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## TEXTS ADOPTED

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### **P8\_TA(2018)0075**

#### **The next MFF: Preparing the Parliament's position on the MFF post-2020**

##### **European Parliament resolution of 14 March 2018 on the next MFF: Preparing the Parliament's position on the MFF post-2020 (2017/2052(INI))**

*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) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020<sup>1</sup> and its subsequent amendment by Council Regulation (EU, Euratom) 2017/1123 of 20 June 2017<sup>2</sup>,
- having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>3</sup>,
- having regard to its resolution of 6 July 2016 on the preparation of the post-electoral revision of the MFF 2014-2020: Parliament's input ahead of the Commission's proposal<sup>4</sup>,
- having regard to the Commission's Reflection Paper of 28 June 2017 on the Future of EU Finances (COM(2017)0358),
- having regard to its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances<sup>5</sup>,
- having regard to UN General Assembly Resolution 70/1, entitled 'Transforming our world: the 2030 Agenda for Sustainable Development',
- having regard to its resolution of 19 January 2017 on a European Pillar of Social

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<sup>1</sup> OJ L 347, 20.12.2013, p. 884.

<sup>2</sup> OJ L 163, 24.6.2017, p. 1.

<sup>3</sup> OJ C 373, 20.12.2013, p. 1.

<sup>4</sup> Texts adopted, P8\_TA(2016)0309.

<sup>5</sup> Texts adopted, P8\_TA(2017)0401.

Rights<sup>1</sup>,

- having regard to the ratification of the Paris Agreement by the European Parliament on 4 October 2016<sup>2</sup> and by the Council on 5 October 2016<sup>3</sup>,
  - having regard to the EU Agency for Fundamental Rights report entitled ‘Challenges facing civil society organisations working on human rights in the EU’,
  - having regard to the European Economic and Social Committee own-initiative opinion on the financing of civil society organisations by the EU,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgets, the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the position in the form of amendments of the Committee on Employment and Social Affairs, and the opinions of the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Fisheries, 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 (A8-0048/2018),
- A. whereas the current multiannual financial framework (MFF) was agreed in 2013 and entailed, for the first time, a reduction in real terms of both commitment and payment appropriations compared to the previous financial programming period in spite of growing EU competences and ambitions as set out in the Lisbon Treaty and the Europe 2020 strategy respectively; whereas it also involved a significant gap between the level of commitment and payment appropriations, which contributed to a backlog in unpaid bills in the two first years of the MFF; whereas the late adoption of the MFF and the related legal bases contributed to implementation delays, the repercussions of which are still felt today and which might lead to an accumulation of payment claims at the end of the current MFF, spilling over into the next period; whereas, at Parliament’s insistence, new provisions were included in the MFF in order to use its global ceilings to the fullest possible extent and to provide for flexibility mechanisms;
- B. whereas the MFF 2014-2020 quickly proved its inadequacy in meeting actual needs and political ambitions, as, from the outset, it was called upon to address a series of crises and new challenges in the areas of investment, social exclusion, migration and refugees, youth employment, security, agriculture, the environment and climate change, which had not been anticipated at the time of its adoption; whereas, as a result, the current MFF had already been pushed to its limits after only two years of implementation as available margins had been exhausted, flexibility provisions and special instruments had been mobilised to a substantial extent, existing policies and programmes had been put under pressure or even reduced, and some off-budget mechanisms had been created as a way of compensating for the insufficient level and flexibility of the EU budget;

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<sup>1</sup> Texts adopted, P8\_TA(2017)0010.

<sup>2</sup> Texts adopted, P8\_TA(2016)0363.

<sup>3</sup> OJ L 282, 19.10.2016, p. 1.

- C. whereas those shortcomings had already become evident at the time of the mid-term review and revision of the MFF launched at the end of 2016, and ought to have merited immediate actions, as demonstrated by Parliament in its resolution of 6 July 2016; whereas the agreed mid-term revision succeeded in broadening the potential of the existing flexibility provisions to a moderate extent, but fell short of revising the MFF ceilings;
- D. whereas the Commission will present its package of proposals on the post-2020 MFF, including future own resources, in May 2018, while Council Regulation (EU, Euratom) No 1311/2013 stipulated that they should have been delivered before 1 January 2018; whereas this is expected to be followed shortly afterwards by draft legislative proposals for the financial programmes and instruments;
1. Adopts the present resolution in order to outline Parliament's position on the post-2020 MFF, with particular attention to its expected priorities, size, structure, duration, flexibility and other horizontal principles, and to point out the specific budgetary orientations for the respective EU policies covered by the next financial framework; expects the Commission to present the legislative proposal for the next MFF together with a new draft interinstitutional agreement that takes into account Parliament's positions and suggestions; stresses that this resolution also provides a basis for Parliament's engagement in the procedure leading to the adoption of the next MFF;
  2. Adopts, in parallel, a separate resolution<sup>1</sup> to set out its position on the reform of the EU's own-resources system in line with the recommendations of the High Level Group on Own Resources; calls on the Commission to take due account of Parliament's position in preparing the legislative proposals on the EU's own resources, which should be ambitious in scope and presented together with the MFF proposals; stresses that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations, and that no agreement will be reached on the MFF without corresponding headway being made on own resources;

### ***1. Priorities and challenges of the next MFF***

3. Welcomes the discussion about the next MFF as an opportunity to prepare the ground for a stronger and more sustainable Europe through one of its most tangible instruments, the Union budget; believes that the next MFF should be embedded in a broader strategy and narrative for the future of Europe; considers that the MFF must be the translation of the EU's political project and policy priorities into budgetary means;
4. Is convinced that the next MFF should build on the Union's well-established policies and priorities, which aim at promoting peace, democracy, the rule of law, human rights and gender equality, boosting welfare, long-term and sustainable economic growth and research and innovation, providing quality employment leading to decent jobs, fighting climate change, and fostering economic, social and territorial cohesion, as well as solidarity between Member States and citizens; considers that these pillars are prerequisites for a properly functioning single market and Economic and Monetary Union as well as for reinforcing Europe's position in the world; trusts that they are more relevant than ever for Europe's future endeavours;

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<sup>1</sup> Texts adopted, P8\_TA(2018)0076.

5. Believes that the next MFF should enable the Union to provide solutions and emerge strengthened from the crises of the decade: the economic and financial downturn, youth unemployment, persistent poverty and social exclusion, the phenomenon of migration and refugees, climate change and natural disasters, environmental degradation and biodiversity loss, terrorism and instability, to name but a few; underlines that these global, cross-border challenges with domestic implications reveal the interdependency of our economies and societies, and point to the need for joint actions;
6. Points out that the EU must deliver on its commitment to be a frontrunner in implementing the UN Sustainable Development Goals (SDGs), which provide a global roadmap for more sustainable, equitable and prosperous societies within planetary boundaries; underlines that the next MFF must be aligned with the SDGs; welcomes the Commission's commitment to mainstreaming the SDGs into all EU policies and initiatives; expects the EU to fulfil its commitments to those goals; further highlights that the proclamation of the European Pillar of Social Rights and the commitment from the EU and Member States to ensure a more social Europe should be supported by adequate financial resources; considers that, following the Paris Agreement, climate-related spending should be significantly increased compared to the current MFF and reach 30 % as soon as possible and at the latest by 2027;
7. Stresses that the next MFF provides an opportunity for the Union to demonstrate that it stands together and is able to address political developments such as Brexit, the rise of populist and nationalist movements and changes in global leadership; underlines that divisions and self-centredness are not an answer to global issues and to citizens' concerns; considers that the Brexit negotiations, in particular, show that the benefits of being a Union member greatly outweigh the cost of contributing to its budget; asks in this context for the full observance of the framework of the commitments previously assumed, as in the case of the Good Friday Agreement in respect of rule of law and democracy;
8. Calls, therefore, for continuous support for existing policies, in particular the long-standing EU policies enshrined in the Treaties, namely the common agricultural and fisheries policies, and cohesion policy, since they bring tangible benefits of the European project to EU citizens; rejects any attempt to renationalise these policies, as this would neither reduce the financial burden on taxpayers and consumers, nor achieve better results, but would instead hamper growth, solidarity and the functioning of the single market while further deepening inequalities and widening the disparities between territories and economic sectors; intends to secure the same level of funding for the EU-27 for these policies in the next programming period while further improving their effectiveness and simplifying the procedures associated with them;
9. Believes that Europe should offer prospects to the younger generation as well as to the future-oriented undertakings that make the EU more successful in the global arena; is determined to substantially scale up two of its flagship programmes, namely the Research Framework Programme and Erasmus+, which cannot satisfy the very high demand involving top quality applications with their current means; stands firm in its support for a substantial increase in resources for the fight against youth unemployment and in support for small and medium-sized enterprises through the successor programmes of the Youth Employment Initiative and the programme for the Competitiveness of Enterprises and Small and medium-sized enterprises (COSME); also supports reinforcing the Connecting Europe Facility (CEF) 2.0;

