CONCORD

European Confederation of NGOs working on sustainable development and international cooperation

Stepping up EU international cooperation through the next Multiannual Financial Framework

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Position Paper

Stepping up EU international cooperation through the next Multiannual Financial Framework

In an increasingly complex global landscape, the European Union (EU) has a critical role to play in ensuring that its Official Development Assistance (ODA) remains a powerful tool for poverty reduction, sustainable development, and addressing global inequalities. As the EU prepares the next Multiannual Financial Framework (MFF), it must prioritise the development of a coherent international cooperation strategy that is both predictable and flexible, complementing the financial framework, to ensure funding reaches those most in need while maintaining the ability to respond to emerging crises.

This position paper aims to complement CONCORD's first position paper Shaping International Partnerships: Budgeting our Common Future. It presents key recommendations to ensure that the EU's international partnerships adhere to its commitment to global development principles, and provides a framework to uphold the integrity of ODA.

This paper calls for a well-funded external action budget with a dedicated instrument for international cooperation. It stresses the importance of directing EU ODA towards Least Developed Countries (LDCs) and Fragile and Conflict-Affected States (FCAS), with a strong emphasis on human development, gender equality, climate action, and civil society engagement. It also calls for stronger safeguards against the instrumentalisation of ODA for migration control, and highlights the need for additional climate funding beyond existing disbursements to effectively address inequality.

By taking these recommendations into account, the EU can reaffirm its global leadership. ODA remains a key pillar of international cooperation, and cutting it now will not make Europe safer. Retreating from commitments to multilateralism and global cooperation risks undermining the EU's credibility as a partner, fuelling further conflict, and threatening both security and stability. This should be the moment for the EU to step up, rather than leave the room. The EU and the world cannot afford the risk of short-sighted and self-interested decisions, they will come back to hit us. The EU must lead the way in international development by setting ambitious, clear, and sustainable targets that prioritise those who need it most to leave no one behind.

ODA overall target of GNI

EU ODA is in critical condition. The volumes reported by EU Institutions and EU Member States (MS) still fall far short of commitments made half a century ago and announcements of additional ODA cuts continue to multiply.

In a context of increasing inequalities and human development needs[1], CONCORD calls on EU Institutions and EU MS:

[1] See UNDPs Multidimensional Poverty Index 2024, Global Hunger Index 2024 and Oxfam's numbers on extreme inequality and essential services 2024.

- To work towards meeting the 0.7% Gross National Income (GNI) target for ODA. Estimates indicate that reaching this goal by 2030 would require an ODA budget of at least 200 billion euros over a seven-year period - equivalent to approximately 28.57 billion euros annually.

DAC criteria

As the pressure to cut ODA increases among EU MS and EU Institutions, the need for clarity on how ODA is allocated and what elements EU institutions report as ODA has never been more pressing. Research shows that not all reported ODA allocations by EU Institutions respect the official OECD DAC criteria. Along with EU MS[2], EU Institutions inflate and divert ODA. In 2023, the EU Institutions reported around EUR 4.9 billion of ODA that did not meet the OECD DAC criteria[3]. This causes ODA reporting to become increasingly opaque and hinders ODA quality and impact. Respecting ODA criteria is fundamental as it ensures that aid is effective, provided in a way that meets the most pressing needs of partner countries, and increases the potential to reduce inequalities and reduce poverty.

As set out in the Treaty on the Functioning of the European Union, the reduction of poverty is the primary goal of EU international cooperation. CONCORD calls on the EU Institutions and EU MS to adhere to this objective and shield ODA from being instrumentalised.

- In that regard, at least 93% of the funding under the next instrument for external action should be *Dacable* and respect the four ODA criteria established by the OECD DAC.

Human development and support to those most in need

As the EU continues to navigate competing priorities, it is imperative that human development remains a central pillar of its external action agenda. Investing in universally accessible and affordable public systems delivering health services and technologies, quality education, nutrition, and social protection - while ensuring a decent standard of living - is both a moral imperative and a strategic priority.

