



EUROPEAN  
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EN

# Opinion 03/2024

(pursuant to Article 287(4), TFEU)

accompanying the Commission  
evaluation of the External Action  
Guarantee  
[COM(2024) 208]

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# Introduction

## Context

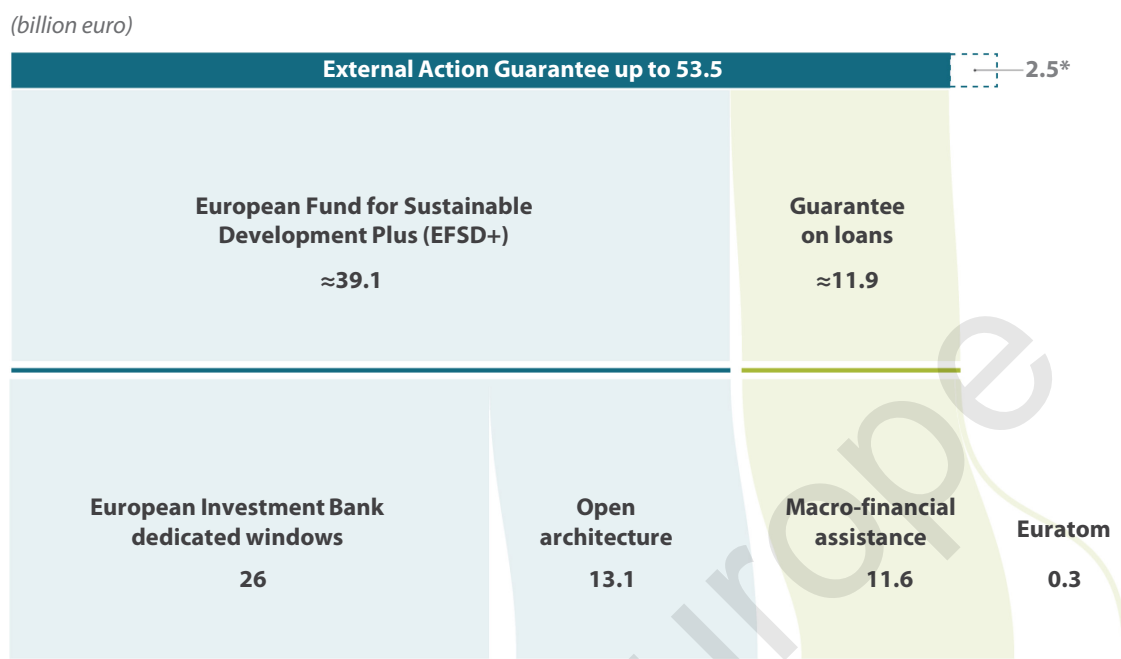
### External Action Guarantee

**01** The External Action Guarantee (EAG) was created in 2021 by Regulation (EU) 2021/947 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe ([NDICI-Global Europe Regulation](#)). It builds upon two pre-existing guarantee mechanisms:

- the European Fund for Sustainable Development (EFSD) Guarantee established by [Regulation \(EU\) 2017/1601](#) to back EFSD operations;
- the Guarantee Fund for External Action established by [Regulation \(EC, Euratom\) 480/2009](#), which covered European Investment Bank's operations as part of its external lending mandate.

**02** Through the EAG, the EU can guarantee financial and investment operations in partner countries up to a theoretical maximum of €53.5 billion. The largest part of the EAG, at around €39.1 billion, covers activities under the European Fund for Sustainable Development Plus (EFSD+). An additional €11.9 billion covers macro-financial assistance and Euratom loans to partner countries (see [Figure 1](#)).

**Figure 1 – Components of the External Action Guarantee**



Note: \* The EAG can cover investment operations up to a theoretical maximum of €53.5 billion. The actual guarantee capacity is around €51 billion (see paragraphs 46-52).

Source: ECA, based on draft EU budget for 2025, [working document XI](#) on budgetary guarantees, common provisioning fund and contingent liabilities, p. 72.

## European Fund for Sustainable Development Plus

**03** The EFSD+ is an integrated financial package supplying financing capacity to EU partner countries in the form of budgetary guarantees covered by the EAG, blending operations, grants, technical assistance, and financial instruments<sup>1</sup>. The aim of the EFSD+ is to contribute to the achievement of the sustainable development goals by supporting investments in a wide range of areas, from the eradication of poverty to “addressing specific socio-economic root causes” of irregular migration and forced displacement<sup>2</sup>.

**04** The EFSD+ is implemented under [indirect management](#) via a range of eligible development finance institutions, especially the European Investment Bank (EIB). Thus, the EFSD+ is implemented via blended finance (which combines grants and loans) and guarantee agreements signed with partner financial institutions. These partner financial institutions then sign financing operations with sovereign and sub-sovereign

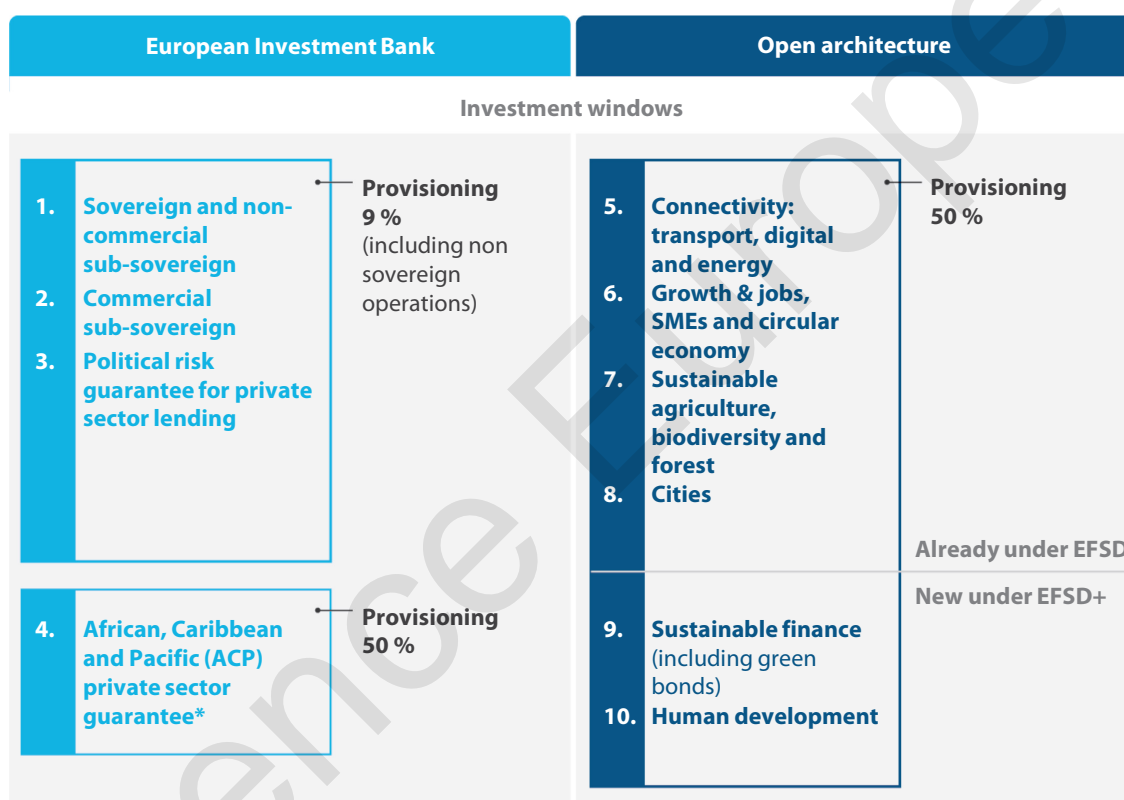
<sup>1</sup> Article 31(2) of [the NDICI-Global Europe Regulation](#).

<sup>2</sup> Ibid, Recital 64.

counterparts, private operators, investment funds and other entities, as well as local banks, which provide liquidity to final beneficiaries.

**05** The EFSD+’s investment architecture consists of “dedicated windows” for the EIB<sup>3</sup> (with an indicative amount of €26 billion) and “open architecture” windows, which are also available to other financial institutions and account for the remaining €13.1 billion (see [Figure 2](#)).

**Figure 2 – Investment architecture of the EFSD+**



*Note:* \* EIB dedicated investment window 4 “ACP private-sector guarantee” is only partly financed under the EAG: €500 million in guarantee coverage comes from “open architecture”, provisioned at 50 %. This investment window is mostly financed by reflows from the pre-existing ACP Investment Facility.

*Source:* ECA, based on draft EU budget for 2025, [working document XI](#) on budgetary guarantees, common provisioning fund and contingent liabilities, p. 72.

