









# Procedure file

| Basic information  |                |
|--|----------------|
| APP - Consent procedure                                      | 2023/0201(APP) |
| Procedure completed  |                |
| Multiannual financial framework for the years 2021 to 2027   |                |
| Accompanying procedure <a href="#">2023/0201R(APP)</a>       |                |
| Amending Regulation 2020/2093 <a href="#">2018/0166(APP)</a> |                |
| See also <a href="#">2023/0201M(APP)</a>                     |                |
| Subject  |                |
| 8.70 Budget of the Union                                     |                |
| 8.70.02 Financial regulations                                |                |

| Key players  |   |   |                          |
|--|---|---|--------------------------|
| European Parliament                                  | Committee responsible   | Rapporteur  | Appointed                |
|  |  <a href="#">Budgets</a> |  <a href="#">OLBRYCHT Jan</a>             | 28/06/2023<br>28/06/2023 |
| Council of the European Union<br>European Commission | Commission DG<br><a href="#">Budget</a>   |  <a href="#">MARQUES Margarida</a>       |                          |
|  |   | Shadow rapporteur   |                          |
|  |   |  <a href="#">KELLER Fabienne</a>        |                          |
|  |   |  <a href="#">ANDRESEN Rasmus</a>        |                          |
|  |   |  <a href="#">KUHS Joachim</a>           |                          |
|  |   |  <a href="#">ZĪLE Roberts</a>           |                          |
|  |   |  <a href="#">PAPADIMOULIS Dimitrios</a> |                          |
|  | Commissioner  | <a href="#">HAHN Johannes</a>   |                          |

| Key events |                                |                               |         |
|------------|--------------------------------|-------------------------------|---------|
| 20/06/2023 | Preparatory document           | <a href="#">COM(2023)0337</a> | Summary |
| 20/02/2024 | Legislative proposal published | 05818/2024                    |         |
| 22/02/2024 | Vote in committee              |                               |         |

|            |   |   |         |
|------------|---|---|---------|
| 22/02/2024 | Committee report tabled for plenary, 1st reading/single reading | <a href="#">A9-0051/2024</a>  |         |
| 26/02/2024 | Committee referral announced in Parliament                      |   |         |
| 27/02/2024 | Debate in Parliament  |  |         |
| 27/02/2024 | Decision by Parliament  | <a href="#">T9-0081/2024</a>  | Summary |
| 28/02/2024 | Act adopted by Council after consultation of Parliament         |   |         |
| 29/02/2024 | Final act published in Official Journal                         |   |         |

### Technical information

|                            |  |
|----------------------------|--|
| Procedure reference        | 2023/0201(APP)   |
| Procedure type             | APP - Consent procedure  |
| Procedure subtype          | Legislation  |
|                            | Amending Regulation 2020/2093 <a href="#">2018/0166(APP)</a><br>See also <a href="#">2023/0201M(APP)</a> |
| Legal basis                | Treaty on the Functioning of the EU TFEU 312-p2; Euratom Treaty A 106a-pa                                |
| Other legal basis          | Rules of Procedure EP 159  |
| Stage reached in procedure | Procedure completed  |
| Committee dossier          | BUDG/9/12339   |

### Documentation gateway

|   |                               |            |      |         |
|---|-------------------------------|------------|------|---------|
| Preparatory document  | <a href="#">COM(2023)0337</a> | 20/06/2023 | EC   | Summary |
| Committee of the Regions: opinion                               | <a href="#">CDR3512/2023</a>  | 10/10/2023 | CofR |         |
| Committee draft report  | <a href="#">PE758.992</a>     | 12/02/2024 | EP   |         |
| Legislative proposal  | 05818/2024                    | 20/02/2024 | CSL  |         |
| Committee report tabled for plenary, 1st reading/single reading | <a href="#">A9-0051/2024</a>  | 22/02/2024 | EP   |         |
| Text adopted by Parliament, 1st reading/single reading          | <a href="#">T9-0081/2024</a>  | 27/02/2024 | EP   | Summary |

### Final act

[Regulation 2024/765](#)  
[OJ L 000 29.02.2024, p. 0000](#) Summary

## Multiannual financial framework for the years 2021 to 2027

PURPOSE: to amend Regulation (EU, Euratom) 2020/2093 laying down 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: the Union has faced a series of unprecedented and unexpected challenges since 2020. Barely after the COVID-19 pandemic, the Union was faced with Russias brutal war of aggression against Ukraine, the ensuing energy crisis and the related spike in

inflation and interest rates. The Union swiftly acted and used all means at its disposal, including redeployments and reprogramming, on top of existing budgetary flexibilities. However, the limited budgetary flexibilities embedded in the MFF 2021-2027 are nearly exhausted and redeployment possibilities are reaching their limits, hindering the EU budgets capacity to address even the most urgent challenges.

