



The Global Europe Instrument: Balancing ambition, flexibility and accountability in the EU's external action

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KEY MESSAGES

1. **Maintaining the ambition of the Global Europe Instrument (GEI) proposal will require a compelling narrative bridging the internal and external EU policy objectives.** The proposal modernises EU external action by aligning development cooperation with competitiveness, resilience, security and broader geopolitical objectives. Sustaining its ambition under fiscal pressure requires a clear narrative demonstrating that external action directly supports the Union's strategic and economic interests.
2. **The GEI provides flexibility, which must be balanced with predictability and accountability.** Expanded flexibility can strengthen the EU's ability to respond to crises and shifting priorities, but must be anchored in clear governance rules, transparent reallocation criteria and robust monitoring. Predictable geographic allocations and principled humanitarian action remain essential to maintain partner trust and long-term effectiveness.
3. **Development commitments must be safeguarded as new tools are introduced.** The removal of earmarks heightens the need for strong reporting to ensure continued attention to climate, gender, human development and global public goods. As investment-focused instruments grow, the EU must ensure development additionality, credibly uphold the 90% ODA requirement, and maintain clear distinctions between development and trade finance.
4. **Coherence across EU financing instruments is crucial for a credible external offer.** The GEI's success depends on effective coordination with instruments such as the European Competitiveness Fund. Ensuring complementarity between trade, development and investment tools, and empowering EU delegations and Team Europe, will be key to delivering a unified and competitive EU engagement.



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INTRODUCTION

At the fourth annual ETTG Dialogue on the EU and Global Development (Paris, October 2025), representatives from European governments, institutions and think tanks examined the European Commission's proposal for a new *Global Europe Instrument* (GEI) under the 2028–2034 Multiannual Financial Framework (MFF).

The proposal marks a significant step in the evolution of EU external action (Figure 1). It aims to streamline instruments, link external cooperation more explicitly with Europe's strategic and economic interests, and enhance flexibility in an increasingly volatile global environment. The debate around the GEI unfolds at a moment when the EU's long-term budget is being redefined to reflect new priorities, from competitiveness, strategic autonomy and security to resilience and technological leadership, under tight fiscal constraints.

Ensuring that the EU's internal and external policies and financing instruments work in tandem will be critical. A stronger external dimension can reinforce the Union's competitiveness, resilience and security, while a more prosperous and cohesive Europe is better placed to engage credibly and effectively with partners abroad. The upcoming MFF negotiations are an opportunity for the EU to forge explicit and functional synergies between its internal priorities and its external action instruments.

This brief provides an overview of some of the key issues and concerns raised in the fourth annual ETTG Dialogue and identifies policy priorities for the negotiations ahead. It draws on ECDPM's early analysis of the Commission proposal and insights from the ETTG dialogue (Jones et al., 2025a).

Figure 1: Key features of the proposed GEI




Source: From Jones et al. (2025a)




1. AMBITION: ALIGNING THE EU'S EXTERNAL POLICY WITH STRATEGIC INTERESTS

The proposal confirms the Commission's intention to maintain a strong and visible EU external budget despite tightening fiscal constraints. The €200 billion GEI marks a significant increase, which would nonetheless keep external action broadly stable as a share of the overall EU budget, at a level comparable to the 2021–2027 MFF. In practice, this would allow the EU to maintain its relationship and credibility towards partner countries, which is even more important in a context where interdependencies between the EU and the world are recognised as a strategic element that should guide EU external actions.

Alongside the GEI, the establishment of a €100 billion Ukraine Reserve sends a strong political signal of sustained EU commitment to Ukraine's recovery and reconstruction, while helping prevent the crowding-out of development and cooperation resources and preserving predictability for long-term partnerships.



The ambition of the GEI - in terms of volume - will face significant fiscal and political pressures. This tension between ambition and limited fiscal space is likely to result in a decreased budget, with impacts on EU partnerships with the world.



