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*Plenary sitting*

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**A9-0273/2023**

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# INTERIM REPORT

on the proposal for a mid-term revision of the multiannual financial framework  
2021-2027  
(COM(2023)0337 – 2023/0201R(APP))

Committee on Budgets

Co-Rapporteurs: Jan Olbrycht, Margarida Marques

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the proposal for a mid-term revision of the multiannual financial framework 2021-2027  
(COM(2023)0337 – 2023/0201R(APP))**

*The European Parliament,*

- having regard to Articles 311, 312 and 323 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Council Regulation (EU, Euratom) 2022/2496 of 15 December 2022 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027<sup>1</sup>,
- having regard to Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027<sup>2</sup> and to the joint declarations agreed between Parliament, the Council and the Commission in this context<sup>3</sup> and the related unilateral declarations<sup>4</sup>,
- having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources<sup>5</sup> ('the IIA'),
- having regard to the Commission proposal of 20 June 2023 for a Council regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (COM(2023)0037),
- having regard to the Commission communication of 20 June 2023 entitled 'Mid-term revision of the multiannual financial framework 2021-2027' (COM(2023)0336) and the accompanying staff working document (SWD(2023)0336),
- having regard to the proposal of 20 June 2023 for a regulation of the European Parliament and of the Council on establishing the Ukraine Facility (COM(2023)0338),
- having regard to the proposal of 20 June 2023 for a regulation of the European Parliament and of the Council establishing the Strategic Technologies for Europe Platform ('STEP') and amending Directive 2003/87/EC, Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241

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<sup>1</sup> OJ L 325, 20.12.2022, p. 11.

<sup>2</sup> OJ L 433I, 22.12.2020, p. 11.

<sup>3</sup> OJ C 444I, 22.12.2020, p. 4.

<sup>4</sup> Texts adopted, P9\_TA(2020)0357.

<sup>5</sup> OJ L 433 I, 22.12.2020, p. 28.

(COM(2023)0335),

- having regard to the draft general budget of the European Union for the financial year 2024, which the Commission adopted on 5 July 2023 (COM(2023)0300),
- having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget<sup>6</sup>,
- having regard to Council Regulation (EU) No 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis<sup>7</sup>,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>8</sup> ('the Financial Regulation'),
- having regard to the proposal of 16 May 2022 for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (COM(2022)0223),
- having regard to its resolution of 10 May 2023 on the impact on the 2024 EU budget of increasing European Union Recovery Instrument borrowing costs<sup>9</sup>,
- having regard to its resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges<sup>10</sup>,
- having regard to the opinion of the European Economic and Social Committee<sup>11</sup>,
- having regard to Rule 105(5) of its Rules of Procedure,
- having regard to the letters from the Committee on Development, the Committee on Employment and Social Affairs, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs and the Committee on Women's Rights and Gender Equality,
- having regard to the report of the Committee on Budgets (A9 XXXX),

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<sup>6</sup> OJ L 433I, 22.12.2020, p. 1.

<sup>7</sup> OJ L 433I, 22.12.2020, p. 23.

<sup>8</sup> OJ L 193, 30.7.2018, p. 1.

<sup>9</sup> Texts adopted, P9\_TA(2023)0194.

<sup>10</sup> OJ C 177, 17.5.2023, p. 115.

<sup>11</sup> [Reference to be added: adoption in plenary on 20-21 September]

### ***Overall assessment of the Commission proposal***

1. Welcomes the fact that, following its review of the 2021-2027 multiannual financial framework (MFF), the Commission has drawn the same conclusion as Parliament did in December 2022, namely that the MFF has been overtaken by events in a world that has changed beyond recognition since it was agreed in 2020, that budgetary flexibility has been depleted by multiple crises and more is necessary in order to respond to unforeseen circumstances, that the MFF contains structural problems laid bare by economic and social developments and that, as a result, an urgent revision of the MFF regulation and its annex is essential;
2. Underlines the fact that the revision must focus on addressing the manifold consequences of Russia's war of aggression against Ukraine, on strengthening the Union's open strategic autonomy and sovereignty and on endowing the Union with adequate flexibility to respond to crises; welcomes, therefore, the Commission's proposal for a targeted revision as a first step in the right direction, considers, however, that a higher but realistic level of ambition is necessary to ensure the MFF can better address the structural challenges in the budget and become more future-proof;
3. Considers that the proposed revision targets only some of the most pressing areas of concern in the existing framework and does not fully address all needs and challenges identified by Parliament;
4. Expects the Commission to continue to evaluate thoroughly all current and future needs, including when it comes to social and economic convergence, the impact on regions most affected by the war and the necessary response to the climate and biodiversity crisis; underlines the pressure of inflation across the EU and notably on EU beneficiaries such as farmers, students and children; calls on the Commission to reflect Parliament's long-standing position to step up the Union's efforts towards the eradication of child poverty, notably through an upscaled European Child Guarantee as part of the post-2027 MFF;
5. Welcomes the fact that, in line with Parliament's position, the proposal for revision does not lead to any downward revision of the pre-allocated national envelopes; underlines the pivotal role and added value of cohesion policy as an essential Union investment policy and convergence instrument;
6. Recalls that, unlike in national budgets, where inflation affects the nominal value of both revenue and expenditure, the MFF spending ceilings are adjusted on the basis of a 2 % deflator applied to 2018 prices, whereas the own resources ceiling adjusts to inflation; is deeply concerned that, according to the Commission, inflation may reduce the real-terms value of the MFF by EUR 74 billion over the seven-year period with a direct impact on the beneficiaries of EU funding;
7. Underlines, however, that, as a result of unexpectedly high inflation, revenue called from Member States for MFF spending has decreased as a percentage of gross national income (GNI); notes, furthermore, that rebates for the five beneficiary Member States are inflation-linked and have therefore increased at a higher rate than the MFF ceilings, thereby increasing the burden on the other Member States that have to cover the shortfall; calls for the rebates to be adjusted on the basis of the 2 % deflator as an

immediate measure; recalls, furthermore, its long-standing position that rebates and other correction mechanisms should be abolished;

8. Stresses that, in addition to reducing the real-terms value of the MFF, inflation has also triggered a substantial increase in interest rates, driving up EU borrowing costs, in particular in relation to the repayment of the European Union Recovery Instrument (EURI) debt, and therefore further squeezing the budget;
9. Highlights that, even taking account of the Commission's proposal to revise the MFF, total commitment appropriations would amount to only 1.03 % of GNI and total payment appropriations would amount to only 1.02 % of GNI; recalls that, originally, payment appropriations in the current MFF were planned to amount to 1.10 % of GNI; stresses that the reinforcements proposed by the Commission are not projected to cover the impact of inflation;
10. Notes the Commission's assessment that the proposed revision will require an increase in the ceiling for payment appropriations in 2026 and 2027; stresses that the Union's credibility depends on ensuring that there are adequate payment appropriations to cover commitment appropriations; emphasises the delays in the implementation of some programmes due to their late adoption and the disruption to projects because of the COVID-19 crisis; underlines, in this context, the risk of a payments backlog in the later years of the MFF period and for the subsequent MFF; insists, therefore, on the need to scrap the annual cap in payment appropriations for recourse to the Single Margin Instrument in order to mitigate this risk;
11. Reaffirms the importance of the horizontal principles concerning climate, biodiversity and gender equality that underpin the MFF and all related EU policies; recalls that targets related to climate and biodiversity, as well as the obligation to respect the 'do no significant harm' principle and to promote gender equality are laid down in the IIA and insists that these provisions must also underpin the updated MFF; calls on the Commission to fulfil its obligation under the IIA to take concrete action to ensure that the agreed targets and policy objectives are fully met;
12. Recalls that spending under Heading 7 should be set at a level that guarantees that the EU has an effective and efficient administration, as proposed by the Commission;
13. Reiterates its view that a revised MFF must be in place by 1 January 2024 and provide a framework for the 2024 budget; insists, therefore, on the need for swift adoption of the amended regulation; welcomes, in that connection, the fact that the Commission heeded Parliament's call to bring forward its MFF review and revision;
14. Reiterates its long-standing demand that all budgetary instruments covering spending at Union level be fully incorporated into the budget, thereby ensuring transparency, accountability, full democratic control and protection of the Union's financial interests; insists that the integration of such instruments into the EU budget must not result in a reduction of financing for other EU policies and programmes;
15. Underlines that there is a clear link between respect for the rule of law and efficient implementation of the EU budget; welcomes the positive impact of the Regulation on a general regime of conditionality for the protection of the EU budget and believes that it

has already acted as an effective deterrent against breaches of the rule of law; reminds the Commission of its obligation under the Regulation to ensure that the final recipients or beneficiaries of EU funds are not deprived of the funds they are due, in particular when measures are adopted in the event of breaches of the principles of the rule of law in line with the Regulation;

16. Stands ready to engage actively and constructively with the Council and the Commission to ensure that the revised framework, addressing the entire Commission proposal, is adopted in good time and is in place by 1 January 2024; recalls that, in the IIA, the institutions undertake to determine specific arrangements for cooperation and dialogue throughout the procedure leading to the adoption of a substantial revision of the MFF;

### *Long-term support for Ukraine*

17. Recalls that the Union and its people have been at the forefront in supporting Ukraine from the very beginning of the war, showing solidarity with Ukrainians in their fight to defend democracy against authoritarianism; stresses that the EU budget has provided financial assistance in excess of EUR 30 billion to date; reiterates its view that the Union must be at the heart of continued efforts to support Ukraine financially and help it on its path to EU membership;
18. Welcomes, therefore, the Commission's proposal for a longer-term structural solution to Ukraine's funding needs anchored in the EU budget, which covers support for macro-financial stability, an investment framework and funds for short- and medium-term recovery and reconstruction, for accession-related reforms and for building administrative capacity; considers that such a longer-term instrument is the only viable way to engage other donors and to ensure effective and targeted spending that meets the needs of Ukraine and its people; insists that the Ukraine Facility should be agreed as soon as possible, following adoption of the revised MFF Regulation, given that financing under the MFA+ Regulation<sup>12</sup> is provided for 2023 only;
19. Considers it sensible to build a certain degree of flexibility into the Facility, given the uncertainties surrounding Ukraine's situation; welcomes the fact that, as per the Commission proposal, the Ukraine Reserve is to be mobilised by the budgetary authority in the annual budgetary procedure and is determined to ensure that Parliament, as one arm of the budgetary authority, plays its full role in the process; invites the Commission to provide, in good time, all the necessary information to enable the budgetary authority to fulfil its duties;
20. Stresses the need to protect the rule of law and the financial interests of the Union and to prevent, detect and correct fraud, corruption, conflicts of interest and irregularities in the use of Union funds in Ukraine, which should be based on the principles of transparency and accountability; considers that the Facility should contain stringent provisions and safeguards to attain those objectives;

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<sup>12</sup> Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +), OJ L 322, 16.12.2022, p. 1.

