better” shows it has helped pave the way for improved tax administration efficiency. It has also contributed to advancing reforms related to transparency, accountability, the fight against corruption and spending management to domestic public finance systems (ADE, 2021_[69]).³⁶

Figure 15. Stakeholders have varying interpretations of the 360-degree approach



Note: The light blue circle highlights a minimal interpretation of the 360-degree approach (“do no harm”) and the dark blue one highlights a broader interpretation (project is designed to address poverty and inequality).

The Global Gateway enables strong sectoral and geographic focus within each partner country but creates the risk of excluding important sectors or locations. Flagship projects are overwhelmingly dominated by investments in physical infrastructure (see An investment agenda, critical to bridge the financing gaps for the SDGs, would benefit from complementary approaches to sustain progress in human development, democracy and institutional strengthening)³⁷. According to analysis by the Center for Global Development, more investments in human capital, such as education and health, could increase the economic and social returns to investments (Granito and Gavas, 2024_[70]). In Angola, the European Union

increasingly focuses on the provinces adjacent to the Lobito Corridor, home to 8 million people (25% of population). While the European Union supports projects in rural regions that are left behind and in the capital of Luanda,³⁸ feedback from partners highlights decreasing interest for supporting projects outside of the Lobito region.

Box 4. The Lobito Corridor exemplifies a renewed emphasis on mutual benefits in today's geopolitical landscape

Announced through an EU-US Joint Statement in the margins of the Partnership for Global Infrastructure and Investment (PGII) event at the G20 in India in September 2023, the Lobito Corridor is a key priority under the G7's PGII. The Lobito Corridor is a transport corridor (railway line) that will connect the Port of Lobito in Angola to southern Democratic Republic of Congo (DRC) and northwestern Zambia. The European Union and the United States were co-leading the support for the Corridor's development. The project is geopolitically highly relevant as it can enhance EU access to critical raw materials.

The Lobito Corridor is expected to enhance export possibilities for Zambia, DRC and Angola. Once transport infrastructure connecting all three countries is fully operational, the line will boost the regional circulation of goods and promote the mobility of citizens. By significantly reducing the average transport time, the Corridor will lower the cost of logistics and carbon footprint for exporting metals, agricultural goods and other products, as well as for future development of any mineral discoveries.

Infrastructure investments are for now mainly supported by IFIs and regional banks and involve some EU companies. These companies include the consortium Lobito Atlantic Railways (composed of Singaporean-based company Trafigura, Portuguese company Mota Engil and Belgian company Vecturis). The consortium was awarded the concession to manage the Corridor in Angola. Meanwhile, Africa Global Logistics (part of the Swiss MSC Group) was awarded the tender for the Port of Lobito.

In line with the national objective of economic diversification, the EU intervention focuses on strengthening TVET, as well as agriculture value chains close to the Lobito Corridor. The TVET programme aims, notably, to improve the quality of training on key economic sectors such as agriculture, transport, renewable energies, fisheries, tourism, services, and the green and circular economy. It focuses on youth, including those with low academic literacy; women; and other persons in vulnerable situations.

Achieving equitable access to infrastructure and protecting local communities from the adverse effects of mineral-centric development remain crucial for long-term social and economic benefits (OECD, 2025^[71]). Some stakeholders perceive the Lobito Corridor as a project primarily driven by EU interests to secure access to critical minerals. They see risks that the corridor is just a “passing way” for minerals from DRC to Europe. While EU support is focused on TVET and agriculture value chains development close to the Corridor, the lack of rural roads and cold storage infrastructure could jeopardise these efforts. Last mile infrastructure improvements supported by the World Bank (Diversifica+) and the logistics platform supported by the Netherlands are positive efforts in this direction. While the European Union plans to reinforce CSOs in the Lobito Corridor, local stakeholders are concerned about the process to engage with local communities on relocations and compensations. A publicly shared, ex ante distributional impact analysis of the project would help ensure the corridor benefits the bottom 40% of the Angolan population.

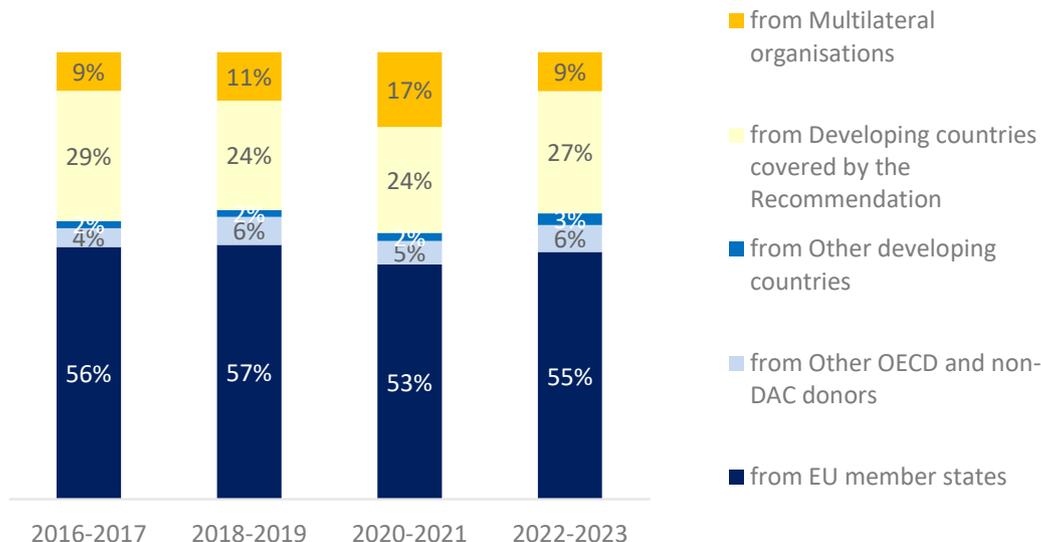
Source: Angola TVET project concept note, interviews with EU partners in Angola; European Commission (2023^[72]), “Joint Statement from the European Union and the United States”, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/statement_23_4419/STATEMENT_23_4419_EN.pdf; OECD (2025^[71]), *OECD Background Note on Lobito Corridor*, <https://oe.cd/6gD>.

Engagement with the private sector increasingly focuses on EU companies, which brings both benefits and risks

Overall, the European Union has a strong track record on untying ODA, although in practice most procurement contracts are awarded to European companies. The European Union completely unties its ODA to the countries covered by the DAC Recommendation on Untying ODA.³⁹ As regards to overall ODA (all countries, all sectors), the European Union untied 95% of ODA in 2023. The European Union has favoured financing modalities that are both legally and practically untied – such as budget support and indirect management – and that delegate procurement authority to others. In the case of untied ODA projects that involve contract awards, around half are awarded to European entities (EU companies and CSOs) (see Figure 16).⁴⁰

Figure 16. Most untied ODA contracts funded by EU institutions are awarded to European entities

Breakdown of untied ODA contracts funded by EU institutions by origin of supplier, number of contracts implemented in ODA recipients and sectors covered by the DAC Recommendation, 2016-2023



Source: OECD internal database.

The Global Gateway has a distinctive focus on EU companies, which can bring benefits to partner countries, but which also creates risks in terms of value for money when procurement is restricted. According to the NDICI-Global Europe procurement rules, EU-funded procurement could exclude some G20 Members (including China).⁴¹ In most countries, it seems this clause is not implemented, but under the Ukraine Facility such restrictions have been adopted.

- **In Colombia, the European Union is engaging with authorities in the pre-tender phase to promote strong quality and environment, social and governance (ESG) standards and ensure that European companies get a chance to win, which is valued.** The European Union promotes tenders that consider ESG standards, life-cycle costing⁴² and local labour. This can help broaden the participation of EU⁴³ and non-EU companies fulfilling ESG standards, bringing value to Colombia. For the second line of the Bogota metro, the European Union has pushed for stronger inclusion of social and environmental criteria, adjusting the evaluation weighting from 80-20 (price-

quality) to 50-50 (EU Delegation in Colombia, 2025^[73]). It also engaged to adjust procedures for handling abnormally low bids that could result from government subsidies. In addition, it adapted the compensation framework in case of extraordinary events during the construction phase, as these factors can also distort the level playing field. If these adjustments to bidding criteria remain in the interest of Colombia and are not overly biased towards specific European companies, Colombian authorities appreciate the EU engagement and broader participation of EU companies in tenders.

- **In the case of Ukraine, EU-funded public procurement is restricted, raising questions on the cost effectiveness of EU support.** Under the framework agreement of the Ukraine Facility (European Union, 2024^[74]) procurement is restricted to companies established in the European Union, Ukraine and a few other countries in the region (Western Balkan partners, Georgia and Moldova).⁴⁴ Additional restrictions cover the geographical origin of supplies and materials in specific cases.⁴⁵ In practice, materials from eligible countries are sometimes hard to find and often more expensive. Such procurement restrictions mean that unless relevant exceptions are invoked,⁴⁶ Ukraine may not be able to use EU financial support for accessing the most cost-effective options to cover its reconstruction needs.

While EU companies have several competitive advantages,⁴⁷ they may not always be well placed in some sectors related to green growth. Non-EU companies offer relevant and affordable options in several sectors related to green growth such as solar panels,⁴⁸ electric batteries⁴⁹ and wind turbines,⁵⁰ as well as in broader infrastructure activities such as road building, or the construction of dams, canals or ports. This means that the mutual benefits narrative of the Global Gateway – of addressing development challenges in partner countries, while promoting participation of EU companies in tenders – may not always work.

Emphasis on European companies could come at the expense of projects that primarily focus on local private sector development and inclusive growth. Some Global Gateway projects, such as the TEI “Investing in Young Businesses in Africa”,⁵¹ are primarily focused on local private sector development.⁵² However, pressure on DFIs to involve European companies as part of the Global Gateway approach is increasing. EFSD+ partners have shared the declining interest of the Commission for projects that primarily focus on local private sector development (see “The EFSD+ instrument promotes private sector investments, but sharing of information on additionality and preserving local private sector focus are important”).

EU efforts to enhance co-ordination between DFIs and export credit agencies (ECAs) is positive, but maintaining a clarity of mandate between development co-operation and export promotion is key. In May 2023, the Commission published the Feasibility Study on an EU Strategy on Export Credits (Mudde et al., 2023^[75]) and the Commission has identified three pilot projects for enhanced co-ordination between DFIs and ECAs.⁵³ Such co-ordination is expected to allow EU companies to compete with other players that offer complete packages to support national investment in partner countries (Bilal and Klasen, 2025^[64]). Knowledge sharing (market and country risk analysis) and joint transactions between ECAs and DFIs can potentially bring benefits. However, such co-ordination has also created concerns about potential diversion of EU development co-operation funds for the EU industry (Gerasimcikova, Sial and Vanaerschot, 2024^[76]). In addition, given that ECAs could apply different ESG standards from DFIs, stronger co-ordination with ECAs might require harmonising standards to avoid reputation risks for the European Union.⁵⁴

The EFSD+ instrument promotes private sector investments, but sharing of information on additionality and preserving local private sector focus are important

The European Financial Architecture for Development (EFAD) relies on a wide network of actors, and reflections on how to make it more coherent and aligned to EU objectives started in 2019. Rapid

expansion of bilateral DFIs⁵⁵ and overlapping mandates with the EIB and EBRD have resulted in calls to reform the architecture of EFAD. In October 2019, a High-level Group of Wise Persons focused on the respective roles of the EIB and the EBRD.⁵⁶ In 2021, the Council adopted conclusions encouraging these two multilateral European banks to work together to strengthen their co-operation with the European DFIs in a Team Europe approach.

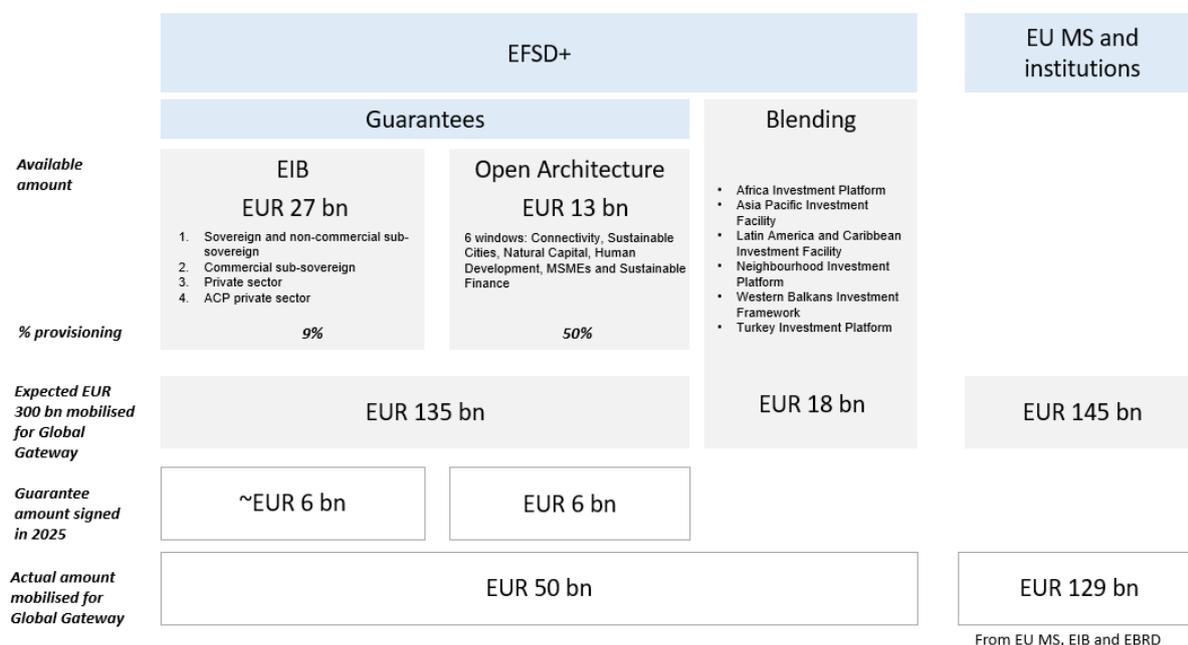
The European Fund for Sustainable Development Plus (EFSD+) is the financial arm of NDICI-Global Europe and builds on the previous EFSD. It is also the main financing instrument of the Global Gateway, although it was not designed with this in mind. When established in 2017, the EFSD was guided by the EU External Investment Plan, which aimed to encourage private investments that contributed to inclusive growth and job creation. Consistent with this logic, most EFSD guarantees were allocated to private sector development, comprising finance for SMEs and private sector agricultural investments. Other EFSD guarantee investment windows were sustainable energy and connectivity, sustainable cities and digitalisation.

The EFSD+ offers EUR 40 billion in guarantees and EUR 18 billion in blending. The EUR 40 billion in guarantees comprise dedicated EIB windows (EUR 26.7 billion) and EUR 13 billion in EFSD+ Open Architecture Guarantees for other DFIs – mainly European financial institutions but also international and regional financial institutions, such as the International Finance Corporation or the African Development Bank (see Figure 17). In addition, the EFSD+ supports the blending operations mainly with contributions in the form of investment grants for support to infrastructure projects (covering part of the project's cost, typically in projects managed by the public sector), technical assistance (feasibility studies for projects, business plans, staff training) but also risk capital and guarantees.⁵⁷

The EFSD+ Guarantee is deployed via a range of eligible financial institutions that act as the EU implementation partners on the ground. To seek to directly benefit from the EFSD+, a financial institution is required to be pillar-assessed.⁵⁸ In practice, European multilateral financial institutions for development, such as the EIB, and the EBRD and bilateral DFIs of Member States, along with a few international and regional financial institutions, are the main implementing partners.⁵⁹ As the bank of the European Union,⁶⁰ the EIB has a specific role to implement EU development policy priorities and benefits from dedicated windows. Other partner financial institutions have access to the EFSD+ through the “Open architecture” windows.

Figure 17. Financing of the Global Gateway is expected to come from various institutions and instruments, with the EFSD+ playing a key role

Structure of financing for the Global Gateway, expected amounts mobilised, and actual usage and mobilisation



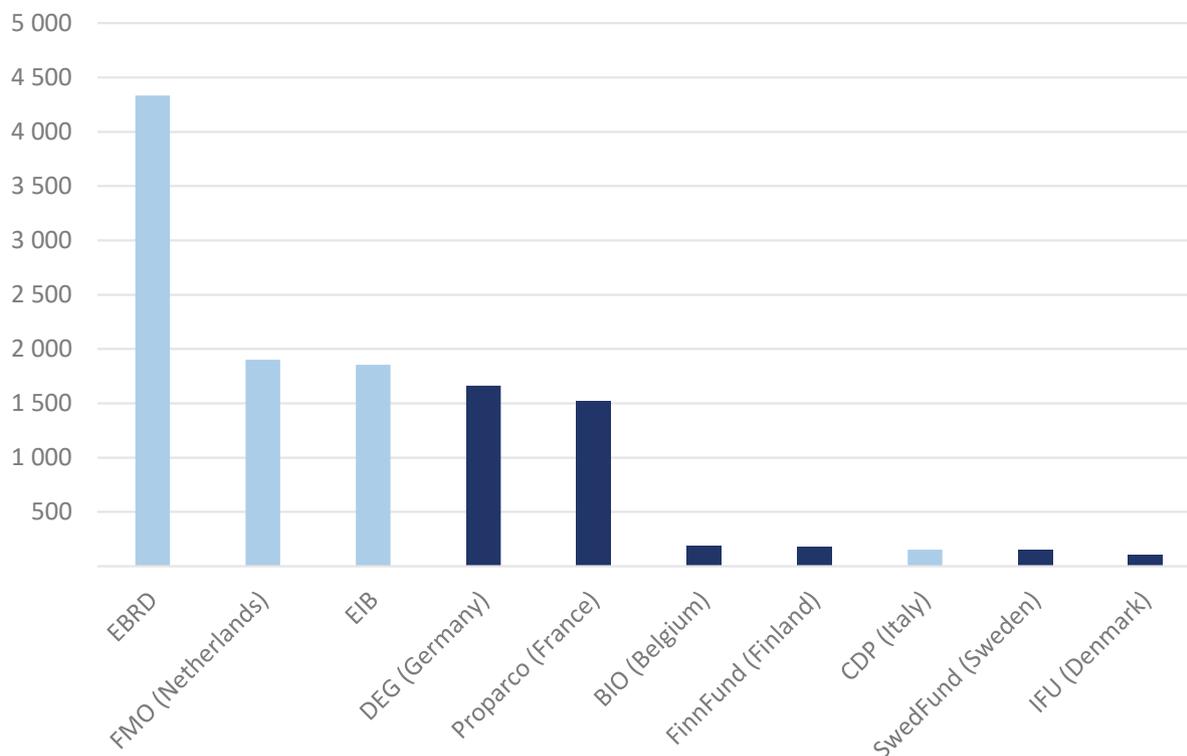
Note: MSMEs = micro, small and medium-sized enterprises; MS = Member States.