However, the discussion held in Paris showed that the ambition of the GEI – in terms of volume – will face significant fiscal and political pressures. First, several EU member states voiced concerns about the overall increase of the MFF budget. Second, in terms of negotiations dynamics, competing demands under the internal pillars



The Global Europe Instrument reflects the dual objective at the core of the EU's external policy: supporting sustainable development and global public goods while advancing the Union's strategic and economic interests.



of the MFF will influence the space available for external action. This tension between ambition and limited fiscal space is likely to result in a decreased budget, with impacts on EU partnerships with the world – which was one of the key worries arising in the discussion. In order to avoid a disproportionate cut of the external action budget, there is a need to better connect the external pillar and the internal ones in the MFF negotiations, and to develop a compelling narrative on how the EU external action contributes to European interests (Jones et al., 2025b). Sustaining ambition will therefore require a coherent political narrative that frames external action as a strategic investment in Europe's prosperity, stability and credibility, not an expendable add-on.

The GEI proposal also seeks to strengthen Europe's role in the world by aligning external action more closely with internal priorities such as competitiveness, resilience and security (Bilal, 2025). The GEI reflects the dual objective at the core of the EU's external policy: supporting sustainable development and global public goods while advancing the Union's strategic and economic interests. In this context, participants in the ETTG Dialogue welcomed the cross-references between the GEI and the European Competitiveness Fund, even though the concrete articulation between the two proposals remains unclear. At the same time, they also acknowledged that for this to work, greater coherence between internal and external policies will be essential. Measures (especially those related to climate and trade) designed for the EU Single Market, particularly in areas such as green and industrial regulation, can have significant spillover effects on partners and shape the Union's external credibility.

Within this broader budgetary and political context, participants in the discussion highlighted several priorities that are likely to shape the next MFF: a stronger focus on Global Gateway and private-sector engagement, migration management and continued investment in human development, inclusive growth, democratic governance, human rights, gender equality and global public goods. Several also emphasised that, to remain credible and effective, these must be balanced with sustained engagement in least-developed and fragile contexts, where long-term EU partnerships remain essential. Maintaining this balance will be key to ensuring that the GEI supports both Europe's strategic interests and its global development commitments.

2. PRINCIPLES: ENSURING COHERENCE, FLEXIBILITY AND ACCOUNTABILITY IN PRACTICE

The GEI aims to enhance coherence by merging previously separate instruments and aligning humanitarian, development and enlargement activities within a single framework. It reinforces the geographic programming principle, complemented by global actions and the Team Europe approach. Consolidation can strengthen the link between humanitarian aid, sustainable development and political action, provided differentiation is maintained across policy areas with distinct operating principles. Yet, some participants in the ETTG dialogue emphasised that such a differentiation should not prevent working on nexus types of approaches such as the humanitarian, development and peace nexus.

A defining feature of the proposal is its expanded flexibility, which forms part of a broader effort to embed adaptive mechanisms both within the instrument and across the MFF. The *Emerging Challenges and Priorities Cushion*, already part of NDICI–Global Europe, would be further strengthened and enlarged under the GEI to enable more strategic mobilisation of resources when new crises or political priorities arise. In addition, the GEI foresees non-programmable components within each of its six pillars, providing greater room for manoeuvre

and rapid response. It also allows for more dynamic programming reviews, the reallocation of funds between geographic and thematic programmes to respond to emerging needs or shifting priorities, and stronger links with cross-heading reserves and crisis instruments. Most participants in the ETTG dialogue welcome this move towards a more flexible and hence relevant/effective budget.


The removal of most thematic targets simplifies management but reduces the visibility of specific policy commitments. Under NDICI–Global Europe, targets were set for areas such as official development assistance (ODA), climate action, migration, human development, gender equality and support to least-developed countries. Most of these are removed from the GEI proposal, with only a 90% ODA requirement and a 30% target on climate and environment (to be found in the Performance Framework Regulation) remaining. This enhances flexibility but also weakens transparency and predictability, which were key concerns of the participants in the ETTG dialogue. To maintain political accountability and policy coherence, the shift will need to be matched by robust reporting and monitoring, ensuring continued attention to priorities such as migration, gender and human development.