If it is to deliver on the Unions shared priorities and needs, the EUs long-term budget needs to be reinforced for the period 2024-2027 to provide the most essential funding to respond to these challenges.

CONTENT: the Commission's proposed amendments to Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework (MFF) have the following objectives:

(1) Unwavering and long-term support to Ukraine: the Ukraine Facility

To cater for Ukraines immediate needs and short-term recovery as well as long-term reconstruction, the Commission proposes a regulation establishing a Ukraine Facility, an integrated and flexible instrument with an overall maximum capacity of up to EUR 50 billion in current prices.

It is proposed to introduce a new Article to provide for a new thematic special instrument: the Ukraine Reserve. This Reserve will provide for the expenditure for non-repayable support and provisioning of budgetary guarantees, for Ukraine under the proposed Ukraine Facility, providing the required flexibility to match Ukraines evolving needs.

(2) Managing migration, strengthening partnerships with key third countries and addressing emergencies

Russias illegal war of aggression against Ukraine has had first and foremost a devastating effect on Ukraine and its people, but it also had major global implications, affecting secure and affordable access to food and energy. In a context of heightened global economic and political instability, global migration trends are increasing, and the migratory pressure at the Union borders continues its upward trend. Concerning the internal dimension of migration as well as border management, the New Pact on Migration and Asylum, currently in the interinstitutional phase, will require additional financing, in particular for the screening and border procedure, reception capacity, relocations and returns.

The Commission thus proposes to increase the expenditure ceilings of Heading 4 Migration and Border Management and of Heading 6 Neighbourhood and the World with respectively additional EUR 1 693 000 000 and EUR 9 056 000 000 for the period 2024 to 2027.

(3) Promoting long-term competitiveness in strategic technologies

The Strategic Technologies for Europe Platform (STEP) should help preserve a European edge on critical and emerging technologies relevant to the green and digital transitions. The STEP Platform should be supported between 2024 and 2027 by budgetary reinforcements of InvestEU, the Innovation Fund, the European Innovation Council under Horizon Europe and the European Defence Fund. The levels of expenditure of the relevant MFF ceilings (Heading 1 Single Market, Innovation and Digital, Heading 3 Natural Resources and Environment and Heading 5 Security and Defence) should thus be increased as appropriate.

(4) A sustainable solution for NextGenerationEU funding costs

The unexpected and sharp increase in current interest and forward rates since 2022 as a result of tighter monetary policies to curb inflation is affecting all bond issuers, including the EU.

NextGenerationEU funding costs are inherently different from traditional EU spending programmes. They are highly dependent on interest rate fluctuations. Moreover, up to 2026, additional volatility comes from uncertainties on the timing of the amounts to borrow, which depend mostly on the disbursements for the Recovery and Resilience Facility.

A specific flexibility mechanism is thus needed to address this volatility. A new thematic special instrument (the EURI Instrument) should be established, over and above the MFF ceilings, until the end of the MFF, for the sole purpose of covering NextGenerationEU funding costs exceeding the amounts initially planned in 2020 under the expenditure ceiling of Heading 2b.

(5) Maintaining a functioning administration to deliver on the EUs political priorities

The resources of the European administration (heading 7) are under severe pressure due to additional tasks given to the Union, rising energy prices and high inflation. To meet the Institutions legal duties and to handle the additional responsibilities assigned by the co-legislators to the Commission, it is therefore necessary to raise the ceiling of Heading 7 European Public Administration by EUR 1 621 000 000, including an increase of the subceiling Administrative expenditure of the institutions by EUR 1 331 000 000.

(6) Enhancing the EU budget's capacity to respond to crises and unforeseen developments

The Solidarity and Emergency Aid Reserve (SEAR), a thematic special instrument which helps tackling emergencies in Member States and non-EU countries, has been put under heavy pressure since 2021. Considering the increasing occurrence and magnitude of major natural disasters, in particular due to climate change, and of humanitarian crises, the annual amount of the Solidarity and Emergency Aid Reserve should be increased. It is proposed to increase the new maximum annual amount of the Solidarity and Emergency Aid Reserve, increased to EUR 1 739 000 000 (in 2018 prices).