## *Migration and external challenges*

21. Deplores the fact that, even prior to Russia's war of aggression against Ukraine, funds available under Heading 6 (neighbourhood and the world) were woefully inadequate and that the MFF did not factor in continued funding for the needs of refugees from Syria, Iraq and other countries, leaving almost no scope to cope with additional challenges;
22. Stresses that, in particular following Russia's war of aggression against Ukraine, the international context has deteriorated rapidly as a result of the food, energy, climate and economic crises, which have dramatically increased pressure on Heading 6; notes that, in addition to repeated recourse to the Flexibility Instrument, the Neighbourhood, Development and International Cooperation Instrument (NDICI)-Global Europe cushion has been depleted very quickly and used beyond its core purpose of responding to emerging challenges and priorities, while the humanitarian aid budget has relied heavily on mobilisation of the severely stretched Solidarity and Emergency Aid Reserve (SEAR), the scope of which extends beyond humanitarian aid;
23. Welcomes, therefore, the Commission's proposal to increase the ceiling for Heading 6 in line with Parliament's call, though regrets the fact that the extra resources do not fully cover real needs or account for unforeseen developments; underlines that a further reinforcement of EUR 1 billion in current prices over and above the Commission proposal is vital to replenish the NDICI-Global Europe cushion and thereby create capacity to respond to crises and emerging needs; stresses that the increase would ensure continued humanitarian aid to Ukraine in addition to the support under the Facility, as well as to neighbouring countries, such as Moldova which is heavily impacted by the war against Ukraine, and worldwide; stresses that the internal balance and distribution between the budget lines as provided for in the NDICI Regulation must be respected; calls on the Commission to ensure third-country compliance with stringent human rights standards at all stages of the implementation of the Union's external policy, including with respect to migration;
24. Underlines that Russia's war of aggression against Ukraine, together with increased global hunger and poverty, the proliferation of armed conflicts and more intense and frequent natural disasters, are forcing millions of people to flee their homes and seek protection in the EU; stresses the need for the Union to continue to provide support to the host Member States for the reception, settlement and integration of refugees;
25. Stresses that effective and fair management and protection of the EU's external borders, ensuring the security of the Union, together with the smooth and efficient implementation of the Union's migration and asylum policy, are key priorities and essential to preserve the free movement of people within the Union and the proper functioning of the Schengen area; stresses the need to implement a migration and asylum policy that is based on solidarity, shared responsibility and respect for human rights, providing certainty, clarity and decent and dignified conditions for people arriving in the EU, in line with Union values and international commitments;
26. Notes the Commission's assessment that implementation of the New Pact on Migration and Asylum will require an additional EUR 2 billion between 2025 and 2027 under



Heading 4 (migration and border management); considers that the additional demands on the Asylum, Migration and Integration Fund, the Border Management and Visa Instrument and the decentralised agencies in Heading 4 require a further reinforcement over and above the Commission proposal of EUR 1 billion in current prices and that the additional resources should be available from 2024;

27. Recalls that the precise breakdown of additional funds across programmes and budget lines under Headings 4 and 6 is to be determined by the budgetary authority in the annual budgetary procedure;

### ***The Strategic Technologies for Europe Platform (STEP)***

28. Reaffirms the need to secure the open strategic autonomy of the Union, reduce dependence on non-EU countries and boost investments across the Union in key strategic sectors, including, among others, health, raw materials and space, while driving forward the green and digital transitions; regrets that the Commission did not respect its commitment under the work programme for 2023 to ‘push to create a new European Sovereignty Fund’; believes that the Union’s industrial strategy should ensure the correct functioning of the single market, avoid market distortions, create a level playing field inside and outside the EU and ensure people have the necessary skills;
29. Acknowledges that, despite its limited size and scope, the STEP proposal has the potential to deliver results more quickly by using existing programme structures and seeking to create synergies; considers that the STEP proposal should act as a testbed for a fully-fledged Sovereignty Fund in the next MFF period;
30. Notes that the STEP proposal combines the re-prioritisation of funds under existing programmes, including the cohesion policy funds, with targeted reinforcements for specific programmes under Headings 1 (single market, innovation and digital), 3 (natural resources and environment) and 5 (security and defence);
31. Underlines that, in order to deliver on the strategic objectives for STEP, to strengthen and shape the Union’s industrial policy, to boost support for the defence sector, which is more crucial than ever to protect the sovereignty and integrity of the EU Member States in a dramatically changed and far more challenging defence policy landscape, and to build the open strategic autonomy of the Union while ensuring a level playing field in the single market, financing for STEP should be increased, with further reinforcements of EUR 2 billion in current prices over and above the Commission proposal in Heading 1 and of EUR 1 billion in current prices over and above the Commission proposal in Heading 5;
32. Underlines that significant redeployments have been implemented since 2021 across headings, thereby putting programmes under huge pressure and at risk of disruption; recalls its long-standing position that new priorities must be financed with fresh money, rather than through recurrent redeployments, and therefore insists on the need for additional fresh money to ensure effective delivery of other programmes under Heading 1;
33. Reiterates its view that decommitted appropriations should remain in the budget and be committed by the budgetary authority through the annual budgetary procedure and

recalls its position on the revision of the Financial Regulation in that regard; welcomes, therefore, the fact that the STEP proposal assumes the re-use of EUR 1.2 billion in research decommitments under Article 15(3) of the Financial Regulation and that the Commission thus implicitly acknowledges the inaccuracy of its estimate for research decommitments underpinning the 2020 MFF agreement;

34. Recalls its long-standing demand that all EU spending instruments should be incorporated in the budget, in full respect of the principle of budgetary unity; considers, in that connection, that the proposed allocation for the Innovation Fund under Heading 3 marks important progress towards its full budgetisation;

#### ***European Union Recovery Instrument (EURI) borrowing costs***

35. Is concerned that the amount programmed in the MFF to repay the borrowing costs associated with EURI is far below requirements, with the Commission estimating the shortfall to be between EUR 17 and 27 billion over the MFF period; highlights that, already in the draft budget, increased EURI costs are expected to consume all resources under the Flexibility Instrument and around one third of resources under compartment (a) of the Single Margin Instrument in 2024;
36. Underscores that steeply rising interest rates since Russia's war of aggression against Ukraine have laid bare the inherent structural flaws in the EU budget's debt repayment architecture; recalls that interest costs and debt repayment depend on market developments, are not discretionary spending and therefore cannot be subject to a spending cap under an MFF ceiling without posing a direct risk to investment programmes and their beneficiaries and the budget's capacity to respond to emerging needs;
37. Recalls that Parliament has consistently called for a solution to this problem and insisted that the EURI repayment costs be placed over and above the MFF ceilings;
38. Welcomes the creation of the EURI Instrument as a special instrument over and above the MFF ceilings to be mobilised as required based on the actual repayment needs; insists, however, that the Instrument cover all EURI repayment costs, not only those above the programmed amount under Heading 2b (resilience and values); underlines that a EURI Instrument designed in this way should be the model for managing all EURI repayment costs in the next MFF;
39. Insists on the need for the Commission to provide the budgetary authority with timely and detailed information on the calculations underpinning the forecasts for EURI borrowing costs, including the assumptions and parameters used, in order to enable responsible management of repayment costs;
40. Points out the need for a more diverse and resilient set of revenue sources for the EU budget in order to provide robust and sustainable financing for a reinforced and scaled-up MFF; urges the Council, therefore, to swiftly approve the existing proposals on new own resources and underlines that progress on new own resources beyond these proposals is needed;

#### ***Enhancing the budget's capacity to respond to crises and emerging needs***

41. Points out that the proposed model for managing EURI repayment costs would have the effect of restoring the budgetary space in the Flexibility and Single Margin Instruments from 2024 to 2027 as per the initial MFF financial programming;
42. Underlines, however, that the MFF contains very little flexibility, with the Flexibility Instrument and unallocated margins amounting to only 1.05 % of the commitments ceiling; stresses that the current MFF has relied heavily on that limited flexibility and has regrettably resorted to reorienting cohesion policy, which is not a crisis response tool but has been repeatedly called on to make up for shortcomings in budgetary flexibility or crisis response mechanisms in the MFF to the detriment of its long-term policy objectives;
43. Points, furthermore, to the increased needs since the beginning of the MFF for humanitarian aid and emergency response inside and outside the Union and for support in relation to natural disasters, which are becoming more frequent and intense in particular owing to climate change, and considers that these needs are likely to grow; stresses that the annual allocation for the SEAR was exhausted in 2021 and 2022 and is expected to be fully used in 2023; deplores the fact that beneficiaries of aid under the EU Solidarity Fund have, in some instances, received less than 50 % of the aid they would ordinarily have received and have had to wait a long time for disbursement owing to the limitations of the SEAR;
44. Considers, in this respect, that the Commission's proposal to increase the Flexibility Instrument and the SEAR is a step in the right direction; insists, however, that the EU budget must be equipped with the necessary flexibility and budgetary space to be able to respond to crises and adapt to emerging and growing needs;
45. Recalls its demands for an increase in the Flexibility Instrument and the SEAR and for an additional permanent special instrument over and above the MFF ceilings to allow the EU budget to better adapt and quickly react to crises and their social and economic effects; understands that, in the absence of such an instrument, it will remain difficult for the Union to ensure its preparedness for unforeseen events, especially since, currently, 99.6 % of the Union's budget is pre-allocated; stands ready to work to find pragmatic solutions in the short term, while reflecting on a more structural, streamlined solution in the next MFF;
46. Underlines that budgetary flexibility has proven that it enables resources to be targeted where they are needed and the Union to respond to unforeseen events and to adjust its spending priorities in light of evolving political, economic or social needs; insists, therefore, that the Flexibility Instrument be increased by EUR 3 billion in current prices over and above the Commission proposal for the MFF period; considers, furthermore, that lapsed amounts under the European Globalisation Adjustment Fund should be made available again under the Flexibility Instrument in order to further bolster flexibility in the budget;
47. Notes that demands on the SEAR are unlikely to lessen; considers, therefore, that reinforcing the SEAR is crucial to enable the Union to act in emergency situations caused by major natural disasters or public health crises in Member States and accession countries and also to support non-EU countries suffering from conflicts, refugee crises

or natural disasters; insists, therefore, that the SEAR be increased by EUR 2 billion in current prices over and above the Commission proposal for the MFF period; regrets the decision to merge the Emergency Aid Reserve (EAR) and the European Union Solidarity Fund (EUSF) in the current MFF, which has led to serious shortcomings in implementation and recalls its position that the SEAR should be split back into two strands – the EAR and the EUSF;

### ***Recommendations and modifications***

48. Asks the Council and the Commission to take into account the following recommendations and modifications:
- (i) increase the ceiling of Heading 1 by EUR 2 billion in current prices over and above the Commission proposal;
  - (ii) increase the ceiling of Heading 4 by EUR 1 billion in current prices over and above the Commission proposal and apply the increase to the heading from 2024;
  - (iii) increase the ceiling of Heading 5 by EUR 1 billion in current prices over and above the Commission proposal;
  - (iv) increase the ceiling of Heading 6 by EUR 1 billion in current prices over and above the Commission proposal;
  - (v) increase the Flexibility Instrument by EUR 3 billion in current prices over and above the Commission proposal, and make the lapsed amounts under the European Globalisation Fund available again under the Flexibility Instrument;
  - (vi) increase the Solidarity and Emergency Aid Reserve by EUR 2 billion in current prices over and above the Commission proposal;
  - (vii) provide that the EURI Instrument, established as a special instrument over and above the MFF ceilings, cover all EURI repayment costs;
  - (viii) delete the annual cap in payment appropriations for recourse to the Single Margin Instrument;
  - (ix) The proposal for a Council regulation should be modified as follows:

### **Modification 1**

#### **Proposal for a regulation**

#### **Recital 4**

*Text proposed by the Commission*

(4) The EU budget should enable the Union to provide the necessary policy responses to emerging challenges and to

*Modification*

(4) The EU 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, 3, 5, 6, and 7 including the sub-ceiling for administrative expenditure of the institutions for the years 2024, 2025, 2026 and 2027, **and the ceiling for Heading 4 for the years 2025, 2026 and 2027** should therefore be increased. As a result, the expenditure ceilings in payment appropriations for the years 2026 and 2027 should be increased;

## Modification 2

### Proposal for a regulation

#### Recital 11

*Text proposed by the Commission*

(11) Given the uncertainty surrounding the future evolution of interest rates and in order to avoid undue pressures on Union programmes, it is appropriate to establish a new thematic special instrument to cover all funding costs for NextGenerationEU borrowing **which exceed the amounts initially programmed**. The necessary commitment appropriations and corresponding payment appropriations in the Union budget should be made available over and above the ceilings of the MFF;

## Modification 3

### Proposal for a regulation

#### Recital 12

*Text proposed by the Commission*

(12) The Solidarity and Emergency Aid Reserve and the Flexibility Instrument should be reinforced in order to maintain a sufficient capacity for the Union to react to unforeseen circumstances until 2027;

meet legal obligations which cannot be accommodated within existing ceilings nor by exhausted flexibility. The expenditure ceilings in commitment appropriations for Headings 1, 3, **4**, 5, 6, and 7 including the sub-ceiling for administrative expenditure of the institutions for the years 2024, 2025, 2026 and 2027 should therefore be increased. As a result, the expenditure ceilings in payment appropriations for the years 2026 and 2027 should be increased;

*Modification*

(11) Given the uncertainty surrounding the future evolution of interest rates and in order to avoid undue pressures on Union programmes, it is appropriate to establish a new thematic special instrument to cover all funding costs for NextGenerationEU borrowing. The necessary commitment appropriations and corresponding payment appropriations in the Union budget should be made available over and above the ceilings of the MFF;

*Modification*

(12) The Solidarity and Emergency Aid Reserve and the Flexibility Instrument should be reinforced in order to maintain a sufficient capacity for the Union to react to unforeseen circumstances until 2027. **In order to further bolster flexibility in the**

*budget, it is appropriate to make the lapsed amounts under the European Globalisation Fund available again under the Flexibility Instrument;*

#### **Modification 4**

##### **Proposal for a regulation Recital 12 a (new)**

*Text proposed by the Commission*

*Modification*

*(12a) Owing to the delays in implementation of certain programmes in the early years of the 2021-2027 MFF, including of major programmes, there is a risk of a payments backlog in the latter years of the MFF when implementation picks up speed. In order to mitigate this risk and to respect the EU's commitments, the annual cap in payment appropriations for recourse to the Single Margin Instrument should be removed;*

#### **Modification 5**

##### **Proposal for a regulation Article 1 – paragraph 2**

*Text proposed by the Commission*

*Modification*

(2) In Article 9, paragraph 2 is replaced by the following:

‘2. The Solidarity and Emergency Aid Reserve shall not exceed a maximum annual amount of EUR **1 739** million (in 2018 prices). Any portion of the annual amount not used in year n may be used up to year n+1. The portion of the annual amount stemming from the previous year shall be drawn on first. Any portion of the annual amount from year n which is not used in year n+1 shall lapse.’;

(2) In Article 9, paragraph 2 is replaced by the following:

‘2. The Solidarity and Emergency Aid Reserve shall not exceed a maximum annual amount of EUR **2 170** million (in 2018 prices). Any portion of the annual amount not used in year n may be used up to year n+1. The portion of the annual amount stemming from the previous year shall be drawn on first. Any portion of the annual amount from year n which is not used in year n+1 shall lapse.’;

## Modification 6

### Proposal for a regulation Article 1 – paragraph 3

*Text proposed by the Commission*

3) The following Articles are inserted:

*‘Article 10a*

*EURI Instrument*

1. The EURI Instrument ***may be used to finance the additional costs where, in a given year,*** the costs of the interest and coupon payments due in respect of the funds borrowed on the capital markets in accordance with Article 5(2) of Decision (EU, Euratom) No 2020/2053 ***exceed the following amounts (in 2018 prices):***

- ***2024 – EUR 1 840 million,***
- ***2025 – EUR 2 332 million,***
- ***2026 – EUR 3 196 million,***
- ***2027 – EUR 4 168 million,***

2. ***The EURI Instrument may be mobilised by the European Parliament and the Council in the framework of the budgetary procedure provided for in Article 314 TFEU.’;***

*‘Article 10b*

*Ukraine Reserve*

1. The Ukraine Reserve may be mobilised for the sole purpose of financing expenditure under [the Ukraine Facility Regulation] and shall aim at providing at least EUR 2 500 million in current prices as an annual indicative amount.

2. The Ukraine Reserve shall not exceed an amount of EUR 50 000 million in current prices for the period 2024 to 2027. The annual amount mobilised under the Ukraine Reserve in a given year shall not exceed EUR 16 700 million in current prices.

3. The Ukraine Reserve ***may*** be

*Modification*

(3) The following Articles are inserted:

*‘Article 10a*

*EURI Instrument*

1. The EURI Instrument ***shall be mobilised by the European Parliament and the Council in the framework of the budgetary procedure provided for in Article 314 TFEU*** to finance the costs of the interest and coupon payments due in respect of the funds borrowed on the capital markets in accordance with Article 5(2) of Decision (EU, Euratom) No 2020/2053.’;

*‘Article 10b*

*Ukraine Reserve*

1. The Ukraine Reserve may be mobilised for the sole purpose of financing expenditure under [the Ukraine Facility Regulation] and shall aim at providing at least EUR 2 500 million in current prices as an annual indicative amount.

2. The Ukraine Reserve shall not exceed an amount of EUR 50 000 million in current prices for the period 2024 to 2027. The annual amount mobilised under the Ukraine Reserve in a given year shall not exceed EUR 16 700 million in current prices.

3. The Ukraine Reserve ***shall*** be

mobilised by the European Parliament and the Council in the framework of the budgetary procedure provided for in Article 314 TFEU.’;

mobilised by the European Parliament and the Council in the framework of the budgetary procedure provided for in Article 314 TFEU.’;

## **Modification 7**

### **Proposal for a regulation**

#### **Article 1 – paragraph 3 a (new)**

*Text proposed by the Commission*

*Modification*

**(3a) Article 11 is amended as follows:**

**(a) paragraph 1 is replaced by the following:**

**‘1. The Single Margin Instrument shall comprise:**

**(a) as of 2022, amounts corresponding to margins left available below the MFF ceilings for commitment appropriations of year n-1 to be made available over and above the MFF ceilings for commitment appropriations for the years 2022 to 2027;**

**(b) as of 2022, amounts equivalent to the difference between the executed payments and the MFF payment ceiling of year n-1 to adjust upwards the payment ceiling for the years 2022 to 2027; and**

**(c) additional amounts which may be made available over and above the MFF ceilings in a given year for commitment or payment appropriations, or both, as the case may be, provided that they are fully offset against the margins in one or more MFF headings for the current or future financial years as regards commitment appropriations and are fully offset against the margins under the payment ceiling for future financial years as regards payment appropriations.**

**Any upward adjustment under point (b) of the first subparagraph shall be fully offset by a corresponding reduction of the payment ceiling for year n-1.**

**Amounts may only be mobilised under point (c) of the first subparagraph if the amounts available pursuant to points (a) and (b) of**



*that subparagraph, as applicable, are insufficient, and in any case as a last resort to react to unforeseen circumstances.*

*Recourse to point (c) of the first subparagraph shall not result in exceeding the total amounts of the MFF ceilings for commitment and payment appropriations for the current financial year and future financial years. Any amounts offset in accordance with that point shall therefore not be further mobilised in the context of the MFF.’;*

*(b) paragraph 3 is deleted;*

## **Modification 8**

### **Proposal for a regulation Article 1 – paragraph 4**

#### *Text proposed by the Commission*

(4) In Article 12, paragraph 1 is replaced by the following:

‘1. The Flexibility Instrument 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 shall be EUR **1 562** million (in 2018 prices).’;

#### *Modification*

(4) In Article 12, paragraph 1 is replaced by the following:

‘1. The Flexibility Instrument 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 shall be EUR **2 170** million (in 2018 prices). ***Each year the annual amount available for the Flexibility Instrument shall be increased by an amount equivalent to the portion of the annual amount for the European Globalisation Adjustment Fund which has lapsed in the previous year.***’;

## **Modification 9**

### **Proposal for a regulation Article 1 – paragraph 5**

*Text proposed by the Commission*

(5) Annex I is replaced by the *text in the Annex to this Regulation*.

*Modification*

(5) Annex I is replaced by the *following*:

**ANNEX I**  
**MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)**

<b>COMMITMENT APPROPRIATIONS</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total 2021-2027</b>
<b>1. Single Market, Innovation and Digital</b>	<b>19 712</b>	<b>20 211</b>	<b>19 678</b>	<b>20 399</b>	<b>19 715</b>	<b>19 821</b>	<b>19 624</b>	<b>139 160</b>
<b>2. Cohesion, Resilience and Values</b>	<b>5 996</b>	<b>62 642</b>	<b>63 525</b>	<b>65 079</b>	<b>65 286</b>	<b>56 787</b>	<b>58 809</b>	<b>378 124</b>
2a. Economic, social and territorial cohesion	1 666	56 673	57 005	57 436	57 874	48 414	49 066	328 134
2b. Resilience and Values	4 330	5 969	6 520	7 643	7 412	8 373	9 743	49 990
<b>3. Natural Resources and Environment</b>	<b>53 562</b>	<b>52 626</b>	<b>51 893</b>	<b>52 123</b>	<b>51 195</b>	<b>49 999</b>	<b>49 207</b>	<b>360 605</b>
Of which: Market related expenditure and direct payments	38 040	37 544	36 857	36 054	35 401	34 729	34 015	252 640
<b>4. Migration and Border Management</b>	<b>1 687</b>	<b>3 104</b>	<b>3 454</b>	<b>3 791</b>	<b>4 302</b>	<b>4 359</b>	<b>4 910</b>	<b>25 607</b>
<b>5. Security and Defence</b>	<b>1 598</b>	<b>1 750</b>	<b>1 762</b>	<b>2 334</b>	<b>2 497</b>	<b>2 611</b>	<b>2 785</b>	<b>15 337</b>
<b>6. Neighbourhood and the World</b>	<b>15 309</b>	<b>15 522</b>	<b>14 789</b>	<b>16 609</b>	<b>15 827</b>	<b>15 046</b>	<b>15 235</b>	<b>108 337</b>
<b>7. European Public Administration</b>	<b>10 021</b>	<b>10 215</b>	<b>10 342</b>	<b>10 586</b>	<b>10 887</b>	<b>11 229</b>	<b>11 443</b>	<b>74 723</b>
Of which: Administrative expenditure of the institutions	7 742	7 878	7 945	8 107	8 310	8 541	8 660	57 183
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>107 885</b>	<b>166 070</b>	<b>165 443</b>	<b>170 921</b>	<b>169 709</b>	<b>159 852</b>	<b>162 014</b>	<b>1 101 894</b>
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>154 065</b>	<b>153 850</b>	<b>152 682</b>	<b>151 436</b>	<b>151 175</b>	<b>159 978</b>	<b>155 025</b>	<b>1 078 211'</b>

*(EUR million - 2018 prices)*

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49. Instructs its President to forward this resolution to the Council and the Commission.