10. Calls for the Union to assume its role in three emerging policy areas with internal and external dimensions which have appeared in the course of the current MFF:
  - by developing and funding a comprehensive asylum, migration and integration policy and addressing the root causes of migration and displacement in third countries,
  - by strengthening external border protection and promoting stability, in particular by safeguarding human rights abroad, conflict prevention and external development policies,
  - by providing internal common security to European citizens and pooling research and capabilities in the area of defence, while stressing that actions taken in these areas should not come at the expense of the EU's development policies;
11. Highlights that the future framework is expected to integrate two new types of financial support featuring prominently on the Union's economic agenda, namely the continuation of the investment support schemes, such as the European Fund for Strategic Investment, and the development of a stabilisation function for Member States in the euro area, possibly through the proposed European Monetary Fund, together with a dedicated convergence facility for Member States on their way to joining the euro;
12. Underlines that, as a first step, the specific euro-area budgetary capacity should be part of the Union budget, counted over and above the ceilings of the multiannual financial framework, without prejudice to the other MFF programmes, and should be financed by euro-area and other participating members via a source of revenue to be agreed between participating Member States and considered to be assigned revenue and guarantees; considers that the fiscal capacity could be financed, once in a steady state, through genuine own resources, following the recommendations of the Monti report on the future financing of the EU;
13. Reaffirms the principle that additional political priorities should be coupled with additional financial means, whether they emerge at the time of adoption of a new MFF or in the course of its implementation, and underlines that the financing of new needs should not undermine existing policies and programmes; expects, furthermore, that sufficient flexibility provisions will be put in place in order to accommodate unforeseen circumstances that may arise in the course of the MFF;
14. Believes that a stronger and a more ambitious Europe can only be achieved if it is provided with reinforced financial means; calls, in the light of the above-mentioned challenges and priorities, and taking into account the UK's withdrawal from the Union, for a significant increase in the Union's budget; estimates the required MFF expenditure ceilings at 1,3 % of the GNI of the EU-27, notwithstanding the range of instruments to be counted over and above the ceilings;
15. Is convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, the introduction of new genuine EU own resources remains the only option for adequately financing the next MFF;

## ***II. Horizontal issues***

### *Principles of the EU budget and budget sincerity*

16. Recalls the European budgetary principles of unity, budgetary accuracy, annuality, equilibrium, universality, specification, additionality, subsidiarity, sound financial management and transparency, which need to be respected when establishing and implementing the Union budget;
17. Reiterates its long-standing position that the Union's political ambition must be matched with adequate financial resources and recalls that Article 311 TFEU states that 'the Union shall provide itself with the means necessary to attain its objectives and carry out its policies';
18. Points out, in this context, that the full implementation of political decisions and initiatives taken by the European Council is possible only if the necessary funding is ensured, and underlines that any other approach undermines the sincerity of the Union budget and citizens' trust;
19. Believes that, by translating the political priorities of the EU into concrete investments, the MFF constitutes an excellent instrument for the long-term planning of EU spending and for ensuring a certain stable level of public investment in the Member States; regrets, however, the lack of mutually agreed long-term strategy ahead of the adoption of the next MFF; recalls, furthermore, that the EU budget is predominantly an investment budget that serves as an additional and complementary source of funding for actions undertaken at national, regional and local levels;

### *Duration*

20. Is of the opinion that the decision on the duration of the MFF should strike the right balance between two conflicting requirements, namely, on the one hand, the need for several EU policies – especially those under shared management, such as agriculture and cohesion – to operate on the basis of the stability and predictability that is ensured through a commitment of at least seven years, and, on the other hand, the need for democratic legitimacy and accountability that results from the synchronisation of each financial framework with the five-year political cycle of the European Parliament and the Commission;
21. Stresses that it is a political imperative for each newly elected Parliament to be able to substantially influence the MFF during its electoral cycle, both in terms of amounts and political priorities; stresses that the European Parliament elections provide the opportunity for EU citizens to express directly their position on the budgetary priorities of the Union, which should be reflected in a binding post-electoral adjustment of the financial framework; believes, therefore, that during each political cycle the Commission must propose and both Parliament and the Council must decide either on the establishment of the subsequent MFF or on a mandatory mid-term revision of the ongoing MFF;
22. Underlines the need for the MFF's duration to move progressively towards a 5+5 period with a mandatory mid-term revision; calls on the Commission to draw up a clear proposal setting out the methods for the practical implementation of a 5+5 financial framework; is convinced that a single five-year period cannot be considered for the duration of the MFF, owing to the serious impediments that it would impose on the

programming and implementation requirements of several EU policies;

23. Acknowledges, however, that the timing of the next European Parliament elections in spring 2019, given that the current MFF runs until December 2020, does not allow for a 5+5 solution to be implemented immediately, as no satisfactory alignment of the different cycles would be achieved; takes the view, therefore, that the next MFF should be set for a period of seven years (2021-2027), including a mandatory mid-term revision, by way of a transitional solution to be applied for one last time;

#### *Mid-term revision*

24. Is convinced of the necessity to maintain a legally binding and compulsory MFF mid-term review and revision, enshrined in the new MFF Regulation; recalls that the 2016 mid-term revision was the historic first occasion on which an actual revision of the MFF Regulation took place and that was assessed positively by both Council and Parliament, notably in terms of reinforcing the MFF flexibility provisions;
25. Considers that, for the 2021-2027 MFF, the mid-term revision should be proposed and decided in due time to allow for the next Parliament and Commission to adjust the financial framework accordingly; underlines that any revision of the MFF should ensure the involvement of Parliament and safeguard its prerogatives as an equal arm of the budgetary authority; underlines, moreover, that any real revision also entails the revision of the MFF ceilings, should their inadequacy be established for the rest of the period;

#### *Flexibility*

26. Underlines that, during the current MFF, the budgetary authority approved a substantial mobilisation of the flexibility mechanisms and special instruments included in the MFF Regulation, in order to secure the additional appropriations needed to respond to serious crises or finance new political priorities;
27. Considers, therefore, that the flexibility provisions under the current MFF have worked well and have provided solutions in relation to the significant financing needed in particular to confront the challenges of migration and refugees and to address the investment gap; recalls that Parliament was the originator of several of these provisions, which it strongly defended during the previous MFF negotiations;
28. Believes that a further reinforcement of these provisions is still necessary in order to better cope with new challenges, unforeseen events and the evolving political priorities that arise during the implementation of a long-term plan, such as the MFF; calls for enhanced flexibility for the next MFF, which should allow for the largest possible use of the global MFF ceilings for commitments and payments;

#### *Flexibility mechanisms in the MFF*

29. Considers that the ceilings of the next MFF should be set at a level that allows not only the financing of EU policies, but also the provision of sufficient margins in commitments for each heading;
30. Is convinced that all unallocated margins should be carried over without restrictions to future financial years and mobilised by the budgetary authority, for any purpose deemed

necessary, in the annual budgetary procedure; calls, therefore, for the Global Margin for Commitments to be maintained, but without any restrictions in scope and time;