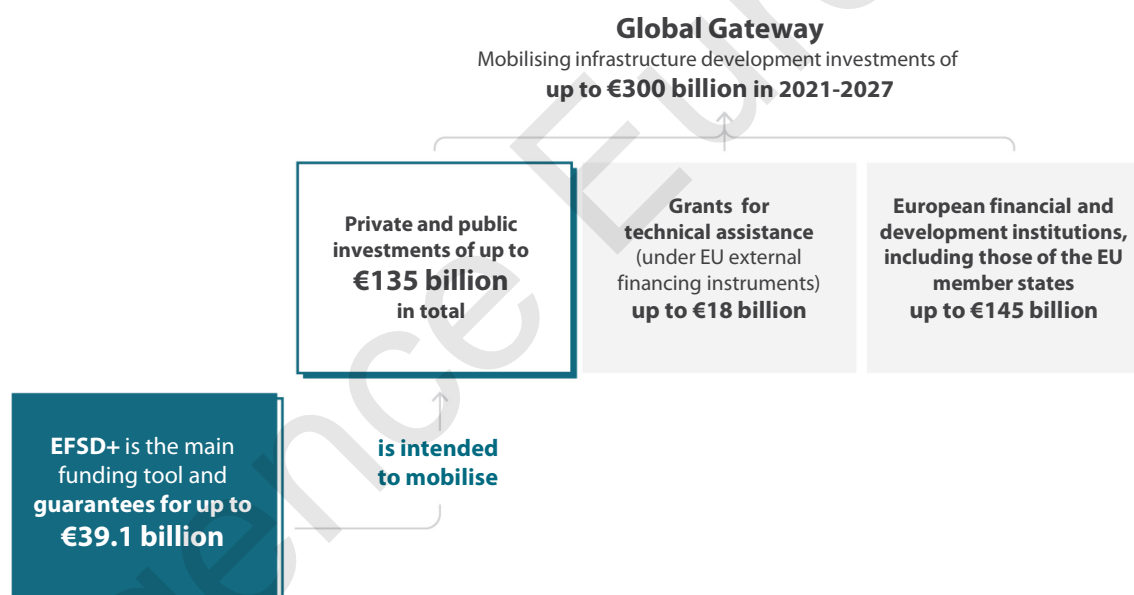
**06** In succeeding the European Fund for Sustainable Development, the new EFSD+ became the main funding tool behind the [Global Gateway](#) initiative, launched in December 2021 to “boost smart, clean and secure connections in digital, energy and

<sup>3</sup> Article 36(1) and 36(2) of the [NDICI-Global Europe Regulation](#).

transport sectors and to strengthen health, education and research systems across the world”.

**07** The original EFSD Guarantee had a maximum guarantee capacity of €1.5 billion. The EFSD+ is substantially larger, aiming to cover up to €39.1 billion. At the time the Commission presented the Global Gateway Communication, this guarantee capacity was intended to mobilise private and public investments of up to €135 billion in total under the Global Gateway (see [Figure 3](#)). According to the Commission, the EFSD+ represents “a shift from traditional grant funding to a larger use of financial instruments and budgetary guarantees”<sup>4</sup>. While the geographic scope of the EFSD was restricted to countries neighbouring the EU and in Africa, the EFSD+ has almost worldwide coverage. See [Annex I](#) for a detailed comparison of the two instruments.

**Figure 3 – Global Gateway – investments expected to be mobilised**



*Note:* Whereas the EFSD+ guarantees and technical assistance grants are funded from the EU budget, development finance institutions are expected to support the remaining investments forming the Global Gateway initiative.

*Source:* ECA, based on joint communication [JOIN\(2021\) 30](#) on the Global Gateway, 1.12.2021, p. 8.

<sup>4</sup> Draft EU budget for 2025, statement of estimates for the year 2025, [SEC\(2024\) 250](#), 19.6.2024, p. 63.

## Other EU financial support for partner countries backed by budgetary guarantees

**08** Besides guarantee operations signed under the EFSD+, the EAG also backs macro-financial assistance and Euratom loans:

- Between 2021 and June 2024, the EU approved over €8.5 billion in macro-financial assistance (MFA) loans. *Annex II* shows a breakdown per beneficiary country and corresponding provisioning amounts. In 2024, the Commission proposed additional loans for Egypt (up to €4 billion) and Jordan (€500 million)<sup>5</sup>.
- For 2021-2027, the EAG is envisaged to cover up to €300 million in **Euratom loans** to partner countries in the EU neighbourhood. However, the Commission disbursed the last 2014-2020 Euratom loan in December 2021, and no new Euratom loans have been signed since then.

## Scope of this opinion

### Scope

**09** This opinion is based on Article 42(5) of the **NDICI-Global Europe Regulation**, which requires the Commission to evaluate certain aspects of the EAG (see **Box 1**) and the resulting evaluation to be accompanied by an opinion from the European Court of Auditors.

#### Box 1 – Article 42(5) of the NDICI-Global Europe Regulation – Evaluation

“In accordance with the specific reporting provisions in the Financial Regulation, by 31 December 2024 and every three years thereafter, the **Commission shall evaluate**, on the basis of an external evaluation, **the use and the functioning of the External Action Guarantee, in particular its contribution to the overall objectives, the achieved results and additionality**. The Commission shall submit that evaluation report to the European Parliament and to the Council. That evaluation report shall be **accompanied by an opinion of the Court of Auditors**. The evaluation report and the opinion of the Court of Auditors shall be made publicly available.”

<sup>5</sup> Draft EU budget for 2025, 19.6.2024, [statement of estimates](#), p. 67.

**10** On 15 May 2024, the Commission published the following set of documents:

- Report [COM\(2024\) 208](#) from the Commission to the European Parliament and the Council on the evaluation of the European Union’s external financing instruments for the 2014-2020 and 2021-2027 multiannual financial frameworks (MFFs);
- an accompanying staff working document [SWD\(2024\) 133](#) (referred to as the “evaluation”);
- an external study (commissioned from an external consultant), including:
  - a [synthesis report](#);
  - [annexes](#).

**11** The evaluation combines a final evaluation of numerous external action instruments used during the 2014-2020 MFF with a mid-term evaluation of several external action instruments set up under the current 2021-2027 MFF<sup>6</sup>. The staff working document (SWD) asserts that the evaluation included an assessment of the EAG as required by Article 42(5) of the [NDICI-Global Europe Regulation](#).

**12** On 24 June, the Council adopted conclusions on the Commission evaluation, noting among other things that “the Council looks forward to discussing the opinion of the Court of Auditors on the External Action Guarantee, in line with Article 42(5) of the [NDICI-Global Europe Regulation](#)”<sup>7</sup>.

**13** This opinion assesses the completeness and quality of the Commission evaluation. It is based on a review of the set of documents listed in paragraph **10**. The opinion is structured around the following considerations:

- Under “Specific comments”, we consider whether:
  - the EAG would merit a separate evaluation rather than being part of a broader evaluation of external action instruments;

<sup>6</sup> [NDICI-Global Europe](#) (including the EFSD+/EAG component), [Instrument for Pre-Accession Assistance III \(IPA III\)](#), [European Instrument for International Nuclear Safety Cooperation \(INSC\)](#), and [Decision on the Overseas Association, including Greenland \(DOAG\)](#).

<sup>7</sup> Point 8(k) of the [Council conclusions](#) – Mid-term evaluation of the NDICI-Global Europe external financing instrument, ref.: 11343/24, 24.6.2024.

- the evaluation of the EAG fulfils all the requirements of Article 42(5) of the [NDICI-Global Europe Regulation](#);
  - the Commission assesses the EAG's maximum guarantee amount, as required under Article 42(4) of the [NDICI-Global Europe Regulation](#);
  - the Commission evaluation correctly reflects findings contained in the external study that underpinned the evaluation; and
  - the evaluation assesses other criteria defined in the [NDICI-Global Europe Regulation for the EAG](#).
- Beyond the review of the evaluation, under “Additional considerations” we assess whether the Commission meets all reporting and transparency requirements set for the EAG.

**14** We complemented our analysis by consulting the Commission's Directorates-General for International Partnerships (DG INTPA), Neighbourhood and Enlargement Negotiations (DG NEAR), Economic and Financial Affairs (DG ECFIN) and Budget (DG BUDG), as well as the Commission's Secretariat-General. We also consulted the European Investment Bank, which is the main implementing partner for the EFSD+.

**15** This opinion builds upon a series of our previous publications related to loans, guarantees, and innovative funding of EU assistance to partner countries (see [Annex III](#)). In particular, we refer to our [opinion 07/2020](#), which was prepared on the basis of the Commission's [implementation report](#) on the EFSD published in 2020 (see [Box 2](#)).

#### **Box 2 – Opinion 07/2020 accompanying the Commission's report on the implementation of the EFSD**

This opinion concluded, among other things, that a review of the EFSD's business processes still needed to be carried out, and that the financial leverage effect of the EFSD indicated in the implementation report might not be reliable. It added that the Commission implementation report lacked information about progress made towards reaching the target set for the minimum proportion of EFSD Guarantee financing devoted to climate action given the early stage of implementation at the time. It also pointed out that an evaluation of the EFSD Guarantee Fund was still missing and that the EFSD's results framework needed to be improved.

## Limitations for our opinion

**16** This opinion does not reperform the Commission's evaluation. It does not address the recently created guarantee mechanisms under the Ukraine Facility or the Facility for the Western Balkans that are not part of the EAG and were created only after the evaluation had been completed. The setting-up of the two facilities has been covered in previous European Court of Auditors (ECA) opinions<sup>8</sup>.

**17** As the Commission evaluation did not cover all aspects required for the assessment of the EAG (see paragraphs [25-45](#)), we are not in a position to formulate an observation on each aspect enumerated in Article 42(5) of the [NDICI-Global Europe Regulation](#).

