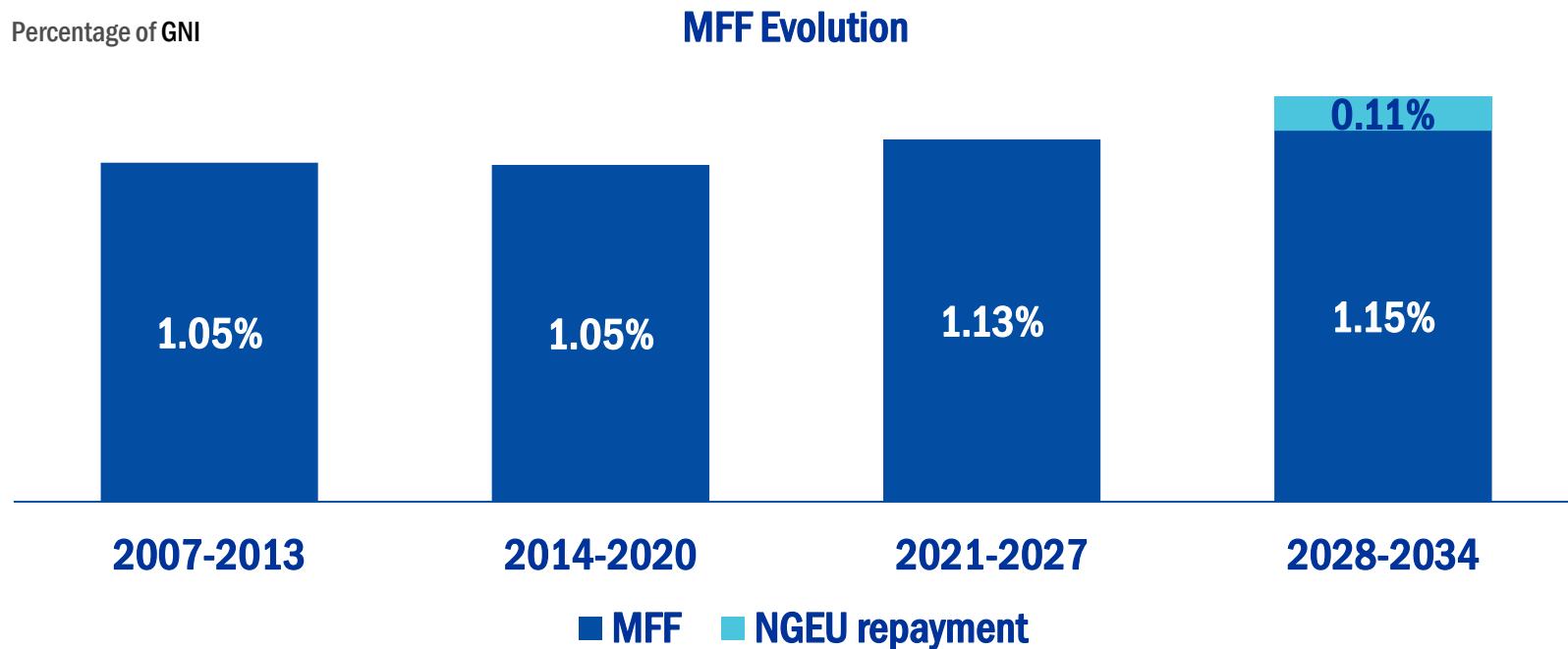


Next MFF and Global Europe

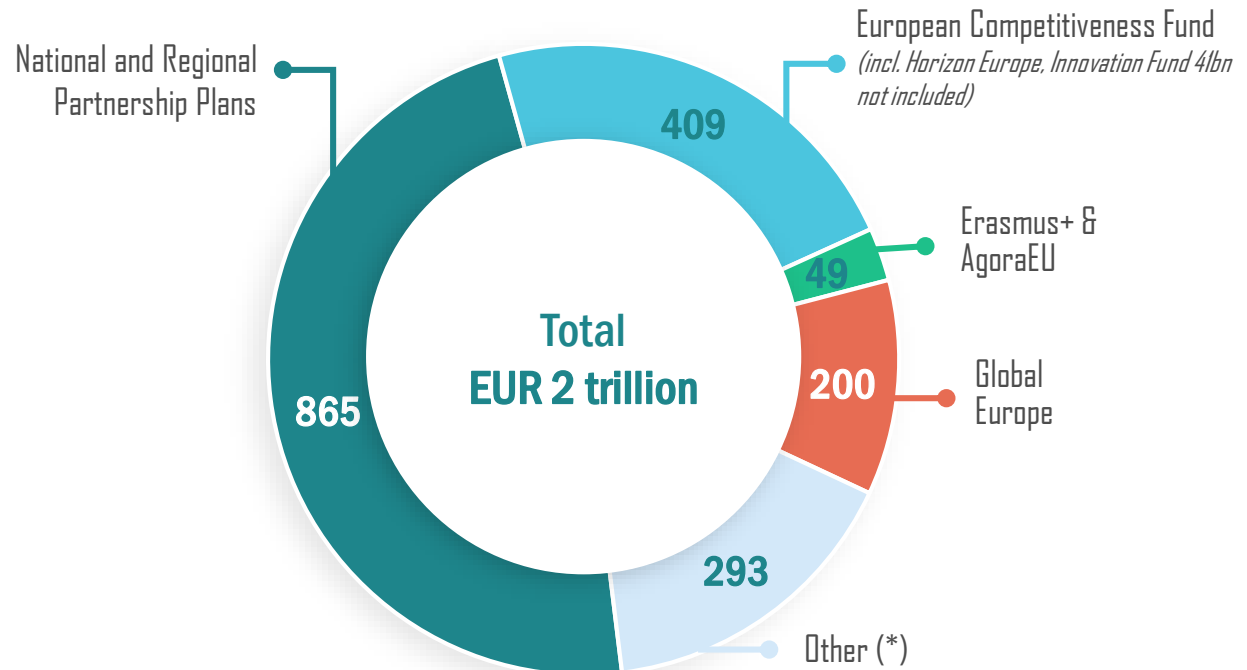
An ambitious EU budget for an ambitious Europe



Commitment appropriations are based on adopted Multiannual Financial Frameworks (including European Union Solidarity Fund and European Aid Reserve).
Gross National Income amounts are based on the first Technical Adjustments of the respective Multiannual Financial Framework.

Proposed design for the next MFF

- From 52 to 16 programmes
- **Simpler** for beneficiaries
- **Results oriented**
- **More agile**



(*) CEF, Civil protection and health, Single Market Programme, Euratom Research & Training, CFSP, Justice, INSC-D, DOAG, Pericles.
Excludes NextGenerationEU repayment

All amounts in EUR, current prices

MFF Headings

- A 7-year MFF: **2028-2034**
- From 7 to **4 headings**

1. EUROPE'S SOCIAL MODEL AND QUALITY OF LIFE

- National and regional partnership plans
- Repayment of NextGenerationEU

3. GLOBAL EUROPE

- Global Europe
- Common Foreign and Security Policy, Overseas countries and Territories, Sustainable fisheries partnership agreements and Regional fisheries management organisations

2. COMPETITIVENESS, PROSPERITY AND SECURITY

- European Competitiveness Fund including Horizon Europe
- Erasmus+; AgoraEU; Justice; Union Civil Protection Mechanism & Health Response
- Connecting Europe Facility; Single Market Programme; Euratom/ITER; Nuclear decommissioning; Pericles

4. ADMINISTRATION

Global Europe - Guiding principles

Simplification

- One main instrument for EU external action financing
- Ukraine funding from the MFF headroom and implemented through Global Europe
- Humanitarian aid funded under Global Europe
- Horizontal Performance Regulation