31. Recalls that the Global Margin for Commitments can only mobilise the unallocated margins up to year N-1, once they have been confirmed through the technical adjustment preceding the presentation of the Draft Budget; considers, however, that it is essential to explore ways of also mobilising the unallocated margins of year N, in order to still allow for the financing of additional needs that may occur during that year;
32. Strongly believes that the commitments authorised by the budgetary authority should be used for their original purpose and that every effort should be made to ensure that this is the case across all policy fields; calls on the Commission, in particular, to continue to actively work in this direction; is convinced, nevertheless, that if decommitments actually occur, as a result of the total or partial non-implementation of the actions for which they had been earmarked, they should be made available again in the EU budget and be mobilised by the budgetary authority in the framework of the annual budgetary procedure; considers that the decommitments should feed directly into the Global Margin for Commitments, instead of any particular special instrument or reserve;
33. Recalls that decommitments stem from commitments that have already been authorised by the budgetary authority and should normally have led to corresponding payments, if the action they were meant to finance had been carried out as planned; stresses, therefore, that the recycling of decommitments in the EU budget is duly justified, but should not be a way to circumvent the relevant decommitment rules that are enshrined in the sectoral regulations;
34. Points to the need to ensure a full carry-over of payment margins through the Global Margin for Payments across the whole MFF; opposes any limitations or ceilings applied to the level of margins that can be transferred, as is the case in the current MFF, and recalls that these margins can only be mobilised if and to the extent that the budgetary authority decides to do so; stresses that the Global Margin for Payments could be instrumental in confronting any new payment crisis that might occur;
35. Stresses that the possibility of revising ceilings should remain an option in the MFF Regulation in the event of unforeseen circumstances, when the financing needs would exhaust or exceed available margins and special instruments; calls for the MFF Regulation to provide for a simplified procedure for a targeted revision under an agreed threshold;
36. Advocates maintaining the possibility of front- or backloading the financing of any EU programme, in order to allow for countercyclical action that corresponds to the rhythm of the actual implementation and to provide a meaningful response to major crises; calls, moreover, for the legislative flexibility – currently enshrined in Point 17 of the Interinstitutional Agreement (IIA) – that allows for an adjustment in the overall envelope of programmes adopted by the ordinary legislative procedure of up to +/-10 % to be further increased to +/-15 %;
37. Points to the flexibility that can be achieved through transfers within the same MFF heading, with the aim of placing the financial resources exactly where they are needed and ensuring a better implementation of the EU budget; considers that a lower number of headings contributes to enhanced flexibility in the MFF; requests, however, that the

Commission proactively inform and consult the budgetary authority when adopting significant autonomous transfers;

*MFF special instruments*

38. Approves the overall architecture of the MFF special instruments, notably the Flexibility Instrument, the Emergency Aid Reserve, the EU Solidarity Fund and the European Globalisation Adjustment Fund (EGF), and points to their extensive mobilisation under the current MFF; calls for improvements to be made to their financial envelopes and operating provisions;
39. Calls, in particular, for a substantial increase in the financial envelope of the Flexibility Instrument of up to an annual allocation of at least EUR 2 billion; recalls that the Flexibility Instrument is not linked to any specific policy field and can thus be mobilised for any purpose that is deemed necessary; considers, therefore, that this instrument can be mobilised to cover any new financial needs as they occur during the MFF;
40. Points to the role of the Emergency Aid Reserve in providing a rapid response to specific aid requirements for third countries for unforeseen events, and stresses its particular importance in the current context; calls for a substantial increase in its financial envelope of up to an annual allocation of EUR 1 billion;
41. Notes, in particular, the significant mobilisation of the EU Solidarity Fund to provide assistance in a number of serious natural disasters with substantial budgetary consequences; stresses also the positive impact that this instrument has on public opinion; proposes the reinforcement of its financial envelope to an annual allocation of EUR 1 billion;
42. Considers that the use of the EGF, providing EU solidarity and support to workers losing their jobs as a result of major structural changes in world trade patterns arising from globalisation or as a result of the global economic and financial crisis, has not deployed its full potential and could be further improved and integrated within a long-term strategy, in order to effectively reach redundant workers and reintegrate them into the labour market, in all Member States; considers that the upcoming revision of the EGF should examine its scope and improve its coordination with other instruments; believes that a revised EGF should be endowed with at least an identical annual allocation under the new MFF;
43. Proposes the establishment of a special reserve for the MFF special instruments built on the unspent appropriations that lapse from each instrument; considers that this reserve should operate without any limitations in time; requests that this reserve be mobilised in favour of any MFF special instrument that is called to finance needs beyond its financial capacity, following a decision by the budgetary authority;
44. Notes that different rules currently apply in relation to the time span for the carrying over of unspent appropriations for each MFF special instrument; considers that these should be harmonised, so as to enable a single N+1 rule to apply to all of these instruments;
45. Considers that the Contingency Margin should be maintained as an instrument of last

resort; stresses that this is a special instrument that can also be mobilised for payment appropriations only, and that its mobilisation was instrumental in responding to the 2014 payment crisis; calls, therefore, for an upward adjustment of its maximum annual allocation to 0,05 % of EU GNI;

46. Underlines that the MFF special instruments should be counted over and above the MFF ceilings both for commitment and payment appropriations; considers that the issue of budgeting the payments of these instruments was settled in an unequivocal manner during the 2014-2020 MFF mid-term revision, putting an end to the long-standing conflict of interpretation with the Council; advocates the introduction of a clear provision in the MFF Regulation, stating that payments resulting from the mobilisation in commitments of MFF special instruments should be counted over and above the annual MFF payment ceilings;
47. Notes that the current IIA requires a special majority in Parliament for the mobilisation of three MFF special instruments; considers this provision to be obsolete, given that it reflects the special majorities needed for the adoption of the EU budget before the Lisbon Treaty; calls for a homogeneous approach as regards the voting requirements for the mobilisation of these instruments, which should be the same as for the adoption of the EU budget;

#### *Revenue – special reserve*

48. Reiterates its long-standing position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late payments of national contributions to the EU budget should constitute an extra item of revenue for the EU budget without a corresponding decrease in GNI contributions;
49. Calls, to this end, for a special reserve to be established in the EU budget, which will be progressively filled up by all types of unforeseen other revenue and duly carried over in order to provide additional spending possibilities when needs arise; considers that this reserve should be earmarked for the MFF special instruments and should provide for additional top-ups, both in commitments and payments, upon a decision by the budgetary authority;

#### *Efficient and effective use of EU resources*

50. Acknowledges that achieving European added value should be one of the main principles guiding the EU institutions when deciding about the type of spending in the next MFF; points out, however, the existence of multiple interpretations of the concept and calls for a single, clear and easily understandable definition of the relevant criteria that should take territorial specificities into account and include, where possible, measurable performance indicators; warns against any attempt to use such a definition to call into question the relevance of EU policies and programmes on purely quantitative or short-term economic considerations;
51. Notes the reference to the notion of European added value presented in several Commission documents; reiterates the list of parameters identified by Parliament in its above-mentioned resolution of 24 October 2017 in this context; recalls that the EU's resources should be used to finance European public goods as well as to act as a catalyst in providing incentives for Member States at all administrative levels to take action in

order to fulfil Treaty objectives and to attain common EU goals which would not be realised otherwise; agrees that the EU budget should be used to finance actions that can benefit the EU as a whole, which cannot be ensured efficiently by any single Member State alone and that can offer better value for money compared to actions taken solely at national, regional or local level; believes furthermore that the EU budget should contribute to the establishment and support of peace and stability in the EU's neighbourhood and beyond; considers that European added value is created by programmes under both shared and direct management, the two being complementary methods for attaining EU goals; against this background, expects the Member States, in the negotiations on the next MFF, to refrain from following a '*juste retour*' logic that takes into account only national interests in the form of net balances;