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<sup>8</sup> [Opinion 03/2023](#) on Ukraine Facility and [opinion 01/2024](#) on the Facility for the Western Balkans.

## Specific comments

### The External Action Guarantee evaluation forms part of a broader evaluation of external action instruments

#### A joint evaluation of several instruments

**18** The Commission evaluation has a wide scope. This is because the Commission decided to prepare one single evaluation covering several financing instruments (see paragraph [11](#)). Although the Commission explained its reasons for preparing a single evaluation<sup>9</sup>, this approach differs from the previous practice. For instance, in 2017 the Commission published ten separate evaluations dedicated to individual external action instruments.

**19** As a novel instrument involving significant funding, the EAG would have merited its own dedicated evaluation. This would have also better reflected the fact that the requirement to evaluate the EAG is laid down in a separate paragraph of Article 42 of the [NDICI-Global Europe Regulation](#) that contains specific evaluation criteria for the EAG. Moreover, given that the evaluation of the EAG is to be repeated every three years, a dedicated evaluation would have provided a useful basis for the future.

#### Submission of the Commission evaluation to the European Court of Auditors

**20** The Commission published the evaluation on 15 May 2024 and the Council adopted conclusions on the evaluation on 24 June 2024 (see paragraphs [10](#) and [12](#)). However, Article 42(5) explicitly states that the Commission evaluation “shall be accompanied by an opinion of the Court of Auditors” (emphasis added). For this reason, it would have been preferable had the Commission evaluation been published at the same time as the ECA’s opinion.

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<sup>9</sup> [SWD\(2024\) 133](#), Evaluation of the European Union’s External Financing Instruments for the 2014-2020 and 2021-2027 MFFs, p. 9.

## Limitations of the evaluation

**21** The Commission characterised the evaluation process as “robust”, noting that “the strength of the evidence has been assessed as good”<sup>10</sup>. However, it recognised several limitations of the external study<sup>11</sup> that negatively affected the evaluation of the EAG:

- (1) The evaluation focused on the streamlined set-up of external action instruments for the 2021-2027 MFF. This meant that project-level data was not the focus of the evaluation.
- (2) The EFSD+ is at an early stage of implementation (by way of mitigation, the evaluation states it drew on lessons learned from the previous EFSD).
- (3) The EFSD+’s lengthy implementation hinders the assessment of its added value.
- (4) It is too early to conclude on the EFSD+’s impacts and results.
- (5) Broad objectives and the implementation of external financing instruments in numerous countries make aggregating and comparing data difficult.
- (6) EU support is only one of the factors contributing to the results achieved.

**22** Moreover, the external study acknowledged that the evaluation team “was able to carry out only a partial assessment of the implementation of the EFSD+”<sup>12</sup>. The external study only covered the period “until 31 December 2022”<sup>13</sup>, meaning it reflects the situation almost 18 months before the evaluation was published.

## Negative opinion of the Regulatory Scrutiny Board

**23** The [Regulatory Scrutiny Board](#) provides quality assurance on selected evaluations. The Board provided a negative opinion on a draft version of the Commission’s evaluation, as it did for 11 of the 44 evaluations submitted for its review between 2020 and 2024<sup>14</sup>. However, in the present case, the Board concluded that the

<sup>10</sup> SWD(2024) 133, pp. 77-78.

<sup>11</sup> Ibid.

<sup>12</sup> External study, volume I, p. 10.

<sup>13</sup> SWD(2024) 133, p. 4.

<sup>14</sup> [2023 annual report](#) of the Regulatory Scrutiny Board, Table 1, March 2024.

draft evaluation submitted contained “significant shortcomings”<sup>15</sup> and recommended clarifying no fewer than 12 aspects of the evaluation.

**24** Resubmitting an evaluation to the Board for a second opinion is optional. The Commission decided instead to address the Board’s recommendations directly in the published version. The Commission provided an explanation of how each recommendation was reflected in the final version<sup>16</sup>. The Commission’s Secretariat-General, which supports the Board, explained that the final evaluation was approved as part of the standard interservice consultation within the Commission. Nevertheless, in relation to the EAG, we observe that certain recommendations – such as evaluation of effectiveness<sup>17</sup>, and presentation of the use and robustness of the underlying evidence<sup>18</sup> – have not been addressed exhaustively (see also paragraphs 26-34).

## The Commission evaluation of the External Action Guarantee is incomplete

**25** Article 42(5) of the [NDICI-Global Europe Regulation](#) requires the Commission to evaluate the use and the functioning of the EAG and, in particular, “its contribution to the overall objectives, the achieved results and additionality”. These evaluation criteria differ from the Commission’s “better regulation guidelines”, which state that evaluations should focus on effectiveness, efficiency, relevance, coherence and EU added value<sup>19</sup>. The evaluation explicitly mentions the requirements of Article 42(5) but does not sufficiently cover them.

### ‘Contribution to the overall objectives’ not sufficiently covered

**26** The evaluation does not sufficiently cover the criterion “contribution to the overall objectives” of the [NDICI-Global Europe Regulation](#). It acknowledges a limitation in this regard and affirms that “it would be premature to draw any firm conclusion on

<sup>15</sup> [Opinion of the Regulatory Scrutiny Board](#), ref.: Ares(2024)1186811, 16.2.2024.

<sup>16</sup> [SWD\(2024\) 133](#), pp. 73-76.

<sup>17</sup> [Opinion of the Regulatory Scrutiny Board](#), recommendation 4 on achievement of objectives and recommendation 5 on evaluation in terms of outputs, results, and impacts.

<sup>18</sup> *Ibid.*, recommendations 3 and 10.

<sup>19</sup> [SWD\(2021\) 305](#), Better regulation guidelines, 3.11.2021.

the impacts and results of the EFSD+”<sup>20</sup> (see also paragraph 21(4)). However, at the same time, the evaluation claims that “all implementing modalities, grants, budget support as well as blending or budgetary guarantees under EFSD+, contribute to the achievement of the NDICI-Global Europe objectives and targets”<sup>21</sup>. And it later concludes that “the use of the EAG, and of the EFSD+ in general is on track to contribute to the overall objectives”<sup>22</sup>. This affirmation is based on feedback from member states and development finance institutions (DFIs), rather than an assessment of the EFSD+’s actual contribution.

**27** In addition, the evaluation does not indicate whether the EFSD+ contributed to the objectives specifically defined for the EFSD+<sup>23</sup>, such as “addressing root causes” of irregular migration, nor the extent to which it helped achieve the sustainable development goals, nor whether it helped mitigate climate change. In our opinion in 2020, we pointed out that this information was missing from the assessment of the previous EFSD<sup>24</sup>. The current evaluation claims to have covered the EFSD<sup>25</sup>. However, it contains no information on the EFSD’s contribution to these objectives.

### Lack of information on achieved results and on operational performance

**28** The evaluation lacks information on “achieved results”. It also acknowledges a limitation in this respect (see paragraph 21(2)), explaining that the EFSD+ was at an early stage of implementation when the evaluation was carried out. However, the evaluation did not make use of all information that was publicly available at the time the Commission prepared the evaluation.

**29** To compensate for the lack of evidence available under the EFSD+, the evaluation claims that “the analysis has built on the lessons from the predecessor’s investment framework (EFSD)”. However, the evaluation contains no information on the results achieved by the previous EFSD, either.

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<sup>20</sup> SWD(2024) 133, p. 78.

<sup>21</sup> *Ibid.*, p. 38.

<sup>22</sup> *Ibid.*, p. 60.

<sup>23</sup> Article 31(2) of the NDICI-Global Europe Regulation.

<sup>24</sup> ECA opinion 07/2020 accompanying the Commission’s report on the implementation of the EFSD, paragraph 32.

<sup>25</sup> SWD(2024) 133, p. 77.

**30** The evaluation lacks information about the actual operational performance of the EFSD+. It does outline the state of play of the individual windows<sup>26</sup>, but only in terms of the amounts of the guarantee agreements concluded. However, it provides no amounts of investment operations signed or amounts disbursed. This is regrettable since figures for investment windows 1 and 4 were available in June 2023<sup>27</sup> – before the evaluation was published.

**31** Given the lack of information on operational performance, we analysed the latest publicly available data<sup>28</sup>. By the end of 2023, the Commission had concluded guarantee agreements for a total of about €28 billion, meaning 70 % of the total guarantee capacity envisaged for the EFSD+. However, **Figure 4** shows that participating DFIs had signed about €7.9 billion in investment operations by the end of 2023, which corresponds to 20 % of the total guarantee capacity envisaged under the EFSD+. It also shows that progress has been uneven across investment windows.

