EU financing for 2021-2027
The 2021-2027 Multiannual Financial Framework (MFF), the Next Generation EU (NGEU) recovery instrument and new own resources

This briefing provides a graphic presentation of the long-term EU budget adopted on 17 December 2020, enabling the EU to finance the extraordinary needs in the aftermath of the Covid-19 pandemic. It highlights the improvements that the European Parliament achieved in particular.

2014-2020 MFF, 2021-2027 MFF, NGEU and top-ups (commitments, € billion, 2018 prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>MFF</th>
<th>NGEU</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2020</td>
<td>€1 083.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021-2027</td>
<td>€1 074.3</td>
<td>€750</td>
<td>€1 835.3</td>
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</table>

€11 Top-ups through the increase of MFF ceilings

EPRS | European Parliamentary Research Service
Authors: Magdalena Sapala, Marianna Pari and Nadejda Kresnichka-Nikolchova
Members' Research Service
PE 659.371 - December 2020
The agreement reached between the European Parliament and the Council Presidency is unprecedented in terms of the overall amount to be spent and the innovative solutions enabling financing of the extraordinary needs in the aftermath of the Covid-19 pandemic.

The overall ceiling of the 2021-2027 MFF is set at €1 074.3 billion (in 2018 prices) and will be gradually increased to €1 085.3 billion (+€11 billion). The increase is the result of the European Parliament’s negotiating efforts to reinforce 10 selected EU flagship programmes. Out of the total extra €15 billion, €11 billion will increase the MFF ceilings and €4 billion will be financed from reallocations and margins within the MFF (see page 4).

From 2021 to 2023, the MFF will be supplemented by €750 billion from NGEU to arrive at a total of €1 835.3 billion. On top of this, the special flexibility instruments for unforeseen needs will amount to €21.1 billion (including €1 billion on which the European Parliament insisted).
European Parliament achievements

TOP-UPS
- Additional €15 billion for 10 flagship programmes

MID-TERM REVIEW
- Mid-term review/revision of the MFF to be presented by the Commission by January 2024

FLEXIBILITY
- Increased MFF flexibility (+ €1 billion for Flexibility Instrument)

JUST TRANSITION FUND
- New Just Transition Fund included in the MFF

COHESION AND COMMON AGRICULTURE POLICY
- Allocation maintained at level comparable to 2014-2020

EUROPEAN PARLIAMENT ACHIEVEMENTS

EXPENDITURE

EU VALUES AND OBJECTIVES

REVENUE

NEW OWN RESOURCES
- Legally binding plan for introduction of new own resources
  - 2021: non-recycled plastic packaging waste
  - 2023: Emissions trading system, carbon border adjustment mechanism and digital levy
  - 2026: other new own resources such as financial transaction tax and common corporate tax base
  - New own resources should cover the cost of repayments and interest for NGEU

FINANCING OF THE TOP-UP
- Use revenue from competition fines, decommitted research funds and reflows under the European Development Fund to top up flagship programmes and increase the MFF ceilings

RULE OF LAW
- Broadened definition of breaches of the rule of law
- Financial beneficiaries are protected
- Preventive mechanism triggered if serious risk of a breach
- Shorter deadlines for action
- Suspended commitments transferred up to year n+2

SPENDING TARGETS
- Climate: at least 30% of MFF and NGEU spending
- Biodiversity: annual target in the MFF spending: 7.5% by 2024, 10% by 2026
- Gender equality: better method to track spending

NEXT GENERATION EU
- EP role enhanced in budgetary scrutiny and oversight of external assigned revenue and expenditure
- ”Constructive dialogue” in case of new proposals based on Art. 122 TFEU

POLITICAL AGREEMENT ON THE 2021-2027 MFF, RECOVERY INSTRUMENT AND NEW OWN RESOURCES
EU flagship programmes reinforced with additional resources

During the MFF negotiations, the European Parliament obtained €15 billion to reinforce ten EU flagship programmes on top of the amounts agreed by the European Council in July 2020. The top-up will be financed in the following way:

• €11 billion from a new mechanism linked to the proceeds from competition fines collected by the EU. This mechanism will result in a genuine increase of the MFF ceilings on a yearly basis throughout 2022-2027;
• €2.5 billion from margins left unallocated within the ceilings set by the European Council in July 2020;
• €1 billion from reflows from the ACP Investment Facility (European Development Fund);
• €0.5 billion from decommitted appropriations in the area of research (based on Article 15(3) of the Financial Regulation).

Commitments, € billion, 2018 prices

<table>
<thead>
<tr>
<th>2021-2027 MFF</th>
<th>NGEU</th>
<th>TOP-UPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>75.9</td>
<td>84.9</td>
<td>Horizon Europe</td>
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<tr>
<td>70.8</td>
<td>71.8</td>
<td>NDICI</td>
</tr>
<tr>
<td>21.2</td>
<td>23.4</td>
<td>Erasmus+</td>
</tr>
<tr>
<td>9.8</td>
<td>10.3</td>
<td>Humanitarian Aid</td>
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<tr>
<td>5.1</td>
<td>9.4</td>
<td>Invest EU</td>
</tr>
<tr>
<td>2.8</td>
<td>6.5</td>
<td>Integrated Border Management</td>
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<tr>
<td>1.7</td>
<td>5.6</td>
<td>European Border and Coast Guard</td>
</tr>
<tr>
<td>1.6</td>
<td>5.1</td>
<td>EU4Health</td>
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<tr>
<td>0.8</td>
<td>2.2</td>
<td>Creative Europe</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td>Rights and Values</td>
</tr>
</tbody>
</table>

FINANCING OF TOTAL €15 TOP-UPS

Top-up financing:
- €11 competition fines
  - EU4Health €2.9
  - Horizon Europe €3
- €2.5 unallocated margins
  - Erasmus+ €1.7
- €1 ACP investment facility
  - €0.5 NDICI
- €0.5 decommitted appropriations
  - Horizon Europe €0.5
  - EU4Health €0.5
  - European Border and Coast Guard €0.5

Notes

All figures are in constant 2018 prices, in € billion. 2014-2020 MFF (EU27, with EDF).


Data sources: European Council conclusions, 17-21 July 2020; Council Regulation 2020/2093 laying down the 2021-2027 MFF, 17 December 2020; Interinstitutional agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, 16 December 2020; Visualising the proposed European Union 2021-2027 multiannual financial framework and the recovery instrument (Next Generation EU), animated infographic, EPRS, 2020.

This Briefing is part of a set of infographics related to the negotiations on the 2021-2027 MFF and the Next Generation EU recovery instrument. Earlier versions include: G. Sabbati, M. Sapala, The 2021-2027 Multiannual Financial Framework in figures; M. Sapala, N. Kresnichka-Nikolchova, Amended proposal for the 2021-2027 MFF and 2021-2024 recovery instrument ‘Next Generation EU’ in figures.

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