Source: Data shared by INTPA and interviews.

EFSD+ partner financial institutions all have different portfolio sizes, footprints, ticket sizes and mandates that the European Union can harness to support development objectives. The EIB, EBRD and European DFIs have portfolios of investments of different sizes, not all of which are reported in ODA (see Figure 18). The EIB has strong experience with large-scale sovereign and sub-sovereign loans (average ticket size of EUR 100 million), and a business model based on regional hubs (six hubs in sub-Saharan Africa, four in Latin America and the Caribbean). The EBRD has strong expertise in private sector financing with smaller volumes (average ticket size of EUR 25 million), and a business model based on a strong country presence in the European Neighbourhood (e.g. 84 staff in the Cairo office). European bilateral DFIs all have different sizes, status, funding models, mandates and risk appetites (Attridge and Novak, 2022^[77]).⁶¹ Several DFIs have a wide network of country offices, notably in sub-Saharan Africa. Some smaller DFIs that are not pillar-assessed have obtained access to EFSD+ guarantee support through joint proposals led by the Association of Bilateral European Development Finance Institutions, which has proven an efficient way to leverage their resources and expertise.

Figure 18. European multilateral and bilateral financial institutions have different financing capacity

Top ten financial institutions using EFSD+, private sector instruments, gross disbursements, USD million, 2023 constant prices



Note: PSI vehicles highlighted in light blue are those for which PSI are not counted in ODA. FMO – except its state funds – does not report its PSI in ODA.

Source: CRS, and FMO 2023 annual report <https://annualreport.fmo.nl/2023/annual-report-2023/report-of-the-management-board/letter-from-the-management-board>

The EFSD+ has helped European multilateral and bilateral financial institutions provide financing to segments, sectors and locations that have development benefits but are perceived as risky.

Feedback from European bilateral DFIs indicate that the EFSD+ allows them to develop projects that are riskier with – for instance – new companies or micro-entrepreneurs with a limited track record. Before the Global Gateway, the EFSD (predecessor to the EFSD+) provided a guarantee that supported Nasira, a risk-sharing facility managed by Dutch DFI FMO. Nasira provides portfolio guarantees to local financial institutions in partner countries so they can reach underserved segments such as agriculture and micro, small and medium-sized enterprises (MSMEs), as well as young, female and migrant entrepreneurs. The Agriculture Financing Initiative (AgriFI) is another positive example of a facility supported by the EFSD and EFSD+ through blending finance that focuses on smallholders and agri-business MSMEs. The facility offers junior debt and equity with ticket size ranging from EUR 0.5 to EUR 5 million in local currency. The funds are either provided to financial institutions that on-lend to smallholders or directly to SMEs. The EFSD+ has also helped some DFIs make their first investments in LDCs and contexts with higher levels of fragility. For instance, the Finnish DFI Finnfund has invested in digital infrastructure in South Sudan with support from the EFSD+. Such investments – with high development impact and risks – can help demonstrate the viability of investments, including in contexts affected by fragility, and create markets over time.

The EFSD+ has a solid basis for measuring results that will be further improved with the Inequality Marker. The EFSD+ Results Measurement Framework comprises a variety of outputs and outcomes indicators that capture progress in governance and the rule of law; socio-economic development, agriculture and environmental protection; and peacebuilding and human rights. In June 2025, DG INTPA decided to apply the I-Marker to all EFSD+ operations, starting with blending operations and to be extended to guarantees for the next call of proposals. The I-Marker is an important tool that guides DG INTPA grants programme design and enhances the tracking and benchmarking for reducing inequalities (see “The EU policy framework focuses on poverty and inequality, giving clear indications for democratic oversight and predictable partnerships”). This use of the I-Marker can help strengthen the inequality focus of projects funded by the EFSD+. However, some partner financial institutions might lack the capacity for such an approach in certain activities, such as pre-investment distributional impact assessments.

Information is lacking on the additionality of investments supported by the EFSD+. The few evaluations of the EFSD+ highlight insufficient evidence about how EFSD+ interventions differ from business-as-usual investments and their overall impact (European Court of Auditors, 2024^[30]). Institutions such as the EIB have been criticised for their risk-averse lending approach that limits impact on developing countries (Gavas and Pleeck, 2023^[78]). In Latin America, for instance, the EIB has a strategy to generate profits to make up for potential losses in other regions. This raises concerns on the specific role of the EIB compared to commercial investors, as well as some questions on whether the EIB might crowd out private sector financing.⁶² The EIB stopped reporting PSIs in ODA in 2023 due to confidentiality reasons, making it hard to assess additionality.⁶³ The OECD DAC Blended Finance Guidance (OECD, 2021^[79]) emphasises the need to assess, document and publicly disclose additionality.⁶⁴ Stakeholders also question whether the EFSD+’s Open Architecture results in new investments or simply subsidises investments that would have taken place anyway (Perez, Albhakit and Ruiz, 2023^[80]). While feedback from DFIs is positive, there is limited public information on the new types of segments, sectors or locations – especially contexts with higher levels of fragility – and LDCs that are targeted thanks to EFSD+ support. Investments facilitated under the EFSD+ are still new and will run for several years. However, partners have shared that the guarantee may not be pushing significantly towards increased risk-taking as few guarantee agreements were called.⁶⁵

The EFSD+ does not have a facility to mitigate foreign exchange risks.⁶⁶ This means that partner financial institutions either need to offer local currency financing and absorb significant exposure themselves or impose foreign exchange risks on local partners. Private companies have shared that local currency financing options would make EFSD+ financing more attractive. Putting in place a collateral pool explicitly intended to support local currency lending would require further analysis of benefits, drawbacks and costs (CGD and Lion’s Head, 2025^[81]).

Increased pressure to show potential impact for European companies as part of the Global Gateway strategy is sometimes at odds with those of partner financial institutions and creates uncertainty. While the Open Architecture includes an MSME window, which accounts for a significant part of signed operations (37% in 2024), DFIs have noted declining interest from the Commission for local private sector development (e.g. SME finance and the local financial sector) because there are fewer opportunities for European businesses.⁶⁷ For instance, the Commission has rejected parts of proposed pipelines that they view as no longer compatible with the Global Gateway. Such a shift has been costly for DFIs that had already invested in preparing these pipelines. It also created uncertainty on whether all EFSD+ projects must fit with the Global Gateway strategy and focus on European companies (see “Engagement with the private sector increasingly focuses on EU companies, which brings both benefits and risks”). Although the ESFD+ has a strong results framework, several partners are concerned about a potential shift from development impact towards EU interests and companies. The EFSD+ is an ODA instrument, following the principle of untied aid. If the European Union seeks to promote stronger participation of the European private sector in development projects, it will need additional non-ODA funded instruments.

The EFSD+ instrument would benefit from a streamlined process and can mobilise private finance more effectively

Routes to access EFSD+ guarantees differ for the EIB compared to other partner financial institutions. For EIB windows, the EIB sends quarterly pipelines of projects to the Commission Strategic Steering Committee. Once the Strategic Steering Committee decides on which projects can potentially benefit from the guarantee, the EIB prepares projects that are assessed for EFSD+ eligibility.⁶⁸ Overall, about half of EIB global annual commitments benefit from an EFSD+ guarantee. On the other hand, the Open Architecture windows work through calls for proposals (see Figure 19) and only one such call has been organised since the EFSD+ launch in 2021. Partner financial institutions submit proposed investment programmes (PIPs) that the Commission assesses and prioritises based on policy, geography, additionality and risk. Once the EFSD+ Operational Board⁶⁹ approves the guarantees, agreements are negotiated and signed.

Figure 19. The EFSD+ guarantee approval process under the Open Architecture is long and complex



Note: PIP = Proposed Investment Programme.

Source: European Commission and interviews with financial institutions.

The length and complexity of the EFSD+ process are key challenges for partner financial institutions (CGD and Lion's Head, 2025^[81]). When DG INTPA launched the first Open Architecture call for proposals for EUR 6 billion in 2022, it attracted proposals worth up to EUR 24 billion of guarantees, highlighting strong interest for this instrument. However, most guarantee agreements were only signed in 2024 and 2025. In several instances, PIPs were no longer feasible due to the time taken to sign the guarantee.⁷⁰ The negotiation of guarantee agreements has lasted up to several years for some partner financial institutions because each one had to negotiate specific terms with the European Union.⁷¹ Lack of standard terms for legal agreements has also raised concerns on whether the level of commissions differs from one partner institution to the next.⁷² Finally, EFSD+ processes sometimes differ across DG INTPA and former DG NEAR, making it hard for DFIs to access guarantees across various regions. As the European Union is considering top-ups to optimise the speed of guarantee agreements, it would also benefit from standardising the EFSD+ process to ensure new agreements are signed more quickly.

With its strong focus on guarantees, the EFSD+ facilitates investments with limited EU support, but most of the mobilised funding is from public institutions. As guarantees do not require an immediate outflow of funds,⁷³ they are useful for optimising development budgets (Garbacz, Vilalta and Moller, 2021^[82]). As an example, EFSD+ funding under the EIB windows requires provisioning of 9%.⁷⁴ This means that, for a total guarantee of EUR 26.7 billion, the European Union only needs to set aside EUR 2.4 billion to cover potential losses. The EIB requires a minimum of 50% co-financing from other development partners (e.g. World Bank, regional development banks) and often finances a third of the

total investment value. Consequently, the EUR 2.4 billion set aside by the European Union might facilitate EUR 80 billion of investments.⁷⁵ As such, the EFSD+ helps leverage the EU budget and balance sheet of the EIB, which then co-invests with other development partners.⁷⁶ A similar de-risking instrument was created for Ukraine (see Box 5).

Box 5. The Ukraine Investment Framework, a de-risking instrument similar to the EFSD+, helps mobilise private financing for investments

As part of the Ukraine Facility, a Ukraine Investment Framework has been established to attract public and private investments with EUR 7.8 billion in loan guarantees and EUR 1.5 billion for blended finance grants. It is expected to mobilise up to EUR 40 billion in public and private investments over the next years.

This instrument helps promote private investments to address reconstruction and development needs. For instance, the EU-supported Project Connect is a major investment in Ukraine's telecom sector involving the newly merged Datagroup-Volia-Lifecell company. A EUR 80.7 million EU guarantee successfully attracted a total investment package of USD 435 million, co-financed by the IFC and the EBRD. In so doing, this leverages the EU de-risking commitment by more than five times. The company is expected to deliver improved mobile connectivity to 10 million subscribers and provide faster and more reliable fixed broadband access to around 4 million homes. This has been the largest foreign direct investment in wartime Ukraine, which has sent a strong positive signal to investors.

The Ukraine Investment Framework is strongly focused on European companies. A first call for expression of interest encouraged EU companies to invest in Ukraine's reconstruction at the end of 2024. It focused on projects above EUR 50 million in key sectors outlined in the Ukraine Plan (energy, critical raw material, manufacturing, digital and transport) with an equity participation by the project promoter at 10% of the total value of the investment project. The European Union received 110 applications from companies across 21 Member States. Such focus could potentially undermine the development of local companies in Ukraine. In practice, local stakeholders mentioned that many EU-backed projects involve collaboration between European and Ukrainian entities – whether through subcontracting, joint ventures or local sourcing. This can help facilitate technology transfer, job creation and help connect Ukrainian businesses to European value chains. [A second call was launched in 2025.](#)

Source: Interviews with EU Delegation, Ministry of the Economy in Ukraine, Kiev Business School; European Commission (n.d.^[83]); [Ukraine Investment Framework, https://enlargement.ec.europa.eu/european-neighbourhood-policy/countries-region/ukraine/ukraine-investment-framework_en](https://enlargement.ec.europa.eu/european-neighbourhood-policy/countries-region/ukraine/ukraine-investment-framework_en).

In a few instances, the EFSD+ has mobilised private financing. With EFSD+ support, Danish DFI IFU⁷⁷ has partnered with four private Danish pension funds to create SDG Fund II,⁷⁸ a fund that invests towards realisation of the SDGs. In this case, the EFSD+ guarantee did not cover potential losses by IFU, but those of private investors, which helped secure their participation in the fund.⁷⁹ Another successful example is the partnership between ILX and EBRD with EFSD+ funding to support climate-smart solutions, digital transformation and financial inclusion.⁸⁰ In such instances, the terms of the coverage generally need to be more generous⁸¹ than for the usual coverage of European DFIs and European multilateral financial institutions. It is worth noting that investments by the DFIs backed by the EFSD+ guarantee often see co-investments from local commercial banks, private co-investors and support private sector operations on the ground.

Building on EU support to sustainable finance, and given the importance of leveraging institutional investors to contribute to development goals (OECD, 2025^[84]), the EFSD+ could play a stronger role

in covering transactions involving private investors. The European Union has played an important role in promoting sustainable finance to accelerate the mobilisation of private capital towards environment, climate and sustainability goals. In particular, the Commission has set-up a High-Level Expert Group (HLEG) on scaling up sustainable finance in low and middle-income countries. To further channel private capital towards sustainable investments, the EU is committed to sharing its experience with partner countries, promoting credible and interoperable taxonomies and sustainable finance frameworks and providing dedicated technical assistance and capacity building, notably through the Sustainable Finance Advisory Hub. Attracting more private investors would require increased transparency on transactions supported by the EFSD+. This, in turn, could help bridge the gap between perceived and actual risks of private investors in emerging markets. A clear separation of mandates between INTPA and EFSD+ partner financial institutions would also increase confidence from private investors and help mobilise private financing (see “The Global Gateway renews emphasis on private sector”).

The EFSD+ has played a positive role in the emergence of a green bond market in Latin America and the Caribbean, and could also further strengthen local finance mobilisation. The Latin America and Caribbean Investment Facility (LACIF), which offers blending instruments as part of the EFSD+, contributed together with Germany to the Latin American Green Bond Fund (LAGreen). Since its start in 2021 and up to the end of 2024, the Fund supported more than seven bond issuers – in Colombia, Peru, Costa Rica, Ecuador, Mexico and Panama – to access the market and helped improve the green credentials of their bonds.⁸² Such approaches can help mobilising local currency financing for projects with strong development benefits. Similarly, the Global Green Bond Initiative (GGBI) under preparation by the European Commission can help boost partner countries’ access to private finance through green bonds.⁸³ Such sustainable finance programmes could also play a stronger role in leveraging local pension funds and sovereign wealth funds in partner countries in the future.

With appropriate safeguards, the Global Gateway can help strengthen synergies between EU trade, investment and development co-operation priorities

The Global Gateway has an embedded objective to strengthen trade links and capacities. The 2021 Joint Communication on the Global Gateway underlines the role of the Global Gateway in strengthening enabling environments for trade and investment in partner countries, in turn with the purpose of boosting investments for sustainable development, while enhancing supply chain resilience and opening up trade opportunities for the EU economy (European Commission, 2021^[23]). This dual objective is reflected in the Global Gateway’s investment priorities. For example, its investment in Africa supports strategic corridors that facilitate both intra-African and Africa-Europe trade and investment (European Commission, 2022^[85]). All five sectoral priorities of the Global Gateway – namely digital, climate and energy, transport, health, and education and research — are important to enable trade.

The Global Gateway builds on a history of EU leadership in strengthening trade-related infrastructure and capacities in developing countries. In the last ten years, the European Union has consistently been among the leading providers of Aid for Trade, which encompasses all ODA dedicated to financing trade-related infrastructure, building productive capacities and enhancing trade-related policies and regulations. In 2022, the European Union and EU Member States committed a combined EUR 22.2 billion in Aid for Trade, accounting for 36% of global Aid for Trade flows (European Commission, 2024^[86]). EU institutions committed USD 7.5 billion (39.5% of their sector allocable ODA) in Aid for Trade. A large part of this support sought to strengthen local SME capacities, support partner countries’ efforts to reduce trade costs, and enhance the social and environmental impacts of trade – in line with EU trade policies and sustainable development priorities. In 2022, 51% of Aid for Trade committed by EU institutions included climate-related objectives.

