Procedure file

Basic information

APP - Consent procedure	2018/0166(APP)	Procedure completed

Multiannual financial framework for the years 2021 to 2027

Accompanying procedure 2018/0166R(APP)
Amended by 2022/0369(APP)
Amended by 2023/0201(APP)

Subject
8.70 Budget of the Union
8.70.02 Financial regulations

Legislative priorities
Multiannual Financial Framework 2021-2027

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets		23/07/2019
	epp OLBRYCHT Jan	23/07/2019
	S&D MARQUES Margarida	
	Shadow rapporteur	
	renew europe. KÖRNER Moritz	
	ANDRESEN Rasmus	
	ZANNI Marco	
	ECR ZĪLE Roberts	

Former committee responsible

BUDG Budgets		

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	The committee decided not to give an opinion.	
INTA International Trade	The committee decided not to give an opinion.	
CONT Budgetary Control	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to	

		give an opinion.	
ENVI	Environment, Public Health and Food Safety		07/10/2020
		epp JARUBAS Adam	
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	The committee decided not to give an opinion.	
REGI	Regional Development	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	The committee decided not to give an opinion.	
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
AFCO	Constitutional Affairs		24/09/2020
		epp TAJANI Antonio	
FEMM	Women?s Rights and Gender Equality	The committee decided not to give an opinion.	
PETI	Petitions	The committee decided not to give an opinion.	

Former committee for opinion

AFET	Foreign Affairs
DEVE	Development
INTA	International Trade
CONT	Budgetary Control
ECON	Economic and Monetary Affairs
EMPL	Employment and Social Affairs
ENVI	Environment, Public Health and Food Safety
ITRE	Industry, Research and Energy
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LIBE	Civil Liberties, Justice and Home Affairs
AFCO	Constitutional Affairs
FEMM	Women?s Rights and Gender Equality

	PETI Petitions	
Council of the European Union European Commission	Commission DG Budget	Commissioner OETTINGER Günther

Key events

02/05/2018	Preparatory document	COM(2018)0322	Summary
28/05/2020	Preparatory document	COM(2020)0443	Summary
14/12/2020	Legislative proposal published	09970/2020	Summary
14/12/2020	Committee referral announced in Parliament		
14/12/2020	Vote in committee		
14/12/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0260/2020	Summary
16/12/2020	Results of vote in Parliament		
16/12/2020	Debate in Parliament		
16/12/2020	Decision by Parliament	T9-0357/2020	Summary
22/12/2020	Act adopted by Council after consultation of Parliament		
22/12/2020	Final act published in Official Journal		

Technical information

Procedure reference	2018/0166(APP)
Procedure type	APP - Consent procedure
Procedure subtype	Legislation
	Amended by 2022/0369(APP) Amended by 2023/0201(APP)
Legal basis	Treaty on the Functioning of the EU TFEU 312-p2
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/00300

Documentation gateway

Preparatory document		COM(2018)0322	02/05/2018	EC	Summary
Preparatory document		COM(2020)0443	28/05/2020	EC	Summary
Committee draft report		PE660.266	17/11/2020	EP	
Specific opinion	ENVI	PE660.306	18/11/2020	EP	

Specific opinion	AFCO	PE660.284	20/11/2020	EP	
Council statement on its position		12793/2020	14/12/2020	CSL	
Legislative proposal		09970/2020	14/12/2020	CSL	Summary
Committee report tabled for plenary, 1st reading/single reading		A9-0260/2020	14/12/2020	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0357/2020	16/12/2020	EP	Summary
Follow-up document		COM(2020)0848	18/12/2020	EC	
Follow-up document		COM(2021)0365	07/06/2021	EC	
Follow-up document		COM(2022)0266	07/06/2022	EC	
Follow-up document		COM(2023)0320	06/06/2023	EC	
Follow-up document		COM(2023)0336	20/06/2023	EC	
Follow-up document		SWD(2023)0336	21/06/2023	EC	
Follow-up document		COM(2024)0110	29/02/2024	EC	

Additional information

Research document	Briefing	29/01/2021

Final act

Regulation 2020/2093
OJ L 433I 22.12.2020, p. 0011

Multiannual financial framework for the years 2021 to 2027

PURPOSE: to lay down the multiannual financial framework (MFF) for the years 2021 to 2027.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

CONTENT: the proposal for the MFF Regulation and the draft Interinstitutional Agreement on budgetary discipline, budgetary cooperation and sound financial management follow the principles and the broad policy objectives set out in the Commission Communication A modern budget for a Union that protects, empowers and defends: Multi-annual financial framework 2021-2027", adopted on 2 May 2018.