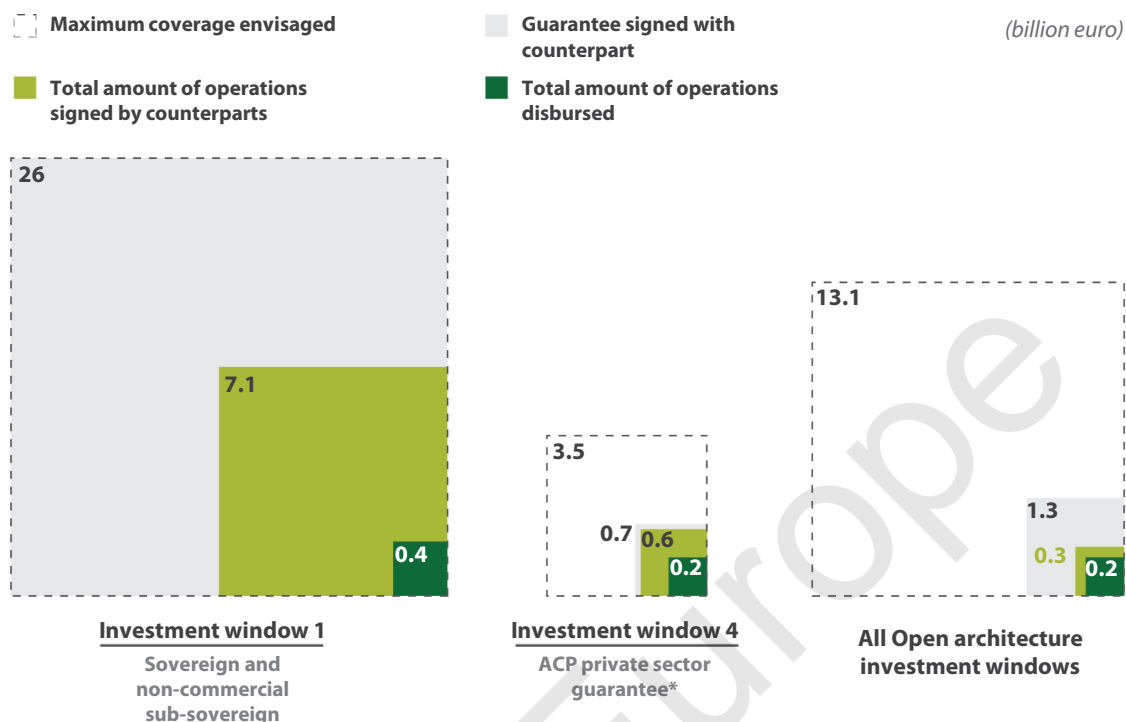
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<sup>26</sup> SWD(2024) 133, p. 28.

<sup>27</sup> Draft EU budget for 2024, working document XI, 7.6.2023, p. 76.

<sup>28</sup> Draft EU budget for 2025, working document XI, p. 78.

**Figure 4 – EFSD+ operational performance as at 31 December 2023**



*Note:* For investment window 1, a guarantee agreement has been signed for an amount corresponding to the maximum coverage envisaged.

*Source:* ECA, based on draft EU budget for 2025, [working document XI](#) on budgetary guarantees, common provisioning fund and contingent liabilities, p. 78.

**32** Investment window 1, for which the Commission and the EIB concluded a guarantee agreement on 29 April 2022, shows the greatest progress. The Commission report on budgetary guarantees<sup>29</sup> indicates that operations signed under investment window 1 amounted to over €7 billion. However, this report does not acknowledge the fact that a third of these operations were signed before the guarantee agreement was concluded. Between 2019 and 2021, the EIB's Board of Directors signed or approved 37 operations worth over €2.3 billion<sup>30</sup>. These were later transferred under the EFSD+ guarantee.

**33** Operations worth €554 million have been signed under investment window 4. By contrast, at the time of drafting this opinion, negotiations on a guarantee agreement were ongoing for investment window 2 and were yet to start for investment window 3 (see [Figure 2](#) above for all investment windows set up). By the end of 2023, under

<sup>29</sup> Draft EU budget for 2025, [working document XI](#), p. 78.

<sup>30</sup> EFSD+ Guarantee agreement for Dedicated investment window 1, 29.4.2022, Schedule 5 – InfraPack and transitional operations, pp. 64-66.

“open architecture”, the Commission had concluded 10 guarantee agreements for a total of about €1.3 billion – only about 10 % of the amount envisaged for “open architecture” as a whole. It is worth noting that the NDICI-Global Europe Regulation set the end of 2027 as the deadline for the Commission to conclude all EFSD+ guarantee agreements<sup>31</sup>. Back in 2020, we had already warned about the slow pace of implementation of the previous EFSD<sup>32</sup>.

**34** In this context, the Commission explained that negotiations to conclude guarantee agreements could only begin once the programming exercise for the NDICI-Global Europe instrument had been completed (see paragraphs [57-59](#)). In addition, the Commission focused its initial efforts on concluding the guarantee agreement for investment window 1 with the EIB, given its size. This was followed by the negotiation of the “open architecture” agreements. The Commission also noted that the pace of negotiations had increased over the course of 2023 and 2024.

#### Little information on “additionality”

**35** Article 2(10) of the [NDICI-Global Europe Regulation](#) sets out a precise definition of “additionality” (see [Box 3](#)), which was one of the key evaluation requirements under Article 42(5) of the NDICI-Global Europe Regulation.

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<sup>31</sup> Article 31(4) of the [NDICI-Global Europe Regulation](#).

<sup>32</sup> [ECA opinion 07/2020](#), paragraphs 34 and 66.

### Box 3 – Additionality requirements

- (1) The EAG support under the EFSD+ is expected to contribute to sustainable development through operations that would not have been possible without this Guarantee, or that achieve significantly better results than would have been attainable otherwise.
- (2) The principle of additionality also means that EAG-supported operations attract private-sector funding and address market failures or sub-optimal investment situations. Additionally, they are expected to improve the quality, sustainability, impact or scale of an investment.
- (3) The principle also means that EAG operations do not replace support from a member state, private funding, or other EU or international financial interventions. Additionally, it would prevent the displacement of other public or private investments unless justified in accordance with the objectives and principles of the NDICI-Global Europe Regulation.
- (4) Projects supported by the EAG are expected to have a higher risk profile than the portfolios in which eligible DFIs would invest under their normal investment policies.

### Mobilisation of additional investments

**36** The evaluation contains little information on the EFSD+’s capacity to mobilise additional investments. It acknowledges a limitation in relation to the assessment of the EFSD+’s added value (see paragraph [21\(3\)](#)). The evaluation only assesses added value for the “open architecture” window, defined “in terms of mobilising additional finance and expertise of a number of multilateral financial institutions and development finance institutions”. The evaluation finds that the “open architecture” window’s added value “is substantiated by the large oversubscription of the first call for proposals under the EFSD+ open architecture”<sup>33</sup>. However, the evaluation does not explain to what extent the EAG helped to mobilise additional investments, or whether this could have been achieved without the EAG.

### “Crowding-in” of private-sector funding

**37** The evaluation provides little information regarding the attraction (“crowding in”) of private-sector investments and the EFSD+’s ability to leverage investments from other sources. The evaluation claims that “the EFSD+ allows to use [*sic*] limited EU

<sup>33</sup> SWD(2024) 133, p. 60.

public financial resources as a leverage for other public and private investment”<sup>34</sup>. However, this statement contrasts with another section of the evaluation, which states that “it is too early to assess the capacity of EFSD+ to attract private-sector investment on a large scale due to the longer implementation process of financial instruments”<sup>35</sup>. While that may be the case, the evaluation also does not make any attempt to estimate how much investment the EFSD+ is eventually expected to attract from the private sector.

**38** By contrast, in a recent evaluation of the [InvestEU programme](#), which provides guarantees within the EU, the Commission estimated both the leverage and multiplier effects<sup>36</sup>, one of the programme’s key performance indicators. Similarly to the EFSD+, it was established in 2021, though it operates in fewer and far less challenging markets than the EFSD+.

**39** In addition, we note that the Commission did not define the expected “leverage effect” when it proposed to set up the EFSD+ in 2018. Neither the proposal to establish the NDICI-Global Europe Regulation<sup>37</sup> nor the accompanying impact assessment<sup>38</sup> included any estimate of contributions from other sources. Subsequently, in 2021, in the Communication on Global Gateway, the Commission stated the aim of generating a total of up to €135 billion in investments from EFSD+ guarantees<sup>39</sup> (see [Figure 3](#)). This would correspond to about 3.5 times the EFSD+ guarantee capacity of €39.1 billion. However, given the complexity and variety of the markets in which the EFSD+ operates and the variety of instruments used – from sovereign loans in Sub-Saharan Africa to private-sector operations in the EU neighbourhood – the Commission did not set an explicit target for the EFSD+ as a whole. The Commission explained that the leverage effect is assessed during the approval process for each investment operation.

**40** In this context, the evaluation states: “Owing to the leverage effect of guarantees and of blending contributions, the EFSD+ is estimated to have the potential to mobilise more than half a trillion euros in investments for 2021-2027, largely from the private

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<sup>34</sup> [Ibid.](#), p. 42.

<sup>35</sup> [Ibid.](#), p. 60.

<sup>36</sup> [SWD\(2024\) 228](#), InvestEU interim evaluation, 30.09.2024, pp. 36, 37 and 61.

<sup>37</sup> Proposal to establish the NDICI-Global Europe, [COM\(2018\) 460](#), 14.6.2018.

<sup>38</sup> Impact assessment accompanying the proposal for establishing the NDICI-Global Europe, [SWD\(2018\) 337](#), 14.6.2018.