The Global Gateway has significant potential to help mobilise more resources for trade-related needs in partner countries. The Global Gateway’s use of de-risking instruments, such as guarantees

and blending, opens opportunities to further engage the private sector on trade-related projects. Various actors, including the WTO and partner countries, have called for greater integration of the private sector into trade-related development co-operation. However, preserving access to highly concessional forms of financing, especially in LDCs and vulnerable contexts, is essential to ensure that the Global Gateway supports partner countries effectively. Of the 68 partner countries taking part in OECD and WTO surveys in 2024, 82% experienced challenges accessing finance to address national trade priorities. Meanwhile, 78% of respondents identified access to grant finance as the most prevalent difficulty (OECD/WTO, 2024^[87]). In this context, the component of grants in EU Aid for Trade remains significant, comprising 44% in 2022,⁸⁴ making the European Union the largest provider of Aid for Trade in the form of grants globally. However, the recent audit of Aid for Trade notes the growing importance of the Global Gateway strategy and its strong emphasis on mobilising private sector investment could exacerbate challenges faced by LDCs in accessing development finance. It notes their often fragile economic situation and debt vulnerability, as well as challenges faced by the private sector in repaying in foreign currencies (European Court of Auditors, 2025^[31]).

The European Union’s priorities for 2024--2029 solidify the role of the Global Gateway in support of trade and investment partnerships. As part of efforts to strengthen the Global Gateway, the European Union seeks to put forward an integrated offer combining infrastructure investment, trade and macro-economic support (European Commission, 2024^[66]). The Global Gateway is also part of the EU Competitiveness Compass introduced in January 2025, which emphasises the role of the Global Gateway in financing mutually beneficial partnerships (European Commission, 2024^[66]). To achieve this ambition, the European Union is equipping itself with new instruments (also referred to as “alternative forms of engagement” or, by external observers, “mini trade deals”). This notably includes Clean Trade and Investment Partnerships (CTIPs) that aim to bring together targeted trade and investment rules, Global Gateway investments and regulatory co-operation into a single whole-of-government partnership. Falling under the responsibility of DG Trade, CTIPs are meant to complement the vast network of trade agreements of the European Union through more flexible and targeted forms of engagement. They are expected to be developed in synergy with the Global Gateway (under the responsibility of DG INTPA) (Jütten, 2025^[88]). In March 2025, the European Union and South Africa launched negotiations on what would be the first CTIP. It will be supported by co-operation and implementation of an EU-South Africa Global Gateway investment package.⁸⁵

With appropriate safeguards, the integrated approach of the European Union could advance trade, investment and development objectives through coherent and pragmatic modalities. To a large extent, the shift away from a donor-recipient model echoes partners’ preference for equal standing partnerships. In that context, new forms of partnerships such as CTIPs can provide relevant tools to develop tailored offers aligned with partner countries’ national development priorities. Observers have, however, underlined the critical importance of ensuring that such partnerships supported by EU development finance add value locally, create jobs and give a central place to environmental and human rights dimensions. This is especially important in a context of growing focus on access to critical raw materials, often sourced in areas where human rights risks are present (New Climate Institute, 2024^[89]; Friedrich Ebert Stiftung, 2025^[90]).

The European Union has taken important steps to integrate local value addition and sustainability considerations into its engagement with partner countries along the critical raw materials value chain. For example, EU Regulation 2024/1252 requires that the European Union considers local value addition and respect for international human rights and environmental standards in the design and implementation of strategic partnerships around critical raw materials.⁸⁶ However, the non-binding nature of new forms of partnerships is seen as a potential risk when it comes to the enforcement of environmental and human rights commitments (EJTC, 2025^[91]). Furthermore, unlike traditional trade agreements, the new partnerships are viewed as a soft-law process that does not require consent from EU Parliament and are therefore not subject to similar oversight and consultation process (Rödl and Partner, 2024^[92]; Europe

Jacques Delors, 2025^[93]). As the European Union and South Africa advance in the negotiations of the first CTIP, giving a central place to partner country priorities, informed by inclusive consultations, can help build a relevant model for future EU partnerships, bringing trade, investment and development co-operation into a coherent framework.

Maintaining high environmental and social standards anchored in policy coherence for sustainable development is key to implement the Global Gateway effectively

The European Union has traditionally stood out for its efforts to harness EU trade and global supply chains as a driver of sustainable development. The European Union has deployed an array of tools, including policies, laws and economic instruments, to promote the positive impacts of EU trade and investment on sustainable development and mitigate potential negative impacts on the environment, human rights and other sustainability-related issues (see Box 6). These initiatives provide a solid foundation to deliver on the Global Gateway's objectives to foster mutually beneficial partnerships grounded in EU values and standards.

Box 6. The European Union has deployed an array of tools to promote the positive impacts of trade and investment on sustainable development

The European Union has made important efforts to leverage the power of trade for sustainable development. The EU trade strategy set out in 2021 gives a central place to sustainability and resilience, and includes objectives to facilitate developing countries' integration into global value chains. The EU Green Deal includes objectives to leverage trade policies and instruments to support the green transition of the European Union and beyond.

These ambitions are reflected in trade agreements and preferential schemes. Since 2011, all EU trade agreements have included chapters dedicated to Trade and Sustainable Development (TSD), integrating non-trade provisions such as labour rights and environmental protection. The Generalised Scheme of Preferences (GSP) removes or reduces import duties on goods from vulnerable economies. The GSP comprises three arrangements (Standard GSP, GSP+, Everything But Arms). This includes special provisions for LDCs, as well as incentives linking preferential access to ratification and implementation of international standards related to human rights, labour rights and environmental protection.

The Carbon Border Adjustment Mechanism (CBAM) provides another example of EU efforts to manage the impacts of trade on sustainability goals. The CBAM aims to reduce carbon emissions by levelling the playing field between EU producers – which pay for their CO₂ emissions – and foreign exporters of carbon-intensive goods to the EU. It imposes a charge on EU importers equivalent to the gap between the EU carbon price and that of the exporting country to prevent carbon leakage from production shifting to countries with weaker climate policies.

The European Union has been at the forefront of global efforts to promote observance of human rights, labour rights and environmental standards in global supply chains. To that end, the European Union has adopted several policies and laws, including the Corporate Sustainability Reporting Directive (CSRD), the Conflict Minerals Regulation, the EU Deforestation Regulation (EUDR), the Corporate Sustainability Due Diligence Directive (CS3D) and the EU Forced Labour Regulation. These require companies falling under the scope of these laws and policies to manage their impacts on sustainability-related issues such as human rights, labour rights and the environment. These are based on internationally-agreed standards of responsible business conduct, including the UN Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles

concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Sources: European Commission (2021), “An open, sustainable and assertive trade policy”, <https://eur-lex.europa.eu/resource>; European Commission (2019), “The European green deal”, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en; European Commission (2025), “The generalised scheme of preference”, https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences_en; European Union (2025), “Corporate sustainability and responsibility”, https://single-market-economy.ec.europa.eu/industry/sustainability/corporate-sustainability-and-responsibility_en; European Commission (2025), Carbon Border Adjustment Mechanism.

The adoption of sustainability legislations, and integration of sustainability considerations into EU trade policies and economic instruments, has brought both opportunities and challenges for partner countries. While such measures can go a long way in driving positive impacts in supply chains and minimising risks of negative human rights impacts and environmental degradations, the rapid adoption of sustainability-related measures has also raised new challenges for trade and investment partners. For instance, some stakeholders indicated that regulations such as the European Deforestation Regulation created hurdles for local companies in the countries exporting to the EU. Some partners have highlighted the need for better consultation of EU services and Directorates General involved in external action, as well as EU Delegations, when adopting such measures. These comments are consistent with considerations put forward in the 2023 European Parliament resolution on Policy Coherence for Development (PCD). These call for stronger sustainability impact assessments of trade policies and legislative proposals and systematic screening of possible impacts on developing countries at an early stage. They also emphasise the critical role of INTPA in strengthening implementation of PCD commitments within the Commission (European Parliament, 2023^[94]).

Recent EU efforts to simplify its sustainability-related regulations have been met with mixed reactions. In February 2025, as part of a broader competitiveness agenda, the Commission introduced an Omnibus package to reduce administrative burdens for companies. The package notably postpones implementation of the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CS3D) and Carbon Border Adjustment Mechanism (CBAM), and introduces simplified reporting and due diligence requirements. The business community has largely welcomed simplification efforts, particularly within the European Union. However, stakeholders have cautioned against the risks of loosening expectations for companies. They have also expressed concerns at the speed of preparation and lack of consultation around the Omnibus proposal (ECCJ, 2025^[95]; EU Ombudsman, 2025^[96]; Palinska, 2025^[97]).

As the European Union reinforces its focus on EU companies, demonstrating commitment to quality – reflected in high environmental and social standards – will be particularly important to deliver on the Global Gateway’s value proposition. The European Union has traditionally been a global leader in supporting responsible business conduct worldwide. For example, its sectoral and regional programmes strengthen sustainable supply chains through business training, capacity building and policy dialogues (OECD, 2021^[98]). Accompanying measures are embedded in the text of CS3D, with a view to avoid any unintended transboundary impacts of due diligence requirements (Rödl and Partner, 2024^[92]). In December 2025, the European Union through a Team Europe Initiative was to launch an online navigator for partner country stakeholders run by GIZ to provide guidance on available accompanying support measures that facilitate implementation of due diligence expectations (Berthier, 2025^[99]). Sustaining and scaling up efforts to assess potential transboundary impacts of legislations, ensuring inclusive consultations and pairing regulatory change with technical and financial assistance can provide avenues for the European Union to manage trade-offs and promote upward alignment with international environmental and social standards.

Recommendations

6. As the Global Gateway moves from start-up to scale-up, buy-in from stakeholders could be further strengthened by:
 - increasing external awareness on the Global Gateway's objectives, processes and selection criteria
 - publishing comprehensive information on projects (including stage of implementation, implementing partners, expected outcomes and impact, and investment amounts by source of financing).
7. The EU should build on its strong track record on untying and continue to operate in line with the DAC Recommendation on Untying of ODA as the development co-operation paradigm shifts.
8. Recognising the leading role of the European Union on policy coherence, and as it increasingly relies on the private sector to create development impact in partner countries, the EU should:
 - continue promoting high environmental and social standards in global value chains, building on its history of leadership on responsible business conduct
 - ensure that regulations in all policy areas within its competence are designed in ways that further consider their impact on developing countries and provide appropriate support to help partner countries adjust to sustainability expectations.
9. In order to maximise its impact, the European Union should strengthen the guarantee scheme by:
 - simplifying and accelerating its process to improve its attractiveness
 - preserving its focus on local private sector development
 - sharing information on the additionality of its investments
 - facilitating private finance mobilisation.

Staying engaged in a context of growing fragility and a shifting development paradigm

The European Union has built a strong reputation as a partner for peace and stability

The European Union is a valued partner for peace. The policy vision of the European Union for resilience, peace and security is guided by the 2016 Global Strategy on foreign and security policy (European External Action Service, 2019^[100]) and the 2017 European Consensus on Development (Council of the European Union, 2017^[8]). These policies, along with the 2017 Strategic Approach to Resilience in the EU's External Action (European Commission, 2017^[101]), the 2017 Council Conclusions on Operationalising the Humanitarian-Development nexus (Council of the European Union, 2017^[102]) and the 2025 Council Conclusions on strengthening resilience in partner countries through EU external action (Council of the European Union, 2025^[103]) have enabled a strong articulation of the EU approach to multidimensional fragility, including through the Humanitarian-Development-Peace (HDP) nexus.

The EU approach to peace and security is underpinned by political dialogue, diplomatic resources of both institutions and Member States, development co-operation and sectoral policy dialogue, as well as bilateral initiatives. Beyond NDICI-Global Europe, various instruments in and outside of the EU budget contribute to stability and peace, including the CFSP and the European Peace Facility. Between

2014 and 2020, dedicated EU Trust Funds (EUTFs) enabled tailored responses for specific conflict or crisis situations such as in Syria, Colombia (see Box 7), and the Central African Republic. The NDICI-Global Europe thematic pillar covers human rights and democracy, CSOs, peace, stability and conflict prevention, and global challenges. In addition, the EU approach emphasises the importance of strengthening resilience in partner countries through its external action. This complements the geographic programmes covering the Neighbourhood, sub-Saharan Africa, Asia and the Pacific, and the Americas and the Caribbean.

The EU focus on human rights and democracy, highly valued by partners, plays an important role in contexts with high levels of fragility. Support to inclusive governance, the rule of law, civic space and human rights through dedicated programmes is coupled with structured policy dialogue that allows for close co-ordination with EU Member States (see “The emerging development paradigm to international partnerships”). Where their own presence is limited, Member States value the ability of the European Union to engage on these issues and uphold European values. Local and grassroots CSOs have noted that the mere presence of an EU Delegation can send a positive message in support of civic space and human rights.

Partners are looking to the European Union for sustained support to peace as transitions out of conflict are not linear. The examples of Ukraine and Colombia show how the European Union has started planning for transition, recovery and reconstruction in the midst of conflict. As other partner countries experiencing conflict move towards transition, the European Union can draw on the different experiences of Ukraine and Colombia to make the case for early investments in recovery before a peace agreement materialises, while maintaining a focus on resilience. Transitions require additional investments and upstream planning for some of the more difficult issues linked to the return and reintegration of refugees and internally displaced persons, territorial changes and long-term humanitarian needs, as well as tailored support for the transition out of a conflict economy.

Box 7. Integrated support to peace in Colombia

The transition to peace is at the heart of the EU relationship with Colombia. EU support for peace has consistently focused on integrating diplomacy, trade, security and negotiated peace, and political dialogue supported by development co-operation programmes. The European Union has successfully aligned its different instruments. This is illustrated by an active EU Special Envoy; bilateral diplomatic engagement; co-operation instruments, including an EU Trust Fund; budget support; instruments in support of civil society and human rights; and co-ordination with over ten EU Member States active with their own bilateral programmes.

The EU Trust Fund for Colombia, also known as the European Trust Fund for Peace or Fondo Europeo para la Paz, has been praised for its integrated approach. The EU Trust Fund is hailed as a best practice for its joint financing, co-ordination, inclusivity and tangible impact. Anchored in the 2016 peace agreement between the Colombian government and the Revolutionary Armed Forces of Colombia (FARC-EP), the EUTF gave priority to rural areas disproportionately affected by the conflict using a “territorial approach” owned by the Colombian government that favours peacebuilding at the local and territorial level in areas most affected by the conflict. The Fund’s projects worked across six strategic pillars in support of the 2016 agreement. They focused on stimulating economic activity and productivity; strengthening the legitimising presence of the state; rebuilding the social fabric; and supporting the reconciliation, and social and economic reintegration of ex-combatants. Its final report illustrates how the European institutions, 21 EU Member States, and the United Kingdom and Chile channelled around EUR 130 million through 31 interventions.

The EUTF can be seen as an effective and tailored crisis response instrument that also acted as a precursor to TEIs. The EU Trust Fund for Colombia was the only EUTF attached to a specific peace agreement and managed in-country rather than at headquarters, which contributed significantly to its success. Among its strengths, the EUTF provided a precedent for a strong monitoring and evaluation framework. It also showed how the European Union can align additional instruments with its budget support for increased political leverage. In addition, it promoted a territorial approach to peacebuilding that could serve as an example for other contexts transitioning out of conflict (and potentially also for those exposed to high or extreme fragility).

Since the phasing out of the EU Trust Fund for Colombia, EU support to peace has been more modest. The 2021-2027 MIP allocates EUR 39 million to support implementation of the 2016 peace agreement with a TEI on peace and initiatives such as the “Territorial Alliance for Peace and Nature” and the “Private sector and communities’ action for peace” initiated in 2024. The TEI brings in bilateral co-operation programmes of Member States, as well as co-ordination with DG ECHO’s humanitarian programming. In so doing, it covers socio-economic development, governance and the rule of law, with a strong focus on the empowerment of women, youth, minority ethnic groups and ex-combatants with disabilities. Through these, the European Union is seeking to continue its support to peace and address some weaknesses of the EUTF, such as the limited sustainability of small-scale, grant-funded projects. In addition, as part of EU regional programming, a regional TEI for justice and security supports fights against transnational organised crime. These engagements could bring useful lessons for other contexts of violence and conflict linked to illicit armed groups and their economic activity.

Note: For more analysis on the effects of rising violence, see [States of Fragility 2025, Chapter 2](#). This practice is documented in more detail on the Development Co-operation TIPs • Tools Insights Practices platform at <https://oe.cd/6hT>.

Source: European Union External Action (2016_[104]), “EU Trust Fund for Colombia”, http://www.eeas.europa.eu/node/16984_es; Pérez de Armiño (2023_[105]), “The EU’s peace work in Colombia: Conclusions, lessons learned and future prospects”, https://doi.org/10.1007/978-3-031-24797-2_13; European Union and Government of Colombia (2024_[106]), *Final Monitoring Report*, <https://www.fondoeuropeoparalapaz.eu/wp-content/uploads/2025/02/Informe-Final-SSyE-VF.pdf>.

EU Delegations play a particularly important role in complex settings where Member State representation is scarce. EU presence in partner countries has provided granular understanding of their systems, political economies and contextual analysis. For this reason, the proposed modernisation of EU Delegations and the general tendency for centralisation observed by partners and Member States will need to be carefully managed. Such processes must not weaken the level of ambition at country level or reduce the tailoring of programmes and projects to local contexts. Reinforced Delegations and those with a lighter diplomatic presence alike must maintain the centrality of partner country interests (see “As the Commission pivots to an investment portfolio, it can safeguard its institutional strength of having an evidence-based and country-led approach”).