52. Considers that better spending, i.e. the efficient and non-discriminatory use of every single euro of the EU budget, can be achieved not only by directing EU resources towards actions with the highest European added value and the greatest increase in the performance of the EU's policies and programmes, based on an in-depth assessment of the current expenditure, but also by achieving greater synergies between the EU budget and national budgets, and by ensuring the tangible improvement of the spending architecture; supports the recommendations of the 2016 Annual Report of the European Court of Auditors for an efficient measurement framework of indicators, more streamlined and balanced reporting on performance, and an easier access to the assessment results;
53. Calls for a genuine simplification of the EU budgetary system in the next MFF with the aim of facilitating absorption; underlines, in particular, the need to reduce unnecessary overlaps between instruments that serve similar types of actions, for example in the areas of innovation, SMEs or transport, without running the risk of losing important elements of the different programmes, and the necessity of eliminating the competition which exists between different forms and sources of funding, in order to ensure maximum complementarity and to provide for a coherent financial framework; believes that this would facilitate clearer communication of EU priorities to citizens;
54. Underlines that the 'health check' of EU spending cannot provide for a reduction in the level of EU ambition or a sectoralisation of EU policies and programmes, nor should it lead to a replacement of grants by financial instruments with a view to generating some savings, as the great majority of actions supported by the EU budget are not suitable to be funded by the latter; is of the opinion that the 'health check' should rather lead to identifying ways in which the implementation of EU spending programmes could be improved;
55. Calls for a far-reaching harmonisation of the rules with the aim of creating a single rulebook for all EU budgetary instruments, while taking into account fund-specific and sector-specific characteristics; encourages the Commission to tackle the issue of the combination of various sources of funding by providing clear guidelines in this respect and ensuring equal access to all types of funding in all Member States;
56. Advocates also a real simplification of sectoral implementation rules for beneficiaries and a reduction in administrative burdens through further standardisation and simplification of procedures and programming documents; points, moreover, to the need to provide for more capacity-building and technical assistance for beneficiaries; calls for a move towards a risk-based evaluation;

### *Unity, budgetary accuracy and transparency*

57. Recalls that the principle of unity, whereby all items of revenue and expenditure of the Union are to be shown in the budget, is both a Treaty requirement and a basic democratic precondition if the budget is to be transparent, legitimate and accountable; regrets that this principle has increasingly gone unobserved, while financial complexity has grown, from the historical legacy of the European Development Fund (EDF), through the setting up of the European Stability Mechanism, to the recent inflation of ad hoc off-budget mechanisms in the form of innovative financial instruments and external trust funds or facilities that are not recorded in the Union balance sheet;
58. Questions the justification and added value of establishing instruments outside the Union budget; considers that decisions to set up or maintain such instruments are in reality driven by attempts to conceal the real financial needs and to bypass the constraints of the MFF and own-resources ceilings; deplores the fact that they often also result in bypassing Parliament in its triple responsibility as legislative, budgetary and control authority and run counter to the objective of enhancing transparency for the general public and beneficiaries;
59. Reiterates, therefore, its long-standing position that the European Development Fund, alongside other instruments outside the MFF, should be integrated into the Union budget in order to increase its legitimacy as well as the efficiency and effectiveness of the Union's development policy; underlines, however, that the respective financial envelopes should be added on top of the agreed MFF ceilings so that the budgeting of these instruments has no detrimental impact either on their financing or on other EU policies and programmes; welcomes, in principle, the proposal to incorporate the European Stability Mechanism in the Union's finances in the form of a European Monetary Fund, without prejudice to its future design;
60. Takes the view that EU trust funds can add value by pooling resources from various donors for specific situations, but that their use should not result in a simple relabelling of planned EU funding, and should not change the original objectives of EU financing instruments; emphasises the need for increased parliamentary scrutiny of their creation and implementation; insists that EU trust funds should only support actions outside the Union;
61. Considers also that, when a certain share of off-budget operations is deemed necessary to achieve certain specific objectives, for example through the use of financial instruments or trust funds, these should be kept at a limited level and duration and should be fully transparent, justified by proven additionality and added value, and backed by strong decision-making procedures and accountability provisions;
62. Believes that, under the next MFF, the Union budget should display with greater accuracy the extent of assigned revenues and their impact on actual expenditure, in particular those stemming from third countries' contributions; underlines that this is even more relevant in view of the UK's wish to participate in some Union budgetary programmes of the new MFF post-2020 as a non-Member State, as expressed in the context of the negotiations on its withdrawal from the Union;

### *Level of payments*

63. Recalls that payment appropriations are the logical and legal consequence of commitment appropriations, and calls for the future payment ceilings to be set at an appropriate level, leaving only a limited and realistic gap between commitments and payments; expects that future payment ceilings take into account, on the one hand, the need to honour the commitments stemming from the current financial period that will turn into payments only after 2020 and, on the other hand, the need to meet the commitments for the post-2020 programmes and instruments;
64. Recalls the build-up of a backlog of unpaid bills at the end of the previous MFF that spilled over into the current one and warns against a repetition of such a payment crisis in the transition to the next MFF, as this would have serious consequences for beneficiaries such as students, universities, SMEs and researchers; points to the current trend of under-execution in payments due to delays in the implementation of the 2014-2020 programmes, which leads to increasing levels of outstanding commitments remaining to be settled within the ceilings of the next MFF; asks the Commission and the Member States, including at the level of finance ministers, to analyse the root causes of those delays and to come up with concrete simplification measures to facilitate implementation in the future;
65. Notes the preliminary outcome of the negotiations on the financial settlement in the context of the UK's withdrawal from the Union, enacting UK full participation in the financing and the implementation of the 2014-2020 programmes with all the relevant financial consequences;

#### *Financial instruments*

66. Emphasises that the EU budget has at its disposal a wide range of instruments that finance activities supported at EU level and that can be regrouped in two categories, namely grants on the one hand, and on the other financial instruments in the form of guarantees, loans, risk-sharing or equity; points also to the European Fund for Strategic Investment, the aim of which is to mobilise private and public capital across the EU in support of projects in key areas for the EU economy, in order to complement limited funding;
67. Recognises the potential of financial instruments to increase the economic and political impact of the Union budget; highlights, however, that they can be applied only for revenue-generating projects in cases of sub-optimal investment conditions or market failure, and therefore constitute only a complementary rather than an alternative form of funding as compared to grants; stresses that financial instruments should not aim at replacing already existing public or private funding schemes and should comply with domestic and international commitments;
68. Recalls its request to the Commission to identify those areas which are best served by grants, those that could be better served by financial instruments, and those where grants could be combined with financial instruments, and to reflect on a proper balance between the two; is convinced that subsidies should remain the predominant way of funding the EU project in the next MFF; underlines that loans, guarantees, risk-sharing and equity financing should be used with caution, based on appropriate ex ante assessments and only when their use can demonstrate a clear added value and a leverage effect; notes that the take-up of financial instruments and the synergies with grants can be improved; calls for major efforts to facilitate access to financial instruments for

beneficiaries, and for more flexibility in cross-sectoral use of different financial instruments, so as to overcome the restrictive rules preventing recipients from taking advantage of multiple programmes for projects with matching goals;

69. Calls on the Commission to simplify and harmonise the rules governing the use of financial instruments in the next MFF with the aim of creating synergies between the different instruments and maximising their efficient application; takes note of a possible proposal, which would require a thorough discussion, for a single fund that would integrate financial instruments at EU level that are centrally managed; is of the opinion that a clear structure should be provided for the choice of different types of financial instruments for different policy areas and types of actions and that the relevant financial instruments should continue to be budgeted under separate budget lines, in order to provide for clarity of investment; underlines, however, that any such harmonisation of rules cannot affect the financial instruments managed by Member States under cohesion policy or in the field of external actions;
70. Recalls its repeated demands for greater transparency and democratic scrutiny regarding the implementation of financial instruments supported by the Union budget;

