The EU’s long-term budget explained

How is the EU funded and what is the money used for? Read on to understand what the EU long-term budget is and how it is decided.

The EU’s long-term budget helps millions of students, thousands of researchers, cities, businesses, regions and NGOs. It contributes to healthier and safer food, new and better roads, railways and airports, a cleaner environment and better security at the EU’s external borders.

The idea behind it is that pulling resources together makes Europe stronger and is key to boosting prosperity and peace. It continues to do that by financing projects that benefit the lives of millions of Europeans.

What is the EU’s long-term budget?

The EU’s long-term budget is also sometimes referred to as the multiannual financial framework (MFF). It sets the limit on how much money the EU can spend over a period of at least five years in different policy areas. Recent long-term budgets have been set for seven years.
One of the reasons the EU has a long-term budget as well as annual budgets is to make it easier to plan for the programmes that the EU wants to fund and increase their efficiency. This predictability is needed for example for researchers who work on scientific projects that take several years to complete.

The long-term budget also needs to have a degree of flexibility to deal with unforeseen crises and emergencies. It therefore includes a number of instruments to ensure that money can be used where it is most needed in unplanned circumstances.

For example, the EU solidarity fund is designed to provide financial assistance in the event of a major disaster in a member state. It also has a globalisation adjustment fund intended to help workers find new employment if they have been made redundant as a result of structural changes in world trade patterns or an economic crisis.

Unlike national budgets, the EU’s budget is more of an investment budget. It doesn’t fund social protection, primary education or national defence. Instead the focus is mostly on areas where the EU can make a difference by boosting growth and competitiveness.
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What is it?
The EU's long-term budget sets limits on how much funding can be used, not just in general, but also in specific policy areas, over a period of seven years.

The purpose is to ensure:
The EU has enough resources for its priorities
The EU can adopt an annual budget easily
The EU does not go over budget
It is easier to plan

Source: European Parliament
I count on Europe

Infographic explaining what the EU's long term budget is
How is the EU long-term budget decided?

Before the ongoing long-term budget expires, the European Commission makes a proposal for the next one. This is used as a basis for negotiations by the European Parliament and the Council, which brings together ministers from all EU countries.

What is the current status of the negotiations?

The Parliament and Commission are waiting for the Council to come up with its proposal on what the next long-term budget should look like so that the three institutions can begin negotiations. It is hoped that member states in the Council will reach an agreement in early 2020.