These investments not only improve global well-being, reduce inequalities, and combat poverty, which are important goals in themselves, but also empower individuals and create the enabling environment necessary for long-term prosperity. Moreover, they contribute to health security globally while enhancing Europe's influence and deepening its partnerships with key regions, fostering mutual trust and mutual benefits with EU partner countries. In addition, countries in the Majority World acknowledge and value the EU highly as a key partner to advance human development and social sectors.

[2] In 2023, over EUR 18.9 billion of ODA from the 27 EU MS did not meet the basic ODA eligibility criteria set by OECD DAC. This means that in 2023, more than one in every five euro of European MS reported as ODA didn't qualify to be reported as ODA. These problems are not confined to the EU MS. See the figures in CONCORD's AidWatch 2024 report.

[3] To put the EUR 4.9 billion figure in context, this is over three times the EU institutions' total ODA for all forms of healthcare in 2022. See CONCORD's AidWatch 2024 report for more evidence.

While other global actors are making unprecedented cuts to human development funding, the EU must take the opposite approach. By stepping up its support in human development, the EU can contribute to a world where every individual has the opportunity to live a healthy and educated life, fully contributing to the well-being of their communities, ultimately advancing global prosperity and peace. In many areas of human development there have been significant advancements and progress over the last few decades: if support however drops, these hard-won gains risk being lost.

The European Commissioner for International Partnerships, Jozef Síkela, emphasised that "education and health are not just thematic priorities in their own rights – they are prerequisites for attaining the other Global Gateway goals and are embedded in them".

In the first three years of the current MFF, 45.3% of EU-funded external assistance was apparently directed towards human development and social inclusion. We call on the EU not only to sustain these efforts, but to strengthen its ambition.

- **The EU must commit to increasing the share allocated to human development to at least 50% of ODA in the next MFF**, ensuring that human development remains at the heart of its external action.

Directing ODA to countries with the greatest needs to maximise impact

The EU's commitment to "ensure resources are provided to where the need is greatest, especially to the Least Developed Countries (LDCs) and the countries in situations of fragility and conflict", included in the NDICI-Global Europe regulation,[4] is more relevant than ever to the objectives of reducing poverty and addressing inequalities.

Although extreme poverty[5] has dropped by more than half over the last three decades, fragile and more stable countries are following increasingly divergent paths. Over the same period, the number of people experiencing extreme poverty increased by 50% in LDCs, and by 82% in conflict-affected LDCs specifically.[6] Projections indicate that close to 60% of the people living in extreme poverty globally could be concentrated in fragile and conflict-affected states by 2030 – up from about 45% currently.[7] Despite this, the proportion of EU bilateral ODA going to FCAS (compared to EU bilateral ODA going to developing countries[8] in general) has decreased from 32.36% in 2019 to 13.91% in 2023. Similarly, the proportion of EU bilateral ODA going to LDCs has dropped by more than half between 2019-2023,

[4] Regulation of the EP and the Council establishing the NDICI-Global Europe, par. 22, p. 4.
[5] The World Bank defines the extreme poverty line as living below USD 2.15 per person per day.
[6] IRC, 'The New Geography of Extreme Poverty: How the World Bank Can Deliver for Communities Impacted by Conflict', p. 6 (October 2023)
[7] UNU WIDER, 'New estimates of the cost of ending poverty and its global distribution', p. 6 (July 2024)
[8] The term "developing countries" is used to refer to a specific category in the OECD Creditor Reporting System, used for the statistics.

meaning that only 1 in 10 Euros going to developing countries now goes to LDCs.[9] Reversing this trend and this huge imbalance, and prioritising conflict-affected LDCs in particular (where the most acute human security and human development needs are concentrated), would allow the EU to scale up its impact and make a more significant difference in achieving sustainable development objectives.

- The EU must commit **to increasing the share of its ODA going to FCAS to 50%, and to meeting its longstanding target of 0.2% of GNI to ODA to LDCs** in the next MFF, ensuring that ODA is directed where the needs are greatest.