Lastly, it is proposed to increase the new maximum annual amount of the Flexibility Instrument to EUR 1 562 000 000 (at 2018 prices).

Budgetary implications

The proposal has consequences on the levels of the annual ceilings for commitment appropriations of Headings 1, 3, 4, 5, 6, and 7, including the sub-ceiling for the administrative expenditure of the institutions, which are increased. The proposal also requests an increase in the ceiling for payment appropriations of the MFF in 2026 and 2027.

## Multiannual financial framework for the years 2021 to 2027

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The European Parliament adopted by 499 votes to 67, with 31 abstentions, a legislative resolution on the draft Council regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027.

Parliament approved the draft Regulation.

The adopted text stated that the Union budget should enable the Union to provide the necessary policy responses to emerging challenges and to meet legal obligations which cannot be accommodated within existing ceilings nor by exhausted flexibility. The expenditure ceilings in commitment appropriations for Headings 1, 2, 3, 4, 5 and 6 should be modified for the years 2024, 2025, 2026 and 2027.

#### Assistance to Ukraine

The text stipulated that where it is necessary to mobilise a guarantee for financial assistance to Ukraine which is available for the years 2024 to 2027 for an overall amount of loans of up to EUR 33 000 million in current prices as specified in the Regulation of the European Parliament and of the Council establishing the Ukraine Facility, the necessary amount should be mobilised over and above the MFF ceilings.

#### European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund, the objectives and scope of which are set out in Regulation (EU) 2021/691 of the European Parliament and of the Council, should not exceed a maximum annual amount of EUR 30 million (in 2018 prices). The appropriations for the European Globalisation Adjustment Fund should be entered in the general budget of the Union as a provision.

#### Solidarity and Emergency Aid Reserve

The Solidarity and Emergency Aid Reserve should be constituted of two instruments which may be used to finance, respectively:

- the European Solidarity Reserve to fund assistance to respond to emergency situations resulting from major disasters that are covered by the European Union Solidarity Fund;

- the Emergency Aid Reserve to finance rapid responses to specific emergency needs within the Union or in third countries following events which could not be foreseen when the budget was established, in particular for emergency responses and support operations following natural disasters not covered by point (a), man-made disasters, humanitarian crises in cases of large-scale public health, veterinary or phytosanitary threats, as well as in situations of particular pressure at the Unions external borders resulting from migratory flows, where circumstances so require.

The European Solidarity Reserve should not exceed a maximum annual amount of EUR 1 016 million (in 2018 prices). The Emergency Aid Reserve should not exceed a maximum annual amount of EUR 508 million (in 2018 prices).

#### The European Union Recovery Instrument NextGenerationEU (EURI)

To ensure that the financial means are made available to allow the Union to fulfil its legal obligations, it is provided to establish an exceptional and temporary instrument, limited to the duration of the current MFF, to cover funding costs for EURI borrowing which exceed the amounts initially programmed.

As of 2025, the EURI Instrument may be used to finance, for a given year, part of the costs of the interest and coupon payments due in respect of the funds borrowed on the capital markets in accordance with Council Decision (EU, Euratom) 2020/2053. The EURI Instrument may only be mobilised in a given year to cover the amount of these costs that exceed the following amounts (in 2018 prices):

- 2025 - EUR 2 332 million;

- 2026 - EUR 3 196 million;

- 2027 - EUR 4 168 million.

Appropriations for the EURI Instrument should be made available over and above the MFF ceilings.

#### Ukraine Reserve

The Ukraine Reserve may be mobilised for the sole purpose of financing expenditure under the Regulation of the European Parliament and of the Council establishing the Ukraine Facility. The Reserve should not exceed an amount of EUR 17 000 million in current prices for the period 2024 to 2027. The annual amount mobilised under the Ukraine Reserve in a given year should not exceed EUR 5 000 million in current prices. The unused portion of the annual amount in a given year may be used in the following years, until 2027.

#### Flexibility Instrument

The Flexibility Instrument should be reinforced in order to maintain a sufficient capacity for the Union to react to unforeseen circumstances until 2027. It may be used for the financing, for a given financial year, of specific unforeseen expenditure in commitment appropriations and corresponding payment appropriations that cannot be financed within the limits of the ceilings available for one or more other headings.