Coherence

- Further geographisation
- Complementarity within the Instrument
- Coherence internal – external policies/programmes
- Team Europe approach

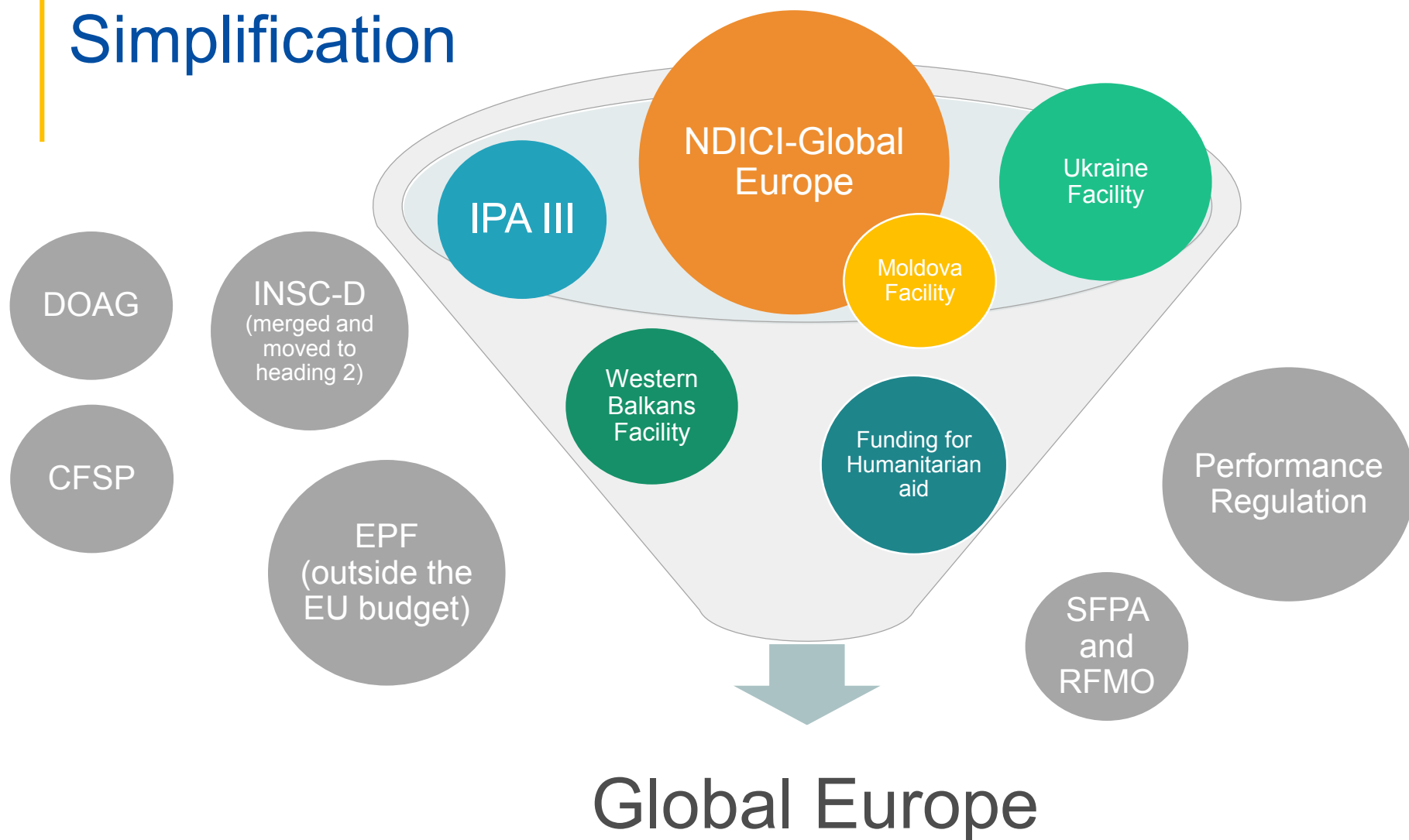
Flexibility and predictability

- Emerging challenges and priorities cushion
- Financial flexibilities
- Targets: ODA, climate and environment