#### *Structure*

71. Considers that the structure of the MFF should provide for the increased visibility of EU political and budgetary priorities for European citizens, and calls for a clearer presentation of all areas of EU expenditure; is convinced that the main pillars of future EU spending outlined in this resolution should be reflected accordingly;
72. Believes, therefore, that the current presentation of the headings requires some improvements, but is against any unjustified radical changes; proposes, as a result, the following structure for the MFF post-2020:

#### **Heading 1: A stronger and sustainable economy**

Including programmes and instruments supporting:  
under direct management:

- research and innovation
- industry, entrepreneurship and small and medium-sized enterprises
- digital transformation of economy and society
- large-infrastructure projects
- transport, energy, space
- environment and climate change mitigation and adaptation

#### **Heading 2: Stronger cohesion and solidarity in Europe**

Including programmes and instruments supporting:

- economic, social and territorial cohesion (under shared management):
  - investments in innovation, research, digitalisation, industrial transition, SMEs, transport, climate change adaptation and mitigation, the environment and energy
  - employment, social affairs and social inclusion, gender equality, poverty reduction and demographic challenges

- education, youth and life-long learning
- culture, citizenship, media and communication
- democracy, rule of law and fundamental rights
- health and food safety
- asylum, migration and integration, justice and consumers
- support to and coordination with national administrations

### **Heading 3: Stronger and sustainable agriculture and fisheries**

Including programmes and instruments supporting:

- agriculture and rural development
- maritime affairs and fisheries

### **Heading 4: Stronger responsibility in the world**

Including programmes and instruments supporting:

- international cooperation and development
- neighbourhood
- enlargement
- humanitarian aid
- democracy, rule of law, fundamental rights and gender equality
- trade

### **Heading 5: Security, peace and stability for all**

Including programmes and instruments supporting:

- security, including cybersecurity
- crisis response and stability, including civil protection
- common foreign and security policy
- defence, including research and innovation

### **Heading 6: An efficient administration at the service of Europeans**

- financing EU staff
- financing the buildings and equipment of EU institutions

73. Urges the Commission to provide in an annex to the European budget all EU-related expenditure that occurs outside the EU budget as a result of intergovernmental agreements and procedures; believes that such information, provided on an annual basis, would complete the picture of all investments that Member States have committed to at European level;

## ***III. Policies***

### ***A stronger and sustainable economy***

74. Highlights the importance of completing the European research area, the energy union, the single European transport area and the digital single market as fundamental elements of the European single market;
75. Believes that the next MFF should see a greater concentration of budgetary resources in areas that demonstrate a clear European added value and stimulate economic growth, competitiveness, sustainability and employment across all EU regions; stresses, in this context, the importance of research and innovation in creating a sustainable, world-leading, knowledge-based economy, and regrets that, due to the lack of adequate financing, only a small proportion of high-quality projects in this field have received EU funding under the current MFF;
76. Calls, therefore, for a substantial increase in the overall budget earmarked for the FP9 programme in the next MFF, which should be set at a level of at least EUR 120 billion; considers this level to be appropriate for securing Europe's global competitiveness and scientific, technological and industrial leadership, for responding to societal challenges, and for helping to achieve the EU's climate goals and the SDGs; calls, in particular, for efforts to stimulate breakthrough, market-creating innovation, notably for SMEs;
77. Calls, furthermore, for a greater focus on implementing research and innovation through joint undertakings and other instruments and for supporting investment in key technologies to close the investment gap in innovation; emphasises that the increase in funds must be coupled with a simplification of funding procedures; welcomes the Commission's efforts in this respect and insists that these should continue under the next programming period, in order to provide better access and a level playing field for applicants through a new system for evaluating applications; stresses the need for measures to be developed to stimulate a balanced participation from all EU Member States;
78. Welcomes the recent Commission proposal to ensure the financing of the Research Fund for Coal and Steel for the coming years; highlights the importance of this fund for financing research in this industrial sector; believes, therefore, that a longer-term solution is needed that ensures the financing beyond 2020 and also incorporates the fund in the Union budget in order to allow Parliament to live up to its role as budgetary control authority;
79. Stresses that SMEs and micro-enterprises are key drivers of economic growth, innovation and employment, providing 85 % of all new jobs; recognises their important role in ensuring economic recovery and boosting a sustainable EU economy; recalls that there are more than 20 million SMEs in the EU and that they account for 99 % of all businesses; considers that improving access to finance for SMEs, across all Member States, should continue to remain an important policy objective for the next MFF, in order to further enhance their competitiveness and sustainability; stresses, therefore, the need to promote entrepreneurship and improve the business environment for SMEs in order to allow them to realise their full potential in today's global economy;
80. Welcomes the success of the dedicated EU programme for the competitiveness of enterprises and SMEs (COSME) under the current MFF; underlines the high level of implementation of this programme, and points to its capacity to absorb even more; calls, therefore, for the COSME programme's financial envelope to be doubled in order for it to correspond to the actual needs of the EU economy and the significant demand for

participation;

81. Reiterates its strong commitment to the European Fund for Strategic Investments (EFSI), which aims at mobilising EUR 500 billion in new investment in the real economy under the current MFF; believes that EFSI has already delivered a powerful and targeted boost to economic sectors that are conducive to sustainable growth and jobs; underlines the positive impact of EFSI on providing finance to SMEs across the Union; welcomes, therefore, the Commission's intention to put forward a legislative proposal for the continuation and improvement of this investment scheme with a dedicated budget that should not be financed to the detriment of existing policies and programmes under the new MFF; stresses that any legislative proposal should be based on the conclusions of a Commission review and independent evaluation; expects that the new proposal will effectively address any shortcomings of the implementation of EFSI and will enhance inter alia the fund's geographical coverage, so that its benefits are felt across the Union;
82. Insists on the importance of the MFF for sectors relying on long-term investment, such as the sustainable transport sector; highlights that transport infrastructure is the backbone of the single market and the basis for sustainable growth and job creation; notes that accomplishing a single European transport area connected to neighbouring countries requires major transport infrastructure and must be treated as a key priority in terms of the EU's competitiveness and for economic, social and territorial cohesion, including for peripheral and island areas; considers, therefore, that the next MFF should provide for sufficient funding for projects that contribute in particular to the completion of the TEN-T core network and its corridors, which should be further extended; recalls the goals set by COP 21 with regard to transport in order to combat climate change, and encourages Member States to invest in smart, sustainable and integrated public transport;
83. Stresses that an updated and more effective CEF programme should cover all modes of transport, including road and rail infrastructure, as well as inland waterways; considers that it should prioritise greater links between comprehensive networks and modes of transport that contribute to reducing CO<sub>2</sub> emissions, and focus on interconnections and the completion of the network in peripheral areas; reiterates the importance of enhancing interoperability through the European Railway Traffic Management System and enabling the full use of the Single European Sky initiative; calls for the completion of the European digital air traffic management system;
84. Calls for the creation of a specific budget line for tourism in the next MFF, in order to move towards a genuine European tourism policy that can significantly contribute to growth and job creation;
85. Calls on the Commission to promote investment in developing next-generation technologies and promoting their deployment; underlines the importance of ensuring financing for completing the digital single market by making full use of the spectrum, ensuring the upgrading of fixed networks and the densification of mobile networks, promoting 5G deployment and gigabit connectivity, and making further progress on the harmonisation of EU telecom rules in order to create the right regulatory framework for the improvement of internet connectivity throughout the Union; stresses that CEF Telecom should continue to support Digital Service Infrastructures and high-speed broadband networks by enabling their accessibility, including in remote regions and

rural areas, and by improving digital literacy, interconnectivity and interoperability; underlines the need to support the digital transformation of the European economy and society and to invest in essential technologies such as big data, artificial intelligence or high-performance computing, in infrastructure and in digital skills in order to enhance the EU's competitiveness and improve the quality of life of Europeans;