Flexibility, predictability and accountability need to go hand in hand. Partner countries appreciate the EU as a stable and predictable partner that allows building longer-term partnerships and processes. These are even more important in a context where multilateralism and the rule order are questioned and, in some contexts,



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losing relevance. Accountability is also key for the EU and its member states and for partner countries, to ensure that a more flexible budget is responsive to their priorities and used strategically to build and strengthen mutually beneficial partnerships. Yet, participants highlighted that the operationalisation and right balance of such principles will mean striking trade-offs in practice. Too much flexibility can make accountability more challenging, whilst too strict and bureaucratic a framework may make EU response slower and less relevant.

Preserving predictability and principled engagement will thus be a key test of the new system, especially in fragile and crisis contexts. A consensus amongst all participants was on humanitarian assistance, which must continue to be allocated on a needs-based and impartial basis, even as it becomes part of a more integrated framework. Ensuring that this distinction remains clear will be essential to maintain the EU's credibility and effectiveness in crisis response.

For most participants, clear rules for reallocations and a sound governance system will be key, as well as greater clarity on the share of programmable versus non-programmable funds and ensuring that funds for a targeted region cannot be used in other geographical areas. The proposal also introduces an annual political steering process involving the Council and the European Parliament, aimed at framing the elaboration of the annual budget. A mechanism is also foreseen to inform and give a more decisional role to the Council and Parliament for the use of the Cushion. This is a point where most participants in the ETTG Dialogue were interested to understand what this would look like in practice.

In addition, a stronger governance should also look at how in practice the GEI can be more receptive and integrate the needs of partner countries, and balance a centralised with a decentralised approach that could leverage the insights and knowledge of EU delegations. In turn, this would help strengthen partnerships, in a truly mutually beneficial manner.




3. TOOLS: BUILDING A MODERN AND COMPETITIVE EXTERNAL FINANCING ARCHITECTURE

One of the issues experienced under the current MFF is that the tools (falling under NDICI-GE) were negotiated before the Global Gateway was introduced. As a result, the tools available with limited involvement of the private sector have not been fully conducive for the implementation of the Global Gateway strategy. Following the Draghi report, this has now become one of the main priorities of the so-called 'investment' Commission.

A core innovation of the GEI proposal lies in the expansion and diversification of its financial toolbox. Building on lessons from NDICI-Global Europe (whose instruments were designed before the Global Gateway and limited private-sector mobilisation), the new framework aims to make the EU a more agile and competitive actor in global investment and development finance. It introduces direct grants to EU-based private sector entities for projects of strategic interest; guarantees are open to export-credit agencies and private financial institutions; and policy-based lending is introduced to support partner-country reforms. Together, these tools reflect a more investment-driven approach, aligning external cooperation with Europe's broader economic and geopolitical objectives.

This shift raises questions about how to articulate strategic and development objectives and ensure that new instruments continue to serve partner priorities and global public goods. Clear criteria and governance arrangements will be essential to maintain transparency and development additionality, and to avoid perceptions that EU financing primarily advances internal interests at the expense of better responding to partner countries' priorities.



In this context, part of the discussions held in Paris focused on the 90% ODA requirement, which means that 10% of the GEI spending can be non-ODA (vs. 7% under the current MFF). The first question arose as to whether the 90% target is too ambitious, given the introduction of a grant mechanism for the European private sector, and the possibility to deploy guarantees through ECAs that mostly operate according to ODA-tied aid logic. In that sense, and given the push by the European Commission and some EU member states on private sector engagement in Global Gateway, some may wonder whether 90% is realistic. The second question focused on the flexibility around the 90% target which, according to the draft proposal, could be adapted by the European Commission through a delegated act. Decreasing this target has implications for EU member states, and sends a political message to partner countries – it is therefore not only a technical but a very much political exercise. Some participants insisted on the need for a clear oversight by member states on such decisions, not leaving this possibility to unilateral decisions by the Commission. The third question referred to the ongoing OECD-DAC review process and its connection with discussions on ODA and what is considered as tied and untied aid, which might also have implications for the 90% target set by the GEI.

