A new ‘Global Europe’ instrument: what is ahead for the EU external action?

On July 16, the European Commission presented the proposal for the EU's long-term budget: the new Multiannual Financial Framework (MFF) 2028-2034, reconfirming Global Europe as the external finance instrument. The proposal foresees EUR 200.3 billion - up from EUR 79.5 billion in the current framework[1]. It highlights the EU ambition to strengthen its multilateral role. **A larger external budget has the potential to enhance credibility, diversify supply chains, and boost economic security through public-private partnerships aimed at creating competitive advantages.** However, some of the proposed changes include:

- **Removing the 30% spending target for climate and energy so far applied;**
- **Increasing the share on non programmable funding;**
- **Combining different funding envelopes**

These shifts require careful management to avoid weakening EU energy diplomacy and bilateral ties. EU funding and actions can thus be made more visible, transparent and leveraged politically if directly linked to the Forum given it involves leaders, starting with Global Europe.

The 2028-2034 Global Europe budget combines existing external funding programmes[2] and is flexible in its spending allocation, exemplifying the shift in the European role from a development assistance provider to a geoeconomic player capable of tackling today’s challenges that go beyond.
Whilst this consolidation is a positive sign for the overall EU diplomacy, the high share of non-programmable funding and the combination of different funding envelopes may pose coherence and strategic challenges. It could lead to prioritising short-term needs over transformative changes requiring long-term vision. **Without a strong diplomatic vision of where Europe wants to go, the funding risks not maximising its potential in terms of impact.** The upcoming energy and climate diplomacy vision to be published on October 16 is the chance to set a clear trajectory, also in the optics of a new budget configuration expected to inform EU external politics. **A key change in the new programming concerns the shift from thematic to geographical pillars.** Whilst in the former budget, the Global Gateway had a spending target of 30% for ‘energy and climate’ projects, the current budget configuration only foresees funding per region, no longer for themes. **Therefore, it is crucial for the EU decision-makers to signal they will keep funding for energy and climate diplomacy as a priority under the new budget for external action.**

President von der Leyen gave a clear political signal at the United Nations General Assembly (UNGA) in New York, reinforcing the EU's commitment to energy diplomacy. She has set the path for the Global Energy Transitions Forum to become fully operational. This move has been extremely welcomed by partners. **Indeed, 20 leaders from governments and institutions have officially endorsed the Forum,** showing their willingness and trust in the EU leadership on a global effort for decarbonisation**.** Thus, the shift in money allocation might be seen as a way to ensure it is demand-driven and more responsive to partner countries' own policy priorities. However, it requires

[1] The current ‘external action fund’ is labelled as Global Europe: Neighborhood, Development, and International Cooperation Instrument (NDICI). NDICI only covers development assistance, not also humanitarian assistance and pre-accession funding. See the footnote below for the distinction with the current budget proposal.
[2] The proposal combines different external action envelopes including the NDICI-Global Europe, the Pre-Accession Instrument (IPAIII) and the Humanitarian Instrument (HUMA) under one single instrument: Global Europe.

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reassurance that **the EU's climate and energy leadership in the global arena is still there, in line with the political messages.**

In a context of attacks on multilateralism, uncertainty on trade, and economic competition, partners seek renewed climate commitments, and the EU has shown it can be the partner for that. A global transition is not only a climate choice but **a strategic choice.** It can help deliver investments in strategic non-European countries like South Africa, Nigeria, Mexico or Egypt to diversify supply chains and make the EU less vulnerable to external shocks and dependencies.

Africa and the Mediterranean as key priorities of Global Europe

The new budget designates Sub-Saharan Africa as the biggest recipient region, with a foreseen amount of EUR 60.53 billion, followed by the Middle East and North Africa, and the Gulf (MENA), with EUR 42.93 billion. **It signals that the African continent and the Mediterranean are top** priorities **for the EU.** To prove this, the EU can push for public-private partnerships at the Global Gateway Forum, taking concrete steps to advance cooperation.
The new budget is the opportunity to increase the visibility of Global Gateway funding, thus making clear that this is the financial arm of EU partnerships frameworks like the Pact for the Mediterranean and the Clean Trade and Investment Partnerships (CTIPs). This means:

- Specifying available funding under different policy initiatives;
- Mobilising private investment: (e.g., through guarantees and grants);
- Providing resources for technology transfer;
- Ensuring strong monitoring processes.

