GLOBAL EUROPE: A BLUEPRINT FOR LONG-TERM PROSPERITY

December 2025 - Analysis of the European Commission proposal

EXECUTIVE SUMMARY

Investing in the Global Europe Instrument (GEI) is a strategic imperative and an effective line of defense against global threats that could destabilize our partners societies and economies. In today's interconnected world, these are also threats to Europe's own stability and prosperity. To maximise the impact of these investments and retain global influence, the European Parliament and Member States must:

SUSTAIN AMBITION & DELIVER AT SCALE:

- Safeguard the €200.3 billion budget for the GEI as the bare minimum for a credible global player.
- Agree on new Own Resources.
- Ensure de-commitments flow back to the budget line of origin.

DELIVER IMPACT THROUGH PROVEN, EFFECTIVE INVESTMENTS:

- Reinstate cross-cutting spending targets, dedicating at least 20% of the GEI budget to promoting human development, 50% for climate and environment spending and 85% to projects promoting gender equality.
- Introduce restrictions and safeguards on direct grants to the private sector, including a €5m cap and public disclosure.
- Preserve grant funding by capping the proportion of the GEI that can be used for guarantees.
- Reject aid conditionality.

UPHOLD TRANSPARENCY AND OVERSIGHT:

- Reject provisions that allow the GEI's ODA target to be adjusted during the course of the budget cycle.
- Set minimum levels of funding for strategic investments, including sub-Saharan Africa, Humanitarian Assistance and the global pillar.
- Define and ring-fence 70% of the geographic and global pillars for programmable activities.

SUSTAIN AMBITION, DELIVER AT SCALE: GLOBAL INVESTMENT IS EUROPEAN STRENGTH

Investing in external action is more vital than ever. By strengthening health security, tackling climate challenges and promoting peace, these investments are Europe's first line of defense against escalating global challenges. In upcoming negotiations on the EU's new long-term budget and the Global Europe Instrument, the European Parliament and Member States must:

- **Safeguard the proposed €200.3bn budget for the Global Europe Instrument (GEI) - the bare minimum for a credible and effective EU global role.** This envelope is Europe's most powerful tool to promote stability, prosperity, and a rules-based international order. Global investments are essential for navigating today's interconnected crises: by strengthening health security, tackling climate challenges, and promoting peace they deliver clear returns for both EU citizens and people worldwide.

> Studies show that EU development cooperation delivers a double dividend: it fosters shared prosperity and well-being globally whilst also generating tangible economic returns for Europe. Between 2020 and 2022, the €24.2 billion the EU invested in ODA delivered development outcomes while also creating approximately €24.4 billion in new export opportunities for European companies.[1]

- **Reinstate a derogation which ensures that de-commitments under the GEI return to their original budget line, as provided in Article 30 (2) of the NDICI regulation.** Under the NDICI, this clause guaranteed that unspent funds within external action remained inside the external action envelope, rather than reverting to the general budget. It was a central element of the political compromise that accompanied the budgetisation of the European Development Fund. The GEI proposal removes this safeguard, meaning de-commitments from the external action budget could be repurposed to fund internal EU priorities.
- **Agree on an ambitious package of new own-resources to finance EU spending priorities, including the GEI, as well as Next Generation EU loan repayments.** Meeting the EU's commitments and ambitions requires additional resources. Agreement on a new own resources package will ensure not only an overall ambitious MFF with a strong external action budget, but also the ability to fill the estimated €15-25 billion needed each year to repay Next Generation EU debt.

AID THAT DELIVERS IMPACT: MAKE EVERY EURO COUNT - FOR PEOPLE, PLANET, AND EUROPE'S LONG-TERM INTERESTS

The GEI must deliver measurable and enduring results. To achieve this, EU external action should focus squarely on impact, ensuring that every euro contributes to sustainable development, greater resilience and stability, peace and shared prosperity whilst upholding the EU's values and Treaty obligations. To guarantee effectiveness and impact, Member States and the European Parliament must:

- **Keep development at the core: increase the ODA target to 93% in line with the NDICI regulation and elevate poverty alleviation and the reduction of inequalities as the primary objective of the regulation.** This would align the GEI with Article 208 TFEU and the EU's global commitments, ensuring that strategic choices serve - rather than overshadow - long-term development outcomes.