The ceiling for the annual amount available for the Flexibility Instrument in the years 2021 to 2023 shall be EUR 915 million (in 2018 prices). The ceiling for the annual amount available for the Flexibility Instrument in the years 2024 to 2027 should be EUR 1 346 million (in 2018 prices).

## Multiannual financial framework for the years 2021 to 2027

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**PURPOSE:** to revise the multiannual financial framework (MFF) for the years 2021 to 2027.

**LEGISLATIVE ACT:** Council Regulation (EU, Euratom) 2024/765 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027.

**CONTENT:** together with the [regulation](#) establishing the Ukraine Facility and the [regulation](#) establishing the Strategic Technologies for Europe Platform (STEP), this Regulation amending the multiannual financial framework for 2021-2027 is part of a package of measures linked to the mid-term revision of the multiannual financial framework.

In total, EUR 64.6 billion of additional funding will be made available to address new and emerging challenges facing the EU and to meet the EU's legal obligations which could otherwise no longer be accommodated within the current budgetary ceilings.

The additional funding covers support for Ukraine, migration and the external dimension, investments in critical technologies as part of the

Strategic Technologies for Europe Platform, Next Generation EU interest payments and emergency aid in situations such as natural disasters and humanitarian crises in the EU and worldwide.

It will be distributed as follows:

- EUR 50 billion for the Ukraine Facility (EUR 17 billion in grants and EUR 33 billion in loans);
- EUR 2 billion for migration and border management;
- EUR 7.6 billion for the neighbourhood and the world;
- EUR 1.5 billion for the European Defence Fund under the new STEP instrument;
- EUR 2 billion for the flexibility instrument;
- EUR 1.5 billion for the Solidarity and Emergency Aid Reserve.

#### Assistance to Ukraine

For the part of the support under the Ukraine Facility provided in the form of loans, the Regulation extends until 2027 the existing Union budget guarantee to cover the financial assistance which is made available to Ukraine. As a consequence, it should be possible to mobilise the necessary appropriations in the Union budget over and above the ceilings of the MFF for financial assistance to Ukraine available until the end of 2027. In addition to covering short-term financial relief to Ukraine, the Union budget guarantee should cover financial assistance to Ukraine for an amount up to EUR 33 billion.

#### The European Union Recovery Instrument NextGenerationEU (EURI)

To ensure that the financial means are made available to allow the Union to fulfil its legal obligations, it is provided to establish an exceptional and temporary instrument, limited to the duration of the current MFF, to cover funding costs for EURI borrowing which exceed the amounts initially programmed.

The EURI Instrument should be mobilised by the budgetary authority during the annual budgetary procedure, only if necessary. It should be mobilised after having sought other financing possibilities, including via room created by budgetary implementation of the programmes and reprioritisation as well as non-thematic special instruments, to cover a substantial part of the necessary amounts exceeding the amounts initially inscribed in the existing EURI budget line of Heading 2b, as far as possible, with a view to mobilising an amount equivalent to about 50 % of the EURI interest payments cost overruns as a benchmark.

The commitment appropriations and corresponding payment appropriations of the EURI Instrument in the Union budget should be made available over and above the ceilings of the MFF.

#### Solidarity and Emergency Aid Reserve

In light of the natural disasters which happened in the Member States and countries involved in accession negotiations with the Union, and natural disasters and humanitarian crises in third countries and in order to ensure adequate funding for both, the existing Solidarity and Emergency Aid Reserve should be reinforced and split into two separate instruments: the European Solidarity Reserve to provide support to affected countries and regions under the European Union Solidarity Fund and the Emergency Aid Reserve to provide budgetary reinforcements to relevant Union programmes in response to crises and emergencies within and outside the Union.

The European Solidarity Reserve will not exceed a maximum annual amount of EUR 1 016 million (in 2018 prices). The Emergency Aid Reserve will not exceed a maximum annual amount of EUR 508 million (in 2018 prices).

#### Flexibility Instrument

The Flexibility Instrument should be reinforced to maintain a sufficient capacity for the Union to react to unforeseen circumstances until 2027. The ceiling for the annual amount available for the Flexibility Instrument in the years 2021 to 2023 will be EUR 915 million (in 2018 prices). The ceiling for the annual amount available for the Flexibility Instrument in the years 2024 to 2027 will be EUR 1 346 million (in 2018 prices).

Lapsed amounts from the European Solidarity Reserve and the Emergency Aid Reserve should be made available to the Flexibility Instrument as of 2024.