



2024/2051(INI)

29.01.2025

DRAFT REPORT

on a revamped long-term budget for the Union in a changing world
(2024/2051(INI))

Committee on Budgets

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CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT	17

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a revamped long-term budget for the Union in a changing world (2024/2051(INI))

The European Parliament,

- having regard to Articles 311, 312, 323 and 324 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027¹ and to the joint declarations agreed between Parliament, the Council and the Commission in this context and the related unilateral declarations,
- having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom²,
- having regard to the amended Commission proposal of 23 June 2023 for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union ([COM\(2023\)0331](#)),
- having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources³ (the IIA),
- having regard to Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast)⁴ (the Financial Regulation),
- having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget⁵ (the Rule of Law Conditionality Regulation),
- having regard to its position of 27 February 2024 on the draft Council regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027⁶,

¹ OJ L 433I, 22.12.2020, p. 11, ELI: <http://data.europa.eu/eli/reg/2020/2093/oj>.

² OJ L 424, 15.12.2020, p. 1, ELI: <http://data.europa.eu/eli/dec/2020/2053/oj>.

³ OJ L 433I, 22.12.2020, p. 28, ELI: http://data.europa.eu/eli/agree_interinstit/2020/1222/oj.

⁴ OJ L 2024/2509, 26.9.2024, p. 1, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁵ OJ L 433I, 22.12.2020, p. 1, ELI: <http://data.europa.eu/eli/reg/2020/2092/oj>.

⁶ OJ C, C/2024/6751, 26.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6751/oj>.

- having regard to its resolution of 10 May 2023 on own resources: a new start for EU finances, a new start for Europe⁷,
- having regard to its resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges⁸,
- having regard to its position of 16 December 2020 on the draft Council regulation laying down the multiannual financial framework for the years 2021 to 2027⁹,
- having regard to the Interinstitutional Proclamation on the European Pillar of Social Rights of 13 December 2017¹⁰ and to the Commission Action Plan of 4 March 2021 on the implementation of the European Pillar of Social Rights ([COM\(2021\)0102](#)),
- having regard to the report of 30 October 2024 by Sauli Niinistö entitled ‘Safer together – strengthening Europe’s civilian and military preparedness and readiness’ (the Niinistö report),
- having regard to the report of 9 September 2024 by Mario Draghi entitled ‘The future of European competitiveness’ (the Draghi report),
- having regard to the report of 4 September 2024 of the Strategic Dialogue on the Future of EU Agriculture entitled ‘A shared prospect for farming and food in Europe’,
- having regard to the report of 17 April 2024 by Enrico Letta entitled ‘Much more than a market – speed, security, solidarity: empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens’ (the Letta report),
- having regard to the report of 20 February 2024 of the High-Level Group on the Future of Cohesion Policy entitled ‘Forging a sustainable future together – cohesion for a competitive and inclusive Europe’,
- having regard to the political guidelines of 18 July 2024 for the next European Commission 2024-2029,
- having regard to the opinion of the Committee of the Regions of 20 November 2024 entitled ‘EU budget and place-based policies: proposals for new design and delivery mechanisms in the MFF post-2027’¹¹,
- having regard to Rule 55 of its Rules of Procedure,
- having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on the Environment, Climate and Food Safety, the Committee on Industry, Research and Energy, the Committee on Internal Market and Consumer Protection, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on

⁷ OJ C, C/2023/1067, 15.12.2023, ELI: <http://data.europa.eu/eli/C/2023/1067/oj>.

⁸ OJ C 177, 17.5.2023, p. 115.

⁹ OJ C 445, 29.10.2021, p. 240.

¹⁰ OJ C 428, 13.12.2017, p. 10.

¹¹ OJ C, C/2025/279, 24.1.2025, ELI: <http://data.europa.eu/eli/C/2025/279/oj>.