Inequality Marker

We welcome the adoption of the EU inequality marker (I-Marker) as it is a significant step in the right direction. The I-Marker includes an empirical tool, the Distributional Impact Assessment, that enables better programme targeting of the bottom 40% of the wealth, income and consumption distributions in a given geographical context. The first EC benchmark showed that 46% of DG INTPA's actions committed in 2023 reached score I-1 (tackling inequalities as a significant objective) and 13% score I-2 (tackling inequalities as the principal objective). For meaningful and impactful implementation, we advocate for:

- **I-Marker targets: at least 85% of EU funding** should be allocated to programmes that reach scores I-1 or I-2 (tackling inequalities as the principal or significant objective).
- Similarly to the gender marker, we ask for greater ambition on I-2 projects. Considering the current reported 13%, **we call on the EU to step-up efforts on inequalities as a principal objective by setting a I-2 target of 40%** in funding.
- **The three markers (inequality, disability and gender) must be implemented in complementarity**. Combined use can improve the potential to address intersectional inequalities; for instance, it could enable reaching poorer women with disabilities in a community. The I-Marker is also intended to reach "other socio-economically disadvantaged groups and individuals", and further support and guidance to EU officials to do so is needed.

Disability marker

The EU and all EU Member States have ratified the UN Convention on the Rights of Persons with Disabilities (CRPD) and are obligated under Article 32 (on international cooperation) to ensure that international cooperation, including international development programmes, is inclusive of and accessible to persons with disabilities. Furthermore, the European Strategy for the Rights of Persons with Disabilities 2021-2030 includes a commitment to "systematically use the OECD DAC disability marker to track disability-inclusive investments for targeted monitoring of EU funding."

To step up its ambition towards fulfilling these commitments, the EU should set clear benchmarks and ensure that financial resources are provided for both mainstreaming and prioritising disability inclusion.

[9] The proportion of EU ODA going to LDCs has decreased from 23.07% in 2019 to 10.61% in 2023. OECD Creditor Reporting System (note: Ukraine is not included under "fragile states and conflict-affected countries" in the OECD database). These numbers do not include EU aid that reaches FCAS and LDCs through multilateral institutions such as UN agencies.

- **The EU should ensure that 85% of its ODA is marked as 1 or 2 against the OECD DAC disability marker, and at least 5% of ODA should be disability-specific** (OECD disability marker 2 - disability inclusion as a principal objective).

Gender equality

Gender equality is a key enabler for ensuring that EU ODA delivers against its objectives, including poverty and inequalities reduction, as laid down in the treaties. Gender equality is a core value of the EU[10] and the Union has made ambitious commitments to promote gender equality through its external action in its Gender Action Plan III. Addressing and eradicating discriminatory social and gendered norms which prevent women, girls, marginalised and underrepresented groups from participating in the economic and social lives of their communities must be a key objective of EU's international partnerships. In this regard the EU's external action budget should be guided by a human rights-based, gender-transformative and intersectional approach.

Advancing gender equality requires clear benchmarks and dedicated financial resources. To this end, CONCORD calls for:

- The current **85% and 5% gender equality targets** within the NDICI-Global Europe instrument to be translated into measures that reflect the share of ODA, rather than simply the share of projects.
- **85% of all EU ODA should therefore be gender mainstreamed** (OECD marker G1) and **20% of ODA should be dedicated to gender-targeted projects** (OECD marker 2). This shift would ensure a stronger, more impactful commitment to advancing gender equality through focused and adequately resourced initiatives.
- As part of this enhanced commitment, the next external financing instrument should include a dedicated target of **at least 5% of ODA to support Women's Rights Organisations (WROs).** These organisations are critical actors to change harmful gender and social norms, protect rights and uphold democracy, achieve gender equality and sustainable development. Yet they remain critically underfunded with less than 1% of ODA globally being directed to them.

Climate and biodiversity

To address the scale of the climate and biodiversity crises, the EU must significantly raise the ambition of its international cooperation. This is essential to meet its international commitments under the Paris Agreement and the Global Biodiversity Framework (GBF), and to support the needs of EU partner countries on the frontlines of climate change and ecosystem degradation.