These proposals provide for a date of application of 1 January 2021 and are presented for a Union of 27 Member States, taking into account the notification by the United Kingdom of its intention to withdraw from the European Union.

The main features of the proposed MFF are as follows:

MFF structure and ceilings: to support the Union's priorities in a context of EU 27, and to take into account the integration of the European Development Fund into the Union budget, the Commission proposes for the MFF 2021-2027 a ceiling for commitments of EUR 1 134.6 billion in constant prices of 2018 equal to 1.11% of EU GNI and a corresponding payment ceiling of EUR 1 104.8 billion in constant prices of 2018 equal to 1.08% of EU GNI.

The commitment ceilings for the period 2021-2027 are broken down into 7 headings:

- Heading 1: Single Market, Innovation and Digital: EUR 166 303 million;
- Heading 2: Cohesion and values: EUR 391 974 million;
- of which: economic, social and territorial cohesion: EUR 330 642 million;
- Heading 3: Natural resources and environment: EUR 336 623 million;
- of which: market-related expenditure and direct payments: EUR 254 247 million;
- Heading 4: Migration and border management: EUR 30 829 million;
- Heading 5: Security and defence: EUR 24 323 million;
- Heading 6: Neighbourhood and the world: EUR 108 929 million;
- Heading 7: European public administration: EUR 75 602 million.

The European institutions shall comply with the annual expenditure ceilings set out in the Annex.

Own resources: this proposal provides that the own resources ceiling should be respected for each of the years covered by the MFF. Should the ceilings for payment appropriations result in call-in rate for own resources exceeding the own resources ceiling, the ceilings of the financial framework have to be adjusted.

The Commission is proposing together with this proposal a legislative package for the reform of the Unions Own resources system, including a proposal for a Council Decision on the system of own resources of the European Union, including an increase of the ceiling for annual calls for own resources for payments to 1.29% of GNI, and 1.35% of GNI in commitments.

Flexibility: in the first years of the multiannual financial framework for the years 2014-2020, the Union was confronted with unforeseen challenges of an unprecedented scale resulting from instability in its neighbourhood occasioning security threats and mass migratory movements. In order to mobilise additional financial means for measures contributing to tackle the above mentioned challenges, the flexibility of the MFF was extensively used, in particular through the mobilisation of special instruments established as part of the MFF Regulation.

The Commission proposes to enhance and streamline flexibility mechanisms, to create a more agile framework while preserving the stability that the multiannual framework offers.

With regard to special instruments which allow entering appropriations in the budget over and above the ceilings set in the MFF, it is proposed to:

- maximise the use of the expenditure ceilings through specific and maximum flexibility between headings and years;
- increase from 10% to 15% the possibility to differ from the indicative amounts in the programmes adopted by ordinary legislative procedure in order to increase flexibility within headings;
- revise the scope of special instruments such as the European Globalisation Adjustment Fund and extend the scope of the Emergency Aid Reserve (e.g. to allow activation of the Emergency Aid Reserve in the event of an EU crisis), as well as streamlining mobilisation procedures;
- increase the maximum amounts available each year for the European Globalisation Adjustment Fund (EUR 200 million), the European Union Solidarity Fund (EUR 600 million), the Emergency Aid Reserve (EUR 600 million) and the Flexibility Instrument (EUR 1 billion). The flexibility instrument should also be allowed to use the unused part of the annual amounts allocated to the emergency aid reserve, as is already the case for the European Union Solidarity Fund and the European Globalisation Adjustment Fund.

Adjustments and revision of the MFF: the financial framework is presented at 2018 prices. The proposal lays down rules for annual technical adjustments to the MFF to recalculate the ceilings and margins available.

It is proposed that the Commission presents by the end of 2023 a review of the functioning of the multiannual financial framework, accompanied as appropriate by relevant proposals for the remainder of the period, including a proposal for the revision of the MFF.

Multiannual financial framework for the years 2021 to 2027

The Commission has presented an amended proposal for a Council Regulation laying down the multiannual financial framework (MFF) for the period 2021-2027.

Experience has shown that in the event of a sudden and general crisis such as the COVID-19 outbreak, the EU is called upon to act within a few days. It must provide rapid, flexible and direct support, based on the principle of solidarity, to address the serious public health consequences of the epidemic within the Union, as well as to support the efforts and strengthen the capacities of the most affected Member States and regions.