86. Considers it essential to secure a sustainable and affordable energy supply in Europe; calls, therefore, for continuous support for investments ensuring the diversification of energy sources and routes, increasing energy security and energy independence, and enhancing energy efficiency and the use of renewable energy, including by CEF Energy; stresses in particular the importance of providing for comprehensive support, especially for carbon-intensive regions, energy transition, transition to a low-carbon economy, the modernisation of power generation, improvements in cross-border interconnections and deployment of smart grids, carbon capture storage and utilisation technologies, and the modernisation of district heating; considers that the transformation of the energy sector in the light of the climate objectives should be supported accordingly, notably in coal-dependent regions and countries, so as to effectively contribute to a strategic transition to a low-emission economy; calls for the establishment of a comprehensive fund in order to support a just transition, in particular through the development and deployment of renewable sources, energy efficiency solutions, energy storage, electro-mobility solutions and infrastructure, modernisation of power generation and grids, advanced power generation technologies, including carbon capture and storage (CCS), carbon capture utilisation (CCU) and coal gasification, modernisation of district heating, including high-efficiency cogeneration, early adaptation to future environmental standards and restructuring of energy-intensive industries, as well as addressing social, economic and environmental impacts;
87. Underlines the strategic importance of large-scale infrastructure projects, namely the International Thermonuclear Experimental Reactor (ITER), the European Geostationary Navigation Overlay (EGNOS), the Global Satellite Navigation System (Galileo), the Earth Observation Programme (Copernicus) and the future Governmental Satellite Communications (GOVSATCOM) for the EU's future competitiveness, security and political power; points out that the financing of these large-scale projects needs to be secured in the EU budget but, at the same time, ring-fenced, so as to ensure that possible cost overruns do not threaten the funding and successful implementation of other Union policies, as exemplified in the previous MFF in certain individual cases; recalls that, for this purpose, the maximum amount for these projects is currently fixed in the MFF Regulation, and calls for similar provisions in the new regulation;
88. Stresses the importance of and the EU's leading role in preserving, protecting and improving the quality of the environment and tackling climate change, the degradation of ecosystems and biodiversity loss; considers that stable and appropriate funding is essential to achieving the EU's international commitments such as the Paris Agreement; recalls that the next MFF should help the Union to achieve those objectives and should contribute to the transition to a low-carbon economy by 2050; underlines that the EU should not finance projects and investments that are contrary to the achievement of these goals; calls for the thorough climate mainstreaming of future EU spending; calls, in this respect, for the programmes concerned, such as LIFE+, to be properly funded and for their financial resources to be doubled, and for the establishment of dedicated envelopes for biodiversity and the management of the Natura 2000 network;

*Stronger cohesion and solidarity in Europe*

89. Stresses that cohesion policy post-2020 should remain the main investment policy of the European Union covering all EU regions, in order to tackle complex socio-economic challenges while concentrating the majority of the resources on the most vulnerable regions; believes that, beyond the goal of reducing the disparities between levels of development and enhancing convergence as enshrined in the Treaty, cohesion policy should focus on the achievement of the EU's broad EU political objectives and proposes, therefore, that under the next MFF, the three cohesion policy funds – the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund – should concentrate mainly on providing support for growth and competitiveness, research and innovation, digitalisation, industrial transition, SMEs, transport, climate change mitigation and adaptation, environmental sustainability and just energy transition, employment, social inclusion, gender equality, poverty reduction, and demographic challenges; stresses that the three funds represent the integral components of EU cohesion policy, and can only operate jointly under the single framework of this policy; calls, moreover, for a reinforced territorial cooperation, including a cross-border component and an urban dimension for the policy, as well as dedicated provisions for rural, mountain, island and remote areas;
90. Considers maintaining the financing of cohesion policy post-2020 for the EU-27 at least at the level of the 2014-2020 budget at constant prices to be of the utmost importance; stresses that GDP should remain one of the parameters for the allocation of cohesion policy funds, but believes that it should be complemented by an additional set of social, environmental and demographic indicators to better take into account new types of inequalities between and within EU regions in all Member States; supports, in addition, the continuation under the new programming period of the elements that rendered cohesion policy more modern and performance-oriented under the current MFF, i.e. the thematic concentration, the *ex ante* conditionalities, the performance framework and the link to economic governance;
91. Is strongly committed to the commitments arising from Article 9 TFEU for the delivery of a social Europe and the implementation of the European Pillar of Social Rights based on the sustainable growth of a highly competitive social market economy, aiming at full employment and social progress and promoting equality between women and men, solidarity between generations and protection of the rights of the child as enshrined in the Treaty; highlights that such implementation requires that social policies are properly financed and underlines the consequent need to reinforce the existing instruments contributing to these goals, notably the ESF, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the EGF and EaSI; insists that they are safeguarded in the next MFF and that they continue to be implemented predominantly through grants;
92. Reiterates its call on the Commission and all Member States to establish a special fund dedicated to the Child Guarantee, placing children at the centre of expanding poverty alleviation policies and ensuring the corresponding resources for full implementation of the necessary policy measures, including helping parents to get out of social exclusion and unemployment through targeted interventions;
93. Highlights that the ESF in particular should expand its support to the development of social dialogue, namely by improving the capacity building of social partners, including

European sectoral and intersectoral levels, and that this commitment should become compulsory for Member States in all the regions of the EU;

94. Emphasises in particular the continuous need to fight youth unemployment and exclusion, especially among young people not in education, employment or training (NEETs), as part of a comprehensive approach to youth policies at EU level; calls, therefore, for the Youth Employment Initiative envelope to be doubled, as well as for the full implementation of the EU Youth Guarantee, while ensuring quick and simplified deployment of funds and permanent and stable financing in the next programming period; underlines the need for an improved regulation in order to safeguard non-discriminatory participation in the programme for young people coming from a disadvantaged socio-economic background; considers that investment to boost education and training, especially the development of digital literacy, remains one of the top priorities of the EU; insists that this programme must not replace expenditure previously financed by national budgets;
95. Expresses support for programmes in the areas of culture, education, media, youth, sport, democracy, citizenship and civil society that have clearly demonstrated their European added value and enjoy lasting popularity among beneficiaries; advocates, therefore, continuous investment in the Education and Training 2020 framework through the Erasmus+, Creative Europe and Europe for Citizens programmes, in order to pursue reaching out to people of all ages, especially young people; reiterates its support for strengthening the external dimension of the Erasmus+ and Creative Europe programmes; recommends, moreover, the continuation of the European Solidarity Corps, with adequate resources that do not come at the expense of other EU programmes; underlines also the significant contribution of the cultural and creative industries (CCIs) to growth and jobs in the EU;
96. Recommends setting up an internal European Democracy Fund for the strengthened support of civil society and NGOs working in the fields of democracy and human rights, to be managed by the Commission;
97. Calls, in particular, for the Erasmus+ envelope to be at least tripled in the next MFF with the aim of reaching many more young people, youth organisations and secondary school pupils and apprentices across Europe, providing them with valuable competences and life skills through lifelong learning, learner-centred, non-formal and informal learning opportunities, and volunteering and youth work; calls for particular attention to be paid to people coming from a disadvantaged socio-economic background so as to enable them to participate in the programme, as well as to people with disabilities;
98. Calls on the Commission to follow up on the ‘18th Birthday Interrail Pass for Europe’ project and put forward a dedicated programme in the next MFF with sufficient annual appropriations to cover all applications for a free railway pass coming from young Europeans that turn 18 in a specific year; underlines that such a project would become a key component in increasing European consciousness and identity, especially in the face of threats such as populism and the spread of misinformation; reiterates that in order to reach the objective of such a programme a proposal for a proper legal base is expected from the Commission;
99. Expects that in the post-2020 period the European Union will move from crisis-management mode to a permanent common European policy in the field of asylum and

migration; stresses that actions in this field should be covered by a dedicated instrument, i.e. the Asylum, Migration and Integration Fund (AMIF); emphasises that the future fund, as well as the relevant Justice and Home Affairs agencies, must be equipped with an adequate level of funding for the whole of the next MFF in order to address the comprehensive challenges in this area; believes, furthermore, that the AMIF should be complemented by additional components tackling this issue under other policies, in particular the European Structural and Investment funds and the instruments financing external actions, as no single tool could hope to address the magnitude and complexity of needs in this field; recognises, moreover, the importance of cultural, educational, youth and sports programmes in integrating refugees and migrants into European society; asks the Commission to assess whether the role of European cities within the European asylum policy could be strengthened by introducing an incentive scheme that offers financial support for refugee accommodation and economic development directly to cities in return for receiving refugees and asylum seekers;