8.9.2023

## LETTER OF THE COMMITTEE ON DEVELOPMENT

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on the Interim report on the proposal for a mid-term revision of the Multiannual Financial Framework 2021-2027 (2023/0201R(APP))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Development has been asked to submit an opinion to your committee. At its meeting of 28 June 2023, the committee decided to send the opinion in the form of a letter.

The Committee on Development considered the matter at its meeting of 30 August 2023. At that meeting<sup>1</sup>, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Tomas Tobé

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<sup>1</sup> The following were present for the final vote: Tomas Tobé (Chair), Pierrette Herzberger-Fofana (Vice-Chair), Stéphane Bijoux (Vice-Chair), Erik Marquardt (Vice-Chair), Charles Goerens (rapporteur for opinion), Barry Andrews, Hildegard Bentele, Dominique Bilde, Udo Bullmann, Christophe Clergeau, Ryszard Czarnecki, Ilan De Basso, Rosa Estaràs Ferragut, Mónica Silvana González, Beata Kempa, Karsten Lucke, Aušra Maldeikienė (for EPP pursuant to Rule 209(7)), Michèle Rivasi, Miguel Urbán Crespo, Pernille Weiss ((for EPP pursuant to Rule 209(7)).

## SUGGESTIONS

1. Welcomes the Commission proposal for a revision of the multiannual financial framework (MFF) in so far as it offers a response to the urgent shortcomings of the insufficiently endowed Heading 6, Neighbourhood and the World, in light of current, unforeseen global challenges; welcomes the top up to the almost-depleted cushion of the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE) and to the Solidarity and Emergency Aid Reserve (SEAR), which partly responds to Parliament’s call to align resources with EU ambitions in order to adequately respond to current crises and global challenges, but expresses doubt on whether the amounts will suffice; believes, therefore, that this increase in Heading 6 should be seen as a minimum and that it is needed for effective EU external action, fulfilment of the SDGs commitments and in order to remain a global leader in the field of humanitarian assistance and development cooperation, in particular given the consequences of Russia’s war of aggression against Ukraine for food security in the Global South;
2. Urges the Council to agree to the proposed increase in the Heading 6 ceiling including the top up of SEAR and to do so in time to have an impact on the 2024 budget and calls on the Member States to respect the commitment to allocate 0.7 % of their gross national income to Official Development Assistance (ODA);
3. Recalls that the targets and objectives set in the NDICI-GE Regulation determine the scope of the EU’s external action and emphasises that the fresh appropriations under the MFF revision should be spent while respecting these targets and in line with the Regulation; notes with particular attention that migration is presented as the strongest driver behind the revision of Heading 6 and of the 10,5 billion increase and reminds the Commission that NDICI-GE establishes, without prejudice to unforeseen circumstances, an indicative spending target of 10 % of the financial envelope to actions supporting management and governance of migration and forced displacement within the objectives of the Instrument; reminds that development assistance should remain untied in line with the DAC Recommendation on untying Official Development Assistance (ODA); recalls that the EU’s development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty;
4. Notes that the global humanitarian funding gap continues to grow and that increasing the SEAR budget by EUR 2.5 billion under the MFF revision is merely an ad hoc solution that will need to be accompanied – in view of the needs – by an increase of the humanitarian budget in the following annual budgets; reminds that an increase of the SEAR is not equal – neither in amount of appropriations for external crises nor in operational readiness of funds – to an increase of the humanitarian aid instrument (HUMA); reiterates the call, made in its resolution of 15 December 2022, on upscaling the 2021-2027 MFF, to increase the annual appropriations by EUR 1 billion (in 2018 prices) for each strand - internal and external - of the SEAR; stresses that the humanitarian aid instrument (HUMA) must receive significantly more funding in the next MFF to align with the EU’s commitments to be a leading humanitarian donor; welcomes, in this regard, the Council conclusions of 22 May 2023 on addressing the humanitarian funding gap; also stresses that closing the funding gap is a global

responsibility and reiterates the need to involve non-traditional donor countries with major economic prospects and the potential of the private sector;

5. Reiterates that the NDICI-GE will require additional funding in view of continuing conflicts and pressure from the climate crisis, which result in insecurity, increased displacement, food and education crises and, in this regard, insist on respecting the 30% climate spending target set in the Regulation; invites the Commission to present an overview of the budget lines under Heading 6 that are most in demand; underlines that the EU response to the immense expected needs in Ukraine must not come at the detriment of other geographical regions or thematic priorities and that the funding for humanitarian needs in Ukraine that are not covered by the UA Facility should not generate imbalances in funding between crises; further stresses that the primary objective of development cooperation, including through the Global Gateway Strategy, continues to be achieving the Sustainable Development Goals and ensuring that resources are provided where the need is the greatest, which is done by addressing first the needs of those that are furthest behind; is concerned that a continued use of the cushion for assistance to Ukraine would exhaust most of it; requests that the interest rate subsidies related to MFA loans and provisioning of 2022 / 2023 EIB loans to Ukraine from the NDICI-GE cushion be covered under the future Ukraine Facility; stresses that the MFF revision should take due account of the EU's ability to deliver on the Global Gateway Initiative.

7.9.2023

**LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: **Opinion on Amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 - (2023/0201R(APP))**

Dear Mr Chair,

Under the procedure referred to above, the Committee on Employment and Social Affairs has been asked to submit an opinion to your committee and decided to send the opinion in the form of a letter.

The Committee on Employment and Social Affairs considered the matter and at its meeting of 18 July 2023 decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Dragoş Pişlaru



## SUGGESTIONS

- A. Whereas the current context of high inflation and multiple crises have put great pressure on the ongoing MFF ceilings, depleting the margins available to tackle current and future EU challenges, to fulfil long-term EU goals and its ability to maintain a sufficient level of investments in the EU's programmes and policies, including in important priorities such as the just, green and digital transitions; whereas these multiple crises are affecting the social and economic situation in the EU, inter alia, on the EU's labour markets and living conditions, and risk negatively impacting growth and employment; whereas the EU budget must respond effectively to evolving needs and to support them in crises, in particular when increasing inflation and rapid increases in food and energy prices across the EU are affecting the most vulnerable populations, further increasing inequalities and aggravating poverty; whereas wages are not projected to increase as fast as inflation and therefore workers are losing purchasing power and may see their living conditions worsen; whereas this will also exert greater pressure on social policy capacity, as well as on automatic stabilisers, such as national unemployment schemes;
- B. Whereas about 96.5 million Europeans or 21.9 % of the EU population are currently at risk of poverty and social exclusion, with 24.7% of children in the EU being at risk of poverty and social exclusion; whereas approximately 34 million Europeans, or nearly 6,9 % of the EU population, cannot afford to heat their home sufficiently, according to a 2021 Union-wide survey<sup>1</sup>; whereas overall, the Energy Poverty Observatory has estimated that more than 50 million households in the EU experience energy poverty;
- C. whereas the European Pillar of Social Rights (EPSR) action plan targets aim for the EU to have at least 78 % of its population between the age of 20 and 64 in employment, at least 60 % of all adults in training every year and reductions in the number of people at risk of poverty or social exclusion by at least 15 million, including at least 5 million children; whereas the action plan also adopted a series of proposals in order to reach those goals by 2030; whereas in the current context, reaching these targets is becoming more challenging, given the projected increase in poverty and unemployment; whereas social protection systems are under severe pressure to mitigate the social impact of the crisis, give support to refugees and ensure decent living conditions and access to quality essential services, such as health, education and housing, for all;
- D. whereas a skilled workforce is crucial to ensuring socially fair and just green and digital transitions, and to strengthening the Union's sustainable competitiveness and resilience in the face of adverse external shocks; whereas more adequate and better-matched skills open up new opportunities and empower individuals to fully participate in the labour market, society and democracy, to harness and benefit from the opportunities of the green and digital transitions, and to exercise their rights; whereas the European Year of Skills is intended, by means of reskilling and upskilling, to support the sustainable growth of the Union's social market economy and to address the skills shortage experienced by 77%<sup>2</sup> of companies across the Union, with the aim of boosting its

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<sup>1</sup> Recital 13 of SCF Regulation:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R0955&qid=1686746723482>

<sup>2</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-year-skills-2023\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-year-skills-2023_en)

competitiveness and of contributing to the creation of quality jobs.

- E Whereas NextGenerationEU programmes such as ReactEU, the Just Transition Fund (JTF) and the Recovery and Resilience Facility (RRF) have ensured an economically and socially sustainable, just, inclusive and non-discriminatory recovery; whereas the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) adopted by the Commission was a success; whereas the Strategic Technologies for Europe Platform (STEP) is part of the European response to the need to boost investments in critical and emerging technologies in Europe, to address labour shortages and skills needs, and aims to strengthen European sovereignty and security, enhance the Union's competitiveness and the green and digital transitions;
1. Underlines the central role that the EU budget plays in delivering on the Union's political priorities, including making a success of the green and digital transitions, not least by paying particular attention to remote areas and outermost regions, energy intense sectors and low-skilled workers in order to re- and up-skill them, creating quality employment and decent working conditions; highlights the importance of adequate wages and social security protection, high occupational health and safety standards and gender-balanced opportunities, in eradicating poverty, reducing inequalities, fostering an inclusive and socially just, sustainable, and non-discriminatory recovery; stresses the need for robust national social protection systems, short-time work schemes to avoid the drastic consequences of redundancies and housing allowances for people in need; recognises the importance of promoting growth, strategic autonomy and energy independence, while providing strong support, particularly for the younger generation, children, families, workers and small and medium-sized enterprises, and fostering sustainable development that leaves no one behind and ensuring cohesion and upward social convergence; calls for special attention to be paid to low-income and vulnerable groups, such as people in poverty or at risk of poverty and social exclusion, while, at the same time, supporting the middle-income households by ensuring that they remain the backbone of our societies and can have sufficient opportunities to grow in view of fostering overall economic and social cohesion; stresses also the importance of ensuring a more robust European Health Union in the aftermath of the COVID-19 crisis, promoting the rule of law, EU values and fundamental rights, fostering greater and equal opportunities for all, and ensuring a stronger Union for its people and in the world;
  2. Points out that the economic and political context has changed since the current MFF was negotiated; stresses that the size and structure of the current MFF as agreed in 2020 is not fit to react swiftly to and address the new challenges and future crises situations while at the same time maintaining investments in EU's programmes and policies and that the situation under Heading 2b is extremely worrying due to very limited margins and great pressure caused by high inflation; welcomes that the Commission came forward with an MFF revision proposal which includes a sustainable solution for the repayment of increased debt costs ('EURI Instrument) thereby safeguarding NextGenerationEU programmes against cuts and creating space in special instruments such as the RRF, ReactEU, the JTF and InvestEU; believes however that this proposal falls short of the EU ambitions and reiterates therefore its call for an urgent, comprehensive and ambitious revision of the 2021-2027 MFF, with an increased budget and fresh money in order to support sustainable growth and investment and be able to

support the strategic objectives of the Europe 2020 strategy, the 2030 Agenda for Sustainable Development, as well as instruments provided for in new legislation, such as the European Net Zero Academies under the Net Zero Industry Act and the initiatives set out in the EPSR and the Porto Declaration; insists on the need to maintain adequate resources for cohesion, economic and social convergence and to deliver on important policies like the just, green and digital transitions, and also to enable the EU to take up new challenges in the coming years;