The comprehensive recovery package requires reinforcements and adjustments to the Commission proposals of May 2018 for the 2021-2027 multiannual framework, to include new facilities and programmes targeting the most pressing recovery needs, significant reinforcement to other programmes crucial to the response, and greater flexibility.

The Commission therefore proposes adjustments to the draft MFF Regulation and the draft Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and sound financial management. These adjustments should allow for increased flexibility in implementation to take into account the need to activate the new provisions in emergency situations.

This amended proposal provides for :

- the review of national allocations for cohesion, which will take place in 2024, taking into account the latest statistics available at that time. This review will translate only in upwards adjustments, with a maximum overall amount of EUR 10 billion (2018 prices);

- the addition of the Just Transition Fund to the programmes under shared management for which 2021 commitment appropriations may need to be reprogrammed, and for which corresponding adjustment of the Multiannual Financial Framework ceilings should apply over the years 2022 to 2025;

- to increase the maximum annual amount of the European Globalisation Adjustment Fund to EUR 386 million (in 2018 prices) due to the economic and social effects of the COVID crisis;

- to increase the maximum annual amount of the European Union Solidarity Fund (EUSF) to EUR 1 billion (in 2018 prices). Regulation (EU) 2020/461 extended the scope of the EUSF to include major public health emergencies among the disasters for which the Fund can intervene;

- renaming the special instrument of the Emergency Aid Reserve ?Solidarity and Emergency Aid Reserve? and increasing the maximum annual amount to EUR 3 billion (in 2018 prices), so that emergency funds can be mobilised at a level sufficient to respond to unforeseen challenges.

The Solidarity and Emergency Aid Reserve will be able to reinforce swiftly EU action, as and when needed, through EU instruments which provide for such emergency mechanisms, such as the Emergency Support Instrument but also Humanitarian Aid, RescEU, Health programme, the Single Market Programme (with its emergency veterinary and phytosanitary measures), or the Asylum and Migration Fund.

Multiannual financial framework for the years 2021 to 2027

PURPOSE: to set the multiannual financial framework for the years 2021 to 2027.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the multiannual financial framework (MFF) should be set at seven years starting on 1 January 2021.

The economic impact of the COVID-19 crisis requires the EU to provide a long-term financial framework paving the way to a fair and inclusive transition to a green and digital future, supporting the EUs longer-term strategic autonomy and making it resilient to shocks in the future.

CONTENT: the draft Council regulation establishes a long-term budget of EUR 1 074.3 billion in commitment appropriations at 2018 prices for the EU-27, including the integration of the European Development Fund.

Together with the Next Generation EU recovery instrument of EUR 750 billion, it will allow the EU to provide an unprecedented EUR 1.8 trillion of funding over the coming years to support recovery from the COVID-19 pandemic and the EU's long-term priorities across different policy areas.

Areas of expenditure

Under the next Multiannual Financial Framework, EU funding should focus on new and reinforced priorities across all EU policy areas, including the ecological and digital transitions.

The next long-term budget should cover seven areas of expenditure:

1. Single market, innovation and digital: EUR 132.8 billion;
2. Cohesion, resilience and values: EUR 377.8 billion;
3. Natural Resources and Environment: EUR 356.4 billion;
4. Migration and border management: EUR 22.7 billion;
5. Security and defence: EUR 13.2 billion;
6. Neighbourhood and the World: EUR 98.4 billion;
7. Administration: EUR 73.1 billion.

Main characteristics

The draft regulation:

- sets out the rules on compliance with the MFF ceilings: during each budgetary procedure and when implementing the budget for the year concerned, the European Parliament, the Council and the Commission should respect the annual expenditure ceilings of the MFF. The annual ceilings for commitment appropriations by category of expenditure should respect the ceilings for commitments and own resources, which are set in accordance with the Council Decision on the system of the European Union's own resources in force;

- lays down rules for annual technical adjustments of the MFF in order to recalculate the ceilings and margins available;

- lays down rules for other situations that may require adjustments to the MFF due to delays in the adoption of new rules, measures related to sound economic governance or measures adopted under the Regulation of the European Parliament and of the Council on a general regime of conditionality for the protection of the Union budget;

- puts in place special thematic and non-thematic instruments to enable the Union to react to specific unforeseen circumstances and to further increase flexibility. The ceiling of the annual amount available for the flexibility instrument would be set at EUR 915 million (in 2018 prices);

- introduce specific provisions to enter commitment and corresponding payment appropriations into the budget over and above the ceilings set out in the MFF where it is necessary to use special instruments;

- sets specific rules to deal with large-scale projects the lifetime of which extends well beyond the period set for the MFF;

- lays down general rules on interinstitutional cooperation in the budgetary procedure, while respecting the budgetary powers of the European Parliament, the Council and the Commission.