The next EU Global Gateway Forum, taking place on October 9th and 10th, can be a first test to reflect on a new trajectory for EU external action amid geopolitical turmoil, and clarify the way EU external action works. Demand from and opportunities in developing countries are there. The timing of this event is key in the EU diplomacy calendar. It comes just ahead of two key publications coming on October 16: the Pact for the Mediterranean and the energy and climate vision for COP30. This Forum can therefore illustrate that policies (trade, industrial, social and economic ones) and finance speak with one voice under **TeamEurope.**

Moreover, it precedes the European Union-African Union Summit happening on 24-25 November. Building on the strategic partnership with the African Development Bank to promote green bond markets in the region, and the pledges made at the African Climate Week in Ethiopia, the Global Gateway Forum can discuss how to further unlock finance. In Addis Ababa, the African financial institutions and commercial banks signed a deal mobilising up to $100 billion in support of green investments. **Africa's quest and commitment to green industrialisation is therefore clear.**

Policy recommendations

This analysis identifies the following recommendations to budget negotiators, and policy makers to ensure Global Europe is effective and coherent with the EU's multifaceted external action framework:

Strategy:

- Global Europe follows a flexible approach to ensure the EU's adaptability to ever-evolving geopolitics. However, it needs to be coupled with a clear **strategic direction that projects the role of the EU in international affairs in the long term.** This means clearly stating objectives and goals for this mandate and for Global Europe itself - in accordance with the

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upcoming publication on climate and energy diplomacy, the Pact for the Mediterranean, and other key initiatives. It would **make EU intentions visible and clear outside of the EU institutions, and available for partners and external audiences, including business players.**

- It is key that Global Europe's strategic direction follows the EU's priorities in external politics in energy, climate, development, and trade, including the **Global Energy Transition Forum.** Concrete steps to advance energy diplomacy were taken at UNGA and can be translated into action at the European Union - African Union Summit on November 24-25.
- The EU can use this moment to build stronger alliances with key African partners, restating the EU's commitment to cooperation and delivering mutually beneficial results on the ground. In New York, **President von der Leyen announced a EUR 545 million package to scale up renewables in Africa, including the following energy projects:**
    - Côte d'Ivoire (€359.4 million): A high-voltage transmission line ('Dorsale Est') to boost regional energy distribution;
    - Cameroon (€ 59.1 million): Rural electrification for 687 communities, reaching more than 2.5 million people;
    - Republic of Congo (€ 3.5 million): Expanding access to renewable energy sources, including solar, wind and hydropower;
    - Lesotho (€25.9 million): Unlocking wind and hydro energy through the *Renewable Lesotho* programme;
    - Ghana (€2 million): Laying the groundwork for a large-scale solar park and regional energy trade;
    - Central Africa (€3.3 million):A technical assistance mission to the Central African Power Pool (CAPP), (€1.6 million); A facility for funding research and infrastructure for the Central African Power Pool (CAPP) (€0.5 million); A feasibility study for the *Friendship Loop* ('Boucle de l'Amitié'), a cross-border transmission line linking Pointe Noire, Brazzaville and Kinshasa (€1.2 million);
    - Madagascar (€ 33.2 million): Expanding electrification with mini grids in rural areas;
    - Mozambique (€13 million): Supporting a low-emission energy transition and encouraging private sector involvement;
    - Somalia (€45.5 million): Increasing access to affordable renewable energy, advancing circular economy practices, and building climate-resilient agri-food systems.

This trajectory confirmed the one embarked at the African Climate Summit in Ethiopia. The EU Commission's Executive Vice President Teresa Ribera has led the EU Delegation in Addis Ababa, launching two key Global Gateway projects to accelerate Africa's clean energy transition:

1. **Continental Energy Programme in Africa (CEPA):** €15m to advance cross-border electricity markets, transmission, renewables and efficiency across Africa.
2. **Renewable Integrated Sustainable Energy and Digitalisation (RISED) Ethiopia:** €133m (with more under discussion) to modernise and green Ethiopia's power grid, showcasing Global Gateway's shift from aid to investment through equal partnerships.