100. Recognises the European added value of collaboration in addressing common public health threats; notes that no single Member State can tackle cross-border health challenges alone, and calls for the next MFF to reflect the EU's responsibility to implement the SDG on public health, health systems and environment-related health problems, and to support Member States in eliminating growing health inequalities; considers that, on the basis of the positive outcome of the ongoing actions in this field, the next MFF should include a robust next-generation health programme that addresses these issues on a cross-border basis, e.g. by achieving innovative solutions for healthcare delivery, including digital health, such as the European Reference Networks, and that provides support to Member States in the form of expertise and exchange of data, evidence and good practice; recalls that good health is a prerequisite for achieving other goals set by the EU and that policies in such fields as agriculture, environment, employment, social issues or inclusion also have an impact on the health of Europeans; calls, therefore, for the strengthening of health impact assessments and for cross-sectoral cooperation in the next MFF in this field;

*Stronger and sustainable agriculture and fisheries*

101. Affirms that a modernised common agricultural policy is fundamental for food security and autonomy, the preservation of rural populations and employment, sustainable development, environmental, agricultural and forestry sustainability, and the provision of healthy, high-quality and affordable food products for Europeans; points out that food and health requirements have increased, as well as the need to support farmers' transition towards environmentally friendly farming practices and to tackle climate change; highlights the need to support farmers' income security and strengthen the link between the CAP and the delivery of public goods; underlines that the CAP is one of the most integrated policies and is mainly financed at EU level and, therefore, replaces national spending;
102. Stresses that the CAP budget in the next MFF should be at least maintained at its current level for the EU-27 at constant prices; stresses that the new challenges to be faced by the next CAP call for a sound financial allocation based on analyses of current policy and future needs; underlines that direct payments generate clear EU added value and strengthen the single market by avoiding distortions of competition between Member States; opposes any renationalisation and any national cofinancing for direct payments in that respect; stresses the need to continue measures maintaining production

in sectors that are vital for vulnerable areas, to reform the agricultural crisis reserve, to increase funding in line with responses to the various cyclical crises in sensitive sectors, to create new instruments that can mitigate price volatility and to increase funding for Programmes of Options Specifically Relating to Remoteness and Insularity (POSEI); urges the Commission to continue the process of convergence of direct payments and to ensure the necessary financial and legal framework for the food supply chain in order to combat unfair trading practices; points out that rural areas in the EU face serious problems and therefore need specific support;

103. Stresses the socioeconomic and ecological importance of the fisheries sector, the maritime environment and the ‘blue economy’ and their contribution to the sustainable food autonomy of the EU in terms of ensuring the sustainability of European aquaculture and fisheries and mitigating the environmental impact; points out that the common fisheries policy is an exclusive EU competence; emphasises, in this respect, the need to keep a specific, substantial, independent and accessible fisheries fund to implement this policy; calls for the re-establishment of the Programme of Options Specifically Relating to Remoteness and Insularity in Fisheries, as this is a very important programme for the EU’s outermost regions; calls, as a minimum, for the level of financial appropriations dedicated to the fisheries sector under the current MFF to be maintained and, if new needs arise, for an increase in the financial appropriations for maritime affairs; warns of the possible negative impacts of a hard Brexit on this sector; notes that other financial instruments, in addition to non-repayable aid, could provide complementary financing possibilities;

*Stronger responsibility in the world*

104. Stresses that the world is facing multiple challenges, including conflicts, cyber-attacks, terrorism and radicalisation, disinformation, natural disasters, climate change and environmental degradation, human rights violations and gender inequality; believes that the Union has a particular political and financial responsibility which is founded on a genuinely European, rules- and values-based foreign policy, and on support for the stability, security, democratic governance and sustainable development of our partners, as well as on poverty eradication and crisis response;
105. Emphasises that appropriations for external action should be significantly increased if the Union is to play its role in the framework of its global strategy and of its enlargement, neighbourhood and development policies, as well as in addressing emergencies; expects the next MFF to reflect the unprecedented needs of the southern and eastern neighbourhood countries that are struggling with conflicts and the consequences of the challenges presented by migration and refugees; calls for higher appropriations to be allocated to address the growing need for humanitarian aid arising from natural and manmade disasters, avoiding any gap between commitments and payments; believes that it is necessary for the Union to increase funding to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); stresses, moreover, the need for additional resources to finance an investment plan for Africa in order to promote inclusive growth and sustainable development, and thus tackle some of the root causes of irregular migration;
106. Recalls that the EU’s development policy is driven by a series of commitments, notably the SDGs, the Addis Ababa Action Agenda on financing for development, the Paris climate agreement and the European Consensus on Development, as well as policy

coherence for development and aid effectiveness principles; draws attention to the commitment by the EU and its Member States to increase their official development assistance (ODA) to 0,7 % of GDP by 2030, including 20 % of the EU's ODA for social inclusion and human development and 0,2 % of the EU's GNI in ODA for least developed countries;

107. Notes that development assistance can play an important role in tackling the root causes of migration and contributing to stability, but considers that ODA should not be used to cover in-donor refugee costs; notes the potential role of ODA to facilitate the mobilisation of financing from other sources, and underlines the need for increased engagement with the private sector through a possible continuation of the External Investment Plan, building on its evaluation;
108. Supports the direct provision of funding to civil society organisations and to human rights defenders, especially in third countries where democracy and the rule of law are at risk; stresses, in this respect, the need for the external financing instruments to respond rapidly to political developments and to strengthen the 'more for more' principle;
109. Is ready to consider a simplified and streamlined architecture for the external financing instruments as long as it enhances transparency, accountability, efficiency, coherence and flexibility, and respects the objectives of the underlying policies; calls for maintaining separate dedicated instruments for Pre-accession Assistance, for the Neighbourhood, for Development and for Humanitarian aid by reason of their specific political and financial features; notes that such architecture should include a budgeted EDF on top of the agreed ceilings without the African Peace Facility, and a more transparent incorporation of relevant trust funds and facilities;
110. Underlines the importance of enhanced flexibility to allow for the mobilisation of additional resources and for the swift deployment of funding; could consider, as part of an overall increase in the external financing instruments, a larger unallocated reserve aimed at increasing in-built flexibility; stresses, however, that such flexibility should not be achieved at the expense of long-term policy objectives and geographic and thematic priorities, the predictability of long-term funding, parliamentary scrutiny, and consultations with partner countries and civil society;

#### *Security, peace and stability for all*

111. Believes that a new heading dedicated to 'Security, peace and stability for all' would demonstrate the priority given by the Union to this emerging policy responsibility, acknowledge its specificity, and achieve consistency between its internal and external dimensions;
112. Stresses that the level and mechanisms of funding in the field of internal security should be stepped up from the outset and for the entire duration of the next MFF in order to avoid systematic recourse to the flexibility provisions of the MFF every year; calls for sufficient resources to be provided to law enforcement agencies (Europol, Eurojust and Cefpol) and for the European Agency for the operational management of large-scale IT systems (eu-LISA) to be endowed with the means to implement and manage its new responsibilities; underlines the role of the European Union Agency for Fundamental Rights in understanding and responding to the phenomena of radicalisation,

marginalisation, hate speech and hate crime;