Crisis response has become a key feature of EU external action

NDICI-Global Europe introduced a dedicated window for crisis response and resilience that provides flexibility to respond to the unexpected. The rapid response pillar allows for additional conflict prevention and resilience programming to respond to unforeseen shocks with a development approach, providing stability and conflict prevention in crisis situations, helping strengthen resilience, linking humanitarian and development action and addressing foreign policy needs and priorities. Nevertheless, the flexibility cushion within the NDICI and the flexibility instrument in the broader MFF were already severely depleted by the time of the MFF mid-term review (Hauck, Sabourin and Jones, 2024^[21]) (see “As the European Union is shifting to the narrative of mutual benefit in its approach to partnerships and the use of ODA as a catalyst, there is scope for firmer grounding within established governing structures”). Reallocations and prioritisation during the NDICI-Global Europe mid-term review of programming have effectively resulted in cuts to country envelopes and thematic programming for peace, security and governance to contexts with a combination of high or extreme fragility and governance issues. These included Mali, Niger and Burkina Faso but also Sudan, Myanmar and Yemen (Bergmann and Watson, 2025^[107]). This raises questions about the political agenda and criteria driving the mid-term review reallocations (Van Damme, 2025^[36]).

Beyond NDICI-Global Europe, instruments and mechanisms available to respond to crises and the distinctions between them remain important. For example, the integrated political crisis declaration mechanism is a Council procedure that supports rapid and co-ordinated decision making at political level for major crises, inside and outside the European Union. In responding to crises, the European Union recognises that not everything urgent can be labelled humanitarian, nor can everything long term be considered development. Humanitarian assistance, development aid, the rapid response pillar of NDICI-Global Europe, the EUTFs and MFA serve different purposes. While the legacy of the EUTFs is disputed and they have been phased out, the more targeted EUTFs proved useful, rapid and flexible instruments to respond to crises. Specifically, they promoted integrated approaches across the HDP nexus, flexibility, tailoring and a strong convening role for the European Union. This was clearly illustrated during the country visit to Colombia (see Box 7). MFA has shown how policy loans can be aligned effectively with budget support and other programming as crisis response tools, even in complex settings like Tunisia (see Box 1). Conflict prevention and resilience actions supported through the rapid response pillar allow for short-term development interventions not foreseen in multi-annual planning cycles. In addition, using a mix of instruments and approaches has been central to the EU approach to fragility notably in complex crisis contexts like Lebanon (see “An investment agenda, critical to bridge the financing gaps for the SDGs, would benefit from complementary approaches to sustain progress in human development, democracy and institutional strengthening”).

NDICI-Global Europe simplified and streamlined EU external action instruments, but partners are already warning against going too far. Tools and instruments are being reviewed ahead of the next MFF, allowing consideration of which ones can help partner countries respond to crises both over the short and the longer term. While simplification is helpful, ensuring that financing, processes and personnel can

be mobilised when needed will be important to ensure lasting resilience as crises continue to put pressure on EU funds.

With fragility, conflict and violence on the rise, there is a need to think strategically about unanticipated crises, while maintaining financing and operational ability to respond to acute humanitarian needs. The next MFF is expected to provide greater flexibility for better crisis response (European Commission, 2025^[108]). EU responses to the COVID-19 pandemic and Russia's war of aggression against Ukraine have shown the European Union can work fast, flexibly and at scale in a crisis, with all its instruments. As it rethinks its crisis response model in a more turbulent world, the European Union is already applying lessons from Ukraine to Neighbourhood contexts such as the Western Balkans. Further afield, these innovative practices, as well as the experience of instruments like country-based EUTFs in Colombia or the Central African Republic, can inform a renewed crisis response model anchored in the HDP nexus approach.

The European Union has consistently evolved its understanding of and approach to fragility, especially through the humanitarian-development-peace nexus approach

Since 2017, an increasing number of EU Delegations have institutionalised and operationalised the HDP nexus. Beginning in 2017 with the adoption of Council Conclusions on the operationalisation of the humanitarian-development nexus (Council of the European Union, 2017^[102]), six pilot countries were identified for implementation under DG DEVCO/INTPA (Chad, Iraq, Myanmar, Nigeria, Sudan, Uganda). Starting in 2018, the peace pillar was elaborated (Council of the European Union, 2018^[109]). A conflict analysis screening became mandatory in the programming cycle under the NDICI-Global Europe for the formulation of MIPs in settings facing high or extreme fragility. This move supported a more systematic and strategic approach to operationalising the nexus in a growing set of contexts beyond the initial pilot countries. An INTPA Fragility & Transformation Hub was established in 2022 to support internal capacity, learning and information sharing. Nevertheless, a 2022 report on the implementation of the HDP nexus concluded that the peace element, while relevant, is not always well understood (Land and Hauck, 2022^[110]). A planned synthesis of evaluations on the peace dimension of the nexus will help address this issue.

The Commission could build on the expertise developed by DG INTPA and the Service for Foreign Policy Instruments (FPI) on fragility, peace and resilience. Together, INTPA and FPI provide the main Commission expertise in this field and have developed a rich and varied toolbox that supports EU Delegations and partnerships with Member States, multilateral organisations and implementing partners. However, there are opportunities to increase knowledge sharing and expertise across DGs and services dealing with fragility, as well as with Member States. In particular, peer exchanges and learning could be encouraged between DGs INTPA, MENA, ENEST and FPI, which face similar challenges in designing and delivering programming in contexts facing high or extreme fragility.

The European Union has sought to stay engaged as Team Europe across the HDP nexus where Member States are present in contexts facing high levels of fragility. Efforts to clarify the rationale and objectives of engagement in complex settings at the level of the European Union (and of the DAC) continue to identify the risks and limitations of not co-operating or reducing co-operation. Enduring challenges include the need for more expertise, capacity and collaboration on in-depth context and conflict analyses, information sharing, co-ordination and more collective action by Member States, EU Delegations and other development actors. Investments in capacity to co-ordinate efforts across the HDP nexus in Ethiopia and Haiti are examples of how the European Union aims to address this challenge.

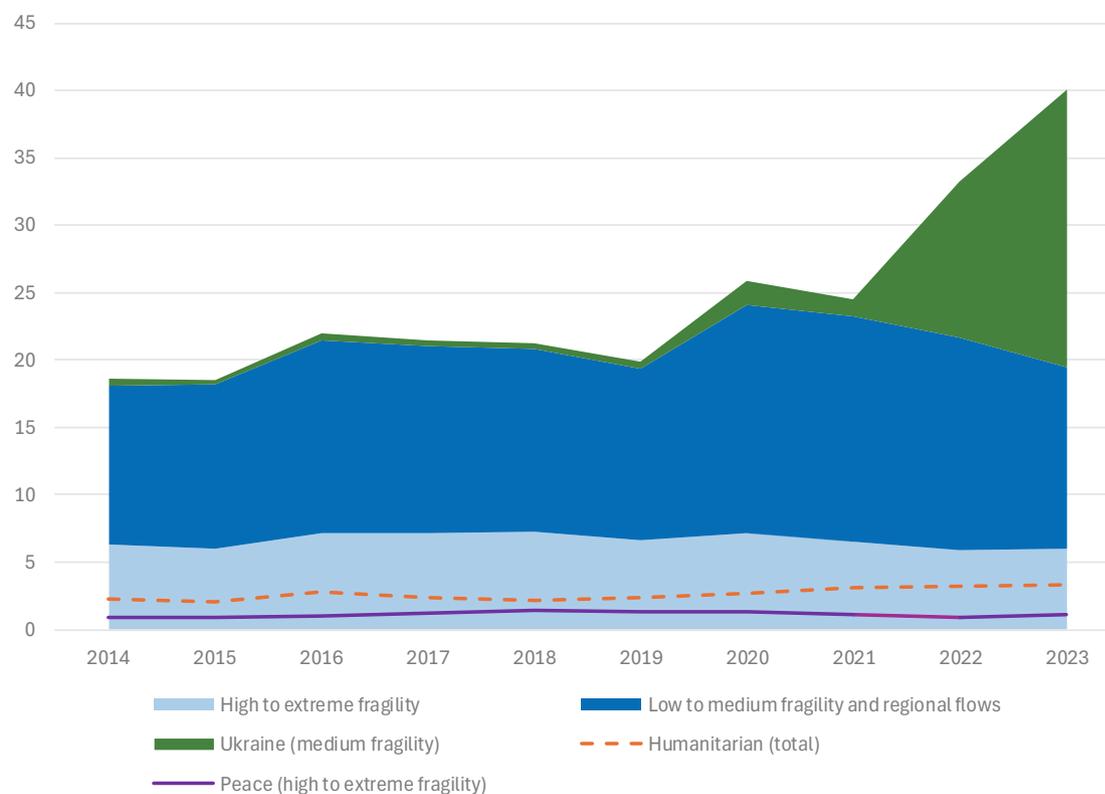
The Team Europe approach has limitations, particularly in settings with high or extreme fragility. A joint European approach can be hampered by the political visibility of individual Member States, their respective and sometimes divergent political priorities, and the administrative complexity of joint approaches in practice. This is especially true for information sharing, joint risk analysis and available

funding instruments, as seen in the Central Sahel (Desmidt et al., 2024^[111]). Nevertheless, the HDP nexus approach has proven highly relevant in situations of fragility and protracted crises. It provides an effective mix of instruments, crisis response tools and principled humanitarian action widely praised by partners.

The share of EU ODA to contexts facing medium to low fragility has risen since 2019, while ODA to contexts facing high or extreme fragility has been declining over the same period (see Figure 20). At the same time, the share of ODA allocations to peace objectives has also been declining since 2020. Yet, it has remained relatively stable and strong in contexts facing high or extreme fragility where it represents between 15% and 20% of ODA since 2020, albeit with a decline in absolute volume since 2020 with year-on-year oscillations (OECD, 2023^[112]).⁸⁷ Of the top ten ODA recipients of the European Union in 2022-2023, Afghanistan, Syria, and West Bank and Gaza face high or extreme fragility (see Infographic 2). Ukraine is now the top ODA recipient of the European Union. Yet, despite three years of conventional warfare on its territory and severe security fragility, Ukraine's overall exposure to fragility continues to be classified as medium to low on the OECD Fragility Framework due to its coping capacities in other dimensions of fragility (OECD, 2025^[32]).

Figure 20. EU ODA to contexts with high or extreme fragility has remained relatively stable over time, although it has fallen as a share of total ODA

Disbursements, constant USD 2023 billions



Source: (OECD, 2025^[39]), *Creditor Reporting System* (dataset), <http://data-explorer.oecd.org/s/52>.

There is scope to strengthen HDP nexus approaches beyond the most exposed contexts, building on available evidence and expertise. In settings facing crises or fragility, the European Union has been able to build strong approaches across the HDP nexus by coherently articulating short-term and long-term

emergency relief with approaches to build resilience (Land and Hauck, 2022^[110]). Beyond the six nexus pilot countries, examples include EU support in the West Bank (Palestine), Lebanon or Yemen. However, where contexts are not “listed” as experiencing high levels of fragility, these approaches are less evident, and a nexus mindset has yet to take root. More systematic links between the three pillars of the nexus would enable the different instruments to work in a complementary way in sectors or geographies. Ukraine and Colombia, for example, both experience conflict but with significant coping capacities that help mitigate their exposure to fragility. In both cases, explicit references to nexus approaches were missing from exchanges during the country visits. This creates potential gaps, including in the ability of the European Union to address urgent development needs (as opposed to life-saving humanitarian needs), such as energy grids in Ukraine. Partners also see opportunities for greater connections between the development and security agendas, particularly in preparation for a transition out of conflict. Fragility analysis can help highlight the connections between sectors and issues, while supporting an effective alignment of actions across the HDP nexus. It can also help understand the potential spillover risks of disengaging from specific geographies. In so doing, it could help prioritise engagement (INCAF, 2025^[113]) in sub-Saharan Africa, for example.

As attention shifts to defence and economic security, it will be important to show that tackling fragility addresses security, defence and investment concerns

Security and defence; economic partnerships, trade and investment; and migration and forced displacement increasingly compete with development objectives in foreign policy. Rising fragility is a core feature of the competitive global context that is driving the paradigm shift to more geopolitical- and investment-focused external action, including for the European Union. Although the word “fragility” itself can be divisive, the European Union and its Member States that are directly affected by their partners’ fragility need to address the concept or face direct consequences. The cascading effects of crises such as the pandemic or the Russian war of aggression against Ukraine have shown how fragility can affect the global economy, disrupt trade and drive up food prices, including within the European Union. While it is not the same as conflict, fragility can result in conflict if not addressed – with potential spillover effects and costly responses. Withdrawing leaves space for competitors to exploit and can make access to critical resources more costly, as illustrated by Russia’s presence in the Sahel (Fabre and Spencer Bernard, 2024^[114]).

Development co-operation contributes to prevention, peace and security by addressing the drivers of fragility, conflict and irregular migration. Helping address the risks from different shocks and prevent further fragility through prevention offers proactive and cost-effective means to address EU security, defence and investment priorities. Inequality, poverty and failing state institutions contribute to instability. In 2018, the World Bank estimated that for each USD 1 invested in prevention about USD 16 is saved down the road (Georgieva, 2018^[115]). In 2024, economists estimated that returns to prevention policies in countries that have not suffered recently from violence range from USD 26 to USD 75 per USD 1 spent on prevention. For countries with recent violence, they estimated that the rate of return could be as high as USD 103 per USD 1 spent on prevention (Mueller et al., 2024^[116]). Consequently, not integrating development goals may put foreign policy objectives and public resources at risk. With the EU focus on boosting its defence capabilities (European Commission, 2025^[117]), it will be important to recognise that deterrence measures are more effective if accompanied by peace and development co-operation (INCAF, 2025^[113]). There is scope for a broader understanding of the contribution of development co-operation to prevention and deterrence in contexts of relative or apparent stability, beyond those facing the highest levels of fragility.

The Commission-wide integrated approach to fragility is an opportunity to adjust to the changing global context, yet delays may reduce its impact. DG ECHO has been given the lead on a “Commission-wide integrated approach to fragility ensuring that humanitarian, development, peace and

other policies all work together to better link urgent relief and longer term solutions” (European Commission, 2024^[118]). DG INTPA has been tasked with developing a “differentiated approach” to “conflict areas, fragile countries, and other complex settings” (European Commission, 2024^[66]). The Commissioner for the Mediterranean⁸⁸ has been asked to “deploy an integrated approach so that economic, humanitarian, development, peace and security policies all contribute” (European Commission, 2024^[119]). The Commission Work Programme for 2025 notes that this will be done within existing budgetary frameworks through aligning policies and mobilising all relevant instruments (European Commission, 2025^[120]). However, it does not set out how these elements will be taken forward or how they relate to each other. DGs ECHO and INTPA are working together on this approach. Its timely delivery will be important to inform negotiations on the next MFF.

Associating fragility too closely with humanitarian action carries risks for the effectiveness of EU external action. Combining the revision of the 2021 Commission Communication on humanitarian action (European Commission, 2021^[121]) with its new fragility strategy risks leading to a perception of fragility as a humanitarian issue. Fragility goes far beyond LDCs and conflict-affected contexts. Cameroon, Colombia or the Small Island Developing States, for example, illustrate the complex interplay of risk and resilience across intersecting dimensions. The European Union is already focusing on the structural and systemic prevention of conflict in parts of its Neighbourhood such as Ukraine, Syria and Lebanon, where it seeks to maintain stability and mitigate the drivers of fragility. It should continue such an approach including beyond its Neighbourhood as this will be more sustainable than responding to a crisis with humanitarian aid.

Sustained support peacebuilding and peace objectives in situations of fragility, crisis or conflict can reinforce the strong focus on investments, economic partnerships and defence. In Ukraine, stakeholders interviewed during the country visit observed that resources for stabilisation and peacebuilding activities are minimal compared to the military and economic support from the European Union and noted there was scope for greater co-ordination between humanitarian, development and security approaches. Issues such as social cohesion, mediation or dealing with forced displacement and returns will be critical to support a successful transition out of conflict, requiring early consideration. Migration concerns are also driving the prioritisation of EU development action. For example, the EUTF for Africa was designed to address the root causes of instability, forced displacement and irregular migration and to contribute to better migration management.⁸⁹ Migration management has also been central to the evolving partnership with partners in the Mediterranean region like Tunisia. Similarly, access to raw materials is a core objective of strategic partnerships shaping engagements in countries such as Angola and the DRC where governance challenges or fragility in different dimensions do not necessarily lead to constrained or complex relationships. These examples illustrate the importance of political relations between the European Union and its development partners when dealing with fragility and governance issues. Stakeholders note the importance of upholding the rights-based approach that underpins EU co-operation, particularly as priorities shift.

Understanding and tackling fragility will contribute to the success of the Global Gateway

The nature of investments through the Global Gateway will require robust and in-depth contextual understanding, addressing risk and resilience. As the Global Gateway strategy becomes the main vector of EU development co-operation beyond the Neighbourhood, some uncertainty remains around whether it can proceed in settings facing high or extreme fragility. In practice, according to DG INTPA, Global Gateway projects are moving forward in 10 of the 18 contexts facing extreme fragility. Global Gateway is similarly proceeding in 31 of the 43 contexts facing high fragility on the 2025 OECD Fragility Framework (OECD, 2025^[32]), including in Haiti and South Sudan (see “Maintaining engagement in least developed countries, and contexts with high or extreme fragility beyond the Neighbourhood, will require sustained efforts with a portfolio focused on economic security and investment”).

Strong contextual and multidimensional analysis will bring greater sustainability and help ensure the success of all Global Gateway projects, regardless of fragility levels. Ensuring the conflict sensitivity of all investments and going beyond “do no harm” to “do good” will be a core part of the EU added value. Investments have distributional impacts, benefit different segments of society, and can build or erode social capital. Consequently, even in contexts of apparent stability, financing needs to be integrated into the political, security, economic, environmental, societal and human context. In addition, as many Global Gateway initiatives connect countries across borders, it will also be critical to understand how fragility manifests at the regional and subnational levels for conflict sensitivity in regions like Central Asia or Central America, for example (OECD, 2025^[32]).