Agriculture and Rural Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs, and the Committee on Women's Rights and Gender Equality,

- having regard to the report of the Committee on Budgets (A10-0000/2024),
- A. whereas, under Article 311 TFEU, the Union is required to provide itself with the means necessary to attain its objectives and carry through its policies;
- B. whereas the Union budget is primarily an investment budget that can achieve economies of scale unattainable at Member State level;
- C. whereas spending through the Union budget, if effectively targeted, aligned with the Union's political priorities and coordinated with spending at national level, helps to avoid fragmentation in the single market and to boost the overall impact of public investment; whereas public investment is essential to incentivise private investment;
- D. whereas the NextGenerationEU recovery instrument (NGEU) established in the wake of the COVID-19 pandemic enabled significant additional investment capacity of EUR 750 billion in 2018 prices, prompting a swift recovery and return to growth and supporting the green and digital transitions; whereas NGEU will not be in place post-2027;
- E. whereas the Union budget, bolstered by NGEU, has been instrumental in alleviating the economic and social impact of the COVID-19 crisis and in responding to the effects of Russia's war of aggression against Ukraine; whereas the Union budget remains ill-equipped, in terms of size, structure and rules, to fully play its role in adjusting to evolving spending needs, addressing shocks and responding to crises and giving practical effect to the principle of solidarity;
- F. whereas, since the adoption of the current multiannual financial framework (MFF), the political, economic and social context has changed beyond recognition, compounding underlying structural challenges for the Union and leading to a substantial revision of the MFF in 2024;
- G. whereas the context in which the Commission will prepare its proposals for the post-2027 MFF is every bit as challenging, with the established global and geopolitical order changing quickly and radically and the Union budget needing to change accordingly;
- H. whereas, in order to compensate for the budget's shortcomings, there have been numerous workaround solutions that make the budget more opaque, undercutting Parliament's role as a legislator and budgetary and discharge authority and in holding the executive to account;
 1. Underlines that the post-2027 long-term budget must be designed and resourced so as to enable the Union to deliver on its policy objectives, tackle the growing challenges it faces, manage and repay its debt sustainably, respond to shocks and crises and adjust to evolving spending needs;
 2. Stresses that all spending in the post-2027 MFF must be strategically aligned with the EU's political aims, adding tangible value for the people of the Union, with discernible

net benefits compared to spending at national or sub-national level and leading to real and lasting results;

3. Emphasises that the post-2027 MFF must also become simpler and more transparent and be protected against misuse, fraud and breaches of the principles of the rule of law and the Union's values;
4. Underlines that a simpler, more flexible MFF requires more robust parliamentary accountability;

A long-term budget with a renewed spending focus

5. Considers that, in view of the structural challenges facing the Union, the post-2027 MFF should adjust its spending focus to ensure that the Union can meet its strategic policy aims as detailed below;

Competitiveness, strategic autonomy, social, economic and territorial cohesion and resilience

6. Is convinced that boosting competitiveness, decarbonising the economy and enhancing the Union's innovation capacity are central priorities for the post-2027 MFF and are vital to ensure long-term, sustainable and inclusive growth and a more resilient economy and society;
7. Underlines that, as spelt out in the Letta and Draghi reports, the European economy and social model are under intense strain, with the productivity, competitiveness and skills gap having knock-on effects on the quality of jobs and on living standards for Europeans already grappling with high housing, energy and food prices; is concerned that a lack of job opportunities and high costs of living increase the risk of a brain drain away from Europe;
8. Points out that Draghi puts the annual investment gap with respect to innovation and infrastructure at EUR 750-800 billion per year between 2025 and 2030; underlines that, while the Union budget cannot cover that shortfall alone, it must play a vital role;
9. Stresses that the Union budget must be carefully coordinated with national spending and designed such that it can de-risk, mobilise and leverage private investment effectively, enabling start-ups and SMEs to access funds more readily; calls, therefore, for programmes such as InvestEU, which ensures additionality and follows a market-based, demand-driven approach, to be significantly reinforced in the next MFF; considers that budgetary guarantees are an effective use of resources and calls for them to be simplified;
10. Insists that, in the next MFF, more must be done to maximise the potential of the role of the European Investment Bank Group – together with other international and national financial institutions – in lending in strategic policy areas, such as climate and, latterly, dual-use defence projects;
11. Emphasises that funding for research and innovation should be significantly increased, should be focused on the Union's strategic priorities and should continue to be