3. Considers that a number of issues will need to be taken into account in the MFF revision, namely the importance of increased flexibility and sufficient resources in the MFF to support sustainable growth and investment and effectively tackle the social and labour market implications of the COVID-19 pandemic and the Russian war of aggression against Ukraine, especially unemployment; recalls that programmes decided under the current MFF and their envelopes should be respected and insists that social priorities and social investments be strengthened in the revision of the MFF and the post-2027 MFF to ensure a strong, ambitious social dimension of the EU budget;
4. Highlights the crucial role of Union funds and financial instruments, including the Recovery and Resilience Facility (RRF) and REpowerEU to ensure an economically and socially sustainable, just, inclusive and non-discriminatory recovery; insists that the European Social Fund Plus (ESF+) must continue to be the key driver for strengthening the social dimension of the Union in line with the principles of the European Pillar of Social Rights; recalls that ESF+ is also the EU main instrument for supporting Member States, people and regions to achieve high employment levels, which need to be accompanied by adequate wages, decent working conditions, healthy work environments and social security coverage, in order to build fair social protection and develop a skilled, competitive and resilient workforce that is ready for the transition to a green and digital economy and the future world of work, for building inclusive and cohesive societies aiming to eradicate poverty and for delivering on the principles set out in the EPSR; calls therefore for a significantly reinforced ESF+ budget, in particular for the poorest in our society; points out the importance of the European Globalisation Adjustment Fund for Displaced Workers (EGF), the Just Transition Fund (JTF), ReactEU with its additional resources for ESF+, the Youth Employment Initiative (YEI), and the Fund for European Aid to the Most Deprived (FEAD);
5. Recognises that the ESF+ and the RRF must contribute to the implementation of the EPSR by putting its principles into practice and mainstreaming social objectives in all relevant legislation, policies and implementing plans linked to NextGenerationEU; stresses that adequate resources should be allocated to update and implement the EPSR action plan and targets adopted in Porto, highlights that the RRF has played a significant role in mitigating the crisis and should be an example to follow in the event of future crises and stresses the need to strengthen social welfare systems and invest in social security, access to healthcare and education, affordable housing, quality employment, quality training and social services for vulnerable groups; considers that a significant amount of the funds should be allocated for social investments to strengthen social welfare systems and invest in social security, access to healthcare and education, affordable housing, employment, justice and social services for vulnerable groups, calls on the Commission, in this regard, to ensure adequate staffing to support this task; believes that the Porto poverty targets should be complemented at EU level with an

action plan and a strong anti-poverty strategy supported by substantial investments that address all aspects of poverty, including in-work poverty;

6. Recalls that young people have been particularly affected by multiple crises in terms of employment, education, training and mental well-being; Stresses that the revised MFF needs to prioritise support for young people and measures to combat youth unemployment and to strengthen existing initiatives, such as the reinforced Youth Guarantee;
7. Highlights the demographic situation in the Union resulting from an ageing population, a decrease in fertility and higher life expectancy; insists on the need to invest in social infrastructures to address the demographic challenge; stresses the lack of European and national policy responses to the impact of demographic change; welcomes the European care strategy and calls to support it within the MFF and on Member States to make the best use of the European structural and investment funds for investment in childcare and care for older people and others in need of care, through the ESF+, InvestEU and other financial instruments encouraging social investment;
8. Welcomes the Union's ambition to step up its efforts to fight the alarming child poverty rates and to contribute to the eradication of child poverty via the recently created European Child Guarantee; warns however that the current crises have exacerbated and will further exacerbate the current deteriorating situation for children in or at risk of poverty, and will have long-lasting consequences; notes that, since its creation, Member States have already invested around EUR 9 billion in the Child Guarantee; reiterates its calls for an urgent increase in funding for the European Child Guarantee with a dedicated budget of at least EUR 20 billion for the 2021-2027 period and insists on making this part of the revised MFF<sup>3</sup>; calls on the Commission moreover to make available – and on the Member States to make full use of – all available resources to effectively implement the Child Guarantee, including the ESF+, ReactEU, and the RRF; calls on the Commission to improve coordination between EU countries in the implementation of the Child Guarantee Action Plans and to better assess and mainstream the impact of EU and national policies on the situation of children;
9. Underlines that the temporary and short-term flexibility introduced into cohesion policy funds through the series of Cohesion's Action for Refugees in Europe (CARE) proposals provided help to Member States to deal quickly with the impact of the war against Ukraine, albeit still insufficiently for the scale of need in some Member States; welcomes the Commission proposal for dedicated Facility to support Ukraine for the remainder of the MFF programming to ensure stable and predictable funding under a framework that will support Ukraine's financial stability, promote its recovery and modernisation while implementing key reforms on its accession path;
10. Believes that additional efforts are needed to prevent unemployment and underemployment stemming from the war, and calls for the continuation and

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<sup>3</sup> European Parliament resolution of 7 April 2022 on the EU's protection of children and young people fleeing the war in Ukraine ([https://www.europarl.europa.eu/doceo/document/TA-9-2022-0120\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2022-0120_EN.html)) and European Parliament resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges ( [https://www.europarl.europa.eu/doceo/document/TA-9-2022-0450\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2022-0450_EN.html) )

refinancing of SURE to support short-time work schemes and workers who would be temporarily laid-off, as long as the socioeconomic consequences of the war continue to have a negative impact on the labour market; calls for a temporary European social resilience package coordinating a set of measures and means to strengthen social welfare and social protection systems in the EU; stresses that SURE has proved to be successful in fighting unemployment as a consequence of the COVID-19 pandemic;

11. Repeats its calls on the Commission to develop an economic governance architecture in the EU based on flexibility, solidarity, integration, social justice and convergence, gender equality, high-quality public services, including a quality and inclusive public education system, quality employment and sustainable development;
12. Calls on the Commission to develop a proper strategy for the mainstreaming of social objectives in Union spending; considers that a social mainstreaming methodology in the Union budget would be necessary in order to ensure that all Union-funded policies are compliant with the 20 principles defined in the European Pillar of Social Rights, and that Union spending contributes to European social objectives or at least does not work contrary to those objectives; calls to reinforcing social partners involvement, and the partnership principle, in the design, implementation and monitoring of the MFF in terms of the protection of workers' and social rights, employment preservation, quality job creation, and just transition;
13. Is concerned that wages are currently falling due to inflation and a series of exceptional energy price shocks; highlights the urgent need for wage increases in order to sustain internal demand and inclusive growth, and to reduce the impact of the double crisis on workers and households; considers that additional efforts are required within the EU budget and the MFF to help social partners achieve wage increases through tripartite capacity building frameworks, thereby accelerating the expected positive impact of the proposed directive on adequate minimum wages and its swift implementation;
14. Reiterates its call on the Commission to present a tracking methodology for the social expenditure in the EU budget based on the SDGs and the principles of the EPSR, as well as to include well-being indicators in the Social Scoreboard and measure the overall impact of different funds, instruments and facilities financed under the MFF on improving working conditions and well-being<sup>4</sup>; insists that the rules governing the use of EU funds should be aligned with social rights and democratic principles, the EPSR, the SDGs and the fundamental rights of workers; takes the view that public money should benefit those employers respecting workers' rights and applicable working conditions;
15. Stresses that the ESF+ must provide adequate support for the capacity-building of the EU's social partners, including in the form of training, networking measures and the strengthening of the social dialogue, and to activities jointly undertaken by the social

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<sup>4</sup>European Parliament resolution of 5 April 2022 on general guidelines for the preparation of the 2023 budget, Section III – Commission ( [https://www.europarl.europa.eu/doceo/document/TA-9-2022-0106\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/TA-9-2022-0106_EN.pdf) ) and Opinion of the Committee on Employment and Social Affairs for the Committee on Budgets on the general budget of the European Union for the financial year 2024 - all sections ( [https://www.europarl.europa.eu/doceo/document/EMPL-AD-746942\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/EMPL-AD-746942_EN.pdf) )

partners and civil society organisations;

16. Welcomes the reinforcements of InvestEU, the European Innovation Council, the Innovation Fund and the European Defence Fund that are expected to lead to investments in the critical technologies covered by the Net Zero Industry Act with the support of STEP; and to reinforce the Union's open strategic sovereignty; calls, consequently, for a budget of at least € 102 million for the set up and functioning of the Net-Zero skills academies;
17. Recalls that the agencies Eurofound, EU-OSHA, Cedefop, ETF and ELA play an important role in providing Union institutions and countries with specialised knowledge notably on employment and social issues and that they must receive the necessary financial and human resources to fulfil their evolving tasks;
18. Stresses the importance of European Year of Skills 2023, including concrete actions and policies supported by adequate funding from the MFF to further develop employment and entrepreneurship measures.

20.7.2023

## LETTER OF THE COMMITTEE ON TRANSPORT AND TOURISM

Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on BUDG interim report on the Mid-term revision of the Multiannual Financial Framework 2021 – 2027 (2023/0201R(APP))

Dear Chair,

The Committee on Budgets requested authorisation to draw up an interim report pursuant to Rule 105(5) of the Rules of Procedures, as part of the preparatory work for the consent procedure on the Proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027. On 27 June 2023, Coordinators of the Committee on Transport and Tourism (TRAN) decided to contribute to this report with an opinion in the form of a letter. TRAN adopted its opinion at its meeting<sup>1</sup> of 19 July 2023.

TRAN calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Karima Delli

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<sup>1</sup> The following were present for the final vote: Karima Delli (Chair), István Ujhelyi (Vice-Chair), Jens Gieseke (Vice Chair), Jan-Christoph Oetjen (Vice-Chair), Magdalena Adamowicz, Izaskun Bilbao Barandica, Karolin Braunsberger-Reinhold, Marco Campomenosi, Sara Cerdas, Patricia Chagnon, Ciarán Cuffe, Josianne Cutajar, Jakob G. Dalunde, Anna Deparnay-Grunenberg, Lena Düpont, Gheorghe Falcă, Carlo Fidanza, Mario Furore, Michael Gahler, Maria Grapini, Svenja Hahn, Elsi Katainen, Kateřina Konečná, Bogusław Liberadzki, Benoît Lutgen, Marian-Jean Marinescu, Georg Mayer, Tilly Metz, Cláudia Monteiro de Aguiar, Caroline Nagtegaal, Denis Nesci, Ljudmila Novak, Rovana Plumb, Bergur Løkke Rasmussen, Dominique Riquet, Thomas Rudner, Christine Schneider, Annalisa Tardino, Vera Tax, Barbara Thaler, Achille Variati, Petar Vitanov, Lucia Vuolo.