<sup>39</sup> Joint Communication [JOIN\(2021\) 30](#) on the Global Gateway, 1.12.2021, p. 9.

sector.”<sup>40</sup> This estimate is considerably higher than the €135 billion set out by the Commission in 2021 for the Global Gateway. According to the Commission, this difference is primarily due to the fact that the €135 billion did not include blending contributions. In addition, the Commission should measure the leverage effect in line with international rules and practices, such as the methodology of the Organisation for Economic Co-operation and Development<sup>41</sup>. The evaluation does not say whether this was the case. In the absence of details on how the Commission measures the leverage effect, we cannot assess whether the estimates put forward by the evaluation are realistic.

**41** Furthermore, the evaluation includes no information on private resources mobilised by the previous EFSD. This is regrettable since the evaluation claims to have covered EFSD and the information was available at the time the evaluation was prepared<sup>42</sup>.

#### **Replacement of support from other sources**

**42** The evaluation contains no information on whether the EFSD+ ensures that “operations do not replace the support of a Member State, private funding or another Union or international financial intervention, and avoid crowding out other public or private investments”, as required by the definition of additionality<sup>43</sup>.

#### **Projects with a higher risk profile**

**43** The evaluation did not assess whether the risk profile of operations supported by the EAG is higher than the portfolios in which the eligible DFIs would invest “under their normal investment policies”<sup>44</sup>. Whereas the evaluation generally highlights the EFSD+’s potential to reduce the risk in investment operations<sup>45</sup>, it also recognises DFIs’ “limited risk appetite in fragile / less-developed countries”<sup>46</sup>.

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<sup>40</sup> SWD(2024) 133, p. 28.

<sup>41</sup> Recital 65 to the NDICI-Global Europe Regulation.

<sup>42</sup> Draft EU budget for 2025, working document XI, p. 46.

<sup>43</sup> Article 2 (10) of the NDICI-Global Europe Regulation.

<sup>44</sup> Ibid.

<sup>45</sup> SWD(2024) 133, p. 60.

<sup>46</sup> Ibid., p. 124.

**44** In relation to risk assessment, the evaluation points out issues with the pricing of guarantees. The guarantee agreements set the fees the DFIs are required to pay. The fees should reflect the level of risk that is covered by the EU budget. In line with the Financial Regulation<sup>47</sup>, the Commission applied “policy discounts” intended to incentivise DFIs to invest in particularly difficult contexts, such as fragile and conflict-affected countries. For investment window 1 of the EIB’s dedicated windows, which involve public investments, the Commission applies no fees. For “open architecture” guarantees, fees are payable at a rate that varies, depending on the risk profile of their portfolios, from 0.2 % to 4 %.

**45** The evaluation reports DFIs’ concerns regarding the pricing model: “On pricing and risk, DFIs call for greater transparency, including through getting access to a pricing simulation model”<sup>48</sup>. In an interview, EIB staff explained that even a small fee applied to guarantees eventually cascades down to financial intermediaries and final beneficiaries. It comes in addition to the fee that DFIs then add on to the Commission’s pricing. This might render an investment operation less competitive.

### No assessment of the maximum guarantee amount

**46** Beyond the evaluation requirements under Article 42(5), the [NDICI-Global Europe Regulation](#) also required the Commission to “assess the maximum amount of the External Action Guarantee”<sup>49</sup>. The overall ceiling for the EAG’s coverage is set at €53.5 billion<sup>50</sup>, with provisioning of up to €10 billion from the EU budget<sup>51</sup>. Under certain conditions, the Commission can amend these ceilings. The provisions are to be paid from appropriations from the geographic programmes under the NDICI-Global Europe Regulation, together with appropriations from the Instrument for Pre-Accession Assistance III and the Instrument for International Nuclear Safety Cooperation. These appropriations are transferred into a dedicated compartment of the “common provisioning fund” set up within the EU budget. The common provisioning fund holds provisions to cover the financial liabilities arising from financial

<sup>47</sup> Article 209(2)(g) of [Regulation 2018/1046](#) (“Financial Regulation”). Please note that on 23 September 2024, the European Parliament and the Council adopted a [recast Regulation 2024/2509](#).

<sup>48</sup> [SWD\(2024\) 133](#), p. 125.

<sup>49</sup> Article 42(4) of the [NDICI-Global Europe Regulation](#).

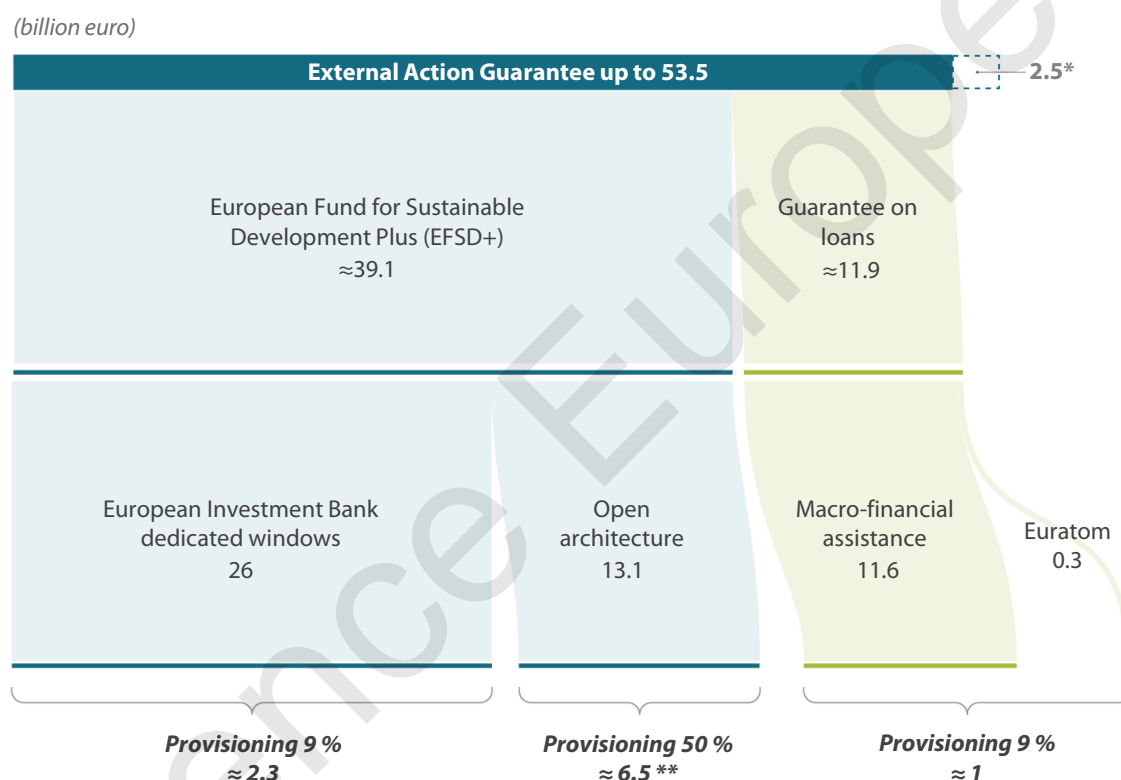
<sup>50</sup> [Ibid.](#), Article 31(4).

<sup>51</sup> [Ibid.](#), Article 31(5).

instruments, budgetary guarantees or financial assistance made available by the EU budget<sup>52</sup>.

**47** The EAG's actual guarantee capacity depends on the provisioning rate used for its components. This rate was initially set to range from 9 % for sovereign (and sub-sovereign) operations to 50 % for riskier operations involving the private sector (see [Figure 5](#)).

**Figure 5 – Provisioning for the External Action Guarantee**



Note:

\* The EAG can cover investment operations up to a theoretical maximum of €53.5 billion. The actual guarantee capacity is around €51 billion.

\*\* EIB dedicated investment window 4 “ACP private-sector guarantee” is only partly financed under the EAG: €500 million in guarantee coverage comes from “open architecture”, provisioned at 50%. This investment window is mostly financed by reflows from the pre-existing ACP Investment Facility.

Source: ECA, based on draft EU budget for 2025, [working document XI](#) on budgetary guarantees, common provisioning fund and contingent liabilities, p. 72.

**48** The evaluation did not assess the maximum guarantee capacity, as required by Article 42(4) of the NDICI-Global Europe Regulation. The only evaluative statement in this regard is that “the very high interest to benefit from EU guarantee coverage [by the DFIs] indicates that the maximum amount set out in NDICI-Global Europe

<sup>52</sup> Article 212 of the [Financial Regulation](#).

Regulation is relevant”<sup>53</sup>. However, the evaluation did not assess whether the maximum amount is suitable to enable the EAG to achieve the NDICI-Global Europe Regulation’s objectives.

**49** In addition, the evaluation did not assess whether the indicative split of the provisioning between the EAG’s components – EFSD+ guarantees, MFA loans and Euratom loans – was appropriate. Due to the lack of such an assessment, the evaluation does not capture the implications that an EIB loan worth €100 million for Ukraine approved in 2023 (see paragraphs **50-52**) and recently proposed MFA loans to other partner countries (see paragraph **53**) may have for the EAG’s overall guarantee capacity.