Impact

- Toolbox to build comprehensive partnerships
- Streamlined guarantee and blending framework
- Stronger promotion of European interests

Simplification



Simplification

- **Global Europe is the main external instrument**, complemented by DOAG, INSC-D and CFSP, as well as EPF (outside the EU budget)
- **Global Europe supports the specificities of each policy**, while increasing coherence and effectiveness of EU external action financing. The main policies served by Global Europe are:
 - Enlargement
 - Neighbourhood
 - International partnerships
 - Humanitarian aid
- **Reconstruction and pre-accession assistance for Ukraine** are proposed to be financed over and above the MFF ceilings (the so-called 'headroom' of the MFF) and implemented through Global Europe
- **Humanitarian aid actions** are proposed to be funded under Global Europe and implemented through the Humanitarian Aid Regulation

Simplification - Performance Regulation

- Consistent provisions for supporting horizontal principles across the EU budget
- Streamlining and harmonising the system for monitoring EU spending and the performance of the budget
- Harmonising and rationalising the reporting of performance information and the provision of information about funding opportunities
- Common rules on other topics, such as the evaluation of programmes and activities, as well as rules on information, communication and visibility

Coherence – Further geographisation

Europe	Middle-East, North Africa and the Gulf	Sub-Saharan Africa	Asia and the Pacific	The Americas and the Caribbean	Global
• Programmable actions (under each pillar)					• Programmable actions
• Non programmable actions (under each pillar) <ul style="list-style-type: none">○ Humanitarian aid○ Macro-financial assistance○ Resilience○ Competitiveness○ Crisis, peace and foreign policy needs					• Non-programmable actions <ul style="list-style-type: none">• Humanitarian aid• Resilience• Competitiveness• Crisis, peace and foreign policy needs

Emerging challenges and priorities cushion

Coherence

- **Complementarity within Global Europe:** implemented primarily through geographic programmable actions, complemented by non-programmable and global actions. Global pillar to focus on truly global actions
- Increased **coherence between internal and external programmes/policies**, notably on:
 - Migration
 - EU competitiveness, trade, investment, and economic cooperation
 - Climate and environment
 - Digital
 - Erasmus+
- Improved alignment of **pre-accession assistance** with internal programmes, through implementing rules to be specified at a later stage to ensure consistency with internal headings
- The **Team Europe** approach is enshrined, with the inclusion of MS' and EU's development finance institutions and export credit agencies

Flexibility and predictability

- Budgetary flexibilities:
 - Emerging challenges and priorities **cushion**
 - **Carry-overs, surpluses** and reflows can be reused in the Instrument.
 - Decommitments will follow the general rules set in the MFF Regulation.
 - Easier **budgetary transfers** between and within Global Europe pillars
- Global Europe ensures **predictability** for EU's partners and supports the EU role as a global actor
- **ODA target at 90%**, modifiable through a delegated act, demonstrating the EU's commitment to sustainable development
- **Climate and environment spending target** (30% of Global Europe)