- determined by the principle of excellence; considers that there should be sufficient resources across the MFF and at national level to fund all high-quality projects;
12. Stresses that the next MFF should include much greater funding for energy, transport and digital infrastructure, with priority given to cross-border connections and national links with European added value; considers that such infrastructure goes hand in hand with a deepening of the single market;
 13. Considers that the Union must develop a competitiveness framework in line with its own values and political aims and that competitiveness must therefore be understood as encompassing not only economic growth, but also social, economic and territorial cohesion and environmental sustainability;
 14. Underlines that a more competitive, productive and socially inclusive economy helps to generate high-quality, well-paid jobs, thus enhancing people's standard of living; emphasises that, through programmes such as the European Social Fund+ and Erasmus+, the Union budget can play an important role in supporting education and training systems, boosting workforce adaptability through reskilling and upskilling, and thus preparing people for employment in a modern economy;
 15. Insists that the Union budget should continue to support important economic and job-creating sectors where the Union is already a world leader, such as tourism and the cultural and creative industries;
 16. Stresses that, in order to compete with other major global players, the European economy must also become more competitive and resilient on the supply side by investing more in the Union's open strategic autonomy through enhanced industrial policy and a focus on strategic sectors and critical technologies to reduce dependence on third countries;
 17. Emphasises that food security is a vital component of strategic autonomy and that the next MFF must continue to support the Union's farming and fisheries sectors, including small and young farmers and fishers, and help the sectors to better protect the climate and biodiversity; highlights the crucial role of the common agricultural policy in increasing productivity through technical progress, ensuring a fair standard of living for farmers and guaranteeing food security; calls for adequate funding for the common agricultural policy in the next MFF;
 18. Recalls that social, economic and territorial cohesion is a cornerstone of European integration and is vital in binding the Union together and deepening the single market; underlines that a modernised cohesion policy must follow a decentralised, place-based, multilevel governance approach and be built around the shared management and partnership principle, fully involving local and regional authorities;
 19. Stresses that cohesion policy funding must tackle the key challenges the Union faces, such as demographic change and depopulation, and target the regions and people most in need; highlights, in particular, the importance of enhanced support to address the EU-wide housing crisis affecting millions of families and young people;

20. Points out that Russia's war of aggression against Ukraine has had substantial economic and social consequences, in particular in Member States bordering Russia; insists that the next MFF provide support to these regions;

The green and digital transitions

21. Highlights that the green and digital transitions are inextricably linked to competitiveness, the modernisation of the economy and the resilience of society and that, therefore, the post-2027 MFF must continue to support the twin transitions;
22. Recalls that the Union is committed to achieving climate neutrality by 2050, which requires a decarbonisation of the economy through the deployment of clean technologies, improved energy and transport infrastructure and more energy-efficient housing; notes that the Commission estimates additional investment needs to achieve climate neutrality by 2050 at 1.5 % of GDP per year compared to the decade 2011-2020 and that, while the Union budget alone cannot cover the gap, it must remain a vital contributor;
23. Underlines that industry will be central in the transition to net zero and that support will be needed in helping some industrial sectors and their workers to adapt; stresses that the transition must leave no one behind, requiring investment in regions that are heavily fossil-fuel dependent and increased support for households, in particular through the Social Climate Fund;
24. Points to the profound technological shift under way, with new technologies such as artificial intelligence both creating opportunities, in terms of economic potential and improvements to the citizens' lives, and posing reliability and ethical challenges; stresses that the next MFF must support the development and safe application of such technologies and help people to hone the skills they need to work with and use them;