## SUGGESTIONS

- A. whereas the transport and tourism sectors are a cornerstone of the EU single market, provide connectivity and cohesion; whereas they represent an important part of the EU's economy in terms of GDP and employment;
  - B. whereas the transport and tourism sectors are among those that have been hardest hit by successive crises such as the Covid-19 pandemic and Russia's unjustified and illegal war of aggression against Ukraine; whereas transport, in particular, has shown itself to be a vital lifeline for Ukraine;
  - C. whereas the transport sector must contribute significantly to efforts to reach Union-wide climate neutrality by 2050 and is facing structural challenges related to decarbonisation and digitalisation policies;
  - D. whereas, in the current economic context characterised by subdued economic growth, unprecedentedly high inflation levels and increasing interest rates, investments in transport infrastructure have become significantly more expensive;
  - E. whereas the multiannual financial framework (MFF) is strategically important for sectors relying on continuous long-term investments such as the transport sector; whereas the current MFF, which reflects the priorities of the Union at the time of adoption in 2020, should therefore be revised in a way that allows the EU to meet its legal obligations, reflect the current geopolitical and economic reality, as well as to address the new political priorities;
1. Welcomes the Commission's communication on the mid-term revision of the MFF 2021–2027; regrets, however, that the proposed allocation of EU funds fails to address the needs of the transport sector for achieving the policy objectives, which result from the European Green Deal and the Sustainable and Smart Mobility Strategy (SSMS) as well as from the new geopolitical context, and aim at providing interconnected, safe, efficient and affordable transport services for citizens;
  2. Reiterates the crucial role of the CEF in the completion of the trans-European transport network (TEN-T); recalls that the CEF has been used to enhance EU military mobility and support Ukraine, in providing the EU solidarity lanes, and is also key for achieving stronger connectivity with our strategic partners in non-EU countries, while the implementation of the transport projects has been negatively influenced by the current inflationary pressures and unfavourable financing conditions; highlights that the budget of CEF II has been mostly committed by now, which shows the utility and added value of the fund for completing projects of common interest along the TEN-T, and that the Commission is having to reject around 75% of projects applying for funding; urges, therefore, a substantial and rapid increase of the CEF envelope to meet all its existing and new policy objectives; reiterates its call on the Commission to plan an ambitious successor programme to CEF II for the MFF post-2027, with reinforced funding;
  3. Welcomes the CEF calls launched for military mobility in 2021-2022 for a total of EUR 955 million, which were fully subscribed; regrets, however, that in the future, it will be challenging to finance any additional initiative under Heading 5 and so welcomes the



Commission proposal to set up a Strategic Technologies for Europe Platform ('STEP') in order to top up funds under this heading; calls on the Commission to provide a clear commitment and sufficiently increase the military mobility envelope in order to scale up investments for adapting the TEN-T network for dual civil and defence use and other projects;

4. Therefore calls for mobilising new as well as unused funds under the Recovery and Resilience Facility (RRF) for CEF and to target investments in cross-border missing links, removing bottlenecks and in supporting the deployment of alternative fuels; highlights that any new European policy needs to come with a new allocated budget and not a reshuffling of funds within the current MFF;
5. Welcomes the Commission's initiative to establish the Ukraine Facility (the 'Facility') aimed at catering both for short-term recovery needs and medium-term reconstruction and modernisation of Ukraine; notes that one of the Facility's objectives is to rebuild and modernise infrastructure damaged by the war, such as internal and cross-border transport networks; points out that Ukraine and Moldova have been associated to the CEF; expects that synergies between the new Facility and the CEF are fully exploited to both support the rebuild of transport infrastructure in Ukraine and enhance cross-border connectivity between the EU and Ukraine and Moldova; insists that the budget for CEF II and the CEF post-2027 includes adequate additional funds to fully integrate these two countries;
6. Notes that the objective of STEP is to reinforce and leverage existing EU instruments to the benefit of investments in strategic areas and critical and emerging technologies relevant to the green and digital transitions; highlights, in this regard, the need to prioritise investments in strategic, interconnected, safe, efficient, sustainable and smart transport projects and in the production and deployment of alternative fuel infrastructure throughout the Union;
7. Reiterates that the funding for European transport agencies and joint undertakings match their level of responsibility and deliver on their tasks and new responsibilities; highlights that the SSMS has specific targets for modal shift towards rail;
8. Points out the important need to maintain Europe's standing as a leading destination and boost the tourism industry, especially in the aftermath of the pandemic, while also transitioning to greater sustainability; reiterates its request for a crisis management mechanism to make sure that the tourism sector is adequately prepared for future crises; calls for dedicated EU funding for tourism and significant reinforcement of the support for tourism SMEs, which dominate the sector; reiterates its call for the creation of a European agency for tourism responsible for providing support to microenterprises and SMEs and facilitate the access to EU funding and financial instruments;
9. Is convinced, on the basis of the above analysis, that a genuine review of the current MFF is indispensable if the Union is to effectively confront the current geopolitical and economic challenges while fulfilling its decarbonisation agenda; stresses the need for the MFF to be endowed with significantly increased resources to effectively ensure investments, achieve economic, social and territorial cohesion and promote solidarity.

20.7.2023

## LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on the interim report on the proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multi-annual financial framework for the years 2021-2027 (COM(2023)0337 – 2023/0201(APP))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Regional Development has been asked to submit an opinion to your committee. At its meeting of 27 June 2023, the committee decided to send the opinion in the form of a letter.

The Committee on Regional Development considered the matter at its meeting of 19 July 2023. At that meeting<sup>1</sup>, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Younous Omarjee

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<sup>1</sup> The following were present for the final vote: Younous Omarjee (Chair and rapporteur for opinion), Isabel Benjumea Benjumea (vice-chair), Krzysztof Hetman (Vice-Chair), Nora Mebarek (Vice-Chair), François Alfonsi, Adrian-Dragoş Benea, Franc Bogovič, Vlad-Marius Botoş, Karolin Braunsberger-Reinhold, Carlos Coelho, Rosanna Conte, Corina Creţu, Rosa D'Amato, Christian Doleschal, Herbert Dorfmann, Matthias Ecke, Carlo Fidanza, Sandro Gozi, Mircea-Gheorghe Hava, Peter Jahr, Cristina Maestre Martín De Almagro, Martina Michels, Ana Miranda, Alin Mituţa, Dan-Ştefan Motreanu, Denis Nesci, Niklas Nienass, Andrey Novakov, Alessandro Panza, Caroline Roose, Marcos Ros Sempere, André Rougé, Susana Solís Pérez, Irène Tolleret, Yana Toom, Stefania Zambelli, Carlo Fidanza (for ECR pursuant to Rule 209(7))

## SUGGESTIONS

### *The REGI Committee*

1. Reminds that Cohesion Policy and its financial instruments have played a central part in the EU answer to most of unexpected challenges which it faced over the last years, such as the COVID-19 crisis and the challenges linked to the inflow of refugees in the aftermath of the Russian aggression on Ukraine, proving the policy's adaptability and the adequacy of its instruments to deliver appropriate measures in a timely manner;
2. In this context, expresses its firm position that the mobilisation of the Cohesion Policy funds for urgent needs should not affect negatively the long-term investments planned and that all funds based on Article 175 TFEU must follow the principles and objectives set up by the treaties themselves ; believes that cohesion policy should not undergo any transfers to other funds which could jeopardize the cohesion funds' ability to deliver on their goals, and further, that , as also highlighted in the European Commission's Eight Cohesion report, EU policies and funds should do no harm to cohesion objectives and, to the contrary, should reinforce them; Believes that any additional objectives or urgency should be addressed with additional financial means;
3. Reminds that investments under Cohesion Policy funds are of crucial importance in terms of reducing territorial disparities and progressing towards great territorial cohesion in the EU, in particular in the current unstable economic, social and political context; recalls that pursuant to Article 174 TFEU, the Union shall aim at reducing disparities between the levels of development of the various regions, and that particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as islands, outermost, cross-border and mountain regions;
4. Welcomes the proposal to increase the budgetary ceilings for payments for the remaining years of the MFF 2021-2027, submitted in the context of the MFF revision, and thereby allow for a budgetary room for manoeuvre in case of unexpected needs;; underlines though the importance of the rapid and efficient implementation of cohesion policy for the 2021-2027 period and stresses the need to speed up this process in order to avoid any further delays;
5. Stresses that the allocations under the EU Solidarity Fund have clearly been insufficient in view of the number and intensity of natural disasters; insists on the necessity to demonstrate EU solidarity with the regions concerned, and to deliver concrete financial assistance to them; welcomes the proposed reinforcement of the Solidarity and Emergency Aid Reserve by 2.5BN but believes that the budgeted sum risks to be insufficient and invites Commission to closely monitor the needs in this respect, in view of ensuring the adequate EU response;
6. Recalls the request of the European Parliament<sup>1</sup> for a large revision of the EUSF, aimed, inter alia, at the integration of the 'Build Back Better' principle to be fully in Article 3 of the EUSF Regulation, with a view to contributing to the improvement of the quality of these regions' infrastructure during reconstruction and to better prepare them to avoid

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<sup>1</sup> European Parliament resolution of 18 May 2021 on the review of the European Union Solidarity Fund (with the Chair as rapporteur)

future disasters by building preventive infrastructure; recalls the need to urgently strengthen EU policy regarding adaptation to climate change;

7. Reiterates the European Parliament's support for the efficient implementation of the Union budget in accordance with the principles laid down in the Financial Regulation including the respect for the rule of law and the fundamental rights;
8. Welcomes that the Commission has further developed a methodology<sup>2</sup> to track gender equality-related spending in the 2021-2027 MFF, which looks at policy design and resource allocation and in particular the presentation of an ex-post gender impact assessment on a more granular level and reporting on volumes; calls on the Commission to assess holistically gender impact and facilitate that all the relevant data is available for the tracking.

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<sup>2</sup> [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/gender-equality-mainstreaming\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/gender-equality-mainstreaming_en)

6.9.2023

## LETTER OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

Mr Johan Van Overtveldt,  
Chair Committee on Budgets  
SCHOLL 05U012  
Brussels

IPOL-COM-AGRI D (2023) 29741

Subject: **Opinion on Informal opinion on the interim report on the proposal for a mid-term revision of the Multiannual Financial Framework 2021-2027 2023/0201R(APP)**

Dear Mr Chair,

Under the procedure referred to above, the Committee on Agriculture and Rural Development (AGRI) has been asked to submit an opinion in the form of a letter to the Committee on Budgets. At its meeting of 28 June 2023, the committee decided to send the opinion in the form of a letter. However, due to the time constrain and the limited impact that this revision has on agriculture and rural development, [please receive it as a simple letter and informal opinion that was endorsed by written procedure by the coordinators on .... 2023].

The AGRI committee welcomes that the Commission proposed a revision of the Multiannual Financial Framework 2021-2027 and that it came to the same conclusions as Parliament did in its Resolution of December 2022. In that regard, I would like to reiterate the opinion of the AGRI committee as regards the negative consequences of inflation, in particular for smaller and young farmers, in reducing the real-terms value of direct payments and the difficulties to invest under the rural development fund.