Programme-specific adjustment mechanism

Under the draft regulation, EUR 15 billion of additional funding would go to flagship programmes/areas.

The main source for the increases (EUR 11 billion) should come from a new mechanism linked to the proceeds from fines collected by the EU and should result in automatic additional allocations to the concerned programmes in 2022-2027.

Further top-ups (EUR 2.5 billion) come from margins left unallocated within the ceilings set by the European Council.

In particular, the following would be strengthened:

- the Horizon Europe programme in the field of research and innovation;

- the new EU Health programme which will provide a solid basis for EU action in the field of health, building on the lessons learned during the COVID-19 pandemic;

- support for migration and border management;

- youth programmes such as Erasmus+ and the European Solidarity Corps.

The Commission should present a proposal for a new Multiannual Financial Framework before 1 July 2025, in order to give the institutions sufficient time to adopt it before the next Multiannual Financial Framework is put in place.

Multiannual financial framework for the years 2021 to 2027

The Committee on Budgets adopted the report by Jan OLBRYCHT (EPP, PL) and Margarida MARQUES (S&D, PT) on the draft Council regulation laying down the multiannual financial framework for the period 2021 to 2027.

The committee responsible recommended that the European Parliament give its consent to the draft Council regulation laying down the multiannual financial framework for the period 2021 to 2027.

In addition to the MFF Regulation, the overall political compromise with the Council Presidency and with the Commission is reflected in:

- an Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, cooperation in budgetary matters and sound financial management, as well as on new own resources, including a roadmap for the establishment of new own resources;

- a set of Joint Declarations of the European Parliament, the Council and the Commission (annexed to this Recommendation).

Figures from the multiannual financial framework (EU-27) for the period 2021 to 2027

The overall level of the MFF is set at EUR 1074.3 billion at 2018 prices. Taking into account the grant component of the Instrument for Recovery/Next Generation EU (EUR 390 billion in grants or direct budgetary expenditure), the amount rises to EUR 1464.3 billion.

The next long-term budget should cover seven areas of expenditure:

1. Single market, innovation and digital: EUR 132.8 billion;
2. Cohesion, resilience and values: EUR 377.8 billion;
3. Natural Resources and Environment: EUR 356.4 billion;
4. Migration and border management: EUR 22.7 billion;
5. Security and defence: EUR 13.2 billion;
6. Neighbourhood and the World: EUR 98.4 billion;
7. Administration: EUR 73.1 billion.

Strengthening flagship programmes

Parliament managed to secure EUR 15 billion in additional funding for flagship programmes/areas:

- Horizon Europe: +4 billion;

- InvestEU: +1 billion;

- Erasmus+: +2.2 billion;

- EU4Health: +3.4 billion;

- Creative Europe: + 0.6 billion;

- Rights and values programme: +0.8billion;

- Border Management & Border & Coast Guard Funds: +1.5 billion;

- NDICI: + 1 billion;

- Humanitarian aid: +0.5 billion.

For future unforeseen needs, a further EUR 1 billion goes to the Flexibility instrument.

The main source for the increases (EUR 11 billion) should come from a new mechanism linked to the proceeds from fines collected by the EU and should result in automatic additional allocations to the concerned programmes in 2022-2027. This mechanism should also result in a genuine increase of the MFF ceilings on a yearly basis. The seven-year MFF overall ceiling will therefore incrementally reach EUR 1 085.3 billion.

Further top-ups (EUR 2.5 billion) come from margins left unallocated within the ceilings set by the European Council.

Introduction of new own resources

The three institutions have established the principle that Next Generation's interest costs and repayments are to be covered by the proceeds from new own resources:

- a plastic contribution is introduced in January 2021, new legislative proposals on a carbon border adjustment mechanism, digital levy and ETS should be submitted by June;

- by June 2024, Commission should put forward a proposal for additional new own resources, which could include a Financial Transaction Tax and a financial contribution linked to the corporate sector or a new common corporate tax base.

Role of the European Parliament as one arm of the budgetary authority

Parliament obtained the creation of a new procedural step (the budgetary scrutiny procedure) with regard to the establishment of future crisis mechanisms based on Article 122 TFEU that may have significant budgetary implications.