Security, defence and preparedness

25. Recalls that security is the foundation for the Union's prosperity and social model and that the next MFF must invest significantly more in safeguarding the Union against the myriad threats it faces;
26. Underlines that, as the Niinistö report makes clear, the fragmenting global order, increasingly frequent and intense extreme weather events, the security threat posed by Russia, growing tensions globally, hybrid campaigns, which include cyberattacks, foreign information manipulation, disinformation and interference and the instrumentalisation of migration, and health threats are combining to heighten instability and increase the Union's vulnerability;
27. Points out that the Union has played a vital role in achieving lasting peace on its territory and must continue to do so by adjusting to the reality of war on its doorstep and the need to vastly boost defence capabilities and readiness, far beyond the current allocation;

28. Notes that, according to the Commission President, the defence spending gap currently stands at EUR 500 billion for the next decade; underlines that the Union budget alone cannot fill the gap, but has an important role to play;
29. Underscores the importance of a competitive and resilient European defence technological and industrial base and considers that joint EU-level investment in defence can generate economies of scale, and thus significant savings for Member States, and help ensure the interoperability of equipment and systems; points to the need to direct support towards the defence industry within the Union, thus creating quality high-skilled jobs;
30. Points to the importance of support in the budget for military mobility, which upgrades infrastructure for dual-use military and civilian purposes and thus contributes to the Union's defence capabilities;
31. Emphasises that the Union needs to ramp up funding for preparedness across the board; underlines that, in addition to efforts to mitigate climate change through the green transition, significant investment is required to adapt to climate change, in particular to protect against and reduce the impact of natural disasters and severe weather events; considers that support for this purpose must be significantly increased in the next MFF;
32. Recalls that the COVID-19 pandemic wreaked economic and social havoc globally and that a key lesson from the experience is that there is a need to invest in preparedness for health threats, in medical research and in the resilience of public health systems in the Union; considers that the next MFF must build on the work done in the current programming period;
33. Underlines that, with technological change, it has become easier for malicious and opportunistic foreign actors to spread disinformation, interfere in elections and mount cyberattacks against the Union's interests; insists that the next MFF must invest in enhanced cybersecurity; points to the importance of digital and media literacy and critical thinking in this regard, and to the need for continued Union budget support for initiatives in these areas;
34. Underscores the importance of continued funding, in the next MFF, for effective protection of the EU's external borders; underlines the need to counter trafficking networks and address hybrid attacks and the instrumentalisation of migrants, in particular by a third country or a hostile non-state actor;

External action and enlargement

35. Insists that, in a context of heightened global instability, the Union must continue to engage constructively with third countries and support peace, stability, prosperity, security, democracy and sustainable development globally, in line with its values;
36. Regrets the fact that external action in the current MFF has been underfunded, leading to significant recourse to special instruments and substantial reinforcements in the mid-term revision; notes, in particular, that humanitarian aid funding has been woefully inadequate, prompting routine use of the Emergency Aid Reserve;

37. Stresses that the next MFF must continue to tackle the most pressing global challenges, from fighting climate change, to providing relief in the event of natural disasters, ensuring global food security, improving healthcare systems, reducing poverty and inequality and boosting competitiveness and the security of global supply chains; emphasises, in particular, the need for support for the Union's Southern and Eastern Neighbourhoods;
38. Underlines that the budget must uphold the Union's role as the world's leading provider of development aid and climate finance in line with the Union's global obligations and commitments; insists that the budget must continue to support the Union in its efforts to defend the rules-based international order, democracy, multilateralism, human rights and fundamental values;
39. Insists that, given the scale of humanitarian crises and mounting global challenges, humanitarian aid funding must be significantly enhanced and made more predictable in the next MFF, and that its use must remain solely needs-based;
40. Emphasises that, in a context in which global actors are increasingly using trade interdependence as a means of economic coercion, the Union must bolster its capacity to protect and advance its own strategic interests, develop more robust tools to counter coercion and ensure genuine reciprocity in its partnerships;
41. Considers that the next MFF is pivotal for preparing the Union for enlargement and the candidate countries for accession; recalls that the stability, security and democratic resilience of the candidate countries are inextricably linked to those of the EU and require sustained strategic investment to support their convergence with Union standards;
42. Points to the need for strategically targeted support for pre-accession and for growth and investment; is of the view that post-2027 assistance should be provided in the form of both grants and loans; believes, in that context, that the future framework should allow for innovative financing mechanisms, including lending to candidate countries backed by the 'headroom' (the difference between the own resources and the MFF ceilings);
43. Stresses that financial support must be conditional on the implementation of reforms and adherence to Union values; emphasises, in this regard, the need for a strong governance model that ensures parliamentary accountability, oversight and control;
44. Underlines that pre-accession support to Ukraine has to be distinct from financial assistance for reconstruction and post-war recovery, where needs are far more substantial and require a concerted international effort, of which support through the Union budget should be an important part;
45. Is convinced that the existing mandatory revision clause in the event of enlargement should be maintained in the next framework; stresses that national envelopes should not be affected in the event of enlargement; underlines that the next MFF will also have to reform key spending areas, such as cohesion and agriculture, and plan for appropriate transitional and phasing-in measures;