The AGRI committee also takes good note of the draft interim report published on 20 July 2023, in particular the overall assessment of the Commission proposal and its recommendations and modifications. Agriculture and Rural development funds are the main policy affected by the EUR 74 billion real-terms value reduction of the MFF over the seven-year period. Thus, the AGRI committee calls on the Committee on Budgets to request the Council to increase the ceilings of Heading 3 to remedy this loss in due proportion and in order to give a clear signal in support of the Union's food security, the fair implementation of the common agricultural policy and the green and digital transitions.

We also recall the fact that the agricultural reserve has been fully used, in particular to tackle the markets disturbances that occurred following the Russia's war of aggression against Ukraine.

The AGRI committee welcomes the proposal establishing the Ukraine facility for which we

have been asked to submit an opinion in due time.

The Committee on Agriculture and Rural Development therefore calls on the Committee on Budgets to propose that the Parliament adopts its position taking into consideration the above reflexions.

Yours sincerely,

Norbert Lins

18.7.2023

## LETTER OF THE COMMITTEE ON CULTURE AND EDUCATION

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on BUDG interim report on “Proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027”(COM(2023)0337 – C9-XXXX – 2023/0201R(APP))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Culture and Education has been asked to submit an opinion to your committee. At its meeting of 28 June 2023, the committee decided to send the opinion in the form of a letter. It adopted the opinion at its meeting of 18 July<sup>1</sup>.

Yours sincerely,

Sabine Verheyen

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<sup>1</sup> The following were present for the final vote: Sabine Verheyen (Chair and rapporteur for opinion), Michaela Šojdřová (Vice-Chair), Kizilyürek Niyazi, Dzhambazki Angel, Rooken Rob, Tarabella Marc, Ademov Asim, Adinolfi Isabella, Frankowski Tomasz, Pollák Peter, Zagorakis Theodoros, Zver Milan, Cicurel Ilana, Farreng Laurence, Joveva Irena, García Del Blanco Ibán, Guillaume Sylvie, Heide Hannes, Kammerevert Petra, Matic Predrag Fred, Ros Sempere Marcos, Smeriglio Massimiliano, Michels Martina, Franz Romeo, Marquardt Erik, Nienass Niklas, Anderson Chistine, Bocskor Andrea.

Dear Mr Van Overtveldt,

I am writing to you in relation to the BUDG Committee interim report on the proposed targeted MFF revision, drafted pursuant to Rule 105(5) of the Rules of Procedures, as part of the preparatory work for the consent procedure on the *Proposal for a Council Regulation amending Regulation (EU, Euratom)2020/2093 laying down the multiannual financial framework for the years 2021 to 2027) - 2023/0337*.

Due to the severe time constraints imposed on the other Committees, it was not possible to draft a formal CULT opinion. Instead, at their 28 June meeting CULT Coordinators opted for issuing an opinion in the form of a letter outlining the Committee's general stance on the topic at hand, in particular on the creation of a new Special Instrument to deal with the impact of the increasing borrowing costs related to EURI on the EU budget and its heading 2b.

The Committee on Culture and Education considered the matter at its meeting of 18 July 2023. At that meeting, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses that major unforeseen global events since the adoption of the 2021-2027 MFF Regulation in 2020, in particular the COVID-19 pandemic and the Russian war of aggression against Ukraine, have put considerable pressure on the EU budget due to additional contingency expenditure linked to adopted response measures at EU level, as well as rising interest rates and inflation, thus rendering the EU budget presently unfit for purpose;
2. Is extremely concerned by the fact that, as a result of this and the unfortunate decision to include the inherently unpredictable and non-discretionary NextGenerationEU funding costs inside Heading 2b, the margin of this Heading is already proving to be insufficient to cover real spending needs in the coming years, with a potential negative margin already in 2024 of EUR 1.708,2 million in case the MFF Regulation in its current form is not amended; highlights that this effectively takes away any flexibility for topping up the budgetary envelopes of successful existing programmes in Heading 2b where additional spending is justified, such as Erasmus+, Creative Europe, the European Solidarity Corps and the Citizens, Equality, Rights and Values programme, and *de facto* precludes any new initiatives and valuable pilot projects and preparatory actions which test innovative approaches in fields where EU legislation does not yet exist;
3. Points out that the budget of the Erasmus+ and Creative Europe programmes has already been partially frontloaded to the first years of the current MFF, in order to support those fleeing Russia's military aggression against Ukraine and to address the difficult situation in the cultural and creative sectors following the COVID-19 crisis, which may impact those programmes at the end of the current MFF;
4. Welcomes the proposed creation of a specific flexibility mechanism in the form of a special thematic 'EURI Instrument' with an estimated total cost of EUR 18,9 billion, over and above the MFF ceilings, until the end of the MFF, for the sole purpose of covering NextGenerationEU funding costs in excess of the specific threshold values laid down in the amended MFF Regulation;



5. Underlines that the creation of a EURI Instrument contributes to safeguarding expenditure on all flagship EU programmes in Heading 2b such as Erasmus+ and priority actions in the fields of cultural cooperation, educational mobility, youth exchanges and volunteering, citizens participation and democracy building;
6. Calls for a more extensive revision of the MFF to make sure that new initiatives under Heading 2b, such as the New European Bauhaus (NEB), do not impact on the funding of other, already underfunded programmes; underlines that the NEB should also be supported by other relevant programmes in order to generate additional impact; in this context, reiterates its call on the Commission to amend the Horizon Europe Regulation during the MFF mid-term revision in order to create a NEB mission funded with EUR 500 million; reiterates its call on the Commission to submit a proposal to make the NEB a new stand-alone EU programme by the next MFF with fresh resources and a dedicated budget line;
7. Urges the Council to adopt without delay the revision of the MFF including the creation of the EURI Instrument as proposed by the European Commission; is of the opinion that the EURI Instrument represents a sustainable solution to the budgetary challenges stemming from the inclusion of EURI's financing cost in Heading 2b and under the ceiling of the current MFF, despite Parliament's repeated calls to include expenditure to cover its cost over and above the ceiling; notes that the mobilisation of the EURI Instrument would take place in accordance with the procedures laid down in the Regulation (EU, Euratom) 2020/2093 and in the framework of the annual budgetary procedure, in full respect of the prerogatives of the budgetary authority.

We hope and trust that the BUDG Committee will include these elements in its interim report and bear them in mind in its future deliberations with the Council and the Commission on the proposed revision, as well as in the annual budgetary procedure for 2024.

Thank you in advance for your consideration, and wishing you every success for this crucial endeavour.

Yours sincerely,

Sabine Verheyen

18.7.2023

## LETTER OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on the Interim report on Amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (2023/0201R(APP))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Civil Liberties, Justice and Home Affairs was asked to submit an opinion to your committee. At their meeting of 29 June 2023, the LIBE Coordinators decided to send the opinion in the form of a letter.

The Committee on Civil Liberties, Justice and Home Affairs considered the matter at its meeting of 18 July 2023. At that meeting<sup>1</sup>, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its interim report.

Yours sincerely,

Juan Fernando López Aguilar

### SUGGESTIONS

1. Welcomes the Commission's proposal to increase the ceiling of Heading 4 to reflect the need for increased financing to cover the hoped for adoption of the New Pact on Migration and Asylum; points out that negotiations between the co-legislators are ongoing and insists that the mandates of both the Parliament and Council should be taken into account when revising the ceiling; further welcomes the increase as a response to needs resulting from the war against Ukraine and the subsequent decision to trigger the Temporary Protection Directive, which has put a particular strain on the Asylum, Migration and Integration Fund (AMIF) and which will almost certainly

require increased integration funding in the coming years; stresses, in that regard, the need to channel financial resources to achieve the objective of meaningful solidarity through the solidarity mechanisms proposed in the negotiating mandates of the European Parliament.

2. Acknowledges the significant increase in the ceilings on Heading 6, reflected in the Commission's proposal, resulting from an increasingly deteriorating situation in many neighbouring countries and beyond as a result of various crises of a global nature, while stressing that enhanced crisis response is essential given the multiple global challenges; emphasises that support for Ukraine must not lead to money being diverted from other regions or thematic priorities, and therefore enhanced funding for humanitarian aid (HUMA);
3. Stresses that additional funding for Heading 6 to support the management of migration in third countries should not underpin an approach of making financial assistance to third countries conditional upon their cooperation on migration issues; recalls that the Regulation establishing the Neighbourhood, Development and International Cooperation Instrument requires cooperation with third countries, be that through migration partnerships or bilateral cooperation, to be implemented in full respect of international law, including international human rights and refugee law;
4. Welcomes the Commission's legislative proposals accompanying the MFF mid-term revision, specifically the proposal for a Regulation establishing the Strategic Technologies for Europe Platform ('STEP') and the proposal for a Regulation establishing the Ukraine Facility; recalls with regard to the STEP proposal that any personal data for monitoring the implementation of the activities carried out under the STEP Platform must be collected and processed in full respect for the right to the protection of personal data and the right to privacy;

Members who voted:

Juan Fernando López Aguilar, (Chair/Rapp), Pietro Bartolo (VP 2), Emil Radev (VP 4), Adamowicz Magdalena, Al-Sahlani Abir, Ansip Andrus, Arvanitis Konstantinos, Barley Katarina, Biedroń Robert, Bielowski Theresa, Bilčík Vladimír, Blaga Vasile, Boeselager Damian, Braunsberger-Reinhold Karolin, Bricmont Saskia, Chagnon Patricia, Daly Clare, Delbos-Corfield Gwendoline, Düpont Lena, Fest, Nicolaus, Grapini Maria, Guillaume Sylvie, Gusmão José, Incir Evin, in't Veld Sophia, Jaki Patryk, Kanko Assita, Keller Fabienne, Körner Moritz, Kuhnke Alice, Nemeč Matjaž, Morano Nadine, Oetjen Jan-Christoph, Olbrycht Jan, Papadakis Kostas, Rangel Paulo, Sagartz Christian, Santos Isabel, Sippel Birgit,

Terheş Cristian, Strik Tineke, Strugariu Ramona, Tardino Annalisa, Toom Yana, Urbán Creso Miguel, Yoncheva Elena, Zarzalejos Javier

19.7.2023

## LETTER OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on the proposal for a Council Regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (2023/0201R(APP))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Constitutional Affairs has been asked to submit an opinion to your committee. At its meeting of 18 July 2023, the committee decided to send the opinion in the form of a letter.

The Committee on Constitutional Affairs considered the matter at its meeting of 18 July 2023. At that meeting<sup>1</sup>, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Salvatore De Meo

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<sup>1</sup> The following participated in the final vote: Salvatore De Meo (Chair and rapporteur for opinion), Gunnar Beck, Marek Belka, Vladimír Bilčík, Gabriele Bischoff, Damian Boeselager, Włodzimierz Cimoszewicz, Gwendoline Delbos-Corfield, Gheorghe Falcă, Sandro Gozi, Brice Hortefeux, Othmar Karas, Zdzisław Krasnodębski, Jaak Madison, Alin Mituța, Niklas Nienass, Max Orville, Giuliano Pisapia, Paulo Rangel, Jacek Saryusz-Wolski, Helmut Scholz, Pedro Silva Pereira, Sven Simon, Nacho Sánchez Amor, László Trócsányi, Guy Verhofstadt.

