



# EU BUDGET FOR THE FUTURE

#EUBudget #FutureofEurope



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The European Union is the world's biggest donor of development assistance, the first trading partner and the first foreign investor for almost every country in the world. As a Union promoting peace, stability and exporting its values and rules, it is faced with many challenges as well as opportunities in an increasingly complex and connected world. Prosperity and peace in the EU's neighbourhood has a positive impact on the EU's own prosperity.

The EU budget helps the Union to implement its priorities globally, to rise to the challenges and opportunities and to promote its interests in the world, including through multilateral solutions. The new long-term budget will bring a significant modernisation of the external dimension of the EU budget. It will increase the effectiveness and visibility of the EU's external policies, strengthen coordination with internal policies and give the EU the flexibility for a faster response to new crises and challenges.

## THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT (NDICI)

The instrument will channel the biggest share of external action funds, with a budget of **€89.2 billion**. It will be the EU's main tool to contribute to eradicating poverty and promoting sustainable development, prosperity, peace and stability.



**More funding** for EU external action



**Simplification:** fewer instruments, and European Development Fund inside the budget



**Flexibility** on multi-annual basis, to respond to changing circumstances

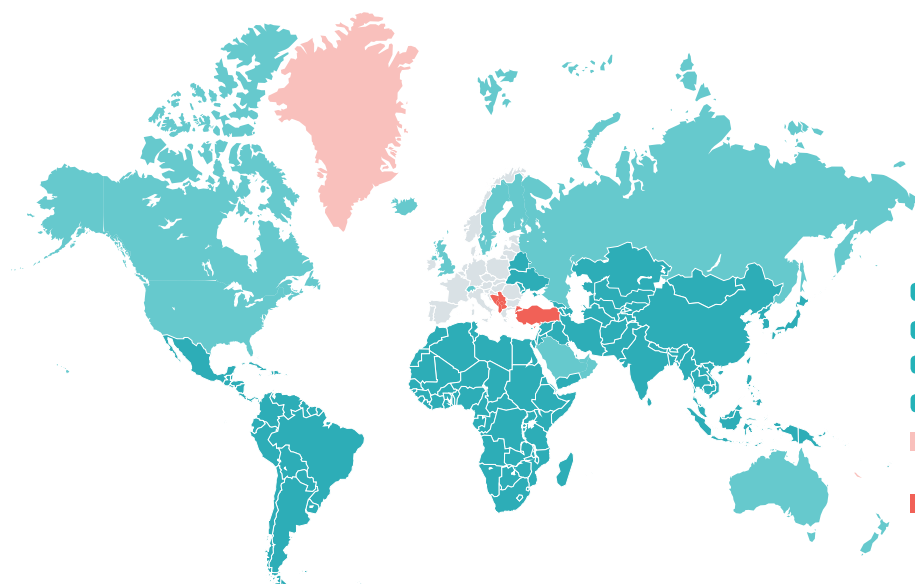


Increased **transparency** and democratic scrutiny



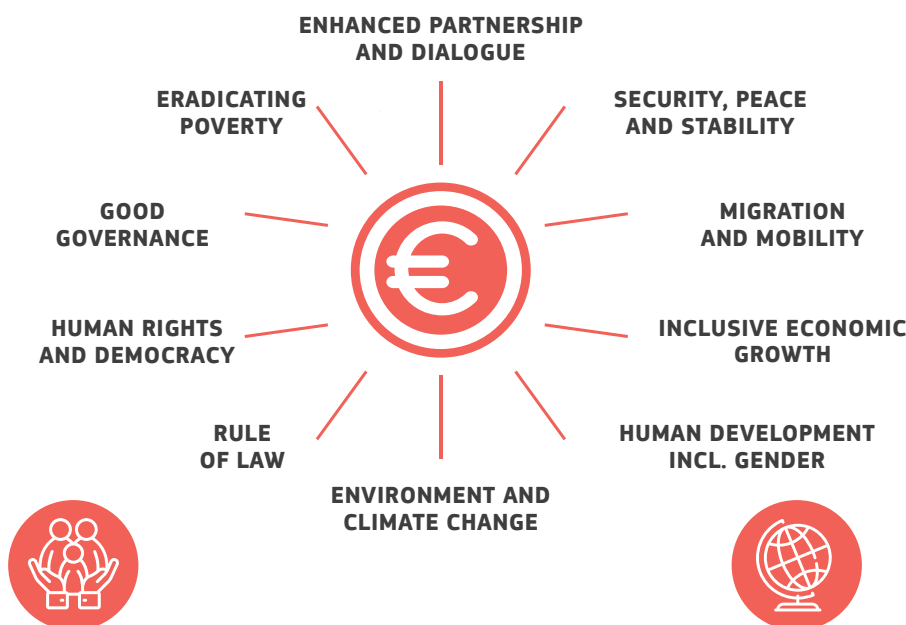
### THE NEW INSTRUMENT AT A GLANCE:

**1. THE GEOGRAPHIC PILLAR** will provide **€68 billion** worth assistance to foster **dialogue and cooperation** with third countries. Each regional envelope will be adapted to the needs and priorities of the regions in question, which reflect the EU's strategic priorities, notably in the EU's **neighbourhood** and **Africa**, as well as countries most in need.



- NDCI: Neighbourhood: **€22 billion**
- NDCI: Sub-Saharan Africa: **€32 billion**
- NDCI: Asia and the Pacific: **€10 billion**
- NDCI: Americas and the Caribbean: **€4 billion**
- Cooperation with Overseas Countries and Territories, incl. Greenland: **€500 million**
- Instrument for Pre-Accession Assistance: **€14.5 billion**




Today's global challenges – from climate change over gender equality to migration – are complex, multidimensional and intertwined. The broad instrument will remove artificial barriers between previous instruments, reduce administrative burdens and streamline management structures. In line with the close interlinkages between the 17 Sustainable Development Goals, the ambition of the new integrated architecture is that individual actions are not just addressing one separate issue, but respond to **several goals** at the same time.



**2. THE THEMATIC PILLAR**, with **€7 billion**, will fund support to human right and democracy, civil society, stability and peace. It will complement activities in the geographic pillar, inasmuch as they have to be addressed at global level.

-  Human Rights and Democracy: **€1.5 billion**;
-  Civil Society Organisations: **€1.5 billion**;
-  Stability and Peace: **€1 billion**;
-  Global Challenges: **€3 billion**, for issues like: health, education, empowering women and children, migration and forced displacement, Inclusive growth, decent work, social protection and food security.

**3. THE RAPID-RESPONSE PILLAR**, with **€4 billion**, will allow the EU to rapidly and effectively intervene for conflict prevention and to respond to situations of crisis or instability. It will help increase partner countries' resilience, as well as take early action to address the EU's foreign policy needs and priorities. It will:

-  Provide stability and conflict prevention in situations of crisis;
-  Strengthen resilience and better link humanitarian and development action;
-  Address the EU's foreign policy needs and priorities.



**AN ADDITIONAL FLEXIBILITY CUSHION**, worth **€10.2 billion**, will allow the EU to account for emerging challenges and priorities.



## INVESTMENT FRAMEWORK

The new instrument will furthermore contain an **investment framework** for external action to raise additional financial resources for sustainable development from the private sector. It will consist of the **European Fund for Sustainable Development (EFSD+)** and the **External Action Guarantee**, with increased fire-power of up to **€60 billion**, in order to:

- Support micro enterprises and SMEs;
- Promote decent job creation;
- Strengthen public and private infrastructure;
- Foster renewable energy and sustainable agriculture;
- Support digital economy, etc.



Together with the private sector and thanks to the leverage effect, this may mobilise **up to half a trillion euro in investments** for the 2021-2027. To ensure that the EU supports those countries that need it most, particular attention will be put on addressing investment needs in the EU Neighbourhood, Africa, as well as in countries experiencing fragility or conflict, least developed countries and highly indebted poor countries, as well as on regions with critical infrastructure and connectivity needs.