Fundamental rights, Union values and the rule of law

46. Emphasises the importance of the Union budget in promoting and protecting democracy and the Union's values, fostering the Union's common cultural heritage and European integration, enhancing citizen engagement and youth participation and promoting fundamental rights enshrined in the Charter of Fundamental Rights and the rule of law; points to the importance of independence of justice, the sound functioning of national institutions, support for civil society and de-oligarchisation;
47. Stresses that instability in neighbouring regions, poverty, underlying trends in economic development and demographic changes continue to generate migration flows towards the Union, placing significant pressure on asylum and migration systems; underlines that the post-2027 MFF must support the full implementation of the Union's Asylum and Migration Pact, in line with fundamental rights and EU values; underlines, moreover, that, in line with the Pact, cooperation with third countries on migration must abide by EU law and respect international standards;
48. Highlights the importance of strong links between respect for the rule of law and access to EU funds under the current MFF; believes that the protection of the Union's financial interests depends on respect for the rule of law at national level; welcomes, in particular, the positive impact of the Rule of Law Conditionality Regulation in protecting the Union's financial interests in cases of systemic and persistent breaches of the rule of law; calls on the Commission and the Council to apply the regulation strictly, consistently and without undue delay wherever necessary; emphasises that decisions to suspend or reduce Union funding over breaches of the rule of law must be based on objective criteria and not be guided by other considerations, nor be the outcome of negotiations;
49. Points to the need for a strong link between the rule of law and the Union budget post-2027 and welcomes the Commission's intention to bolster links between the recommendations in the annual rule of law report and access to funds through the budget; calls on the Commission to outline, in the annual rule of law report from 2025 onwards, the extent to which identified weaknesses in rule of law regimes potentially pose a risk to the Union budget; welcomes, furthermore, the link between respect for Union values and the implementation of the budget and calls on the Commission to actively monitor Member States' compliance with this principle;
50. Calls for the consolidation of a robust rule of law toolbox, building on the current conditionality provisions under the Recovery and Resilience Facility (RRF) and the horizontal enabling conditions in the Common Provisions Regulation; underlines the need for far greater transparency and consistency with regard to the application of tools to protect the rule of law and for Parliament's role to be strengthened in the application and scrutiny of such measures; insists, furthermore, on the need for consistency across instruments when assessing breaches of the rule of law in Member States;
51. Recalls that the Rule of Law Conditionality Regulation provides that final recipients should not be deprived of the benefits of EU funds in the event of sanctions being applied to their government; believes that, to date, this provision has not been effective and stresses the importance of applying a smart conditionality approach so that beneficiaries are not penalised because of their government's actions; calls on the Commission to explore additional ways of ensuring that local and regional authorities, civil society and other beneficiaries can continue to benefit from Union funding in cases

of breaches of the rule of law by national governments without weakening the application of the regulation;