Adapting the implementation of Global Gateway partnerships and approaches to contexts facing high or extreme fragility will be important to support private sector interest and incentivise tailored approaches. Many contexts with high or extreme fragility see little to no foreign direct investment (FDI), and EU private sector interest in these contexts is low. In some contexts, like Angola for example, FDI mostly benefits sectors like extractive industries that bring scarce local development. The generally smaller project size can be an immediate barrier to attract foreign investors. Local private sectors are often disconnected from FDI and related development finance. Beyond the business environment, volatile political and security conditions can affect perceptions of investment risk. This does not mean that investments are impossible. Addressing questions of risk assessments, market and project pipeline development and business environment, as well as broader political and economic reform, are areas where the EU added value can be significant (Brien and Thompson, forthcoming^[122]).

DG INTPA’s “differentiated approach” could focus on setting realistic goals for investments in complex settings. The differentiated approach of DG INTPA could tailor and adapt processes, procedures and practices to the different dimensions of fragility and specific needs of complex settings. In so doing, it could strengthen the contribution of the European Union to conflict prevention and peace objectives. Box 3 illustrates how, in Colombia, the European Union is building on efforts to improve digital connectivity for remote communities. This example shows how the Global Gateway, when aligned to strategic development priorities in partner countries, can work in remote and areas of high or extreme fragility. It also demonstrates how the European Union can support peace, as well as EU values such as gender equality and inclusive governance, through private sector approaches. To achieve this and be able to share lessons and experiences, an authorising environment for testing innovative approaches will be crucial.

A strong analytical foundation will be key to achieve conflict-sensitive investments. The different elements that form the 360-degree approach, as well as its scope in relation to specific investments, should be clarified. This will help teams in EU Delegations build a stronger foundation for successful projects (see The Global Gateway in practice and working with the private sector). In particular, in-depth contextual analysis that looks at both risks and sources of resilience across multiple dimensions and sectors takes time and resources. This analysis needs to inform projects from the outset. Indeed, it could be considered a pre-condition in the project identification phase, well before financing is committed. The Commission’s rich toolbox for fragility, which includes resilience assessment tools, HDP nexus context and risk analyses, and project-specific conflict sensitivity assessments, will be central. They could also usefully be used to support conflict-sensitive investments beyond contexts facing high or extreme fragility. Allowing for a substantial analytical phase in the early stages to build peace-positive investments could increase the transformational impact of the Global Gateway approach.

Beyond individual investments, the European Union should stay engaged to help create the conditions for sustainable and inclusive development

The long-standing focus of the European Union on human security, systems strengthening, inclusive governance, democratic values and human rights is its competitive advantage. All forms of financing are contingent on an enabling environment. Without peace, stable institutions and inclusive

governance, development interventions are unlikely to yield lasting results. In Colombia, for example, increasing conflict dynamics are driving rising humanitarian needs. Yet, stakeholders interviewed during the country visit noted that the EU shift to a development co-operation approach focused on investment and trade is creating the risk of a “missing middle” on issues such as conflict prevention, inclusive governance and human development that would support peace objectives (see also “An investment agenda, critical to bridge the financing gaps for the SDGs, would benefit from complementary approaches to sustain progress in human development, democracy and institutional strengthening”). Where EU Member States and other DAC Members are drawing down or withdrawing completely, the comparative advantage of the European Union is to stay engaged as demonstrated in the Sahel or Yemen.

Other forms of tailored economic partnerships can complement and enhance the Global Gateway strategy. Other types of economic partnerships can go hand-in-hand with the Global Gateway. As in Lebanon, for example, EU support to economic systems that are essential for basic services and social protection can reduce exposure to risk and increase economic resilience. Support to core economic systems can be a valuable contribution to structural and systemic conflict prevention. It can take the form of capacity development and support for systems; policy and political dialogue; mutually beneficial trade, investment and development agreements; and strategic, ad hoc interventions before, during or after different kinds of shocks (OECD, 2025^[32]). Likewise, support to public financial management and tax revenues helps build resilience and supports the social contract. The EU focus on economic resilience in Yemen provides a useful example of this type of tailored approach that complements actions on social safety nets, food security and livelihoods.

The European Union has an unparalleled ability to combine its tools, including grants and concessional loans, in middle-income yet high-fragility contexts like Angola or Iraq. Domestic private sectors, which frequently include a large informal sector, can be a critical source of resilience. Local firms and markets are often dynamic and resilient, adapting to shocks and stressors while delivering goods and services. Focusing on such areas through tailored private sector development can have a lasting impact on livelihoods, human security and inclusive economic growth. At the same time, it can lay the ground for more substantial investments in the longer term. Therefore, it will be important to ensure the focus on the Global Gateway in INTPA programming complements the broader EU focus on private sector development (see “Engagement with the private sector increasingly focuses on EU companies, which brings both benefits and risks”).

Partners are increasingly looking to the European Union as a leader in humanitarian action as the donor landscape changes

Through its strong policy framework and extensive field network, the European Union is recognised as a thought leader and standard setter on humanitarian policy. The Commission places renewed emphasis on delivering better, leveraging innovation and increasing support for local responders in line with Grand Bargain commitments, with International Humanitarian Law as a fundamental pillar. These policies first set out in the 2008 European Consensus on Humanitarian Aid (European Union, 2008^[123]) were reaffirmed in the 2021 Commission Communication on the EU’s humanitarian action (European Commission, 2021^[121]). The EU approach integrates a strong focus on climate and environmental factors and commits to predictable and sustainable humanitarian financing. The Commission’s extensive field presence is widely viewed as an asset. Commission personnel provide knowledge and expertise, as well as access to their partners, as seen in Colombia. ECHO’s flexibility and its close collaboration with other humanitarian actors allow for strong locally led responses and a close relationship with the UN humanitarian response system.

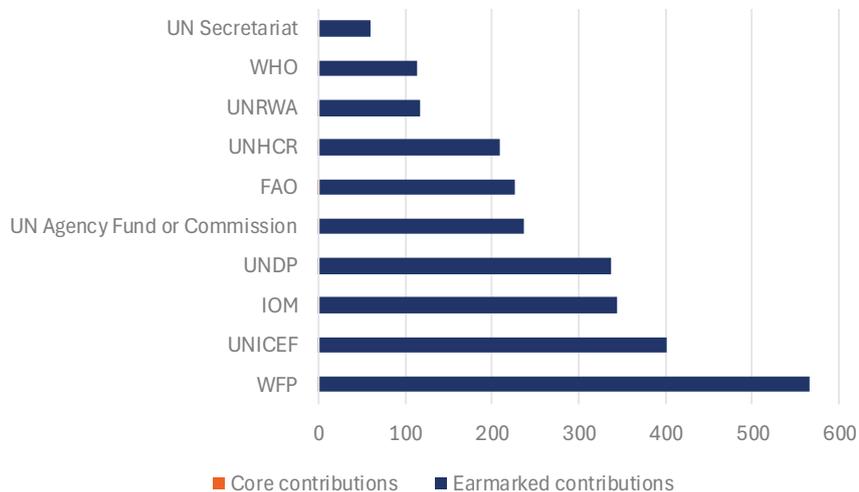
EU humanitarian ODA been relatively stable over the past decade as a share of total ODA. Overall, humanitarian assistance represented between 10% and 13% of EU ODA between 2013 and 2021, falling to around 8% in 2023 due to an overall increase in ODA with the Ukraine response. Over this period, EU

humanitarian ODA increased in volume from USD 2.29 billion in 2014 to USD 3.34 billion in 2023. In contexts facing high and extreme fragility, the share of humanitarian ODA was closer to 25% of EU ODA between 2013 and 2023, rising to 31% by 2023.

The HPD nexus and Team Europe are key aspects of the Commission’s humanitarian policy framework. DG ECHO supports social safety nets, disaster preparedness and resilience, protection of civilians and moving towards long-term solutions for forced displacement. This enables complementarity and coherence with development programming. The EU humanitarian policy also references the Team Europe approach, building on the co-ordinated response to COVID-19. It notes that common EU messages, consolidated pledges, and more sharing and pooling of analysis and resources can increase the impact of EU interventions.

Figure 21. Top 10 United Nations recipients, 2023

Gross disbursements, USD million, current prices



Source: OECD (2025^[11]), *Development Co-operation Profiles: European Union institutions*, https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/european-union-institutions_e27f9002-en.html.

The European Union already contributes significantly to the multilateral humanitarian system, and the change in ODA outlook will likely reinforce its leading position as a humanitarian actor (see “The European Union is a standard setter and principled international partner committed to multilateralism – values that partners count on”). Humanitarian budgets were projected to decline by 21-36% in 2025 (OECD, 2025^[28]). The withdrawal of the United States, which accounted for over half of DAC humanitarian assistance in 2023, and further ODA cuts are likely to have a knock-on effect on the multilateral system. The review of the EU humanitarian policy framework therefore comes at a critical time. Against a backdrop of shrinking budgets globally, the European Union (and its Member States) will most likely need to prioritise. As part of that process, they could consider even greater synergies between humanitarian and development portfolios such as joint planning and co-location. In doing so, they will need to clearly articulate what the humanitarian instrument can and cannot do. This would help bring coherence to the Commission-wide approach to fragility where protracted and urgent needs go beyond the core remit of life-saving humanitarian action. Maintaining a distinct humanitarian budget would allow the European Union to uphold its principled approach to humanitarian action.

Recommendation

10. The European Union should build on its strong track record on supporting peace, resilience, crisis response and principled humanitarian leadership by continuing to emphasise the value of development co-operation to prevent crises and maintain peace through the Humanitarian-Development-Peace Nexus, including in more stable contexts, and apply its toolbox to ensure its investment approach is tailored to fragility.

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Notes

¹ The nine candidates are: Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Türkiye and Ukraine. Kosovo is a potential candidate. Discussions with Türkiye have been at a standstill since 2016.

² The Commission is organised into the College of 27 Commissioners (one national from each Member State), including a president proposed by the European Council and appointed by the European Parliament. Since the Lisbon Treaty came into force, the High Representative of the Union for Foreign Affairs and Security Policy (HR/VP) is automatically a vice-president of the Commission, representing the European Union in international forums, including the United Nations, exercising authority over the 145 EU Delegations globally.

³ There are three types of competences: exclusive, shared or supported.

⁴ Disbursements refer to the actual transfer of funds from a provider to a recipient, while the grant equivalent represents the financial value of a concessional loan or grant, adjusted to reflect its true grant-like element based on discounted future repayments. The difference between ODA from EU institutions in grant equivalent and disbursement is mainly explained by the massive loans provided to Ukraine following Russia's war of aggression.

⁵ In 2021, NDICI-Global Europe committed to an additional EUR 4 billion for climate finance until 2027.

⁶ As regards 2021-2024, 32% of NDICI-Global Europe ODA commitments were for social inclusion and human development. Over that period, 12% of INTPA commitments were for education, compared to 7% in the previous MFF.

⁷ The *Greening EU International Cooperation Toolbox* is a comprehensive suite of tools, guidance documents and support services designed to embed environmental and climate priorities into all stages of EU external actions, moving beyond avoiding environmental harm. It includes country and regional profiles; tools for environmental impact assessments, strategic environmental assessments and climate risk assessments; and sector notes and scripts. It also supports tracking of financial contributions towards

environmental, biodiversity, climate and disaster risk reduction objectives. A Greening Facility offers remote and on-site assistance to EU staff and national partners.

⁸ EU strategy on the rights of the child; Strategy for the rights of persons with disabilities 2021-2030; LGBTIQ Equality Strategy 2020-2025.

⁹ The evaluation of EU co-operation with the United Nations in external action observed that EU engagement in multilateral forums and the ones of its Member States was mostly cohesive. In a few cases, incoherences persisted, mostly in the areas of migration, gender equality, LGBTQI, and sexual and reproductive health and rights, with negative implications for EU influence.

¹⁰ Humanitarian assistance, the instrument for pre-accession, the European Peace Facility and the EU Civil Protection Mechanism remain separate instruments.

¹¹ While most of the NDCI-Global Europe is programmed at the beginning of the MFF period, it includes some flexibility in programming with the possibility to reallocate up to 20% of funds initially allocated to a MIP and reuse de-committed funds (not used) from operations under specific conditions. The MFF mid-term review (around 2024-2025) is also an opportunity to adjust the MIPs, including country/regional allocations and thematic priority areas.

¹² The Ukraine Investment Framework has been established to attract public and private investments with EUR 7.8 billion in loan guarantees and EUR 1.5 billion for blended finance grants. It is expected to mobilise up to EUR 40 billion in public and private investments over the next years.

¹³ Six core principles are at the heart of the Global Gateway: democratic values and high standards, good governance and transparency, equal partnerships, green and clean, security focused and catalysing the private sector.

¹⁴ According to the Kiel Working Paper no 2291: “Aid forms such as tied aid, by contrast, often undermine recipient welfare and are better classified as narrowly self-interested. For resource-seeking aid, no clear conclusion can be drawn, pointing to an existing research gap”. The full report can be found here: <https://www.kielinstitut.de/publications/identifying-mutual-interests-how-donor-countries-benefit-from-foreign-aid-18177>

¹⁵ The mid-term revision of the MFF adds a total of EUR 64.6 billion to the EU long-term budget to cover support for Ukraine, migration, the strategic technologies for Europe platform (STEP) and special instruments (not all counted as ODA). It includes EUR 50 billion for the Ukraine Facility, EUR 2 billion for migration and border management, EUR 7.6 billion for the Neighbourhood and the world, EUR 1.5 billion for the European Defence Fund under the new instrument STEP, EUR 2 billion for the flexibility instrument and EUR 1.5 billion for the solidarity and emergency aid reserve (two-thirds to be allocated in Europe and one-third for the emergency aid reserve for rapid responses to specific emergency situations in the European Union and worldwide).

¹⁶ The share of ODA unallocated by income group was on average 28% from 2018 to 2023.

¹⁷ The Global Gateway aims to drive sustainable development and recovery by creating inclusive growth and jobs, investing in clean and climate-resilient infrastructure, and ensuring all projects align with net-zero goals and the “do no harm” principle of the European Green Deal.

¹⁸ For instance, within the EU-LAC Digital Alliance, or the "Team Europe Initiative on Digital Connectivity in Central Asia, the European Union provides hardware investments through the entire suite of financing modalities, coupled with software interventions such as technical assistance and training to develop regulatory frameworks.

¹⁹ Other reasons for a geographisation of programming are to align with EU strategic interests and external policy goals and strengthen regional co-operation and integration efforts.

²⁰ DG INTPA has 2810 staff, 946 of whom are based in Brussels and 1864 (66%) of whom are in delegations in non-EU countries. The ratio of staff in delegations is lower for other DGs: 54% for DG ENEST (for a total of 1165 staff), and 36% for DG MENA (for a total of 507 staff). DG ECHO has 967 staff, 46% of whom are in 45 offices abroad. The EEAS has 2 000 (46.5%) staff in Brussels and 2 300 (53.5%) in EU delegations globally. FPI has 149 staff in Brussels and 91 (38%) in delegations.

²¹ However, local staff have limited career mobility, limited information on salary calculation rules and lack a structured mechanism for discussing with management.

²² Pillar-assessed means entrusted to indirectly manage the implementation of EU funds or budgetary guarantees, following a positive assessment by the European Commission.

²³ The Team Europe Explorer (<https://team-europe-explorer.europa.eu>) is an interactive public online tool to explore and visualise data on the EU and EU Member States' support to partner countries. The tool centralises financial data – Official Development Assistance (ODA) and Total Official Support for Sustainable Development (TOSSD) – as well as project-level information. It draws these data from the European Commission's internal database and from open data reported to the OECD (ODA in the Creditor Reporting System), to the International Aid Transparency Initiative (IATI) standard (ODA) and to the TOSSD Secretariat (TOSSD). For both ODA and TOSSD, graphs and maps in a harmonised reporting format show which actor is active where, how much financial support various geographic and thematic areas receive, and how funding changes over time, reflecting the Team Europe approach.

²⁴ The Team Europe Initiatives Monitoring, Reporting and Evaluation Framework (TEI MORE)" provide guidance for such monitoring.

²⁵ According to this study, this is particularly the case with tied aid or strong conditionality for migration co-operation.

²⁶ Delegated co-operation is a modality of aid delivery used by the European Union and its Member States, where one donor (the lead donor) – such as the Commission or an EU Member State – acts on behalf of one or more other donors to manage and implement development assistance in a partner country. To be authorised to manage EU funds directly under indirect management, an institution must undergo an organisational audit to become pillar-assessed. The assessment looks at internal control systems, accounting systems, external audit, procurement, grants, financial instruments, sub-delegation, transparency and anti-fraud measures, as well as protection of EU financial interests.

²⁷ Under the previous MFF, CSOs and local authorities had access to a dedicated envelope: the "Civil Society Organisations and Local Authorities" programme. Within NDICI-Global Europe, CSOs and local authorities compete for funding within the geographic or thematic envelopes. Under thematic programmes,

dedicated country allocations are assigned to support CSOs' initiatives, totalling an amount of EUR 1.2 billion over 2021-2027.

²⁸ This informal Commission expert group was launched in September 2023 to support the full mobilisation of the private sector and maximise the impact and effectiveness of Global Gateway investments. The group is composed of 59 members and 10 observers. Members are organisations from the EU private sector, headquartered in the European Union and under EU control. Organisations include companies of various sizes. Among the members are also EU trade and business associations, as well as established EU business networks. European financial institutions, such as development finance institutions and export credit agencies, have been granted an observer status by direct invitation.

²⁹ Political interference in project appraisal can potentially decrease appetite from private investors and undermine private finance mobilisation objectives.