## CROSS-CUTTING PRIORITIES

In the Neighbourhood, Development and International Cooperation Instrument, cross-cutting priorities will be strengthened through **horizontal spending targets**. This will ensure a coordinated, holistic and structured approach on priorities:

- A horizontal spending target of **20% for human development**;
- A spending target of **25% to step up efforts on climate change**;
- A horizontal spending target of **10% to tackle the root causes of irregular migration**, while creating conditions for legal migration and well-managed mobility;
- Of the funding in the new instrument, at least **92% should be reportable as official development assistance**;
- The EU will continue to aim at meeting its target to commit **0.7% of its collective GDP in official development assistance**, and **0.2% to least developed countries**.



## THE EU NEIGHBOURHOOD

Through its European Neighbourhood Policy the European Union will continue working with its partners to foster **stabilisation, security** and **prosperity**. An increased ring-fenced budget of €22 billion will strengthen the core Neighbourhood specificities:

### EUROPEAN NEIGHBOURHOOD POLICY AND ENLARGEMENT NEGOTIATIONS

- European Neighbourhood Policy Partners - South
- European Neighbourhood Policy Partners - East



(\*) Maps are for illustrative purposes only.

## PRINCIPLES



**Policy-driven:** based on the key policy objectives put forward in the Revised Neighbourhood Policy and agreed with the partners



**Mutual accountability:** rule of law and fundamentals values



**More-for-more:** 10% of the funds to reward progress in democracy, human rights, cooperation on migration, economic governance and reforms

## PRIORITIES

### ➤ PROMOTING ENHANCED POLITICAL COOPERATION

### ➤ SUPPORTING THE IMPLEMENTATION OF CURRENT AGREEMENTS

Association agreements, association agendas, partnership priorities - and working for future agreements

### ➤ ENHANCED PARTNERSHIP TOWARDS SOCIAL AND ECONOMIC PROSPERITY

improving market access including through Deep and Comprehensive Free Trade Agreements to facilitate business environment and investment to achieve progressive economic approximation to the EU's single market.

### ➤ PEOPLE-TO-PEOPLE CONTACTS

Promoting a strengthened partnership with societies between the Union and the partner countries – including with Erasmus+ and Horizon Europe.

### ➤ ENHANCING REGIONAL COOPERATION

In the framework of the Eastern Partnership, the Union for the Mediterranean, European Neighbourhood-wide collaboration as well as cross-border cooperation.

### ➤ MOBILITY AND MIGRATION MANAGEMENT

### ➤ SECURITY AND STABILITY



## INTERNATIONAL COOPERATION AND DEVELOPMENT

The policy framework for the EU's development cooperation has been laid out in the **European Consensus on Development**, which sets the political vision underlying the financial proposals for the future MFF. The core objective of this vision remains the **eradication of poverty** and the implementation of the **Sustainable Development Goals** of the UN's 2030 Agenda and its determination to leave no one behind.

In that vein, at least 92% of the funding under the instrument shall fulfil the requirements of the OECD Development Assistance Committee and hence count as Official Development Assistance.

20% of the instrument shall contribute to social inclusion and human development, including gender equality and women's empowerment.

In addition, the instrument addresses specifically good governance, democracy and human rights, climate change, and migration and mobility.

The countries most in need, particularly least developed countries, low income countries, fragile or crisis-struck countries will be given particular priority. The EU will continue to work towards achieving the target of investing 0.7% of its collective Gross National Income in official development assistance, and 0.2% to least developed countries.

By integrating the European Development Fund into the EU's budget, the European Parliament will have an increased say and oversight in development action.

## EUROPEAN INSTRUMENT FOR NUCLEAR SAFETY

With **€300 million**, the EU will support nuclear safety around the world, on the basis of the Euratom Treaty. It will complement some of the activities funded under the Neighbourhood, Development and International Cooperation Instrument, as well as the Instrument for Pre-Accession Assistance.