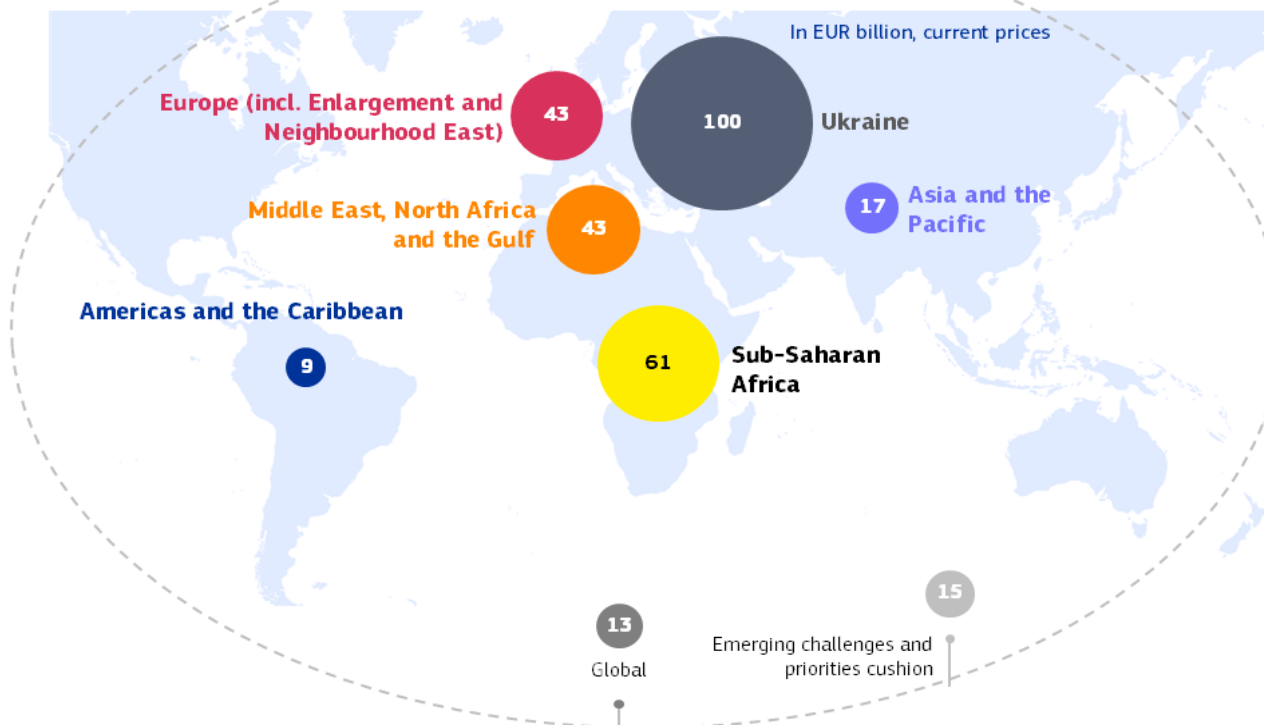
Impact

- **Broad toolbox to build comprehensive packages**, further supporting Global Gateway, including:
 - Budgetary guarantee and blending
 - Policy-based loans
 - Direct awards to EU companies
 - Macro-financial assistance
- **Streamlined guarantee and blending framework**
 - Level-playing field
 - No separate objectives
 - Global Europe Investment Board
- **Stronger promotion of European interests**
 - Revised eligibility rules (restriction possible for EU's strategic interests in direct and indirect management)
 - European preference extended to all indirect management

Financial framework

EUR 200 billion for Global
Europe, including EUR 25 billion
for HUMA

EUR 100 billion Ukraine
Reserve



Financial framework – Ukraine reserve

- **Maximum amount** made available to Ukraine, in the form of loans and/or other financial resources (incl. non-repayable support, financial instruments, provisioning of budgetary guarantee) **set at EUR 100 billion**.
 - **Up to EUR 100 billion of financial resources** sourced from the Ukraine Reserve **over and above the MFF ceilings** and mobilised through the annual budget procedure.
 - **Loans to Ukraine backed by the headroom** (no provisioning rate) for up to EUR 100 billion.
- **Support to Ukraine in the form of a budgetary guarantee up to EUR 48 billion** (provisioned from the Ukraine Reserve at a rate initially set at 70%)
- Financial resources of the Ukraine Reserve to be used to provide support to Ukraine under INSC-D.