- **Reinstate the requirement for conflict sensitivity and do no harm** from the NDICI Regulation for all actions under the GEI.

- **Reinstate targets to ensure the EU's ODA budget delivers on the European Parliament and Member States' priorities.** Targets transform political intent into accountability - providing both predictability for partners and clarity for citizens. While flexibility remains important, targets provide balance that keeps EU spending focused on agreed strategic development goals.

The following targets should be included in the GEI regulation:

- **At least 20% of EU ODA is invested in human development:** Partner countries value the EU's leadership in human development investments[2], enhancing Europe's influence and partnerships with key regions. Investments in human development are crucial to build solid and resilient societies and to foster both human and economic growth. This commitment has been a cornerstone of EU development policy, consistently endorsed by Member States and the European Parliament, and should be maintained.

Globally, every additional year of schooling increases earnings by approximately 10%, while boosting national growth through improved productivity and innovation.[3] Strengthening global health systems on the other hand, could add ~US$12 trillion, an 8% increase, to global GDP by 2040.[4]

- **Raise the climate and environmental spending target for GEI to at least 50%, with a minimum of 35% dedicated to climate action and 15% to biodiversity,** reflecting the interdependence between a stable climate, healthy ecosystems, and sustainable development. A robust tracking methodology should be established to monitor spending on climate mitigation, adaptation, and biodiversity.

- **The Do No Significant Harm principle should be strengthened**, including through an explicit horizontal exclusion of all financial support to particularly harmful investments, such as new fossil fuel infrastructure. Climate finance should provide balanced support for mitigation, adaptation, and loss and damage, with increased grant-based funding for adaptation projects, only grants for loss and damage, and stronger mainstreaming of nature-based and agroecological approaches that deliver co-benefits for people and nature. Ringfencing a dedicated biodiversity target is essential to ensure sustained investment in nature protection and restoration, critical to achieving climate resilience, food security, and sustainable livelihoods and fulfilling the EU's commitments under the Kunming–Montreal Global Biodiversity Framework.

- **Gender equality: 85% of ODA going to projects that have gender equality as a significant or principal objective (OECD marker G1 or G2) with 20% of ODA going to projects which have gender equality as their principal objective (OECD marker G2).** Empowering women and girls has multiplier effects across health, education, peace and economic growth.

Ensuring every girl finishes primary school alone could cause maternal deaths to drop by two-thirds globally.[5] This is mirrored by the economic return, as unlocking girls' full potential could boost women's lifetime earnings by up to £30 trillion.[6]

- **Introduce restrictions and safeguards on the use of grants to private sector entities.** The draft regulation allows the European Commission to award grants directly to private-sector entities without a competitive call for proposals. Without clear limits or safeguards, this provision opens the door to a potentially significant use of GEI funds toward corporate subsidies. To prevent this, Member States and the European Parliament should:
  - Introduce a cap of €5m on awards that can be made directly to the private sector, in line with the rules for the new Investment Hub;
  - Require public disclosure of private sector beneficiaries, amounts, and justification for additionality;
  - Ensure that direct grant awards are used only in exceptional, clearly defined circumstances, when the action can only be implemented by a specific entity due to its nature or technical competence, and where public interest is demonstrable;
  - Require that, in such limited and justified cases, the European Commission fully documents and justifies the reason for the exception to both the Member States and the European Parliament, ensuring transparency and accountability.

- **Ensure that EU development cooperation remains un-tied, open to local and regional entities, and fully consistent with global standards on aid effectiveness.** The GEI's Article 20 on procurement and participation allows the EU to restrict eligibility for contracts and funding to EU or selected partner-country entities, including based on the strategic interests of the EU. Such restrictions would limit fair competition, raise costs for partner countries, and reduce the impact of EU funding on local economies. This risks effectively reintroducing tied aid, undermining the OECD-DAC norm that aid should be untied and based on value for money.