³⁰ The Business Advisory Group gathers CEOs and senior executives of European companies, SMEs and business associations and provides a forum to engage with the private sector on the strategic orientations of the Global Gateway.

³¹ It is chaired by the president of the commission and includes commissioners and ministers of foreign affairs from Member States. The European Parliament and European financial institutions such as the EIB and EBRD are invited as observers.

³² Partner country companies are largely excluded from the initiative's Business Advisory Group.

³³ In 2025, there were 10 equality flagships out of a total list of 169 EU-supported flagships projects. Some of them such as the GG initiative *Decent Work* in Bangladesh, could not be found in the total list of flagships.

³⁴ According to OECD analysis, the additional traffic on the Middle Corridor represents an opportunity for economic development in countries along the route. Yet, congestion has worsened since 2022 at existing bottlenecks, and the route's competitiveness is hampered by its challenging geography and its multimodal nature.

³⁵ As an example, the Manufacturing and Access to Vaccines, Medicines, and Health Technology Products in Africa (MAV+) initiative is presented as a "comprehensive 360-degree initiative that focuses on three dimensions: supply, demand and enabling environment. The supply side includes vaccine production; the demand side addresses off-take for made-in-Africa products; and the enabling environment is linked to better pharmaceutical and health systems, building a skilled workforce, and ensuring regulatory frameworks and oversight

³⁶ The report also provides recommendations to strengthen EU support. Indeed, while EU contributions to outcomes have been visible in terms of macroeconomic stability, countries' financing patterns have changed little over the last few years. They show no sustainable widening of the fiscal space that would allow an increase in public spending.

³⁷ All EU-funded projects are required to adhere to the human rights-based approach. A public toolbox developed in 2021 provides practical guidance on applying this approach to projects across all sectors. Global Gateway mainstreams human development across its investment model, ensuring that infrastructure, governance reforms, and social policies work together to reduce poverty and inequality.

³⁸ For instance, under the Annual Action Plan 2023, the program on blue economy focuses on the whole Atlantic coast, a programme on waste management and circular economy, is focusing on the capital city Luanda (EUR 25 million).

³⁹ Countries covered by the recommendation are LDCs, heavily indebted poor countries, other low-income countries and IDA-only countries and territories. The Recommendation only applies to specific sectors, excluding scholarships and free-standing technical co-operation, among others.

⁴⁰ Untied ODA contracts also include grant awards. The share awarded to EU businesses would be higher if it comprised only procurement contracts.

⁴¹ EU-funded procurement is generally open to EU Member States and to developing countries with the exception of G20 members, and to other DAC donors when projects take place in countries covered by the Untying Recommendation. There are also specific sectoral restrictions. For instance, for digital equipment, the European Union has a list of trusted vendors (for data sovereignty and cyber security purposes).

⁴² Life-cycle costing estimates the cost of bids based on the initial price, but also the anticipated operation, maintenance and end-of life costs.

⁴³ See 2025, State of the Union Address by President von der Leyen: “And when we invest in Global Gateway, for example, we set strong incentives for partners to buy European.”

⁴⁴ Under the NDICI-Global Europe procurement rules, it is possible for EU-funded procurement to exclude some G20 members (including China).

⁴⁵ Such restrictions are required “a) on account of the specific nature or objectives of the activity or specific award procedure or where those restrictions are necessary for the effective implementation of the activity; b) where the activity or specific award procedures affect security or public order, in particular concerning strategic assets and interests of the Union, its Member States or Ukraine, including the protection of the integrity of digital infrastructure, communication and information systems, and related supply chain.”

⁴⁶ According to the Commission’s annual report on the implementation of the Ukraine Facility (COM (2025) 464), derogations have been applied in line with legal provisions, notably to address urgent needs for critical energy equipment, compatibility requirements with Ukraine’s existing systems, and crisis conditions on the ground.

⁴⁷ For instance, EU companies in Earth observation are well placed to support the green transition.

⁴⁸ In 2024, China supplied over 95% of solar panels used in the European Union (McWilliams, Tagliapietra and Trasi, 2024_[124]).

⁴⁹ The EU battery industry is still nascent. In 2023, European-based battery production covered about half of Europe’s demand for batteries applied in EVs and energy storage systems (Ragonnaud, 2025_[126]).

⁵⁰ In 2024, the Chinese market accounted for 70% of new wind installations (Patey and Tsang, 2025_[125]).

⁵¹ Under this project, businesses in their early stages (especially ones that are youth- and women-led) benefit from de-risked investments and increased support for capacity building, access to finance and an entrepreneurial ecosystem.

⁵² In addition, Global Gateway infrastructure projects have the potential to bring benefits to local private sector, through subcontracting, local employment, improved enabling environment and value chains support (see Box 4 on Lobito Corridor).

⁵³ These are critical raw materials in Kazakhstan; E-buses in Costa Rica; and vaccine manufacturing in Ghana.

⁵⁴ In Ukraine, the EIB and EBRD have not supported the largest private investor in the energy sector (DTEK group) due to integrity and ownership concerns. However, the Danish export credit agency EIFO has supported the DTEK group to facilitate Danish exports of wind turbines. Enhancing the co-ordination between ECAs, IFIs and DFIs would require harmonising ESG criteria across institutions.

⁵⁵ DFIs are specialised institutions, usually majority state-owned, set up to support private sector development in developing countries.

⁵⁶ The High-level Group of Wise Persons, established by the Council, published a report, providing a system-wide perspective on the challenges and opportunities for improving and rationalising EFAD.

⁵⁷ Unlike other guarantees, blending guarantees are funded (cash to cover potential losses is provided upfront to partner financial institutions).

⁵⁸ Entrusted to indirectly manage the implementation of EU funds or budgetary guarantees, following a positive assessment by the European Commission.

⁵⁹ In 2025, the EFSD+ also provided up to 291 million in financial guarantees to the International Finance Corporation.

⁶⁰ Most of the EIB's lending activities are within the European Union (approximately 85-90%), but the EIB is also an important lender worldwide and has a key role in EU development co-operation. To increase the impact of its development financing, the EIB founded a dedicated business area, EIB Global, in 2022. A large share of EIB loans is guaranteed from the EU budget, while others are taken at the EIB's own risk.

⁶¹ As an example, the Dutch DFI FMO is supervised by the European Central Bank, it issues debt on capital markets and is 42% owned by private banks. Meanwhile, German DFI DEG is not regulated and receives debt funding from KfW.

⁶² Globally, most DFIs have profitability targets or aim to be financially sustainable. Some DFIs aim to achieve profitability at portfolio level (e.g. SIFEM), while others are required to achieve profitability at individual investment level (e.g. Swedfund). The EIB's profitability target at regional level in Latin America and the Caribbean can potentially undermine its ability to finance high-risk/high impact interventions in the region.

⁶³ In 2023, the EIB extended USD 1.9 billion in the form of private sector instruments (PSIs) to developing countries but this is not reported in ODA. USD 91.6 million (4.9%) of the EIB's PSI was allocated to the LDCs and other LICs, with most (48.4%) allocated to MICs and UMICs, the latter receiving 34.8%. The EIB's PSI primarily supported projects in the banking and financial services (54.8%) and energy (30.4%).

The EIB significantly mobilises local private financing through lines of credit. The EIB mobilised USD 7.4 billion of private finance in 2020-2023, mainly driven by credit lines to local financial institutions (which require top-ups from the financial institution and co-financing by the final borrower).

⁶⁴ The publication of the second edition of this guidance is forthcoming (2025).

⁶⁵ Also linked to preferred creditor status of DFIs.

⁶⁶ The EU supports TCX, which offers solutions to manage currency risk in developing and frontier markets.

⁶⁷ Partners have shared that the local financial sector development sector is considered of less strategic importance for the Global Gateway “because you cannot put a European flag on a balance sheet.”

⁶⁸ The review team did not get access to EFSD+ application forms.

⁶⁹ The Operational board is chaired by the Commission and includes Member States and EEAS as members.

⁷⁰ Similarly, the process for accessing blending instruments as part of EFSD+ is complex. In Colombia, partners have highlighted that it could take several months to access a small LACIF grant for a feasibility study, making it hard to maintain interest from public and private sector counterparts.

⁷¹ During the assessment phase, the Commission reviews each project rather than providing a general reference framework for DFI compliance, which also lengthens the process.

⁷² In practice, the guarantee fee is calculated based on risk calculations and does not depend on partner financial institution.

⁷³ EFSD+ guarantees are unfunded.

⁷⁴ For the African, Caribbean, and Pacific private sector guarantee window, the provisioning is 50%.

⁷⁵ In 2024, the EIB provided EUR 8.44 billion in financing globally. The EIB contributed significantly to the Global Gateway strategy, with about EUR 60 billion of total investments supported by EIB financing in 2022 and 2023.

⁷⁶ The OECD definition of mobilisation does not include co-investments from public institutions such as DFIs or IFIs but rather focuses on mobilisation of private finance.

⁷⁷ IFU's name changed to Impact Fund Denmark in June 2025.

⁷⁸ SDG Fund II is a public-private partnership where private investors contribute 60% of the total capital commitment and IFU contributes 40%.

⁷⁹ A similar guarantee agreement was signed with German DFI DEG. Similarly, the EFSD+ guarantee facilitated a joint investment of Finnish DFI Finfund and private investment fund in sustainable agroforestry.

⁸⁰ ILX is a private credit fund managed by ILM Management B.V. The ILX is mobilising private pension funds (including Dutch and Danish) to co-invest in portfolios originated by MDBs and DFIs.

⁸¹ For instance, this includes higher coverage of potential losses and coverage of first loss.

⁸² KfW established the Fund in December 2019 with EU seed capital. The Fund's mission is to generate climate, environmental and social impact through the provision of responsible green finance in Latin America and the Caribbean. The issuers include banks, leasing companies and a first corporate.

⁸³ GGBI is a joint initiative of the European Union together with a consortium of seven DFIs, the Green Climate Fund and LuxDev.

⁸⁴ See 2024 EU Aid for Trade progress report [EU aid for trade - Publications Office of the EU](#).

⁸⁵ The Global Gateway package supporting the envisioned EU-South Africa CTIP would consist of EU grants (EUR 303 million), combined with loans from the European financial institutions (EU 4.4 billion) and South Africa's development banks.

⁸⁶ See Regulation (EU) 2024/1252 establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020.

⁸⁷ This analysis is based on the 2025 [OECD Fragility Framework](#). In the OECD's fragility framework, ODA to peace-related sectors is a subset of development ODA and is tracked using the following 18 Creditor Reporting purpose codes: 15110 (Public sector policy and administrative management), 15111 (Public finance management (PFM)), 15112 (Decentralisation and support to subnational government), 15113 (Anti-corruption organisations and institutions), 15130 (Legal and judicial development), 15150 (Democratic participation and civil society), 15152 (Legislatures and political parties), 15153 (Media and free flow of information), 15160 (Human rights), 15170 (Women's equality organisations and institutions), 15180 (Ending violence against women and girls), 15190 (Facilitation of orderly, safe, regular and responsible migration and mobility), 15210 (Security system management and reform), 15220 (Civilian peace-building, conflict prevention and resolution), 15230 (Participation in international peacekeeping operations) 15240 (Reintegration and SALW control), 15250 (Removal of land mines and explosive remnants of war), 15261 (Child soldiers (prevention and demobilisation)). For more, see [Peace and Official Development Assistance](#).

⁸⁸ The Commissioner for the Mediterranean is responsible for the Directorate-General for the Middle East, North Africa and the Gulf, DG MENA.

⁸⁹ The European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (EUTF for Africa) was created to address the root causes of instability, forced displacement and irregular migration and to contribute to better migration management. In a first performance audit in 2018, the ECA found the design for the EUTF for Africa should have been more focused. A special ECA report in 2024 maintained this finding and noted concerns around the procedures and follow-up for human rights violations, a point widely picked up by the press.

Annex A. Progress since the 2018 DAC peer review recommendations

DAC Recommendation	Assessment of action taken
<p>1.1 In view of the negotiations for the MFF 2021-2027, the EU should establish operational guidance on how the EU, its institutions and the Member States as a whole will implement the Consensus by remaining focused on poverty reduction and sustainable development, building on the comprehensive financing instrument proposed by the European Commission.</p>	<p>Implemented</p> <p>A series of tools has been developed and strengthened to implement some of the commitments stated in the Consensus. This includes Staff Working Documents and implementation toolkits that provide guidance for staff on integrating SDGs into EU programming and analysing poverty and inequality during the programming phase. Tools include the Gender Action Plan III and its country-level implementation plans, the Action Plan on Human Rights and Democracy (2020-2027) and its country strategies, Civil Society Roadmaps, conflict analysis screenings and the Greening toolbox. With the Inequality Marker in place for all INTPA grants and extended to EFSD+, the European Union has made progress on putting inequality at the centre of project design. However, while aligned to the Sustainable Development Goals, the focus of the Global Gateway strategy on EU economic and geostrategic interests may put poverty reduction objectives at risk. In the Neighbourhood and Enlargement countries, the Commission implements the Consensus by applying its principles in country-level support, institutional reforms and inclusive growth efforts.</p>
<p>1.2 Further strengthen measures of organisational performance against the gender action plan.</p>	<p>Partly implemented</p> <p>The gender action plan and the related country-level implementation plans have supported implementation of a gender focus at headquarters and in countries. Including all EU institutions, 59% of EU bilateral allocable ODA had gender equality objectives in 2022-2023. In 2023, 72% of all EFSD+ operations (blending contracts and guarantees operations) are gender mainstreamed according to EU statistics. The total share of bilateral ODA with gender equality objectives increased quite drastically around the adoption of this target. However, the share has stagnated at around 60% over the past few years. In addition, only 2% of bilateral allocable ODA has gender equality as a principal objective in 2022-2023. Training for managers and staff has been rolled out and expertise on gender equality is developing throughout the services. However, gender experts and focal points remain in high demand.</p>
<p>1.3 Develop an explicit strategy for furthering environment and climate change objectives.</p>	<p>Implemented</p> <p>The 2016 Guidelines on the Integration of Environment and Climate Change in Development Co-operation were fully revised in 2024 and now take the form of an online (and live) resource – the Greening EU co-operation Toolbox. Notably, this better reflects the Global Gateway's investment agenda and related tools (blended finance and guarantees). The Greening Facility, which provides technical assistance, has been extended to 2029. EU staff receive ongoing training, and all projects are screened for environmental and climate impacts. EU institutions have increased the share of their ODA in support of the environment and the Rio Conventions. This share reached 35% (USD 8.1 billion) in 2022-2023, up from 26.7% in 2020-2021 but below the DAC average of 39%. The Global Gateway introduces new risks with the enforcement of environmental due diligence and safeguards to be closely monitored.</p>
<p>1.4 When creating new trust funds, maintain and further uphold the alignment of objectives with partner countries' development priorities and limit where possible their scope to a specific crisis context.</p>	<p>Implemented</p> <p>No new EU Trust Funds are expected in the next few years.</p>

1.5 Further consolidate the EU programme around priority sectors in its partner countries.	<p style="text-align: center;">Partially implemented</p> <p>According to the Court of Auditors, MIPs were concentrated on a limited number of sectors, but the definitions of these sectors were broad. The Global Gateway focuses on five broad sectors.</p>
2.1 Building on its work to strengthen policy coherence for development, the EU should better identify impacts of EU and Member State policies on developing countries in its reporting, beyond actions taken.	<p style="text-align: center;">Partially implemented</p> <p>Key tools include the Better Regulation agenda, impact assessments, the Regulatory Scrutiny Board and Inter-services Consultations. However, some sustainability-related EU policies and regulations have created challenges for trade and investment partners. Increasing the coherence and distinction between development co-operation and the external dimension of migration is a work in progress.</p>
2.2 Systematically follow up on EU Member States' efforts to promote policy coherence for development.	<p style="text-align: center;">Implemented</p> <p>Through the Technical Support Instrument, the Commission is supporting Member States to strengthen their systems and approaches to ensuring policy coherence for sustainable development, with multi-country projects in collaboration with the OECD supporting cross-learning. There are no more standalone PCD reports as they are integrated into comprehensive reporting on SDG implementation.</p>
3. In channeling funds to multilateral organisations, the Commission should articulate a clearer rationale to ensure added value.	<p style="text-align: center;">Implemented</p> <p>In early 2021, the European Commission adopted the Joint Communication on strengthening the EU contribution to rules-based multilateralism. The Commission conducts regular screening of key multilateral entities to enable a more selective and effective approach based on policy priorities. Efforts have also focused on strengthening strategic partnerships with the UN and Bretton Woods institutions.</p>
4.1 In implementing the External Investment Plan, the EU should ensure that partner country priorities are well targeted when mobilising finance for sustainable development and elaborate the value added of the EFSD to all EU stakeholders.	<p style="text-align: center;">Partially implemented</p> <p>Country visits highlighted significant alignment to partner countries' priorities at national and subnational level. The relevance of the EFSD+ tool is well understood by partners but questions remain on its attractiveness and shifting focus with the launch of the Global Gateway.</p>
4.2 Develop an evidence-based and whole-of-EU approach, driven by EU policies to mobilising private investment, by enhancing collaboration between the Commission and the EIB, as well as the EBRD and other European DFIs, including on how to improve the investment climate.	<p style="text-align: center;">Partially implemented</p> <p>The Global Gateway strategy is promoting stronger co-ordination across various stakeholders. Mobilisation of private financing through EFSD+ is still limited. Support to the investment climate is a key component of the Global Gateway, but this does not necessarily include rule of law. In addition, support to public finance management could be enhanced further. In 2024, an independent High-Level Expert Group (HLEG), tasked by the European Commission, presented recommendations for a series of innovative mechanisms and policy actions, to mobilise at scale private finance in low- and middle-income countries for their sustainable infrastructure investments.</p>
5. The EU and its Member States should continuously expand and refine implementation of their joint programming strategy, including by reinforcing partner country ownership and strengthening results-based approaches.	<p style="text-align: center;">Partially implemented</p> <p>The European Union has been a champion of development effectiveness, supporting co-ordination beyond Member States and country ownership. The European Union and its Members are moving away from joint programming, which is too administratively heavy, in favour of Team Europe and Global Gateway initiatives. While aligned to partner countries' priorities, national and local partners are not part of the governance mechanisms of the TEIs.</p>
6.1 The EU should make better use of its results information and evaluations in determining overall achievements, trends, common factors in success and/or failure, value for money and policymaking.	<p style="text-align: center;">Partially implemented</p> <p>The European Union has finalised a new approach to results-based management. The European Court of Auditors still found weaknesses in results assessments and its influence on reallocations following the mid-term review of NDICI-Global Europe. A transparent results framework for the Global Gateway would strengthen democratic oversight.</p>
6.2 The EU should make better use of its results information and evaluations in communications by articulating a stronger narrative on the contributions of EU institutions as a whole to country-level outcomes.	<p style="text-align: center;">Partially implemented</p> <p>DG INTPA is the tenth most transparent provider based on the Aid Transparency Index of 2024 by Publish What You Fund and is now in the "very good" category. Its score has increased by 10.5 points since 2022, making it the eighth largest improved. This has resulted from improvements to reviews and evaluations, objectives, pre-project impact appraisals and budget documents. However, it does not communicate on the results of its projects. In addition, current communication is now</p>