Despite recent pledges, **climate finance** continues to fall short of the trillions needed by the Majority World. The EU's own performance under NDICI (23.8% in 2021–2023) remains below the 30% target. The next MFF must:

[10] Art. 2, 3 (3) and 21 of the Treaty on the European Union (TEU), Art. 8 of the Treaty on the Functioning of the European Union (TFEU), and Art. 21 and 23 of the EU Charter of Fundamental Rights.

- **Set a binding spending target of at least 35% for climate action** across all international cooperation, ensuring an equitable balance between **mitigation, adaptation, and loss and damage**. This must support a just transition that promotes social and economic inclusion, particularly for climate-vulnerable communities.
- **Increase grant-based finance for adaptation**, with targeted support for climate-vulnerable and conflict-affected countries. **Strengthen mainstreaming of adaptation** by promoting agroecology, climate-smart agriculture, and nature-based solutions that generate co-benefits for people and nature.
- **Scale up funding for loss and damage**, including contributions to the new global Fund. Introduce robust financial tracking and reporting mechanisms to avoid double-counting with adaptation or humanitarian finance.
- **Improve climate mainstreaming methodologies**, with stronger climate finance tracking, an ex-ante approach to setting targets, and alignment with NDCs and NAPs. Ensure climate action is integrated across sectors such as infrastructure, water, health, and trade to drive systemic change and reduce inequality.
- Ensure all external action spending complies with strict **Do No Significant Harm** (DNSH) criteria and mandatory environmental impact assessments - especially under the Global Gateway - and by fully **excluding fossil fuel support** to prioritise decarbonisation and nature-positive investments.

Biodiversity loss continues to undermine sustainable development, food and water security, and climate resilience. As part of its commitments under the GBF:

- **Allocate at least 15% of external spending exclusively to biodiversity**. This should directly contribute to GBF targets[11], particularly those focused on halting biodiversity loss, restoring ecosystems, and supporting the most affected regions.
- **Mainstream biodiversity across all international cooperation sectors**, including agriculture, infrastructure, climate adaptation, and value chains. Prioritise **nature-based solutions** that deliver environmental and socio-economic benefits, particularly for vulnerable communities.
- **Prioritise grant-based financing** for biodiversity, especially for countries and communities with limited resources to invest in ecosystem protection and restoration. Leverage the Global Gateway to mobilise private investment and build capacity for **de-risking biodiversity and nature-based investments.**
- **Strengthen support for Indigenous Peoples and local communities**, recognising their key role in biodiversity conservation. Facilitate access to funding, ensure secure land tenure, and promote meaningful participation and leadership.

Funding for Civil Society Organisations

Civil Society Organisations (CSOs) are essential actors in EU international cooperation, serving as both

[11] GBF target 19 Mobilise $200 B PY for Biodiversity from all sources, including $30 B through international finance.

policy experts and implementing partners that provide services, drive sustainable development, amplify marginalised voices, and uphold the 2030 Agenda commitment to leave no one behind. EU funding remains a vital resource for many CSOs, underpinned by a commitment to implementing the OECD DAC Recommendation on Enabling Civil Society, which includes a clear pledge to support civil society through financing[12]. Yet, recent shifts in EU cooperation programmes have significantly limited how effectively CSOs can contribute to their implementation. Structural barriers - such as an increased reliance on indirect management, where funds are delegated to international organisations and EU Member State development agencies - have reduced funding diversity, limited access, and undermined fair participation for CSOs[13]. This is particularly evident in the geographic component of NDICI[14]. While the EU recognises CSOs as strategic partners, their meaningful involvement in the implementation of international cooperation programmes requires structured, transparent, and inclusive mechanisms that go beyond symbolic consultation - ensuring genuine partnership, co-creation, and accountability.