- **Preserve and target grant funding.** Grants remain essential for health, education, climate adaptation, peacebuilding and conflict prevention, and human rights, and in particular in fragile and conflict-affected contexts, where public goods cannot rely on commercial financing. This is why it is essential to establish a maximum amount of the total GEI budget that can be used to provision guarantees, as is the case in the NDICI.

- **Ensure that EU guarantees generate additionality over existing market solutions and that scaling guarantees are only agreed once a thorough assessment has been done on the impact of the EFSD+ guarantee projects.**
  - All guaranteed operations should demonstrate genuine additionality, financing activities that would not proceed without EU support, targeting underfinanced or higher-risk countries and sectors, and bringing measurable development impact.
  - The Court of Auditors opinion on the guarantee highlights the insufficient evidence regarding how EFSD+ interventions differ from business-as-usual investments and how much impact they achieve.[7] This modality should not be scaled unless this is evidenced.

- **Introduce clear guidance for the implementation modalities of policy-based loans.** This should include a ceiling, specific guidance and safeguards on debt sustainability as well as transparency requirements. Detailed provisions should guide implementation of other funding modalities, such as loans or grants for blending operations, to set conditions of relevance, implementation and objectives.

- **Reject aid conditionality: Member States and the European Parliament should remove the possibility to halt ODA to countries who do not cooperate on readmitting their nationals.** Conditionality can erode trust, fostering asymmetrical relationships between the EU and its partners and risks being counterproductive. Such policies can create tension in diplomatic relations, especially in countries unwilling or unable to meet EU demands for border control or return cooperation. Against the backdrop of intensifying competition from emerging donors, the EU's use of conditionality could diminish its geopolitical leverage and attractiveness as a partner.[8]

UPHOLD OVERSIGHT AND TRANSPARENCY: FLEXIBILITY MUST COME WITH ACCOUNTABILITY

- The Global Europe Instrument grants the European Commission unprecedented discretion over funding mechanisms. The ability to adjust overall funding levels to regions and global programmes over the course of the next budget cycle risks diluting the political priorities agreed with Member States and the European Parliament.

- The proposed merger of the EU's external action instruments also poses risks, potentially forcing complex trade-offs between development, humanitarian and pre-accession funding. While flexibility can indeed make EU external action more agile, this should not come at the expense of transparency, accountability, or democratic legitimacy. Predictability is essential for a budget to deliver real impact. It is the only way to support the long-term systemic reforms needed to address the root causes of poverty, violence, and instability. As such, increased flexibility must be balanced by stronger oversight. The European Parliament and Member States should therefore:

- **Reject provisions that allow the GEI's ODA target to be adjusted over the course of the budget cycle.** A clear, predictable ODA commitment is equally vital to uphold the EU's credibility as a development partner. Allowing the Commission to adjust the ODA target unilaterally would weaken trust and reliability, potentially undermining impact by as much as 20%[9] and diverting resources from the EU's core mission of poverty alleviation and sustainable growth.

- **Set minimum funding levels for key regions and global programmes and protect them from reallocation pressures:**
    - **Sub-Saharan Africa:** Europe and Africa's futures are intertwined. Africa has immense economic potential, demographic advantages, and geopolitical influence, essential for tackling shared challenges such as climate change, food security and sustainable prosperity. The EU must invest in partnering with Africa to deliver on shared priorities, in the interest of citizens on both continents.
    - **Humanitarian action:** The €25 billion indicated for humanitarian action in the Commission's Communication should be included in the GEI Regulation. With 310 million people worldwide in need,[10] humanitarian action remains Europe's most visible and principled expression of solidarity, a beacon of hope in the darkest of times. It must stay needs-based, neutral, independent and impartial, insulated from political bargaining.