113. Believes that the next MFF must support the establishment of a European Defence Union; looks forward to the relevant legislative proposals, following the Commission's announcements in this areas, including a dedicated EU defence research programme and an industrial development programme complemented by Member States' investment in collaborative equipment; reaffirms, in this context, its strong conviction that additional political priorities should be coupled with additional financial means; recalls that increased defence cooperation, the pooling of research and equipment and the elimination of duplications will boost the strategic autonomy and competitiveness of Europe's defence industry and lead to considerable efficiency gains, often estimated at around EUR 26 billion per year;
114. In the context of the increased attention given to security and defence in the Union, requests a reassessment of all external security expenditure; looks forward in particular to a reform of the Athena mechanism and of the African Peace Facility after the budgeting of the EDF; welcomes the recent commitments by Member States under permanent structured cooperation and asks the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy and the Commission to provide clarification as regards its future financing; calls for a successor programme for the Instrument contributing to Stability and Peace focusing on crisis response and capacity building for security and development, while finding a legally sound solution for military capacity building;
115. Stresses the paramount importance of the EU Civil Protection Mechanism, which has enabled coordinated EU assistance in natural and manmade disasters across the Union and beyond; points to the unquestionable added value of civil protection operations in effectively combating disasters, which are becoming all the more frequent and complex, while boosting the feeling of European solidarity among EU citizens in times of need; welcomes the recent Commission proposals to boost the EU's civil protection by strengthening preparedness and prevention measures, including the establishment of a dedicated reserve of operational capacities at Union level; calls for reinforced action in this field to be coupled with adequate funding under the next MFF;

*An efficient administration at the service of Europeans*

116. Considers that a strong, efficient and high-quality public administration is indispensable to the delivery of Union policies and to rebuild trust and strengthen dialogue with civil society organisations and citizens at all levels; underlines the role of the institutions made up by democratically elected members in that respect; recalls that, according to the Court of Auditors, the EU institutions, bodies and agencies have implemented the 5 % reduction in staff as set out in their establishment plans; takes the view that they should not be subject to a further horizontal reduction approach of this kind; expresses its fierce opposition towards a repetition of the so-called redeployment pool for agencies;
117. Welcomes initiatives by the institutions, bodies and agencies to further enhance efficiency through increased administrative cooperation and the pooling of certain functions, thereby generating savings to the Union budget; highlights that, for certain agencies, further efficiency gains could be made, especially through increased cooperation among agencies with similar tasks, such as in the field of the financial

market supervision and of agencies with multiple locations; calls, in a more general way, for a thorough assessment of the possibilities of grouping agencies according to the strategic nature of their mission and their results in order to create synergies among agencies, e.g. regarding the European Banking Authority and the European Securities and Markets Authority in Paris;

118. Considers that the EU institutions and bodies should respect both a geographical balance and gender balance;
119. Calls on the Commission to propose a mechanism whereby Member States that do not respect the values enshrined in Article 2 of the Treaty on European Union (TEU) can be subject to financial consequences; warns, however, that final beneficiaries of the Union budget can in no way be affected by breaches of rules for which they are not responsible; is convinced, therefore, that the Union budget is not the right instrument for addressing the failure to observe Article 2 TEU, and that any possible financial consequence should be borne by the Member State independently of budget implementation;
120. Emphasises that the elimination of discriminations, as well as gender inequality and gender-based violence, is vital to fulfil the EU's commitments towards an inclusive Europe; supports, therefore, gender mainstreaming and gender equality commitments in all EU policies under the next MFF, as well as a reinforced budgetary dimension in combating all instances of discrimination, with particular attention given to the gender dimension within migration and asylum policies and external EU policies;
121. Stresses the need to ensure that women have access to sexual and reproductive services and that special attention be paid to the specific needs of vulnerable persons, including minors and other groups, such as the LGBTI community;
122. Advocates that dedicated support be given to disadvantaged target groups, explicitly excluding segregational practices, especially persons with disabilities and Roma people, and in particular that the designation of 'Roma people' remains in the list of beneficiaries of the ESF and the ERDF;
123. Notes that, due to their isolation from the European mainland, the outermost regions (ORs) and the Overseas Countries and Territories (OCTs) have to contend with specific natural, economic, and social challenges; considers that tailored measures and duly justified derogations should be set up for them; calls for the continuity of the EU financial support to ORs and OCTs in the next MFF, notably under cohesion policy for ORs and under a specific instrument for OCTs, for their access to research programmes and for fighting the specific climate change challenges they face;
124. Urges the Commission, for the sake of sound financial management and transparency in the European Union's budget, to consider setting up proper conditions to prevent corruption and financial fraud concerning EU funds; expresses particular concern regarding customs fraud, which has created a significant loss of income for the Union budget; calls on the Member States that objected to the Union legal framework for customs infringements and sanctions to reconsider their position in order to allow for a speedy solution to this problem;

#### ***IV. Procedure and decision-making process***

125. Recalls that the adoption of the MFF Regulation requires Parliament's consent; stresses, moreover, that Parliament and the Council are two equal arms of the budgetary authority in the adoption of the annual EU budget, while the sectoral legislation setting up the vast majority of EU programmes, including their financial envelopes, is decided under the ordinary legislative procedure; expects, therefore, a decision-making procedure on the next MFF that safeguards Parliament's role and prerogatives as set out in the Treaties; insists that the MFF Regulation is not the appropriate place for changes to the EU Financial Regulation; urges the Commission to put forward a separate proposal for a revision of the EU Financial Regulation, whenever there is a need to make changes to that regulation;
126. Expresses its readiness to enter immediately into a structural dialogue with the Commission and the Council on the post-2020 MFF with the aim of facilitating the subsequent negotiations and enabling an agreement by the end of this parliamentary term; stands ready to debate the positions set out in the current resolution with the Council, in order to allow for a better understanding of Parliament's expectations on the next MFF;
127. Underlines that, with the Commission's proposals announced for May 2018, a formal decision on the next MFF should be taken within one year; considers that, despite an initial delay in the presentation of the Commission's proposals, a timely agreement for the post-2020 framework should be achieved, in order to send an important political message regarding the Union's capacity to further build consensus on the future of the EU and on the corresponding financial means; insists that this timetable will allow, inter alia, for the swift adoption of all sectoral regulations, thus enabling the new programmes to start without delay on 1 January 2021; recalls that, in previous financial frameworks, the new programmes were essentially launched some years after the beginning of the period;
128. Considers that the newly elected Parliament may, acting by an absolute majority of its component members, within 6 months after the European elections request that the Commission propose a revision of the sectoral legislation setting up the EU successor programmes for the next MFF, adopted by the previous legislature;
129. Underlines, therefore, the need for substantial discussions between the three institutions to be launched without delay; stresses that all elements of the MFF Regulation, including the MFF ceilings, will be part of the MFF negotiations and should remain on the table until a final agreement is reached; recalls, in this respect, Parliament's critical stance on the procedure leading to the adoption of the current MFF Regulation and the dominant role that the European Council assumed in this process by deciding irrevocably on a number of elements, including the MFF ceilings and several sectoral policy-related provisions;
130. Is of the opinion that the procedures related to the upcoming MFF negotiations, and notably Parliament's involvement in the different stages of this process, should be agreed without delay under the Bulgarian Presidency and before the presentation of the MFF proposals; expects, in this context, that the Commission will be providing Parliament with the same level of information that is made available to the Council in a timely manner; considers that these arrangements should eventually be enshrined in the IIA, as is the case for the annual budgetary procedure;

131. Considers that the unanimity requirement for the adoption of the MFF Regulation represents a true impediment in the process; calls on the European Council, in this regard, to activate the *passerelle* clause provided for in Article 312(2) TFEU so as to allow for the adoption of the MFF Regulation by qualified majority; recalls, moreover, that the general *passerelle* clause set out in Article 48(7) TEU can also be deployed, in order to apply the ordinary legislative procedure; stresses that a shift towards qualified majority voting for the adoption of the MFF Regulation would be in line with the decision-making process for the adoption of virtually all EU multiannual programmes, as well as for the annual procedure for adopting the EU budget;

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132. Instructs its President to forward this resolution to the Council, the Commission, the other institutions and bodies concerned, and the governments and parliaments of the Member States.