A long-term budget that mainstreams the Union's policy objectives

52. Stresses that a long-term budget that is fully aligned with the Union's strategic aims requires that key objectives be mainstreamed across the budget through a set of horizontal principles, building on the lessons from the current MFF;
53. Underlines, therefore, that the next MFF must ensure that, across the board, spending programmes pursue climate and biodiversity objectives, promote and protect rights and equal opportunities for all, including gender equality, support competitiveness and bolster the Union's preparedness against threats;
54. Points out that effective mainstreaming is best achieved through a toolbox of measures, primarily through policy design, thorough impact assessments and solid tracking of spending and, in specific cases, spending targets;
55. Welcomes the development of a methodology to track gender-based spending and considers that the lessons learnt should be applied in the next MFF; stresses, in the same vein, the need for a significant improvement in climate and biodiversity mainstreaming methodologies;
56. Is pleased that the climate mainstreaming target of 30 % is projected to be exceeded in the current MFF; regrets, however, that the Union is not on track to meet the target for biodiversity-related expenditure; considers that the targets in the IIA have been a major factor in driving climate and biodiversity spending; recalls, furthermore, the importance of the 'do no significant harm' principle, as defined in the Taxonomy Regulation¹², in implementing the Union budget;

A long-term budget with an effective administration at the service of Europeans

57. Insists that, post-2027, sufficient financial and staff resources be allocated from the outset so that Union institutions, bodies and decentralised agencies can ensure effective and efficient policy design, delivery and enforcement, continue to attract the best people from all Member States, thus ensuring geographical balance, and have leeway to adjust to changing circumstances;
58. Regrets that the Union's ability to implement policy effectively within the current MFF has been undermined by stretched administrative resources and a dogmatic attachment to a policy of stable staffing, despite increasing demands and responsibilities; points, for example, to the failure to provide sufficient staff to properly enforce the Digital Services¹³ and Digital Markets Acts¹⁴, thus undercutting the legislation's effectiveness;

¹² Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: <http://data.europa.eu/eli/reg/2020/852/oj>).

¹³ Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (OJ L 277, 27.10.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/2065/oj>).

59. Stresses that up-front investment in interoperable IT infrastructure and data mining can also generate longer-term cost savings and hugely enhance policy delivery and tracking of spending;

A long-term budget that is simpler and more transparent

60. Stresses that the next MFF must be designed so as to simplify the lives of beneficiaries, harmonise rules wherever possible and cut unnecessary red tape and must be implemented as close to people as possible;
61. Calls for genuine simplification where there are overlapping objectives, diverging eligibility criteria and different rules governing aspects that should be uniform across programmes; considers that an assessment of which spending programmes should be included in the next MFF must be based on the above aspects, on the need to focus spending on clearly identified policy objectives and on the policy intervention logic of each programme;
62. Insists that a simpler budget must also be a more transparent budget, enabling better control of spending and reducing the risks of double funding; underlines that any reduction in programmes must be offset by a far more detailed breakdown of the budget by budget line, in contrast to some programme mergers in the current MFF, such as the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe), which is an example not to follow; calls, therefore, for a sufficiently detailed breakdown by budget line to enable proper accountability and ensure that decision-making in the annual budgetary procedure is meaningful;
63. Reiterates its long-standing position that all EU-level spending should be brought within the purview of the budgetary authority; calls, therefore, for the full budgetisation of (partially) off-budget instruments such as the Social Climate Fund, the Innovation Fund and the Modernisation Fund, or their successors;

A long-term budget that is more flexible and more responsive to crises and shocks

64. Points out that, traditionally, the MFF has not been conceived with a crisis response or flexibility logic, but rather has been designed primarily to ensure medium-term investment predictability; underlines that, in a rapidly changing political, economic and social context, such an approach is no longer tenable; insists on sufficient in-built crisis response capacity in the next MFF;
65. Underscores that the current MFF has been beset by a lack of flexibility and an inability to adjust to evolving spending priorities; considers that the next MFF needs to strike a better balance between investment predictability and flexibility to adjust spending focus; highlights that spending in certain areas requires greater stability than in others where flexibility is more valuable; stresses that recurrent redeployments are not a viable way to finance the Union's priorities as they damage investments and jeopardise the delivery of agreed policy objectives;

¹⁴ Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) (OJ L 265, 12.10.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/1925/oj>).