- **Global pillar: It is essential to safeguard and adequately fund the Global pillar.** This pillar is critical to ensuring a strategic, predictable, and multilateral EU engagement on global challenges, particularly those related to EU commitments to global agreements and straightening global partnerships. A major lesson from the current budget cycle is that flexibility cannot compensate for an underfunded strategy. Over the course of the current MFF, the European Commission has had to rely on funding earmarked for unforeseen crises (the NDICI cushion) to compensate for funding shortages in the global challenges programme and sustain long-term partnerships. Instead of being used for its intended purpose - to respond to unforeseen crises - the flexibility has become a fix for chronic underinvestment. As a result, the cushion was 80% depleted by the mid-point of the current MFF,[11] leading the EU dangerously unprepared for any new, unexpected crises.

- **Establish ring-fenced amounts for programmable and non programmable envelopes to balance predictability with flexibility.** 70% of the GEI's geographic and global pillars should be ringfenced for programmable funding needs, ensuring the majority of the instrument's resources are channeled toward long-term challenges. The remaining 30% will maintain the necessary capacity for agile and targeted interventions, covering resilience, immediate crisis response, peace building and humanitarian assistance. Striking this pragmatic balance is a commitment to stability and effectiveness, providing the financial certainty necessary to support long-term development and resilient partners, whilst also protecting vital humanitarian support. It simultaneously ensures operational flexibility. Ringfencing isn't about restricting flexibility; it's about strategic focus and guaranteeing the EU's political priorities are protected and investments deliver lasting results.

- **Ensure that decisions on reallocations, carry-overs, reflows, and the use of non-programmable funds remain under the oversight of the Budgetary Authority.** Negotiations on pillar amounts must continue to be an integral part of the MFF and GEI negotiating box, rather than being shifted to the annual budget procedure.

- **Clarify the governance framework ensuring that decisions are transparent and based on development effectiveness principles.** The GEI regulation establishes a dual purpose: advancing the EU's interests while supporting partner countries' sustainable development. Yet, it offers no guidance on how potential conflicts between these objectives will be resolved. When EU strategic and partner-country priorities diverge, there must be a mechanism for arbitration and accountability.

- **Leverage the European Competitiveness Fund (ECF) to finance EU companies' participation in Global Gateway projects, thereby preserving GEI's grant resources for sustainable development.** Ensure that any ECF-supported operations fully comply with GEI safeguards and the Do No Significant Harm (DNSH) principle, so that ECF investments complement rather than replace GEI financing for non-commercial, high-impact sectors.

- **Introduce safeguards on transparency and accountability in the management of guarantees and blending operations**, including for the proposed Global Europe Investment Board by:
    - Ensuring that the risk management function for the budgetary guarantee takes into account the objectives and principles of the Instrument.
    - Including the objective of contributing to the alignment with the EU's external action and development policy as part of the Global Europe Investment Board (the Board) mandate in guiding the implementation of the budgetary guarantee and blending.
    - Introducing requirements to publicly disclose minutes and agendas of the Global Europe Investment Board (the Board) and a requirement for the European Commission to report annually on the progress made in the implementation of the budgetary guarantee and financial instruments.

[1] The economic impact of EU aid on EU economies by ODI
[2] Why does human development matter to the EU's strategic priorities? by ECDPM
[3] 50 years after landmark study, returns to education remain strong by World Bank
[4] Yerramilli P, Chopra M, Rasanathan K. The cost of inaction on health equity and its social determinants. BMJ Glob Health
[5] Gender gap in primary school enrolment halved over past 25 years by UNESCO
[6] Why investing in girls' education is both an economic and moral imperative by WEF
[7] Opinion / (pursuant to Article 287(4), TFEU) accompanying the Commission evaluation of the External Action Guarantee [COM(2024) 208]
[8] Using Development Aid as a Leverage in the EU's External - Journal of Immigrant and Refugee Studies - 2025
[9] Reforming ODA to Increase Development Impact – Brookings – July 2014
[10] Global Humanitarian Overview 2025, April Update (Snapshot as of 30 April 2025)
[11] Revision of the Multiannual Financial Framework: Civil Society's analysis of the European Commission's proposal