

Multiannual financial framework for the years 2021 to 2027

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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 Union's 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.