66. Believes that, while allocating a significant portion of funding to objectives up-front, spending programmes should retain a substantial in-built flexibility reserve, with allocation to specific policy objectives to be decided by the budgetary authority; notes that the NDICI – Global Europe’s emerging challenges and priorities cushion provides a model for such a flexibility reserve, but that the decision-making process for its mobilisation must not be replicated in the future MFF; points to the need for a detailed budgetary breakdown to ensure decisions by the budgetary authority are meaningful;
67. Underlines that the MFF must have sufficient margins under each heading to ensure that new instruments or spending objectives agreed over the programming period can be accommodated without eroding funding for other policy objectives or eating into crisis response capacity;
68. Calls for a root-and-branch reform of the existing special instruments to bolster crisis response capacity; underlines that the current instruments are both inadequate in size and constrained by excessive rigidity, with several effectively ring-fenced according to crisis type; points out that enhanced crisis response capacity will ensure that cohesion policy funds are not called upon for that purpose and can therefore be used for their intended investment objectives;
69. Considers that the post-2027 MFF should include only two special instruments - one dedicated to ensuring solidarity in the event of natural disasters (the successor to the existing European Solidarity Reserve) and one for general-purpose crisis response (the successor to the Flexibility Instrument); insists that both special instruments should be adequately funded from the outset and able to carry over unspent amounts indefinitely over the MFF period; believes that all other special instruments can either be wound up or subsumed into the two special instruments or into existing programmes;
70. Calls for the future Flexibility Instrument to be heavily front-loaded and subsequently to be fed through a number of additional sources of financing: unspent margins from previous years (as with the current Single Margin Instrument), the annual surplus from the previous year, a fines-based mechanism modelled on the existing Article 5 of the MFF Regulation, and decommitted appropriations;
71. Points out that, with sufficient up-front resources and such arrangements for re-using unused funds, the budget would have far greater response capacity without impinging on the predictability of national GNI-based contributions; insists that an MFF endowed with greater flexibility and response capacity is less likely to require a substantial mid-term revision;

A long-term budget that is more results-focused

72. Emphasises that, in order to maximise impact, it is imperative that spending under the next MFF be much more rigorously aligned with the Union’s strategic policy aims and carefully coordinated with spending at national level;
73. Considers that the RRF, with its focus on performance and links between reforms and investments and budgetary support, has helped to drive national investments and reforms that would not otherwise have taken place;

74. Underlines that the RRF can help to inform the delivery of Union spending under shared management; recalls, however, that the RRF was agreed in the very specific context of the COVID-19 pandemic and cannot, therefore, be replicated wholesale for future investment programmes;
75. Points out that any application of an RRF-style delivery model in the next MFF would have to correct the RRF's fundamental flaws, by involving regional and local authorities from design to delivery through a place-based and multilevel governance approach, ensuring the cross-border dimension of investment projects, focusing on results and impact rather than outputs, guaranteeing full transparency in relation to final recipients of Union spending and safeguarding Parliament's role as legislator, budgetary and discharge authority and in holding the executive to account;

