Interim report on the 2021 proposal for a revision of the Multiannual Financial Framework

2021/0429R(APP) - 05/09/2022 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the interim report presented by Jan OLBRYCHT (EPP, PL) and Margarida MARQUES (S&D, PT) on the 2021 proposal for a revision of the Multiannual Financial Framework.

In view of the multiple crises and challenges facing the Union, including the war in Ukraine, and the substantial funding needs it has generated, Members called on the Commission to conduct an in-depth review of the functioning of the current MFF and **proceed with a legislative proposal for a comprehensive MFF revision as soon as possible and no later than the first quarter of 2023**.

Members expressed full support for the incorporation of the Social Climate Fund into the EU budget and the MFF and welcomed the Commission's proposal as a starting point as regards the increase of the ceiling for commitment appropriations of heading 3

‘Natural Resources and Environment’ and the ceiling for payment appropriations, which is a necessary pre-condition so that the financing of the Social Climate Fund is not detrimental to other Union programmes and priorities. However, they pointed out that some modifications are necessary to reflect Parliament’s position on the Fit for 55 package, including on the revised financial envelope of the Social Climate Fund.

The report also supported the proposal for a specific annual adjustment based on new own resources. It considered it to be in line with the principle, as set out in the Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and sound financial management (IIA), that expenditure from the Union budget related to the repayment of the European Union Recovery Instrument should not lead to an undue reduction in programme expenditure or investment instruments under the MFF. It therefore reaffirmed that such an annual adjustment depends on the introduction of new own resources in line with the roadmap set out in the IIA.

The Committee on Budgets asked the Council and the Commission to consider the following recommendations and modifications:

- the impact of the revised financial envelope of the **Social Climate Fund** should be reflected throughout this regulation, including in its annex;

- an **automatic technical adjustment of the ceilings for commitment appropriations of heading 3 and the ceiling for payment appropriations** should be introduced to ensure that additional allocations are made available for the Social Climate Fund in the event of an increase of carbon price to a level higher than the initial assumption;

- the **specific annual adjustment based on new own resources** should be amended to ensure it can be prolonged in case of a delayed adoption of the following MFF, in line with article 312(4) TFEU. The Commission should present a proposal for a new multiannual financial framework before 1 July 2025, to enable the institutions to adopt it sufficiently in advance of the start of the subsequent multiannual financial framework.