### Provisioning for European Investment Bank loans for Ukraine

**50** In the context of Russia’s war against Ukraine, the EU continues to support Ukraine through various channels<sup>54</sup>, including through a recent EFSD+ guarantee agreement<sup>55</sup>.

**51** In June 2023, the Commission decided to use a part of the EAG to cover a new EIB loan for Ukraine worth €100 million<sup>56</sup>. Given the exceptional risks involved, these loans are provisioned at 70 %<sup>57</sup>. Such a provisioning rate is in line with an earlier decision to reinforce provisioning for loans to Ukraine<sup>58</sup>. However, it is also higher than the maximum of 50 % initially envisaged for the EAG<sup>59</sup>.

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<sup>53</sup> SWD(2024) 133, pp. 59-60.

<sup>54</sup> Commission website [EU assistance to Ukraine](#).

<sup>55</sup> Better Futures Program’ concluded in December 2023 with the International Finance Corporation (maximum guarantee of €90 million).

<sup>56</sup> EIB [Press release](#) “New EU contribution for EIB’s Ukraine support package to enable new lending of €100 million”, 13.6.2023.

<sup>57</sup> Commission report on financial instruments, budgetary guarantees, financial assistance and contingent liabilities [COM\(2023\) 683](#), 23.10.2023, pp. 14-15.

<sup>58</sup> [Decision \(EU\) 2022/1628](#) providing exceptional MFA to Ukraine, reinforcing the common provisioning fund by guarantees by member states and by specific provisioning for some financial liabilities related to Ukraine, 20.9.2022, recital 24 and Article 12.

<sup>59</sup> Article 31(5) of the [NDICI-Global Europe Regulation](#).

**52** Although we do not question the exceptional nature of this EIB loan for Ukraine, it is important to note that the increased provisioning for this loan decreased the provisioning available for investment window 1. As a result, the guarantee coverage available for this investment window decreased by €689 million (from €26 725 million under the signed guarantee agreement to the current amount of €26 036 million). Similarly, the expected maximum guarantee capacity for the entire EAG decreased to the current amount of €51 036 million<sup>60</sup> (with a theoretical maximum of €53 449 million). The Commission evaluation does not mention this decrease.

### Provisioning for macro-financial assistance

**53** The Commission initially set a ceiling for provisioning for MFA loans at €1.05 billion. In early 2024, the Commission proposed additional MFA loans of €4 billion for Egypt and €500 million for Jordan (see *Annex II* for an overview of MFA loans). If approved, these loans would bring the total earmarked for provisioning to €947 million, close to the indicative €1.05 billion ceiling.

**54** Consequently, €103 million would remain available before reaching the ceiling for provisioning. Based on this, we estimate that the EU would only be able to lend up to €1.1 billion in new MFA loans if the need arose before end of 2027. DG ECFIN explained that, in such a situation, the Commission would review the indicative ceiling for MFA. However, this would reduce the provisioning available for the EFSD+, unless the Commission were to decide to amend the overall provisioning ceiling for the EAG.

### Certain findings of the external study are not sufficiently reflected in the Commission evaluation

**55** The external study includes a number of points that were not retained in the evaluation. Notably, their main conclusions differ. The conclusion of the Commission evaluation is largely positive, stating that the EFSD+ “has already demonstrated its catalytic effect to leverage additional finance and expertise contributing to sustainable development and growth (...)”<sup>61</sup>. The EIB staff we interviewed agreed with this and other concluding remarks made in the evaluation. By contrast, the conclusion presented in the external study highlights difficulties the EFSD+ faces, such as persistent technical issues, insufficient capacity of EU delegations to deal with

<sup>60</sup> COM(2023) 683, 23.10.2023, pp. 14-15.

<sup>61</sup> SWD(2024) 133, p. 68.

guarantee operations, loss of EU visibility, or difficulties in using guarantees in fragile and least developed countries<sup>62</sup>.

**56** In addition, findings that are relevant for the evaluation of the EAG as envisaged in the NDICI-Global Europe Regulation also do not clearly appear in the evaluation. In particular, the external study suggests “potential ways forward”<sup>63</sup> (summarised below) to improve the functioning of the EFSD+. It is not sufficiently clear from the evaluation whether the Commission intends to take these suggestions on board.

- (1) Increase the capacity of EU delegations.
- (2) The EFSD+ needs to be “better embedded” in the programming exercise for geographic programmes.
- (3) Strengthen cooperation with DFIs.
- (4) Enhance coordination with stakeholders, including civil society.
- (5) Encourage investments in “non-bankable” areas.
- (6) Increase the use of “blending” (grants) in fragile countries where conditions are not suitable for using guarantees.

### Programming exercise and capacity of EU delegations

**57** Among the “ways forward” listed above, we would draw particular attention to point (2) on the programming exercise for geographic programmes, as it relates directly to the use of EFSD+ funding. The external study points out difficulties in synchronising the EFSD+ with the programming exercise for geographic programmes. This is also closely linked with the capacity of EU delegations to deal with budgetary guarantees (point (1)).

**58** The external study states: “Capacity shortfalls already existed for the EFSD during the previous MFF, but the introduction of the EFSD+ has exacerbated them [...]. The EU has initiated the recruitment of specialised staff, but in numbers that are not commensurate to the scale of the EFSD+, or to its ambitions.”<sup>64</sup> The Commission

<sup>62</sup> External study, volume I, [synthesis report](#), conclusion 5, pp. 64-65.

<sup>63</sup> External study, volume I, [synthesis report](#), conclusion 5, p. 65.

<sup>64</sup> External study, volume I, [synthesis report](#), p. 25.

evaluation recognises the need to further build administrative capacity<sup>65</sup>. However, the difficulties with programming and the low capacity of EU delegations are not sufficiently reflected in the Commission evaluation.

**59** We have already referred to such difficulties, in our 2023 special report on the programming of the NDICI-Global Europe Instrument: “The analysis of the provisions for the EFSD+ required additional effort from the EU delegations, which lacked experience in using this new instrument. This delayed the preparation of the [multi-annual indicative programmes].”<sup>66</sup> In this respect, we would reiterate that the EFSD+ is an “implementing modality” for geographic programmes. Therefore, in line with our recommendation (which the Commission accepted), during the next programming exercise the Commission and the EEAS should carry out the analysis of provisioning needed for the EFSD+ only in the implementation phase, so as to avoid delays in the programming process<sup>67</sup>.

## Other NDICI-Global Europe criteria were not sufficiently assessed

### Fair involvement of small and medium-sized counterparts not considered by the evaluation

**60** The NDICI-Global Europe Regulation requires the Commission to ensure fair participation of eligible DFIs, including small and medium-sized entities<sup>68</sup>. The evaluation did not sufficiently assess this aspect. It merely mentions that, with the EFSD+, the EU “open[ed] up its cooperation to a variety of development finance counterparts”<sup>69</sup>, without specifying the entities and amounts concerned.

**61** This is regrettable since this information was available at the time the evaluation was prepared. By the end of 2023, the Commission had signed two guarantee agreements with medium-sized DFIs, one guarantee agreement for €100 million with Finfund and another one for €80 million with EDFI (an association of 15 government-

<sup>65</sup> SWD(2024) 133, p. 43.

<sup>66</sup> Special report 14/2023 on the programming of the Neighbourhood, Development and International Cooperation Instrument, paragraph 62.

<sup>67</sup> Ibid., recommendation 4.

<sup>68</sup> Article 31(2) of the NDICI-Global Europe Regulation.

<sup>69</sup> SWD(2024) 133, p. 60.

backed European development finance institutions)<sup>70</sup>. These two agreements represent about 13 % of all guarantees signed under “open architecture” by the end of 2023.

### Special attention to least developed countries not fully assessed

**62** The EFSD+ is meant to give special attention to “countries identified as experiencing fragility or conflict, LDCs [least developed countries] and heavily indebted poor countries”<sup>71</sup>. The evaluation reports concerns raised by member states and DFIs “regarding how EFSD+ funding, especially with the use of guarantees, can be directed towards difficult contexts and non-traditional lending policy areas”<sup>72</sup>. It points out that the Commission can incentivise DFIs to invest in such countries through “policy discounts” (see paragraph 44). The evaluation also recognises that blending, meaning the use of grants paid from geographic programmes in combination with loans, may be more appropriate than guarantees in certain difficult contexts<sup>73</sup>. However, the evaluation does not state how much funding under the EFSD+ has been directed to these countries so far, or how much is expected to reach them in the future.

### Prevention of investments to “non-cooperative jurisdictions” not assessed

**63** The NDICI-Global Europe Regulation requires that budgetary guarantees “adhere to the Union policy on non-cooperative jurisdictions for tax purposes”<sup>74</sup>. It refers to the Financial Regulation, which, for EU guarantees such as the EFSD+, prohibits entering in operations with entities established in non-cooperative jurisdictions<sup>75</sup>. The evaluation makes no mention of whether the EFSD/EFSD+ or NDICI-Global Europe Regulation funds in general complied with the policy.

<sup>70</sup> Draft EU budget for 2025, [working document XI](#), pp. 83-84.

<sup>71</sup> Article 35(5) of the [NDICI-Global Europe Regulation](#).

<sup>72</sup> [SWD\(2024\) 133](#), p. 61.