To maximise the impact of CSOs in achieving SDGs and implementing EU international cooperation, the EU must adopt concrete measures that enable direct, inclusive, and flexible support under the next MFF:

- **Allocate 15% of the EU international cooperation budget for direct implementation by CSOs**, recognising their expertise and proven ability to lead, shape, and deliver impactful international cooperation policies and programmes.
- **Guarantee CSO access to funding under indirect management modality and Global Gateway initiatives** by mandating CSO involvement, sub-grants and partnerships with pillar assessed entities.
- **Improve transparency and access to information** by publishing disaggregated data on funding for CSOs, both as direct grant recipients or as sub-grantees through other implementing partners.
- **Expand direct, simplified, and flexible funding for local CSOs** by introducing more accessible small-granting schemes with streamlined eligibility and compliance requirements to reduce administrative burden.
- **Revise the EU Financial Regulation** to adapt CSO funding mechanisms in line with new initiatives such as Team Europe and Global Gateway strategy, to ensure equitable access and meaningful participation of a diverse range of CSOs in the implementation of EU external action.

Migration and forced displacement

With respect to migration and forced displacement, it is essential that ODA is provided solely on the basis of the countries' needs, and independently from any political consideration. Thus, any decision to fund actions related to migration should be based on an ex-ante impact assessment and done in

[12] "Provide financial support to diverse civil society actors as independent development and humanitarian actors in their own right as well as to civil society actors as implementing partners, particularly those representing persons in the most vulnerable or marginalised positions, by, where appropriate and feasible, increasing the availability of flexible and predictable support, core support, and/or programme based support", OECD DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance, OECD/LEGAL/5021

[13] CONCORD (2023) Who holds the lion's share? A closer look at Global Europe Funds for CSOs

[14] Ibid., p. 21.

consultation with civil society, without diverting funds to countries along migration routes for migration management or deterrence purposes. We urge the EU to:

- **Maintain the 10% migration target as a maximum.** Given the criticism of the migration actions under NDICI-Global Europe, where we see a diversion of aid from development objectives to donor countries' domestic interests in migration deterrence, the target of 10% should not be increased but rather be kept as a maximum. This target should be used to fund actions in the external dimension that have a positive development impact on displaced populations and countries of origin and transit. These actions should be in line with the OECD principles and criteria for ODA eligibility of migration activities and focus in particular on: enhancing access to international protection, promote safe and regular migration pathways, addressing root causes of forced displacement, and promoting a rights-based approach to migration.
- **Stop using ODA for restrictive migration policies or border management in line with OECD DAC rules and any negative conditionality that ties the disbursement of ODA to cooperation on return and readmission**. Migration-related activities included in ODA should adhere to objectives and principles rooted in development, humanitarian, and human rights frameworks. These activities should generally align with the priorities of partner countries and their overarching development strategies. Activities that disregard the rights of forcibly displaced persons and migrants, or that primarily aim to intercept and return migrants or forcibly displaced people to limit migration to provider countries, are excluded from ODA.
- **Adopt a human rights-based and protection centred approach that prioritises the dignity and safety of people, including children on the move**. This includes funding for legal migration pathways, labour mobility, protection for displaced populations, and addressing the root causes of forced displacement, such as conflict, inequality, and environmental degradation.
- Include do no harm assessment, **accompanied by risk management and mitigation frameworks**, in external migration funding, to inform any decision to fund actions related to EU external migration (policies and funding). Human rights, gender and conflict-sensitivity impact assessments have been consistently lacking in the EU's external migration action. **Moreover, any policies or activities that lead to human rights violations should never be funded, therefore clearer reporting procedures and suspension clauses where human rights violations are documented should be also foreseen.**
- **Maintain and prioritise funding dedicated to addressing forced displacement,** access to protection and legal migration pathways, ensuring adequate resources to support displaced individuals and the communities hosting them sustainably, while fostering long-term solutions to displacement, and increasing local capacity in countries of origin to lead on these processes where adequate.
- Increase **transparency and accountability of the migration and forced displacement spending target**. The Commission should develop and use a robust and transparent tracking system to measure such expenditure and to report on it, also by sharing detailed and up-to-date information with the European Parliament and the Council regarding projects counted towards the spending target.

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