In addition, focusing grant resources on least-developed and fragile contexts would help the EU engagement in those settings, which cannot be done only through development finance, while allowing investment tools (development and trade finance) to target more advanced or commercially viable settings.

Effective implementation will depend on coherence across the EU's wider financial architecture, including the GEI and the European Competitiveness Fund, and on empowering EU delegations and the Team Europe approach to design projects and portfolios that are context-specific, responsive and fully part of a mutually beneficial partnership approach. Ultimately, success will depend less on the number of new instruments than on their coherence, clarity and credibility.

Ensuring that the EU's financial offer remains both strategic and meaningful for sustainable development, and that it is clearly communicated to partners, will be essential to translate the ambition of the GEI into real impact.



A core innovation of the Global Europe Initiative proposal lies in the expansion and diversification of its financial toolbox. Building on lessons from NDICI–Global Europe the new framework aims to make the EU a more agile and competitive actor in global investment and development finance.



4. CONCLUSION AND RECOMMENDATIONS

The GEI has the potential to modernise the EU's external action and make it more strategic, coherent and responsive. Realising this potential will depend on how effectively the EU balances ambition with fiscal realism, flexibility with accountability, and its geopolitical aspirations with long-term development commitments. The outcome of the coming MFF negotiations will not only determine the shape of the EU's external budget, but also signal the kind of global actor Europe intends to be in the decade ahead.

Drawing implications from the discussion held in Paris and current ongoing work, this policy brief highlights a set of four recommendations that aim at ensuring that the GEI delivers on both its geostrategic and developmental ambitions:

1 **DEVELOP A COMPELLING POLITICAL NARRATIVE LINKING EXTERNAL ACTION TO EU STRATEGIC INTERESTS**

To sustain the proposed level of ambition under tight fiscal constraints, a coherent and persuasive narrative should frame external action as a strategic investment in Europe's prosperity, stability and credibility. The GEI should be positioned not as a discretionary spending item, but as a tool to promote sustainable development, peace and human rights globally; and through that lens, also advance internal priorities such as competitiveness, resilience and security through external engagement. Demonstrating clear and measurable synergies between the EU's internal and external pillars will be critical to maintaining political support during MFF negotiations and ensuring continued commitment to global partnerships.

2 **BALANCE FLEXIBILITY WITH PREDICTABILITY AND ACCOUNTABILITY THROUGH CLEAR GOVERNANCE MECHANISMS**

While greater flexibility is essential to ensure timely and adaptive responses, it must be underpinned by transparent rules and sound oversight. The GEI governance framework should establish clear parameters for reallocations, define the proportion of programmable versus non-programmable funds, and ensure that regional allocations remain broadly predictable. The proposed annual political steering process involving the Council and Parliament should reinforce, rather than replace, long-term strategic planning. Strengthening the role of EU delegations in implementation and feedback loops would help maintain partner trust and ensure that flexibility serves both EU priorities and partner country needs.

3 **SAFEGUARD THE EU'S DEVELOPMENT COMMITMENTS AND DEVELOP ADEQUATE TOOLS TO ADVANCE EU INTERESTS**

The removal of thematic earmarks increases flexibility but risks diluting commitments to global public goods and cross-cutting objectives such as gender equality and human development. The GEI should therefore embed robust monitoring and reporting mechanisms to ensure continued attention to these priorities. Maintaining the 90% ODA target, alongside clear differentiation between development and commercially oriented instruments, will help preserve the EU's credibility as a principled development actor and prevent perceptions that the new framework primarily advances only internal economic interests.

4 **STRENGTHEN COHERENCE AND COMPLEMENTARITY ACROSS THE EU'S FINANCING INSTRUMENTS AND INITIATIVES**

The effectiveness of the GEI will depend on how well it interacts with other EU instruments, notably with the European Competitiveness Fund. Better coordinating trade and development finance, including their instruments such as guarantees and grants, within a coherent architecture – while maintaining differentiation by context – will enable the EU to project a unified, credible and competitive external financial offer.

ANNEX: PARTICIPANTS (IN ALPHABETICAL ORDER)

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