<sup>73</sup> [SWD\(2024\) 133](#), pp. 61 and 124.

<sup>74</sup> Recital 66 to the [NDICI-Global Europe Regulation](#). For the entire EU list of non-cooperative jurisdictions, see [Council conclusions](#), ref: 6776/24, 20.2.2024.

<sup>75</sup> Article 155(2) (b) of the [Financial Regulation](#).

**64** We noted that the EFSD+ guarantee agreements concluded with the EIB for investment windows 1 and 4 listed several non-cooperative jurisdictions<sup>76</sup> as “eligible countries”. The Commission confirmed that all countries potentially eligible to receive NDICI-Global Europe funding have, by default, been included in these guarantee agreements. The Commission explained that the guarantee agreements require the DFIs to ensure that all investment operations comply with the necessary “defensive measures”. The Commission monitors this aspect as part of the scrutiny process in place with the DFIs.

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<sup>76</sup> EFSD+ Guarantee agreement for Dedicated investment window 1, 29.4.2022, Schedule 6, Part B – Indicative list of priority countries (p. 78): Panama.  
EFSD+ Guarantee agreement for Dedicated investment window 4, 24.2.2023, Schedule 10 – List of eligible countries (p. 75): Antigua and Barbuda, Palau, Samoa, Trinidad and Tobago, Vanuatu.

## Additional considerations

### Reporting and transparency requirements are not met

**65** While reviewing the evaluation and comparing the information it contains with other sources, we found that the Commission does not publicly report on all aspects required by the NDICI-Global Europe Regulation. The aspects described below would be helpful to complement the evaluation and increase the overall transparency of the EAG. None of these transparency gaps are mentioned in the evaluation.

#### EFSD+ website lacks complaints mechanism

**66** The NDICI-Global Europe Regulation requires the Commission to make publicly available information on actions financed under the NDICI-Global Europe, “including as appropriate through a comprehensive single website”<sup>77</sup>. This website should also “include information on financing and investment operations and the essential elements of all EAG agreements, including information on the legal identity of eligible counterparts, expected development benefits and complaints procedures”<sup>78</sup>. The [EFSD+ website](#) contains a succinct description of the guarantee agreements. However, it does not include any information on “investment operations” as required.

**67** More importantly, the EFSD+ website should contain “direct references to the complaints mechanisms of the relevant counterparts”<sup>79</sup> and provide the possibility of subsequently submitting complaints to the Commission directly. The EFSD+ website lacks any information on how to submit complaints. A 2023 study for the European Parliament recommended that the Commission and the DFIs jointly follow up on complaints, given the importance of environmental, social and governance standards highlighted in the Global Gateway strategy<sup>80</sup>.

<sup>77</sup> Article 46(4) of the [NDICI-Global Europe Regulation](#).

<sup>78</sup> Article 46(5) and 46(6) of the [NDICI-Global Europe Regulation](#).

<sup>79</sup> Article 39(1) of the [NDICI-Global Europe Regulation](#).

<sup>80</sup> Study requested by the European Parliament’s Committee on Development: [The implementation of EFSD plus operations from an inclusive perspective](#), July 2023, recommendation viii.

## Information lacking in NDICI-Global Europe annual report

**68** The NDICI-Global Europe Regulation requires the Commission to “submit as part of the annual report detailed reporting on the financing and investment operations covered by the External Action Guarantee”<sup>81</sup>. The 2023 annual report, which covers all external action instruments, contains a brief section on signed EFSD+ guarantee agreements<sup>82</sup>. However, it does not contain “detailed reporting on the financing and investment operations”. In addition, the “detailed reporting” is meant to cover several elements, such as contribution to NDICI-Global Europe objectives, additionality, and leverage effect achieved. As is the case in the evaluation, the annual reports cover none of these elements.

## Meeting minutes not published

**69** Finally, the Commission is required to publish the minutes and agendas of the meetings of the EFSD+ strategic board<sup>83</sup>. The Commission shared the records of the meetings with us, so these do exist. However, the Commission did not publish them, even though it used to publish the [meeting documents](#) for the previous EFSD.

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<sup>81</sup> Article 41(7) of the [NDICI-Global Europe Regulation](#).

<sup>82</sup> 2023 annual report on the implementation of the EU’s external action instruments, [SWD\(2023\) 357 final](#); pp. 190-192.

<sup>83</sup> Article 33(5) of the [NDICI-Global Europe Regulation](#).

## Concluding remarks

**70** The Commission's evaluation of the EU external financing instruments describes various aspects of the External Action Guarantee and the main innovative funding mechanism it supports: the European Fund for Sustainable Development Plus (EFSD+). The evaluation provides useful observations and points out challenges in implementing the External Action Guarantee.

**71** However, the evaluation remains incomplete as it does not sufficiently cover all the aspects required by Article 42(5) of the [NDICI-Global Europe Regulation](#), i.e. the External Action Guarantee's contribution to the overall objectives, the results achieved and additionality. This can be partly explained by the fact that the EFSD+ was at an early stage of implementation when the evaluation was carried out. However, the evaluation did not make use of all information that was publicly available at the time the Commission prepared the evaluation. An example of this is the lack of information on private resources mobilised by the previous EFSD.

**72** In addition, the evaluation did not assess the External Action Guarantee's maximum amount, as required by Article 42(4) of the [NDICI-Global Europe Regulation](#). It does not say whether this amount is suitable to enable the External Action Guarantee to achieve its objectives, whether the levels of provisioning are adequate, nor whether the indicative split of the provisioning between its components is appropriate. Due to the lack of such an assessment, the evaluation does not capture the implications that a European Investment Bank loan for Ukraine approved in 2023 and recently proposed MFA loans to other partner countries may have for the External Action Guarantee's overall guarantee capacity.

**73** While the external study accompanying the evaluation made suggestions ("ways forward") on how to improve the functioning of the External Action Guarantee, it is not clear whether the Commission has taken them on board. Several other findings in the external study that are relevant for the evaluation of the External Action Guarantee do not clearly appear in the Commission evaluation.

**74** Beyond our review of the evaluation, we found that the Commission does not publicly report on all aspects required by the legislation. The missing information would be helpful to complement the evaluation and increase the overall transparency of the External Action Guarantee.

**75** Based on our review of the evaluation, we make the following suggestions to the Commission:

- As a novel instrument involving significant funding, the External Action Guarantee would merit its own dedicated evaluation going into greater detail. The Commission should consider preparing a dedicated evaluation of the External Action Guarantee in 2027, when its next evaluation is due (see paragraph [19](#)).
- As the European Court of Auditors opinion is meant to accompany the Commission evaluation, the next time the External Action Guarantee is due to be evaluated (by the end of 2027), the Commission should consider submitting the final evaluation to the European Court of Auditors sufficiently in advance, so that both documents can be published and submitted to the legislators at the same time (see paragraph [20](#)).
- When identifying lessons learned and preparing legislative proposals for the post-2027 MFF, the Commission should consider assessing the elements of the External Action Guarantee that were not covered by the current evaluation, based on the latest data available (see paragraphs [25-45](#)).
- As required in Article 42(4) of the [NDICI-Global Europe Regulation](#), the Commission should, in any future evaluation of the External Action Guarantee, assess whether the maximum guarantee capacity and the levels of provisioning are appropriate (see paragraphs [46-54](#)).
- The Commission should consider how the “ways forward” suggested in the external study could feed into the preparations of legislative proposals for the post-2027 MFF (see paragraphs [55](#) and [59](#)).
- For the sake of transparency, the Commission should consider improving the EFSD+ website and publishing all the information required by the [NDICI-Global Europe Regulation](#) (see paragraphs [65-69](#)).

This opinion was adopted by Chamber III headed by Ms Bettina Jakobsen, Member of the Court of Auditors, in Luxembourg at its meeting of 3 December 2024.

*For the Court of Auditors*



Tony Murphy  
*President*

Agence Europe

# Annexes

## Annex I – Comparison of the features of the EFSD, the EFSD+ and related guarantee mechanisms

	EFSD	EFSD Guarantee	EFSD+	External Action Guarantee
Period/MFF	2017-2020		2021-2027	
Legislation	<a href="#">Regulation 2017/1601</a> establishing the EFSD		<a href="#">Regulation 2021/947</a> establishing the NDICI-Global Europe	
Purpose	Support investments and increase access to financing to partner countries			
Focus	Sustainable and inclusive growth, jobs, gender equality, and on socioeconomic sectors and SMEs, while maximising additionality, delivering innovative products, and crowding in private sector funds			
Objectives	In line with Article 21 TEU, 208 TFEU, international development effectiveness principles, UN SDGs poverty eradication, EU neighbourhood policy, European agenda on migration; as well as objectives consistent with those of its funding sources.		Objectives defined under the NDICI-Global Europe Regulation, and where relevant those under Instrument for Pre-Accession Assistance (IPA III) Regulation	
EU external investment context	European <a href="#">External Investment Plan (EIP)</a> set up in 2016 with a focus on growth, jobs, sustainability, and migration		In addition to the EIP, the <a href="#">Global Gateway</a> (2021) with a focus on: infrastructure digital, climate, energy, transport, health, education and research	
Supply financing capacity through:	Integrated package of: grants, guarantees and other financial instruments, including blending	Guarantees	Integrated package of: grants, technical assistance, financial instruments, budgetary guarantees and blending operations	Guarantees; not only for EFSD+ operations, but also for MFA and Euratom loans.
Funding sources (appropriations)	11 <sup>th</sup> EDF and EU Budget (DCI and ENI)		EU budget: NDICI-Global Europe and, where relevant, Instrument for Pre-Accession Assistance (IPA III)	
Geographical scope	Africa and the EU Neighbourhood		Global	