	mainly focused on the Global Gateway, which is not yet understood by its target audience.
7. The Commission should make decentralised evaluations more accessible to the public in order to enhance transparency and accountability.	Implemented The Commission made fully accessible to the public decentralised evaluations (intervention-level evaluations) by systematically publishing final reports beginning in April 2024.
8.1 In implementing the Consensus regarding ODA targets, the EU should take steps to use its co-ordinating role more effectively in encouraging Member States to attain the ODA targets.	Partially implemented The Commission works closely with Member States to monitor achievements and encourage progress towards ODA targets. However, most Member States have not achieved their targets yet and a quarter have cut their ODA budget for 2025 onwards.
8.2 Lead by example by allocating more resources to LDCs.	Not implemented EU support to LDCs is decreasing in share and volume.
9.1 The Commission could build on progress in simplifying procedures and responding faster by reducing the reporting burden through greater reliance on streamlined and/or shared assessment mechanisms, particularly in partnering with CSOs.	Implemented In 2025, the RELEX DGs authorised single lump sum grants, which will make it possible to limit reporting to activities undertaken and results obtained. This constitutes a major simplification of reporting since it no longer relates to costs and their verification by the contracting authority. DG INTPA expects to launch pilot projects to test this new modality. Implementing partners still share concerns on the length, complexity of procedures and reporting requirements.
9.2 The Commission could build on progress in simplifying procedures and responding faster by increasing the budgetary authority of the delegations.	Partially implemented Most budgetary implementation powers have been sub-delegated to the Heads of EU Delegations in partner countries. Authorisation of financing decisions, budgetary guarantees and a few derogations to the financial and contractual rules remain under the authority of headquarters. DG INTPA is reassessing which administrative responsibilities will be transferred to regional hubs or headquarters.
9.3 The Commission could build on progress in simplifying procedures and responding faster, encouraging and incentivising innovation to improve its administrative systems, working methods and development impact.	Partially implemented The launch of the Global Gateway has led to new ways of working for the Commission and Delegations (e.g. further engagement with private sector, chambers of commerce, DG Trade). However, EU processes remain administratively heavy. The process for accessing EFSD+ – a key financing instrument of the Global Gateway – is long and complex.
10. The EU should regularly review and adjust its human resource policies to ensure that its system has staff with appropriate skills and knowledge in the right places.	Partially implemented The Commission is designing learning courses based on a forward-looking skills gap analysis, including to support implementation of the Global Gateway. It is also revising the structure of its network. The Commission will have to be mindful that a more regional approach does not come at the expense of local knowledge. Continued support to change management and engagement with private sector actors will remain relevant given the scale of the paradigm shift.

Annex B. Progress against OECD legal instruments under the responsibility of the DAC

Recommendations adopted by the Development Assistance Committee (DAC)

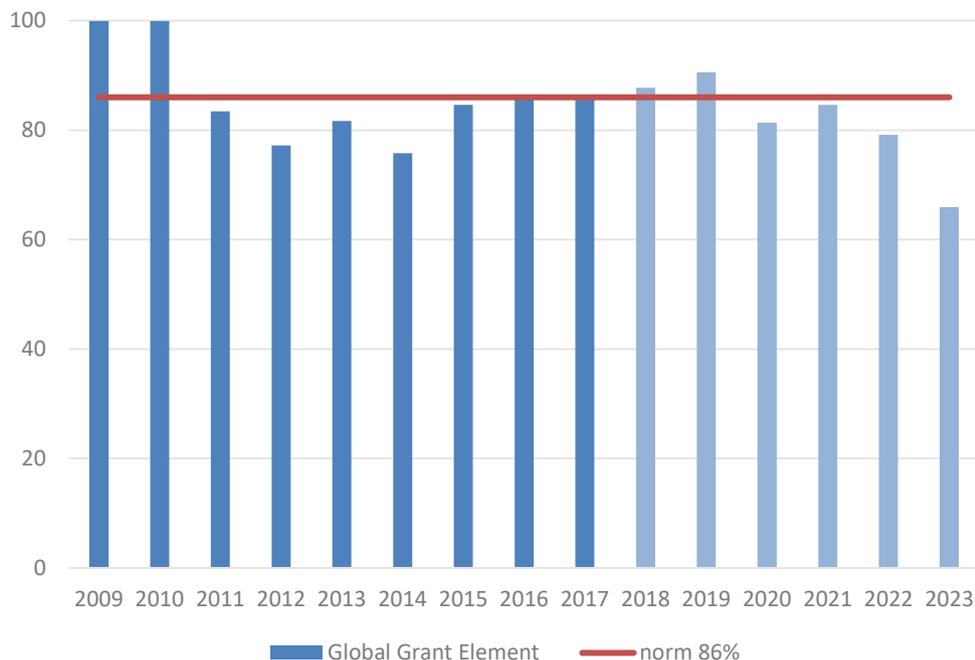
DAC Recommendation on the Terms and Conditions of Aid

The 1978 DAC Recommendation on Terms and Conditions of Aid [\[OECD/LEGAL/5006\]](#) commits DAC Members to ensure a minimum concessionality for their ODA commitments, with special provisions for least developed countries (LDCs). Within the EU institutions' ODA portfolio in 2023, 43.9% was provided in the form of grants and 56.1% in the form of non-grants.

The European Union has not complied with the DAC Recommendation on Terms and Conditions of Aid since 2020. In 2023, the grant element of ODA commitments was 65.8% (below the 86% norm, and below 79.1% in 2022). This is mainly driven by large loans to Ukraine.

The European Union is in line with special provisions for LDCs. In 2023, the grant element of bilateral ODA commitments to LDCs was 97.9% (above the 90% norm and slightly above 97.7% in 2022).

According to the European Union, the decrease of the grant element reported in the table below reflects the increase in interest rates in 2023, which has decreased the level of concessionality of the EIB and MFA loans.



DAC Recommendation on Untying Official Development Assistance

Overall, the European Union has a strong track record on untying, although in practice most procurement contracts are awarded to European companies. The European Union unties entirely its ODA to the countries covered by the DAC Recommendation on Untying ODA [\[OECD/LEGAL/5015\]](#).¹ As regards to overall ODA (all countries, all sectors), the European Union untied 95% in 2023. The EU has favoured financing modalities that are, by their nature, both legally and practically untied – such as budget support and indirect management – where procurement authority is delegated and no longer exercised by the EU itself. In the case of untied ODA projects that involve contract awards, around 50% are awarded to European entities (EU companies and civil society organisations).

DAC Recommendation on the Humanitarian-Development-Peace (HDP) Nexus

The European Union has a strong track record in operationalising the Humanitarian-Development-Peace Nexus approach in contexts facing high or extreme fragility, starting in 2017 with the adoption of Council Conclusions on the Humanitarian-Development nexus and the designation of six pilot countries under DG DEVCO/INTPA, as well as several countries under DG NEAR (albeit without the “nexus” label). This was followed by the 2018 Council Conclusions on the EU integrated approach to conflict and crises. A particular innovation of this approach at the time was the explicit inclusion of a conflict prevention and peacebuilding component that requires humanitarian, development and peace actors to work together to address the root causes of fragility, vulnerability and conflict and to build resilience. The European Union started elaborating the peace pillar more formally from 2018 onwards through dedicated guidance and adhered to the DAC Recommendation [\[OECD/LEGAL/5019\]](#) in 2019 on its adoption. The NDICI Regulation introduced in 2021 requires a conflict analysis screening to inform programming in crisis-affected regions or contexts with high and extreme fragility. The European Commission together with the EEAS have since issued a suite of guidance notes to support the implementation of the HDP nexus in the EU’s external actions shared with EU Delegations and Member State embassies in a Team Europe approach. At the country level, a number of innovative approaches to programming across the HDP nexus have been developed to support more effective, coherent and co-ordinated Team Europe approaches, such as in Ethiopia, Myanmar or Pakistan.

There is scope to further strengthen the HDP nexus approach in EU external action. In contexts with high or extreme fragility, the conflict analysis screening and principles of *conflict sensitivity* and *do no harm* should be a regular and iterative process that actively informs operations throughout the programme cycle, not just at the outset. Beyond situations of high or extreme fragility, the HDP nexus in particular can support peace-positive and conflict prevention approaches within the pivot to the new development paradigm, including in more stable environments.

DAC Recommendation on Ending Sexual Exploitation, Abuse and Harassment in Development Co-operation and Humanitarian Assistance

The European Commission demonstrates a strong institutional commitment to the DAC Recommendation on Ending Sexual Exploitation, Abuse and Harassment in Development Co-operation and Humanitarian Assistance [\[OECD/LEGAL/5020\]](#), particularly in terms of policy development, partner co-ordination and internal procedures.

The Commission has a zero-tolerance approach for inaction against Sexual Exploitation, Abuse and Harassment (SEAH). It has adopted clear instructions for reporting SEAH allegations, emphasising a zero-tolerance approach. DG INTPA and DG ECHO have developed policies, strategies and manuals to clarify responsibilities and procedures, ensuring alignment with the DAC Recommendation. Measures prioritise confidentiality, informed consent and victim/survivor support, in alignment with the core principles of the Recommendation. DG ECHO requires partners to provide aggregated reports on support mechanisms and ensures personal data protection. Reporting processes and tools have been strengthened, including legal

frameworks and contract management adaptations to address SEAH allegations effectively. The Commission has also developed online courses, awareness sessions and tailored training programmes to raise awareness about preventing SEAH and to encourage a culture of reporting. Internally, the Chief Confidential Counsellor and the PSEAH Technical Co-ordination (PTCG) group, which involves staff from DG ECHO, DG ENEST and FPI, support the co-ordination of SEAH prevention and response.

DG ECHO conducts annual SEAH risk assessments in humanitarian operations, complemented by in-depth analyses in high-risk countries to inform targeted actions. These assessments guide programming priorities and are used to tailor monitoring and support to implementing partners, especially local actors who may lack robust safeguarding systems. Risk mitigation is also embedded in grant management processes, including partner certification, proposal evaluation and field audits. In civil protection, efforts are under way to establish a comprehensive SEAH control framework. DG ECHO also uses annual partner reports to inform funding priorities and support targeted actions – which is a positive practice. DG ECHO and DG INTPA use annual partner reporting, risk overviews (e.g. SEARO), and compliance audits to assess the effectiveness of SEAH prevention and response systems. These insights inform funding decisions, policy updates and capacity-building efforts. DG ECHO's compliance team synthesises findings for senior management and co-ordinates follow-up actions, including support to partners and potential contractual measures. Lessons are shared across internal and external co-ordination platforms to promote systemic learning and harmonisation of safeguarding standards.

Internationally, the Commission supports co-ordination, including through its effort to adhere to the Common Approach to Protection from SEAH (CAPSEAH), its participation in the OECD DAC reference group on ending SEAH, and alignment with CHS Alliance reporting schemes to streamline processes and reduce partner burdens. Standardised reporting forms and strengthened co-ordination facilitate monitoring and evaluation of SEAH cases.

DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance

The European Union has a good track record on implementing the DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance [[OECD/LEGAL/5021](#)]. It has made progress in protecting and promoting civic space including with the launch of the EU System for an Enabling Environment for Civil Society (EU SEE) in 2024. It supports civil society organisations (CSOs) in monitoring and preventing the deterioration of their operating environment. In addition, the Team Europe Democracy initiative supports a co-ordinated approach between the European Union and its Members on democracy support, including protecting and promoting civic space. Additionally, the European Union collaborates with international bodies, such as the Community of Democracies Working Group and the Fundamental Rights Agency, to protect civic space. At the country level, the European Union provides technical assistance for legal analyses of repressive laws and organises civil society forums alongside high-level meetings. However, geopolitical developments, including the US withdrawal from championing civil society and multipolar competitiveness, make it challenging to prioritise policy dialogue with partner governments.

The European Union has expanded its Civil Society Roadmaps to 90 countries, ensuring an inclusive approach and local ownership by involving CSOs in the development process. Structured dialogues through the Policy Forum on Development (PFD) foster collaboration and co-creation between CSOs, EU institutions and partner country governments. However, strategic engagement is somewhat challenged by limited participation of civil society in the steering of Global Gateway and Team Europe Initiatives. Under the thematic programme on civil society, the European Union has allocated EUR 428.2 million for civil society support in partner countries for 2025-2027 (and EUR 773.1 million for 2021-2024), including in its priorities, climate action (adaptation and mitigation), women and youth organisations. Nonetheless, with the adoption of NDICI-Global Europe, CSOs have lost dedicated access to EU funding and local CSOs

struggle to access funding because of large calls for proposals. In practice, direct funding to local civil society has been stable over the period under review between 1-2% of ODA. To overcome this challenge, the European Union is expanding the use of Financial Support to Third Parties (FSTP) to provide flexible funding to grassroots and marginalised groups.

The EU SEE programme includes strong capacity-building elements, such as peer-to-peer learning and co-creation processes, to enhance CSO effectiveness. Through the Global Gateway CSO and Local Authorities Platform, the European Union is mapping CSO constituencies to improve collaboration at regional, national and policy sector levels. However, recent reductions in donor funding for civil society have led to fewer resources and increased competition among CSOs for EU funding.

Regular surveys of EU Delegations have enabled the European Union to monitor progress in its dialogue and consultation processes with CSOs. While most provisions of the Recommendation are well supported by existing guidance, additional tools and guidance are needed to counter mis- and disinformation, harassment and anti-democratic narratives targeting civil society.

DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance

The European Union is implementing the DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance [[OECD/LEGAL/5022](#)]. The EU Gender Action Plan III (GAP III) is the central policy and operational framework for advancing gender equality and empowering women and girls, endorsed by 24 Members in 2020. It follows a three-pronged approach: gender mainstreaming, targeted actions and legislation. GAP III sets ambitious targets, including making 85% of new external actions gender-responsive, with 5% having gender equality as the principal objective also applying to development finance. In 2022-2023, however, only 59% of the EU's bilateral allocable ODA had gender equality objectives – above the DAC average of 46%.

The European Union allocated EUR 48 million to address gender-based violence (GBV) in emergencies and continues to promote the Women, Peace and Security (WPS) agenda through national action plans and peacebuilding efforts. The EU also continues supporting the Spotlight Initiative to end violence against women and girls.

At the multilateral level, the European Union remains active in UN forums and co-led efforts in the Generation Equality Forum, in particular in the action coalition on Technology and Innovation for Gender Equality and GBV. Country-level implementation plans foster a Team Europe approach, encouraging broad stakeholder consultations. In 2023, gender equality featured in dialogues with around 100 partner countries, and was the sole focus in 34 of them. Gender equality is a key element of EU engagement with candidate and potential candidate countries, including through the IPA envelope. The EU also integrates gender into trade, climate and digital policies. For instance, gender analysis is systematically included in the evaluations of trade agreements and legally binding commitments on gender equality are embedded in recent investment facilitation agreement with countries such as Angola and trade agreements with Chile, Kenya and New Zealand. The European Union also collaborates with the International Labour Organization on the “Trade for Decent Work” project to improve working conditions for women. The European Union also supports women's leadership in climate governance and negotiations and funds gender-responsive climate initiatives. In the digital domain, the European Union is working to ensure that its forthcoming AI Act includes safeguards against gender discrimination in artificial intelligence applications.

While not endorsed by all EU Members, the GAP III emphasises intersectionality and transformative approaches. Programmes like Women and Youth Democratic Engagement (WYDE) and regional partnerships (e.g. ASEAN) promote inclusive governance. In 2025, ProtectDefenders.eu assisted over 5 450 Women Human Rights Defenders (WHRDs).

Gender analysis underpins programme design, with 85% of EU Delegations having conducted at least one gender sector analysis but only 48% of them have gender sector analyses for all their priority sectors. A new conflict-sensitive gender analysis methodology has been introduced in 2024. However, stronger focus on qualitative impact and implementation is needed. Flexibility and risk monitoring are key, particularly in settings with high levels of fragility.