Horizontal issues

The compromise package provides for:

- an increase in the overall spending target for the climate objectives from 25% to at least 30% of MFF/Next Generation spending;

- the addition of a new annual biodiversity target of 7.5% in the MFF from 2024, with a view to reaching 10% in 2026 and 2027;

- the development of a methodology for measuring gender expenditure, to be implemented from 2023 at the latest for several centrally managed programmes.

Multiannual financial framework for the years 2021 to 2027

The European Parliament adopted by 548 votes to 81, with 66 abstentions, a legislative resolution approving the draft Council regulation laying down the multiannual financial framework (MFF) for the period 2021 to 2027.

In view of the economic consequences of the COVID-19 crisis, the long-term financial framework should pave the way for a fair and inclusive transition to a green and digital future that promotes longer-term strategic autonomy.

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

The draft regulation establishes a long-term budget of EUR 1074.3 billion in commitment appropriations and EUR 1061 billion in payment appropriations at 2018 prices for the EU-27.

The next long-term budget should cover seven areas of expenditure:

1. Single market, innovation and digital: EUR 132.8 billion;
2. Cohesion, resilience and values: EUR 377.8 billion;
3. Natural Resources and Environment: EUR 356.4 billion;
4. Migration and border management: EUR 22.7 billion;
5. Security and defence: EUR 13.2 billion;
6. Neighbourhood and the World: EUR 98.4 billion;
7. Administration: EUR 73.1 billion.

Programme specific adjustments

Under the draft regulation, EUR 15 billion of additional funding should go to flagship programmes/areas.

The main source for the increases (EUR 11 billion) should come from a new mechanism linked to the proceeds from fines collected by the EU and should result in automatic additional allocations to the concerned programmes in 2022-2027. Further top-ups (EUR 2.5 billion) should come from unallocated margins within the ceilings set by the European Council. For unforeseen future needs, an additional EUR 1 billion should be allocated to the Flexibility Instrument.

The total amount of additional allocations in commitment appropriations for flagship programmes over the period 2022 to 2027 is as follows:

- Horizon Europe: +4 billion;

- InvestEU: +1 billion;

- Erasmus+: +2.2 billion;

- EU4Health: +3.4 billion;

- Creative Europe: + 0.6 billion;

- Rights and values programme: +0.8billion;

- Border Management & Border & Coast Guard Funds: +1.5 billion;

- NDICI: + 1 billion;

- Humanitarian aid: +0.5 billion.

Special instruments

The draft regulation puts in place:

- special thematic instruments to allow the EU to react to unforeseen circumstances: (i) the European Globalisation Adjustment Fund, (ii) the Solidarity and Emergency Aid Reserve and (iii) the Brexit adjustment reserve. The solidarity and emergency aid reserve would not be used to manage the consequences of market-related crises affecting agricultural production or distribution;

- special non-thematic special instruments to increase flexibility: (i) the single margin facility and (ii) the flexibility instrument which should allow for specific unforeseen expenditure in a given year. The ceiling of the annual amount available for the Flexibility Instrument is set at EUR 915 million (in 2018 prices).

Revision

The Commission should present a review of the functioning of the MFF no later than 1 January 2024. It should present a proposal for a new multiannual financial framework before 1 July 2025, to give the institutions sufficient time to adopt it before the next multiannual financial framework is put in place.

DECLARATIONS BY THE INSTITUTIONS

In addition to the draft regulation, a set of joint declarations by the European Parliament, the Council and the Commission are annexed to the legislative resolution. They concern in particular the following points:

Own resources

The three institutions have established the principle that Next Generation's interest costs and repayments are to be covered by the proceeds from new own resources:

- a plastic contribution is introduced in January 2021, new legislative proposals on a carbon border adjustment mechanism, digital levy and ETS should be submitted by June;

- by June 2024, Commission should put forward a proposal for additional new own resources, which could include a Financial Transaction Tax and a financial contribution linked to the corporate sector or a new common corporate tax base with a view to introduction by 1 January 2026 at the latest.

Role of the European Parliament as one arm of the budgetary authority

A declaration sets out the arrangements for a budgetary scrutiny procedure between the European Parliament and the Council, with the active assistance of the Commission. This procedure may be followed in respect of a Commission proposal for a Council act based on Article 122 TFEU with potential appreciable implications for the EU budget.

Climate, biodiversity, gender equality and sustainable development goals

The Commission should ensure that the methodology for monitoring climate action is transparent to the public. Transparency and exchange of information with Parliament and Council on the progress towards reaching the climate objectives will be a key principle of the climate tracking.