A long-term budget that manages liabilities sustainably

76. Recalls Parliament's very firm opposition to subjecting the repayment of NGEU borrowing costs to a cap within an MFF heading given that these costs are subject to market conditions, influenced by external factors and thus inherently volatile, and that the repayment of borrowing costs is a non-discretionary legal obligation; stresses that introducing new own resources is also necessary to prevent future generations from bearing the burden for past debts;
77. Deplores the fact that, under the existing architecture and despite the joint declaration by the three institutions as part of the 2020 MFF agreement whereby expenditure to cover NGEU financing costs 'shall aim at not reducing programmes and funds', financing for key Union programmes and resources available for special instruments, even after the MFF revision, have de facto been competing with the repayment of NGEU borrowing costs in a context of steep inflation and rising interest rates;
78. Underlines that, to date, the Union budget has been required only to repay interest related to NGEU and that, from 2028 onwards, the budget will also have to repay the capital; underscores that the total costs for NGEU capital and interest repayments are projected to be around EUR 20-30 billion a year from 2028;
79. Acknowledges that, while NGEU borrowing costs will be more stable in the next MFF period as bonds will already have been issued, the precise repayment profile will have an impact on the level of interest and thus on the degree of volatility; insists, therefore, that such repayment costs be treated distinctly from appropriations for EU programmes within the MFF architecture;
80. Points, moreover, to the increasing demand for the Union budget to serve as a guarantee for the Union's vital support through macro-financial assistance; underlines that, in the event of default or the withdrawal of national guarantees, the Union budget ultimately underwrites all macro-financial assistance loans and therefore bears significant and inherently unpredictable contingent liabilities, notably in relation to Ukraine;
81. Calls, therefore, on the Commission to design a sound and durable architecture that enables sustainable management of all non-discretionary costs and liabilities, fully preserving Union programmes and the budget's flexibility and response capacity;

A long-term budget that is properly resourced and sustainably financed

82. Underlines that, as described above, the budgetary needs post-2027 will be significantly higher than the amounts allocated to the 2021-2027 MFF; insists, therefore, that the Union will only be able to tackle the significant challenges it faces and deliver on its policy objectives if the next MFF is endowed with the resources necessary to meet the increasing budgetary needs;
83. Considers that all instruments and tools should be explored in order to provide the Union with those resources, in line with its priorities and identified needs;
84. Reiterates the need for sustainable and resilient revenue for the Union budget; points to the legally binding roadmap towards the introduction of new own resources in the IIA, in which Parliament, the Council and the Commission undertook to introduce sufficient new own resources to at least cover the repayment of NGEU debt;
85. Recalls its support for the amended Commission proposal on the system of own resources; calls on the Council to adopt this proposal as a matter of urgency; points, furthermore, to the need to explore additional innovative and genuine new own resources, in order to cover the higher spending needs;
86. Calls on the Commission to design a modernised budget with a renewed spending focus, driven by the need for fairness, greater simplification, a reduced administrative burden and more transparency, including on the revenue side; underlines that existing rebates and corrections automatically expire at the end of the current MFF;

A long-term budget grounded in close interinstitutional cooperation

87. Recalls that the requirement for close interinstitutional cooperation between the Commission, the Council and Parliament from the early design stages to the final adoption of the MFF is enshrined in the Treaties and further detailed in the IIA;
88. Emphasises Parliament's commitment to play its role fully throughout the process; believes that the design of the MFF should be bottom-up and based on the extensive involvement of stakeholders; underlines, furthermore, the need for a strategic dialogue among the three institutions in the run-up to the MFF proposals;
89. Calls on the Commission to put forward practical arrangements for cooperation and genuine negotiations from the outset; points, in particular, to the importance of convening meetings of the three Presidents, as per Article 324 TFEU, wherever they can aid progress, and insists that the Commission follow up when Parliament requests such meetings; reminds the Commission of its obligation to provide information to Parliament on an equal footing with the Council as the two arms of the budgetary authority and as co-legislators on MFF-related basic acts;
90. Stresses that the specific cooperation provisions set out in the IIA, including regular meetings between Parliament and the Council, are a bare minimum and that much more is needed to give effect to the principle in Article 312(5) TFEU of taking 'any measure necessary to facilitate the adoption of a new MFF'; calls, therefore, on the successive Council presidencies to respect not only the letter, but also the spirit of the Treaties;

91. Expects the Commission, as part of the package of MFF proposals, to put forward a new IIA in line with the realities of the new budget, including with respect to the management of contingent liabilities;
92. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The European Commission is required, under the regulation establishing the multiannual financial framework for the period 2021-2027, to put forward a legislative proposal for the post-2027 framework by 1 July 2025. This report is intended, therefore, to set out Parliament's vision of how that post-2027 framework should be designed and resourced.