Structure of Global Europe

TITLE I: General Provisions (Article 1 - 12)

- Definitions, scope and structure, objectives, coherence, budget, general principles

TITLE II: Implementation of the instrument

- **Chapter I: General programming provisions (Article 13 - 17)** on multiannual programming, principles for geographic programmes, the content of programming documents, and the procedure for adopting them
- **Chapter II: Action plans, measures and implementation principles (Article 18 - 22)** on action plans and measures which can be adopted, and the respective procedures, eligibility rules and flexibilities.
- **Chapter III: Implementation toolbox (Article 23 - 28)** on available tools to deliver against the objectives of the Instrument, notably budgetary guarantees, blending and financial assistance.

TITLE III: Final Provisions (Article 29 - 35)

- Delegation of powers, committee procedure, transitional provisions, EEAS clause, and entry into force
- Implementing rules for the Europe pillar: common rules for pre-accession assistance and facility-type performance-based plans

Title I - General Provisions – Objectives and principles

GENERAL OBJECTIVES – Article 4

Uphold and promote the Union's values and interests worldwide, to pursue objectives and principles of the Union's external action (Art 3(5), 8 and 21 TEU)

Contribute to the promotion of multilateralism and a rules-based international order

Achievement of the international commitments and objectives, as the SDGs

Promote stronger mutually beneficial partnerships with partner countries

GENERAL PRINCIPLES – Article 9

Concentrate means where they can make the most transformational impact

Engage in contexts experiencing extremely high levels of fragility, conflict areas, and other complex settings

Promote, develop and consolidate the principles of democracy, good governance, the rule of law and respect for human rights and fundamental freedoms

Apply a human rights-based approach guided by the principles of 'leaving no one behind', equality, non-discrimination on any grounds

Promote gender equality and girls' and women's empowerment and prevent and fight violence against women and domestic violence

Base cooperation on development effectiveness principles, and promote multilateralism

Ensure that relevant stakeholders of partner countries, including civil society organisations and local authorities, are duly consulted and have timely access to relevant information

Title I - General Provisions

Article 10 – Mainstreaming

- Fight against climate change and environmental protection
- Gender Equality

Article 11 – Team Europe approach

- Close coordination to improve coherence and complementarity
- Timely consultations and exchange of information
- Joint identification, design and implementation of actions
- Cooperation with like-minded partners and stakeholders

Article 12 – Migration and forced displacement

- Comprehensive approach, with a focus on countries of origin, transit and departure in a whole-of-route approach
- Leverage through a flexible approach, which allows to adjust the volume of funds to be allocated, and to suspend payments or the implementation of a programme, in case of serious shortcomings related to the readmission, taking into account the overall relation with the country concerned.

Title II – Chapter I - Programming provisions

General programming approach (Article 13)

- Programming documents shall provide a coherent framework for cooperation between the Union, partner countries or regions and other partners.
- The Commission shall consult other donors and actors, including local authorities, CSOs and the private sector, and shall inform the European Parliament and the Council about the outcome of the consultations.

Geographic programming principles (Article 14)

- Based on dialogue between the Union, Member States and partner countries concerned, including local authorities and involving CSOs
- Shall provide a specific, tailor-made framework for cooperation, and may envisage activities funded from different pillars

Geographic programming documents (Article 15)	Global programming documents (Article 16)
<ul style="list-style-type: none">- Multiannual country, multi-country, regional or trans-regional indicative programmes- Shall set out : priority areas, specific objectives and, where appropriate, the indicative financial allocations and the methods of implementation- Shall be based on: national/regional strategies, performance-based plans, or other joint and framework documents, as relevant	<ul style="list-style-type: none">- Multiannual indicative programmes- Shall set out: Union's strategy, priorities, specific objectives and the indicative financial allocations

Title II – Chapter II - Action plans, measures and implementation principles (1)

- **Article 18 – Action Plans and Measures**

- Commission adopts annual/multiannual action plans and measures, specifying objectives, expected results, activities, budget, and implementation methods.
- Actions and individual measures funded by programmable amounts shall be based on programming documents.
- Special measures can be adopted in response to unforeseen circumstances.
- Exceptional assistance measures can be adopted for crises, peace and foreign policy needs, for up to 18 months (with possibility to extend up to 30 months).