Women's rights organisations (WROs) are strategic partners. Funding to these organisations increased from EUR 46.6 million (2022) to EUR 121 million (2023) via subgrants and global programmes like ACT and WYDE. Innovative financing tools such as EFSD+, IYBA and the ACP Gender Facility support women's entrepreneurship and financial inclusion. The European Union also works with development finance institutions to integrate gender equality into investment strategies and reach its financial target of 85%.

Monitoring and reporting are integral to corporate systems. The European Union uses gender-specific and sex-disaggregated indicators, but with only 53% of interventions reporting sufficient data by end-2024. The MORE framework for Team Europe Initiatives (TEIs) includes GAP III indicators. The European Union also supports implementing partners with training and technical assistance for improved monitoring.

Internally, the EU aims to foster a gender-responsive organisational culture. Gender-responsive leadership (GRL) training is provided to managers, and gender focal points are in 99% of Delegations.

Recommendations adopted by the Council under the DAC's responsibility (joint with other OECD committees)

Recommendation on Policy Coherence for Sustainable Development

The European Union is a leader in promoting policy coherence for sustainable development and supports coherence within the EU legal framework, across its policy agendas and among Member States, in line with the Recommendation on Policy Coherence for Sustainable Development [[OECD/LEGAL/0381](#)]. There is strong legal foundation for policy coherence at EU level. Notably, Article 4(4) of the Treaty on the Functioning of the European Union (TFEU) and Article 208 TFEU grant the EU competence in development co-operation, establish poverty reduction as a primary objective, require compliance with global commitments and that EU and Member States policies complement each other and consider their impact on developing countries. Article 21 of the Treaty on the European Union (TEU) further integrates development policy into broader external action. More specifically, NDICI-Global Europe regulation underscores consistency, coherence and complementarity, emphasising Policy Coherence for Development and requiring the European Union to consider the impact of all policies on sustainable development and promote synergies (Art. 5(1) of Regulation (EU) 2021/947). Moreover, the EU legal framework supports coherence across Member States by harmonising national rules in areas where a common approach is justified, in line with the principle of subsidiarity.

The 2021 Better Regulation initiative requires impact assessments to consider the impact of EU regulation on developing countries. These include:

- Regulatory impact assessments (RIAs): all major EU policy proposals undergo RIAs, which consider social, economic and environmental effects, including on developing countries. Trade agreements are a key example.
- Sustainability impact assessments (SIAs): SIAs examine the long-term impacts of EU policies (e.g. trade, climate, agriculture) on partner countries and include consultations with stakeholders.
- Fitness checks and evaluations of existing policies, programmes and laws to assess their performance.

Inter-service consultations help foster dialogue across DGs, with DG INTPA, ENEST and MENA advocating for the impact of EU policies on partner countries to be properly factored in. In addition to formal inter-service consultations on draft proposals, inter-service steering groups are used to consult on draft proposals. During the formal consultation process consulted DGs can issue a positive opinion, a positive opinion with comments or a negative opinion. A negative opinion triggers an escalation of the “disagreement” to a higher level (Director, Director-General, then Cabinet of Commissioner). The lead DG is not obliged to take on board suggested changes or perspectives when another DG issues a positive opinion with comments. The lead DG determines which DGs are formally consulted. While DGs not included in the initial list can request to be formally added, it is the responsibility of the inter-institutional unit in other DGs to proactively monitor relevant initiatives of other DGs, which can be challenging. The European Union also promotes strong stakeholder engagement when designing and evaluating initiatives through public calls for evidence and consultations.

As identified in EUs self-assessment, applying PCSD across all areas remains complex, especially when internal and external priorities diverge. Development perspectives can be further integrated across all sectors, especially in sensitive areas like migration or security. EU impact assessments primarily focus on EU-level impacts: more attention could be given to impact on developing countries. Institutional fragmentation can also hinder coherence during inter-institutional negotiations.

Recommendation for Development Co-operation Actors on Managing the Risk of Corruption

The European Union has built a robust ethical framework centred on the Practical Guide to Staff Ethics and Conduct. It addresses risks of corruption, fraud, financial misconduct, conflicts of interest, harassment and more, complemented by codes and operational tools. Audit and Control Units co-ordinate auditing and internal investigations, with cases handled by the European Anti-Fraud Office (OLAF) or the Investigation and Disciplinary Office of the Commission (IDOC), depending on the nature and severity of the alleged fraud or corrupt practices.

To bolster internal controls and manage corruption risks, the European Union prioritises training and awareness, particularly for finance and contract staff in Delegations. For example, in 2024, it developed – with the European External Action Service (EEAS) – a joint ethics and anti-fraud training plan to ensure consistent, specialised training for targeted groups in Representations, Delegations and Missions. Measures were also introduced to mitigate risks associated with long-standing local agents. However, limited staff attendance to trainings due to heavy workloads, operational pressures and competing priorities, undermine training impact and the potential of preventive measures.

Corruption is one of five dimensions covered by the European Union’s risk framework. Under the 2020 Fraud Risk Assessment, corruption risks were further grouped into five areas: external co-operation context; contract award procedures; financial risks in project implementation; risks from false representations; and control environment risks. In 2025, DG INTPA launched a new Fraud Risk Assessment to adapt to evolving operations, financial instruments, policies and emerging corruption risks. This review will shape the 2025-28 Anti-Fraud Strategy and address persistent challenges to effective risk-based management, such as weak detection capacity, slow institutional response and inadequate data sharing.

To help staff integrate and mainstream anti-corruption into external actions, the European Union issued guidance in 2024. The document offers tools to assess and mitigate corruption risks in different contexts and modalities, as well as across sectors. It focuses on five sectors of the Global Gateway: transport, education, health, energy and digital transformation. It further addresses the need to understand the enablers and drivers of corruption to design appropriate direct or indirect anti-corruption interventions and avoid unintentionally fuelling corruption dynamics. It is intended for EU staff and implementing partners.

The European Union works across directorates to address corruption and integrity risks in partner countries, as highlighted in the OECD Monitoring Report of the Recommendation [[OECD/LEGAL/0431](#)], as well as with local, regional and international partners to deliver technical assistance as relevant. For instance, directorates working on taxation, customs, financial stability and capital markets collaborate on support related to international tax governance, anti-money laundering and to counter terrorist financing. A key example is the EU Global Facility on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), which offers tailored support to partner countries based on the deficiencies in their AML/CFT regimes.

Recommendation on Environmental Assessment of Development Assistance Projects and Programmes

The European Union has made progress in implementing the OECD Recommendation on Environmental Assessment of Development Assistance Projects and Programmes [[OECD/LEGAL/0458](#)], integrating environmental considerations more systematically across its external action. Through instruments such as NDICI-Global Europe and the Global Gateway, the European Union has reinforced its commitment to ensuring that all development co-operation activities undergo rigorous environmental and climate screening. This includes the systematic use of Strategic Environmental Assessments (SEA) and Environmental Impact Assessments (EIA), in line with international good practice. These assessments are embedded early in the project cycle, helping identify risks, promote environmental sustainability and support “do no harm” principles.

In recent years, the European Union has updated its operational guidance to align with the evolving global agenda, notably through the launch of the Greening EU Co-operation Toolbox in 2024. This online resource replaces the 2016 guidelines and reflects the OECD Recommendation’s emphasis on upstream integration of environmental considerations, transparency and stakeholder participation. Furthermore, dedicated technical support is provided through the Greening Facility, extended until 2029 and capacity-building activities such as training and webinars are regularly conducted for EU staff and partners.

OECD DAC Declarations

OECD DAC Declaration on a new approach to align development co-operation with the goals of the Paris Agreement on Climate Change

The European Union has taken steps to align its development co-operation with the goals of the Paris Agreement, in line with the OECD DAC Declaration [[OECD/LEGAL/0466](#)]. The European Green Deal reaffirmed the European Union’s ambitions on climate and the environment with a growth strategy that aims, among other things, to stop net emissions of greenhouse gases by 2050. In the NDICI-Global Europe Regulation (EU) 2021/947, the European Union commits to the achievement of an overall target of 30% of the EU budget expenditure supporting climate objectives. Furthermore, the NDICI-GE Regulation (EU) 2021/947 provides that, in view of contributing to halting and reversing the decline of biodiversity, the Instrument should contribute to the ambition of providing 7.5% of annual spending under the MFF to biodiversity objectives in 2024 and 10% to biodiversity objectives in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals. The EU Instrument for Pre-Accession 3 (IPA3) programming framework promotes the enhanced mainstreaming of climate change and environment actions. The crosscutting nature of environment and climate change is also reflected in the Green Agenda for the Western Balkans, especially in relation to key sectors of the Green Deal, such as energy, mobility, circular economy, pollution, food systems and biodiversity. Within the 360-approach to the Global Gateway, the green and clean principle aims at climate neutrality and the promotion of a transition to a

cleaner and more circular global economy, as well as doing no harm. Yet, support to adaptation, losses and damages, as well as biodiversity, might be less suitable for the Global Gateway.

EU development co-operation now systematically considers low-emission, climate-resilient development pathways, aiming to both mitigate greenhouse gas emissions and strengthen partner countries' climate adaptation capacities. The EU Greening toolbox provides mainstreaming guidelines for integrating the environment and climate change into EU international co-operation and development. Climate change risk screening and resilience measures are incorporated into programme design, while dedicated support for climate finance, renewable energy and nature-based solutions is increasing. Key instruments such as the EFSD+ guarantees and blended finance mechanisms are also being steered towards climate-smart infrastructure and clean energy. Furthermore, the European Union supports partner countries in updating and implementing their Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSs), in coherence with the Paris Agreement goals. Capacity development for EU Delegations and partners on climate mainstreaming has also been scaled up.

In 2022-2023, the EU institutions committed 35% of their total bilateral allocable ODA (USD 8.1 billion) in support of the environment and the Rio Conventions, up from 26.7% in 2020-2021. The DAC average was 39% in 2022-2023. In addition, 31% of total bilateral allocable ODA (USD 7.2 billion) focused on climate change overall, up from 23.2% in 2020-2021 (the DAC average was 34.8%). The EU institutions had a similar focus on mitigation (24.8%) and adaptation (24%) in 2022-2023. Seven per cent of bilateral allocable ODA focused on mitigation only, 6% on adaptation only and 17.6% on both mitigation and adaptation. Nine per cent of screened bilateral allocable ODA (USD 2 billion) focused on biodiversity overall, up from 6.9% in 2020-2021 (the DAC average was 7.6%).

Notes

¹ Countries covered by the recommendation are least developed countries (LDCs), heavily indebted poor countries (HIPC), other low-income countries and IDA-only countries and territories. The Recommendation only applies to specific sectors, excluding scholarships and free-standing technical co-operation, among others.

Annex C. Organisations consulted during the peer review

Representatives of European Member States

1. AECID
2. AFD Group (headquarters, Colombia, Angola)
3. Denmark Permanent Representation to the European Union
4. EDFI (European Development Finance Institutions)
5. Expertise France
6. FINNFUND
7. FMO
8. GIZ (headquarters, GIZ Ukraine and GIZ Colombia)
9. Ireland Permanent Representation to the European Union
10. Representative of Denmark in Ukraine
11. Representative of Germany in Colombia
12. Representative of Lithuania in Ukraine
13. Representative of Spain in Colombia
14. Representative of the Netherlands in Colombia

EU Institutions and Bodies

15. Council of the European Union (CODEV-PI)
16. European Bank for Reconstruction and Development (EBRD)
17. European Court of Auditors (ECA)
18. European Investment Bank (EIB)
19. European Parliament (DEVE Committee)

Development Banks, financial institutions and other international organisations

20. African Development Bank (headquarters and Angola)
21. Colombia – Banco de Desarrollo de América Latina y el Caribe (CAF)
22. Colombia – GGGI
23. Colombia – IOM
24. Colombia – United Nations co-ordinator
25. Colombia – Climate Fund

26. Inter-American Development Bank (IDB) (headquarters and Colombia)
27. International Committee of the Red Cross
28. UN World Food Programme (WFP)
29. United Nations Development Programme (UNDP)
30. United Nations Office for the Coordination of Humanitarian Affairs (UNHCR) (headquarters and Colombia)
31. World Bank
32. World Health Organization

Think Tanks and Academics

33. Centre for European Policy Studies (CEPS)
34. European Centre for Development Policy Management (ECDPM)
35. Elcano Royal Institute
36. European Think Tanks Group (ETTG)
37. Friends of Europe
38. German Institute of Development and Sustainability (IDOS)
39. Institute for Sustainable Development and International Relations (IDDRI)
40. Kyiv School of Economics
41. ODI-Brussels/ODI Global

Civil Society Organisations and Foundations

42. Action Aid International
43. Africa-Europe Foundation
44. Colombia – Connectado
45. Colombia – Finanzas de Impacto
46. Colombia – ForumCiv
47. Colombia – Fundación Ideas para la Paz
48. Colombia – ICCO Conexión
49. Colombia – Value chain impact Accelerator
50. CONCORD Europe
51. Eurodad
52. European Peacebuilding Liaison Office (EPLO)
53. International Committee of the Red Cross
54. International Rescue Committee
55. INTERPEACE
56. Kooperation Global
57. Light for the World
58. Oxfam International
59. Voluntary Organisations in Cooperation in Emergencies (VOICE)
60. Angola – ADRA

61. Angola – Mosaiko
62. Angola – VIS
63. Ukraine – ISAR Ednannia
64. Ukraine – East Europe Foundation
65. Ukraine – International Renaissance Foundation
66. Ukraine – Institute for Economic Research and Policy Consulting
67. Ukraine – 100% Life

Private Sector Organisations

68. BusinessEurope
69. Colombia – Bogotá Chamber of Commerce
70. Colombia – Colombian Hydrogen Association
71. Colombia – Deutsche Bahn
72. Colombia – Finance in Motion Colombia
73. Colombia – ITALFERR
74. Colombia – ENEL
75. European Entrepreneurs CEA-PME
76. European International Contractors (EIC)
77. Germany – Colombia chamber of commerce
78. Nokia (Belgium and Colombia)
79. SolarPower Europe
80. Spain – Colombia chamber of commerce
81. The Netherlands – Colombia chamber of commerce
82. Angola – Lobito Atlantic Railway
83. Angola – AGL Lobito Terminal

Supranational and Governmental Bodies

84. Colombia – Canceleria of Bogota
85. Colombia – Canceleria of Cali
86. Colombia – Ministry of Energy
87. Colombia – Ministry of Foreign Affairs
88. Colombia – Ministry of Information Technology
89. Colombia – Ministry of National Budget
90. Colombia – Ministry of Planning
91. Colombia – Ministry of Transport
92. Colombia – Presidential Agency for International Co-operation of Colombia (APC-Colombia)
93. Colombia – Regional Transport Authority of Valle del Cauca
94. Jamaica – EU Unit, Planning Institute of Jamaica
95. Kosovo – Office of the Prime Minister
96. Ukraine – Ministry of Finance

Annex D. Glossary

The Council of the European Union exercises legislative and budgetary functions jointly with the European Parliament. It carries out policymaking and co-ordinating functions as laid down in the Treaties. The Council is composed of one representative at ministerial level per Member State, while the precise configuration of its meeting is determined by the topic under discussion. The Presidency of the Council rotates every six months among the governments of Member States, except in foreign policy. Council decisions are made by weighted qualified majority voting in most policy areas and unanimity in others. The European Council and Council of the European Union are two different bodies.

The European Council comprises the heads of state or government of all EU Member States, the President of the European Council (who chairs its meetings) and the President of the European Commission. The HR/VP (see below) also takes part in meetings of the European Council. Neither the presidents of the European Council and Commission nor the HR/VP have a vote. While the European Council has no legislative power, the Lisbon Treaty established that it defines the general political directions and priorities of the European Union. The European Council also deals with complex and/or sensitive issues that cannot be resolved at a lower level. The European Council defines the principles of, and general guidelines for the Common Foreign and Security Policy (CFSP) and decides on common strategies for its implementation. The President of the European Council is elected by the Council Members for a two and a half year (renewable) term and represents the European Union on issues concerning its CFSP at the level of heads of state or government.

The High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) is a dual-role post established under the Lisbon Treaty. In the first role, the HR/VP is responsible for foreign affairs and security policy, chairs the Foreign Affairs Council and has authority over the 145 EU Delegations. In the second role, the HR/VP is a vice-president of the European Commission whose responsibilities within the Commission are to ensure the consistency of EU external relations and to co-ordinate other aspects of EU external action. The HR/VP also represents the European Union in matters relating to the CFSP.

The European External Action Service (EEAS) is the diplomatic service of the European Union. Formally launched on 1 January 2011, it assists the HR/VP in functions such as developing and implementing the CFSP and co-ordinating other areas of EU external relations. The EEAS, working with European Commission services, ensures coherence between external policy objectives and development. It comprises European civil servants, diplomats from the foreign services of the EU Member States and local staff in countries around the world.

OECD Development Co-operation Peer Reviews: European Union 2025

The OECD's Development Assistance Committee (DAC) conducts peer reviews of individual members once every five to six years. Reviews seek to improve the quality and effectiveness of members' development co-operation, highlighting good practices and recommending improvements. The peer review of the European Union (EU), led by Norway and Switzerland, explores how the EU's evolving development paradigm—centred on mutual benefits and quality infrastructure—can reduce poverty and inequality. Through the Global Gateway strategy and a diversified financing toolbox, the European Union seeks to leverage official development assistance as a catalyst for structural reforms and infrastructure investments. Yet, critical questions remain: how to maintain engagement in least developed countries and in contexts facing high and extreme fragility, uphold leadership in supporting institutional strengthening and human development, effectively mobilise private sector expertise and resources, and balance strategic interests with development objectives? The EU's Team Europe approach and strong country presence offer valuable co-ordination and policy dialogue tools. The EU can also build on its strong track record on supporting peace, resilience, crisis response.



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