# OVERSEAS COUNTRIES AND TERRITORIES

Continued cooperation with EU Member States' Overseas Countries and Territories (OCTs) including Greenland will be underpinned with a budget of **€500 million**. It will strengthen their close historical and political ties with the European Union, as well as promote their economic and social development.



## EXAMPLES OF THE NEW BUDGET IN ACTION:

The new instrument will allow the EU to respond better and faster to complex global challenges by mobilising short-term, medium-term and long-term action in a streamlined manner.



### CLIMATE CHANGE

Challenges related to climate change are vast and require a combination of long-term and short-term actions, taking into account development needs of our partner countries, fostering investment opportunities in the field of green technologies and energy. At the same time, big climatic disasters are increasing both in volume and intensity, requiring immediate assistance.

- Thanks to the **rapid-response pillar**, the EU can mobilise short-term assistance in a rapid and effective manner – for example, to offset the challenges posed by climatic events like El Niño. This will ensure full complementarity with the EU's humanitarian assistance, strengthen the **links between** humanitarian aid and development assistance, and enhance the **resilience** of affected partner countries.
- The instrument's ambitious **target to allocate 25% of its budget** to tackling climate change, will help to ensure that it is done in a coherent and effective way across the EU's long-term development cooperation.
- Enhanced cooperation and **partnership with like-minded allies** in the global arena will allow for jointly tackling.
- The **flexibility cushion** of the new single instrument will allow the EU to account for changing needs and emerging priorities.
- The **investment framework** for external action, including its activities to blend public and private financial resources, as well as as the innovative guarantee fund, will help to mobilise and leverage funding to invest in climate action, for example for renewable energy.



### MIGRATION

Migration remains a global challenge. Long term policies continue to be essential to address its root causes, while preserving capacities for responding to crisis situations in the short term. The EU has been working to tackle this complex challenge through a comprehensive approach, and the new instrument will further enhance effectiveness and efficiency of EU policies:

- The new instrument will ensure full complementarity between **short- and long-term** actions, as well as between the **internal and external aspects of migration** – in line with the EU's comprehensive European Agenda on Migration.
- Thanks to the **rapid-response pillar**, the EU can mobilise short-term assistance in a swift and effective manner – for example to react to critical situations of refugee waves in conflict-ridden areas or of migrant influx. This will ensure full complementarity with the EU's humanitarian assistance, strengthen the **links between** humanitarian aid and development assistance, and enhance the **resilience** of affected partner countries.

- Poverty, instability, conflict and climate change are among the factors that push people to leave their homes, in search for a better life. A **10% spending target** will be dedicated to tackle the root causes of irregular migration and forced displacement, in particular by promoting development and inclusive economic opportunities while creating conditions for legal migration and well-managed mobility.
- The **investment framework** for external action, including its activities to blend public and private financial resources, will help mobilising funding along the lines of the the development-migration nexus.
- The **flexibility cushion** will enable the EU to react swiftly to emerging challenges, for example those linked to migratory pressures.



## HUMAN RIGHTS, DEMOCRACY AND GOOD GOVERNANCE

Promoting human rights and democracy is at the very core of the EU's external action – and even more so, as human rights and civil society are under increasing attack in too many parts of the world. The EU continues to be the point of reference for all those that invest in human rights and democracy, and the new instrument will provide a better basis to do so. It will allow for short-, medium-, and long-term actions with all civil society actors, from local to international.

- The **geographical pillar** will allow for a flexible and tailor-made approach, which takes into account the context and needs of the partner countries and regions in question. EU support will help to strengthen partner countries' democratic processes, governance and oversight.
- With the new instrument, the EU will continue to strengthen human rights, civil society and promote independent and pluralist media.
- Such actions will be complemented with action under the **thematic pillar**, with **€1.5 billion** – this is particularly relevant in places where human rights activists and civil societies are confronted with shrinking space for their actions.
- **Election observation missions** will continue to support democratic processes in partner countries.
- The EU is and remains a reliable **global partner** and a staunch supporter of **multilateralism** – with particular attention to the Office of the High Commissioner for Human Rights (OHCHR), the International Criminal Court (ICC) and relevant regionals and national human rights mechanisms.