- **Article 19 – Adoption of action plans and measures**

- Action plans and measures shall be adopted through implementing acts, following the Committee procedure (Art 32.2) with some

Action plans and individual measures <u>up to EUR 10 M</u>	Special and support measures <u>up to EUR 20 M</u>	Action plans for crisis, peace and foreign policy needs, and exceptional assistance measures <u>up to EUR 40 M</u>
Ex-post information of the European Parliament and Member States through the Global Europe committee		Information of the European Parliament and the Council before the adoption, or ex post information of the European Parliament and Member States through the Global Europe committee

Title II – Chapter II - Action plans, measures and implementation principles (2)

- **Article 20 – Eligibility rules** of NDICI-GE and IPA III generally maintained as default option, but possibility to restrict on a case by case on the basis of EU strategic interests (for both direct and indirect management)
- **Article 21 – Excluded Activities**
 - No funding for actions violating human rights in partner countries.
 - DNSH covered by the horizontal performance regulation
- **Article 22 – Carry-overs, annual instalments, re-payments, revenue and recoveries from financial instruments and surpluses from the budgetary guarantee**
 - Automatic carry over of appropriations to year N+1, as under NDICI-GE.
 - Provisioning surpluses and reflows from financial instruments remain in the Instrument. Reflows/surpluses from legacy instruments can also be re-used.
 - Decommittments will follow the general rules set in the MFF Regulation.

Title II – Chapter III – Implementation toolbox (1)

- **Article 23 – Implementation and forms of Union funding**
 - Direct and indirect management.
 - Full financial regulation toolbox, including grants (incl. civil society support), procurement, budget support, loans, budgetary guarantees, financial instruments, blending, and trust funds.
 - Direct grants (without calls) are allowed e.g., in urgent or high-risk contexts or to companies from Member States if in the strategic interest of the EU.
 - European preference for implementing partners in indirect management.
- **Article 24-25 – Budgetary guarantees and financial assistance**
 - Maximum amount of EUR 95 billion of budgetary guarantee, financial assistance (MFA and policy-based loans) and Euratom loans – excluding Ukraine.
 - Provisioning rates like under NDICI-GE: between 9% and 50% depending on the operations; 9% for sovereign risks.
 - Provisioning rates to be reviewed every year and in line with the risk management framework.
 - Full open architecture model.
 - Global Europe Investment Board to provide strategic and operational guidance to the Commission.

Title II – Chapter III – Implementation toolbox (2)

- **Article 26 – Implementation of policy-based loans**
 - Commission implementing decision to make loans available to partner countries, subject to comitology.
 - Loan agreements specify amount, timing, conditions, and possible pre-financing.
- **Article 27 – Capital participation in development finance institutions**
 - Possibility to finance capital endowment of European and other development finance institutions
- **Article 28 – Cross-Border Cooperation**
 - Support cooperation across external borders.
 - Europe and Middle East, North Africa and the Gulf pillars may contribute to cross-border cooperation co-financed by National and Regional Partnerships Regulation
 - Allocation of up to 3% of Europe pillar envelope to it.

Title III – Final provisions

- **Article 30 – Exercise of delegation**
 - Power to adopt delegated acts to amend:
 - Article 6(5): ODA target
 - Article 24(1): maximum amount of the budget guarantee
 - Article 24(2): provisioning rates
 - Article 24(3): maximum amount of the budgetary guarantee, and provisioning rate for Ukraine
 - Annex II : Specific objectives
- **Article 31 – Adoption of further implementing rules for the Europe pillar**
 - Implementing act to establishing uniform conditions for implementing the instrument in Enlargement and Neighbourhood East countries, in relation to :
 - Design and content of the performance-based plans
 - Performance, structure and control systems in preparation of the accession
 - Management of structural, agricultural and cross-border cooperation funds