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## Future EU financing and recovery: Parliament's role and next steps

**The procedures for the different parts of the package for future EU financing (such as the long-term EU budget, own resources, recovery) differ. This background brief provides an overview.**

The upcoming negotiations on EP's consent to the Multiannual Financial Framework (MFF) are connected to the overall EU financing package that includes the recovery and the own resources. They will also be synchronised with the talks on the many EU programmes and the [Rule of Law regulation](#), where the ordinary legislative procedure applies (codecision).

### How will the negotiations work?

The Council will now finalise its mandate to enter negotiations with Parliament, which will [have a final say](#) on the MFF before the 2021-2027 budget can enter into force. The current multiannual ceilings run out on 31 December 2020, but in case of no agreement, the ceilings and other provisions corresponding to the last year of that framework (2020) will be automatically extended until a new MFF is adopted (see paragraph 26 of the [23 July resolution](#)).

Negotiations will also resume or start on the many sectoral programmes, in codecision. The Council's negotiating mandate on [Rule of Law](#) is also still pending.

In the [plenary resolution of 23 July](#), Parliament has set out its conditions. The Parliament's negotiating team will meet soon with the German Presidency of the Council of the EU to find a political agreement. Only once there is a political agreement will the Council refer the draft MFF Regulation to the EP for formal consent.

### What exactly does the EU financing/recovery package consist of?

The package on future EU financing consists of four main parts - the **recovery** part, the **Own Resources**, the regulation for the **Multiannual Financial Framework** (MFF) setting out the EU budget amounts for 2021-2027 and the **EU programmes**. Also, the [Rule of Law regulation](#) is part of the package.

As for the **recovery** part, it consists of 2 EU laws:

1) The [Own Resources Decision](#) (basic act empowering the Union to borrow money on the markets, EUR 750 billion) - *EP role: consultation*. The Own Resources decision has to be approved by all national Parliaments of the 27 member states.

2) The **EU Recovery Instrument** (regulation): governs the actual 'assignment' (affectation) of the revenue from the borrowing towards the expenditure programme whose envelopes are to be endowed or topped up - *EP is "informed" and has no further role (Council regulation, Art. 122). Democratic oversight of the RI is one of the issues to be taken up in negotiations.*

The above two EU laws make it possible for the €750 billion to reach the **EU sectoral programmes** (see below) expressly targeted by the recovery plan. The bulk of the funds however is channelled through the new **Recovery and Resilience Facility** (regulation). Here, the *EP is co-legislator (ordinary legislative procedure - codecision)*. As for the implementation, a more limited role than Council is proposed.

The EP expressed readiness to fast-track the processing of the bridge solution (increase of 2020 budget for faster recovery funding) but the European Council has rejected this bridge solution.

### The MFF

The regulation for the Multiannual Financial Framework (MFF) - the EU's long-term budget - sets the **limits for EU spending** - as a whole and for different areas of activity - for the period it covers (2021-2027). It breaks EU expenditure down into broad categories - 'headings' - which correspond to the EU's priorities and areas of action. For each year covered by the MFF there are fixed limits of expenditure, or 'ceilings'. The consent procedure applies, giving the EP a de facto veto.

### The Own Resources (EU sources of revenue)

The Own Resources Decision (see above) will not only allow the Union to borrow the EUR 750 billion on the markets. It also sets out which sources of revenue there are. It will have to be amended to include new EU own resources. The EP demands a basket of new own resources to be introduced now (beyond the plastic contribution endorsed by the European Council) and a binding commitment that new sources of EU revenue will be introduced in the future. The ORD also sets the OR ceilings in commitments and payments (headroom).

### The EU programmes

The 37 EU programmes determine the way the EU budget is spent on, e.g., agriculture, cohesion, research, youth (Erasmus+, Youth Employment Initiative...), migration, climate action, the digital agenda etc.. These regulations notably contain reference amounts that must respect the MFF ceilings. *EP role: ordinary legislative procedure (codecision)* - the EP is co-legislator. *This procedure also applies for the Rule of Law mechanism.*

Last, but not least, the **annual EU budget for 2021** also has to be negotiated and adopted on the basis of the package on the table.

### Further information

[Committee on Budgets](#)

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