	EFSD	EFSD Guarantee	EFSD+	External Action Guarantee
Guarantee provision and volume of guarantee operations	Provision of €750 million to provide a financial coverage of €1.5 billion in guarantees.  (Complemented with €3.8 billion in blending).		Provision of up to €10 billion to provide a financial coverage of up to €51.036 billion (including €11.9 billion of guarantees on loans related to macro-financial assistance and Euratom loans).	
Guarantee available for:	-	Private-sector financing	-	Sovereign and non-commercial sub-sovereign financing; commercial sub-sovereign financing; private-sector financing
Provisioning rate for guarantee	-	50 % (for obligations covered by the EU budget)	-	Between 9 % (Macro-financial assistance, sovereign risks and EIB dedicated windows) and 50 % for operations involving the private sector
Accountability arrangements	Article 16(2) of <a href="#">Regulation 2017/1601</a> states that “eligible counterparts with which an EFSD guarantee agreement has been concluded shall provide the Commission and the Court of Auditors annually with the financial reports on financing and investment operations (...)”.		Article 38(6) of <a href="#">Regulation 2021/947</a> states that “eligible counterparts with which an External Action Guarantee agreement has been concluded shall provide the Commission and the Court of Auditors annually with the financial reports on financing and investment operations (...)”.	

## Annex II – Overview of macro-financial assistance

### Approved MFA (in € million)

Country	Title	Loan amount	Provisioning	Grants	Approval
Ukraine	Emergency MFA	1 200	108	0	February 2022
Ukraine	Exceptional MFA I <sup>1</sup>	1 000	90	0	July 2022
Ukraine	Exceptional MFA II <sup>2,3</sup>	5 000	225	0	September 2022
North Macedonia	Macro-financial Assistance	100	9	0	July 2023
Moldova	Macro-financial Assistance	120	11	30	April 2022
Moldova	Macro-financial Assistance	100	9	45	June 2023
Egypt	Short-term MFA	1 000	90	0	April 2024
<b>Total</b>		<b>8 520</b>	<b>542</b>	<b>75</b>	

### Proposed MFA (in € million)

Country	Title	Loan amount	Provisioning	Grants	Proposal
Egypt	Macro-financial Assistance	4000	360	0	March 2024
Jordan	MFA IV	500	45	0	April 2024
<b>Total</b>		<b>4 500</b>	<b>405</b>	<b>0</b>	
<b>Grand total</b>		<b>13 020</b>	<b>947</b>	<b>75</b>	

*Notes:* This table does not include €18 billion in MFA+ loans for Ukraine and €33 billion in loans made available under the Ukraine Facility that are backed directly by the EU budget “headroom”. These loans are not provisioned from the External Action Guarantee.

<sup>1</sup> EU member states agreed to provide additional coverage of €610 million in callable guarantees.

<sup>2</sup> EU member states agreed to provide additional coverage of €3 050 million in callable guarantees.

<sup>3</sup> Another part of the provisioning for exceptional MFA II operations (€225 million) will be paid in from the Ukraine Facility.

*Source:* ECA, based on background analysis per beneficiary country accompanying Commission report on the implementation of macro-financial assistance to third countries in 2023, [SWD\(2024\) 150](#).

## Annex III – Previous ECA special reports and opinions

**Table 1 – ECA publications dealing with loans, guarantees, and innovative funding of EU assistance**

Publication reference	Title
2024	Annual reports concerning the 2023 financial year
Opinion (OP) 01/2024	Opinion concerning the proposal for a Regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Western Balkans [2023/0397(COD)]
2023	Annual reports concerning the 2022 financial year
Special report (SR) 14/2023	Programming the Neighbourhood, Development and International Cooperation Instrument – Global Europe
SR 05/2023	The EU's financial landscape – A patchwork construction requiring further simplification and accountability
OP 03/2023	Opinion concerning the proposal for a Regulation of the European Parliament and of the Council on establishing the Ukraine Facility
OP 07/2022	Opinion concerning the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) 2018/1046 as regards the establishment of a diversified funding strategy as a general borrowing method [2022/0370 (COD)]
SR 06/2021	Financial instruments in cohesion policy at closure of the 2007–2013 period
OP 07/2020	Opinion accompanying the Commission's report on the implementation of the European Fund for Sustainable Development [COM(2020) 224]
Review 07/2019	Rapid case review Reporting on sustainability: A stocktake of EU institutions and agencies
SR 03/2019	European Fund for Strategic Investments: Action needed to make EFSI a full success
OP 10/2018	Opinion concerning the proposal for Regulation of the European Parliament and the Council establishing the Neighbourhood, Development and International Cooperation Instrument [COM(2018) 460]
SR 19/2016	Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 programme period
SR 14/2015	The ACP Investment Facility: does it provide added value?
SR 08/2015	Is EU financial support adequately addressing the needs of micro-entrepreneurs?
SR 05/2015	Are financial instruments a successful and promising tool in the rural development area?
SR 16/2014	The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies

**Table 2 – ECA publications dealing with “better regulation” requirements**

publication reference	Title
SR 17/2022	External consultants at the European Commission
RE 02/2020	Law-making in the European Union after almost 20 years of Better Regulation
SR 16/2018	Ex-post review of EU legislation: a well-established system, but incomplete

Agence Europe

# Abbreviations

**DCI:** Development Cooperation Instrument.

**DFI:** Development finance institution.

**DG BUDG:** European Commission's Directorate-General for Budget.

**DG ECFIN:** European Commission's Directorate-General for Economic and Financial Affairs.

**DG INTPA:** European Commission's Directorate-General for International Partnerships.

**DG NEAR:** European Commission's Directorate-General for Neighbourhood and Enlargement Negotiations.

**DOAG:** Decision on the Overseas Association, including Greenland.

**EAG:** External Action Guarantee.

**ECA:** European Court of Auditors.

**EDFI:** European development finance institutions.

**EFSD:** European Fund for Sustainable Development.

**EFSD+:** European Fund for Sustainable Development Plus.

**EIB:** European Investment Bank.

**ENI:** European Neighbourhood Instrument.

**INSC:** International Nuclear Safety Cooperation.

**IPA:** Instrument for Pre-Accession Assistance.

**MFA:** Macro-financial assistance.

**NDICI – Global Europe:** Neighbourhood, Development and International Cooperation Instrument – Global Europe.

**SWD:** Staff working document.

# Glossary

Term	Explanation
<b>Better regulation</b>	Concept that guides EU policy and law-making, based on the principles that regulation should achieve its objectives at minimum cost and be designed in a transparent, evidence-based manner with citizen and stakeholder involvement.
<b>Blending</b>	Practice of teaming EU grants with loans or equity from public and private financiers.
<b>Budgetary guarantee</b>	Commitment to use the EU budget to compensate the European Investment Bank and other development finance institutions for any losses incurred if a beneficiary fails to meet its obligations in the context of the EFSD+, such as by defaulting on a loan.
<b>Development finance institutions</b>	Specialised development banks or subsidiary, usually majority state-owned, set up to support private sector development in developing countries.
<b>European Investment Bank</b>	EU bank, owned by the member states, which provides financing for projects in support of EU policy, mainly in the EU, but also externally.
<b>Final beneficiary</b>	Person or entity benefitting from EFSD+ financing, whether directly from the European Investment Bank or via another financial intermediary.
<b>Investment window</b>	Under the External Action Guarantee, area of targeted EFSD+ support for portfolios of investments in specific regions, countries or sectors.
<b>Macro-financial assistance</b>	Form of financial aid the EU gives to partner countries experiencing balance-of-payments or budgetary difficulties.

Term	Explanation
<b>Multiplier effect</b>	Where a given change in a particular input, such as EU investments or guarantees, causes a larger change in an output, such as total investment.
<b>Non-cooperative jurisdiction</b>	Country that fails to comply with tax good governance standards.
<b>Provision</b>	Accounting term for the best estimate of a likely future liability of uncertain timing or amount, recorded on the balance sheet.
<b>Provisioning rate</b>	Percentage of an authorised financial liability which must be reflected as a provision.
<b>Small and medium-sized enterprises</b>	Size definition applied to companies and other organisations, based on the number of staff employed and certain financial criteria. Small enterprises have fewer than 50 staff, and turnover or a balance sheet total not exceeding €10 million. Medium-sized enterprises employ fewer than 250 staff, and have turnover up to €50 million or a balance sheet total up to €43 million.
<b>Sovereign debt</b>	Money owed by central government to domestic and foreign lenders.
<b>Staff working document</b>	Non-binding Commission document produced for discussion, either internally or outside the institution.
<b>Sustainable development goals</b>	The 17 goals set in the United Nations 2030 Agenda for Sustainable Development to stimulate action by all countries in areas of critical importance for humanity and the planet.

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