- The examples of projects detailed above are key opportunities to advance the Team Europe by jointly providing finance to partners. Too often, Member States have money to invest in energy and climate projects but lack information on how to mobilise it efficiently. This risks creating 27 envelopes, thus contradicting TeamEurope's spirit. The '**Scaling Up Renewables in Africa**' campaign under which the projects were announced **is a chance for TeamEurope members to showcase what they have delivered and what they plan to deliver in the upcoming years.** The Global Gateway Forum happening tomorrow and the G20 meeting in Johannesburg on November 22-23 will be key moments to watch as investors and world leaders come together and explain their plans to finance Africa's energy transition.

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- Finally, the new budget can identify strategic value chains and key geographies to invest in and reunites key business players willing to participate. To be most impactful, the EU funding can portray a clear understanding of what is strategic, which industries are involved, and what is currently problematic.

Finance:

- The Global Gateway can be transformed into a proper financial instrument with a clear governance structure. It is key that it interacts with other initiatives, including the Clean Trade and Investment Partnerships (CTIPs), the Just Energy Transition Partnerships (JET-Ps), existing and emerging country platforms, and details their interaction.
- South Africa is a good test case to clarify the financial governance of Global Europe. It can be addressed by:
    - Specifying the link between the Global Gateway Package and CTIP, both of which were announced by President Von der Leyen in March. It could be good to turn the Global Gateway into the financial arm of CTIPs, the latter being the political framework. It can serve to discuss market access and regulatory cooperation, while Global Gateway allocates finance.
    - Moreover, the relationship between the CTIP and the South African JET-P can be openly detailed to ensure clarity and avoid replication of efforts. This includes listing their reciprocal objectives, mutual reinforcement, the precise allocation of money for both, and the players involved. For this to happen, roundtables involving actors at play are key.
- More broadly, the new budget can prove it is able to deliver:
    - **Catalytic finance** – to reduce risks, lower borrowing costs, support just transition, or restructure debt
    - **Investment finance** – direct funding (debt/equity) for real economy projects like energy, transport, and industry.

Communication:

The EU and national governments have a long history of impactful bilateral cooperation with a broad range of countries. However, this doesn't regularly come to show. This is even more important at times when multilateralism and official development aid get attacked, the US cuts its funding, and the EU is perceived as focusing too much inward. A few actions could already improve the visibility:

- **Overview of projects:** There is no comprehensive overview of what TeamEurope finances across the globe, and no joint-up communications toolkit to spread the knowledge. **Having a rich set of 'success stories' as well as 'lessons learned' at hand could empower European policymakers and civil society alike to praise European efforts and point to how they can be improved.**
- **Tangible announcements:** the important announcements or statements can come with clear 'fact sheets' (the way the US government used to do it), providing more details on finance, projects or concrete next steps. Press as well as non-governmental actors would therefore regularly be briefed.
- **Bilateral statements:** The EU can set minimum **'quality benchmarks'** for all its bilateral statements that ensure there is no backsliding from decisions or outcomes that have been agreed at international summits (i.e. COP28). The statements can include specific points on climate and energy multilateralism, and just transition, in a way that social concerns stay at the core of bilateral engagements.

Implementation:

- Any concrete Global Europe project will have to be country-owned and country-led, possibly in the framework of country platforms, which should facilitate coordinated access to finance and technical means of implementation. Letting governments coordinate themselves with the

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many existing public and private actors and multi-stakeholder initiatives intervening in their clean energy transition space is essential. However, **the EU should take an active role in the emerging discussion of country platforms and provide assistance.** Established ones (in Indonesia or South Africa) have taught us important lessons on what has worked and what has not – **the most important being the predictability and accessibility of finance.** Moreover, it is also important to value and engage in country driven initiatives that may evolve over time to adopt more country platform features. It is the case of the Rwanda Green Fund.

Accountability:

- **Finally, country platforms become even more important if the new budget for external action uses non-programmable funding as the main source of finance and foresees no targets against which progress can be measured.** They can serve as the space where commitments are monitored and checked on the ground by involved stakeholders, and joint documents witnessing the state of affairs can be produced and circulated transparently.

A robust external budget can strengthen EU credibility, diversify supply chains, and support competitiveness and economic security. This requires predictable budget allocations for partner countries, consistent financing for energy and climate in line with past commitments, and careful management of funding envelopes to safeguard long-term strategic objectives over short-term gains.

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