## SUGGESTIONS

The Committee on Constitutional Affairs:

1. Recalls that, pursuant to Article 311 of the Treaty on the Functioning of the European Union (TFEU), ‘the Union shall provide itself with the means necessary to attain its objectives and carry through its policies’; underlines the importance, therefore, of an adequate EU budget that serves EU citizens; insists on the need to strengthen budgetary transparency and accountability;
2. Recalls that Parliament had asked for a comprehensive revision of the multiannual financial framework (MFF), following the sudden emergence of severe European-wide crises, such as the Covid-19 pandemic and Russia’s war of aggression against Ukraine and their security and economic consequences, which have tested the MFF and challenged its flexibility to the point where it is not equipped in terms of size or structure to respond to unforeseen circumstances, emerging needs or current shared EU policy ambitions; therefore welcomes the legislative proposal of the Commission on a targeted revision of the MFF as a step towards dealing with the MFF’s deficiencies;
3. Underlines the vital democratic role played by the European Parliament in the preparation, review and scrutiny of the MFF; recalls that the revision of the MFF must be implemented in accordance with the principle of mutual sincere cooperation, as laid down in Article 13(2) of the Treaty on European Union;
4. Stresses in this context the importance for the Commission to steer the discussions with the European Parliament and the Council as appropriate in accordance with the provisions of point 15 of the Interinstitutional agreement of 16 December 2020 on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources<sup>1</sup>, in order to facilitate swift progress on the MFF revision and an efficient dialogue process;
5. Recalls that the Conference on the Future of Europe has echoed Parliament’s call for strengthening the Union budget through new own resources<sup>2</sup> and that the European Parliament should decide on the Union budget as it is the right of parliaments at national level<sup>3</sup>; underlines the need to strengthen the involvement of the European Parliament in this process within a clear legal framework; reiterates that these proposals should be explored by the convention on the revision of the treaties, including the possibility of applying the ordinary legislative procedure to the adoption of new own resources;
6. Reiterates its call for the activation of the *passerelle* clause provided for in Article 312(2) TFEU so as to allow the Council to adopt the MFF Regulation by qualified majority; recalls its proposals that the ordinary legislative procedure be applied for the adoption of the MFF Regulation;
7. Recalls its demand for the alignment of the MFF’s period with the duration of the

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<sup>1</sup> OJ L 433I.

<sup>2</sup> Conference on the Future of Europe proposal 16.

<sup>3</sup> Conference on the Future of Europe proposal 39.4, third bullet.

Parliament's legislative term and the mandate of the Commission; regrets that this issue has not yet been addressed; calls therefore to amend Article 312 of the Treaty on the Functioning of the European Union accordingly.

30.8.2023

## LETTER OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion on BUDG interim report on the Mid-term revision of the Multiannual Financial Framework 2021–2027 (2023/0201R(APP))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Women's Rights and Gender Equality has been asked to submit an opinion to your committee. By written procedure of 13 July 2023, the committee decided to send the opinion in the form of a letter.

The Committee on Women's Rights and Gender Equality considered the matter at its meeting of 30 August 2023<sup>1</sup>. At that meeting, it decided to call on the Committee of Budget, as Committee responsible, to incorporate the following suggestions into its interim report

Yours sincerely,

Robert Biedroń

### SUGGESTIONS

- A. whereas gender equality and the elimination of inequalities are core values upon which the Union is founded, and whereas the commitment to promote gender equality and gender mainstreaming in all of its actions is enshrined in Article 8 of the Treaty on the Functioning of the European Union;
- B. whereas Parliament has repeatedly urged the Commission to promote and implement the use of gender mainstreaming, gender budgeting and gender impact assessments in

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<sup>1</sup> The following were present for the final vote: Robert Biedroń (Chair), Andželika Anna Mozdżanowska, Isabella Adinolfi, Maria da Graça Carvalho, Rosa Estaràs Ferragut, Arba Kokalari, Elżbieta Katarzyna Łukacijewska, Aušra Maldeikienė, Sirpa Pietikäinen, Christine Schneider, Pernille Weiss, Karen Melchior, María Soraya Rodríguez Ramos, Irène Tolleret, Helène Fritzon, Predrag Fred Matić, Maria Noichl, Carina Ohlsson, Evelyn Regner, Vera Tax, Kira Marie Peter-Hansen, Sylwia Spurek (Vice-Chair), Johan Nissinen, Margarita de la Pisa Carrión, Christine Anderson, Annika Bruna, Sandra Pereira



all Union policy areas;

- C. whereas budgets are never gender-neutral and therefore need to be drawn up with the goal of gender equality from the outset; whereas data indicates that every crisis has a disproportionate effect on women and girls, as can be seen in the ongoing crises which the Union is facing; and whereas Russia's war against Ukraine and the aftermath of the COVID crisis demand a gender-sensitive response;
1. Welcomes the Commission's communication on the mid-term revision of the MFF 2021–2027; acknowledges the need to address the financial impact of the consequences of Russia's war on Ukraine and the aftermath of the COVID crisis; highlights that the Union budget should not contribute to gender inequalities or fuelling hate, therefore calls on the Commission to explore the core mission of those to whom Union funds are granted and to withhold funding from actors who seek to use Union funds for the purposes of backsliding on human rights, particularly women's rights and gender equality; emphasises that the mid-term revision presents an opportunity to address shortcomings in the Union's approach to gender mainstreaming and gender budgeting which should be seen as an integral part of the financial process, allowing funds to be allocated in the most efficient manner;
  2. Welcomes the reiteration of the commitment to the new gender equality expenditure tracking methodology and the pilot mainstreaming of those objectives as of 2023; highlights that a majority of programmes are currently assessed as having the potential to contribute to gender equality, corresponding to the majority of funding (score 0 \*, 73% of the budget), compared with those that actually contribute to gender equality either as a primary objective (score 2, 2% of the budget) or as an important objective (score 1, 9% of the budget)<sup>2</sup>; highlights the importance of effective and gender-sensitive reviews of all programmes and spending that enable adjustments to be made when and where necessary, in line with the Court of Auditors' Special Report 10/2021 on Gender mainstreaming in the EU Budget<sup>3</sup>;
  3. Urges the Commission to increase funding to the budgetary lines and programmes where gender equality is a primary or important objective, such as the Daphne Strand, aiming to combat all forms of gender-based violence, and the equality, rights and gender equality strand of the Citizens, Equality, Rights and Values programme, the EU4Health Programme, the European Social Fund Plus (ESF+) and external action programmes such as the Neighbourhood, Development and International Cooperation Instrument - Global Europe and the UN Spotlight Initiative;
  4. Calls on the Commission to increase the budget of the European Institute for Gender Equality to ensure that that Institute has sufficient resources to carry out its mandate, including providing technical assistance to Member States, in the light of increasing urgency and demand for its technical support for gender mainstreaming;

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<sup>2</sup> [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/gender-equality-mainstreaming\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/gender-equality-mainstreaming_en)  
[https://commission.europa.eu/system/files/2023-06/SWD\\_2023\\_336\\_1\\_EN\\_autre\\_document\\_travail\\_service\\_part1\\_v4.pdf](https://commission.europa.eu/system/files/2023-06/SWD_2023_336_1_EN_autre_document_travail_service_part1_v4.pdf), p48

<sup>3</sup> <https://www.eca.europa.eu/en/publications?did=58678>

5. Reiterates its concerns regarding the attacks on gender equality and fundamental rights, including sexual and reproductive health and rights, within the Union and calls for funding be allocated to tackle this backlash and disinformation, as well as to support civil society organisations protecting women's rights, including those facilitating access to safe and legal abortion via cross-border services, which guarantee women's fundamental right to have control over their bodies;
6. Insists that women and men should benefit equally from the Recovery and Resilience Facility, in particular with the objective to narrow the Union's ongoing gender pay gap of 13 %.

## PROCEDURE – COMMITTEE RESPONSIBLE

<b>Title</b>	Interim report on the proposal for a mid-term revision of the Multiannual Financial Framework 2021-2027			
<b>References</b>	2023/0201R(APP)			
<b>Committee responsible</b> Date announced in plenary	BUDG 14.9.2023			
<b>Committees asked for opinions</b> Date announced in plenary	AFET 14.9.2023	DEVE 14.9.2023	INTA 14.9.2023	CONT 14.9.2023
	ECON 14.9.2023	EMPL 14.9.2023	ENVI 14.9.2023	ITRE 14.9.2023
	IMCO 14.9.2023	TRAN 14.9.2023	REGI 14.9.2023	AGRI 14.9.2023
	PECH 14.9.2023	CULT 14.9.2023	JURI 14.9.2023	LIBE 14.9.2023
	AFCO 14.9.2023	FEMM 14.9.2023	PETI 14.9.2023	
<b>Not delivering opinions</b> Date of decision	AFET 18.7.2023	INTA 19.7.2023	CONT 11.7.2023	ECON 19.7.2023
	ENVI 28.6.2023	ITRE 28.6.2023	IMCO 28.6.2023	PECH 4.9.2023
	JURI 18.9.2023	PETI 28.2.2023		
<b>Rapporteurs</b> Date appointed	Jan Olbrycht 28.6.2023	Margarida Marques 28.6.2023		
<b>Discussed in committee</b>	30.8.2023			
<b>Date adopted</b>	20.9.2023			
<b>Result of final vote</b>	+: -: 0:	23 3 3		
<b>Members present for the final vote</b>	Rasmus Andresen, Pietro Bartolo, Olivier Chastel, David Cormand, Pascal Durand, Eider Gardiazabal Rubial, Alexandra Geese, Vlad Gheorghe, Valérie Hayer, Eero Heinäluoma, Monika Hohlmeier, Moritz Körner, Joachim Kuhs, Margarida Marques, Victor Negrescu, Dimitrios Papadimoulis, Karlo Ressler, Bogdan Rzońca, Eleni Stavrou, Nils Torvalds, Nils Ušakovs			
<b>Substitutes present for the final vote</b>	Anna-Michelle Asimakopoulou, Martin Hojsík, Jan Olbrycht, Grzegorz Tobiszowski			
<b>Substitutes under Rule 209(7) present for the final vote</b>	Asim Ademov, Estrella Durá Ferrandis, Daniel Freund, Ralf Seekatz			
<b>Date tabled</b>	22.9.2023			



## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

23	+
PPE	Asim Ademov, Anna-Michelle Asimakopoulou, Monika Hohlmeier, Jan Olbrycht, Karlo Ressler, Ralf Seekatz, Eleni Stavrou
Renew	Olivier Chastel, Vlad Gheorghe, Valérie Hayer, Martin Hojsík, Nils Torvalds
S&D	Pietro Bartolo, Estrella Durá Ferrandis, Pascal Durand, Eider Gardiazabal Rubial, Margarida Marques, Victor Negrescu, Nils Ušakovs
Verts/ALE	Rasmus Andresen, David Cormand, Daniel Freund, Alexandra Geese

3	-
ECR	Bogdan Rzońca, Grzegorz Tobiszowski
ID	Joachim Kuhs

3	0
Renew	Moritz Körner
S&D	Eero Heinäluoma
The Left	Dimitrios Papadimoulis

Key to symbols:

+ : in favour

- : against

0 : abstention