European Commission

#EUBudget

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COMMUNICATION

EUROPEAN
COMMISSION

Brussels,
COM(2018) 321ILQO

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Modern Budget for a Union that Protects, Empowers and Defends

The Multiannual Financial Framework for 2021-2027

{SWD(2018) 171}

1. A NEW, MODERN BUDGET FOR THE UNION OF 27

Once every seven years, the European Union decides on its future long-term budget – the Multiannual Financial Framework. The next such budget, starting on 1 January 2021, will be the first for the European Union of 27.

This is a pivotal moment for our Union. It is an opportunity for Member States and the European institutions to unite around a clear vision for the future of Europe. A time to show unequivocally that the Union is ready to back up its words with the actions needed to deliver on our common vision. A modern, focused EU budget will help to continue bringing to life the positive agenda proposed by President Jean-Claude Juncker in his State of the Union address before the European Parliament on 14 September 2016[1], agreed by the Leaders of the 27 Member States in Bratislava on 16 September 2016, as well as in the Rome Declaration of 25 March 2017. A modern, focused EU budget will help to make the Union big on big and small on small things, as agreed in Rome.

Negotiations on the next Multiannual Financial Framework come at a time of new dynamism for the Union, but also of great challenges. The Union acted decisively in the wake of the financial and economic crisis to lay solid foundations for a sustainable recovery. The economy is now growing and creating jobs. The focus of the Union is increasingly on delivering efficiently and fairly on the things that really matter in the daily lives of citizens. And to do this for the citizens in all Member States of the Union. President Juncker's call to overcome divisions and make the Union more united, stronger and more democratic[2] should therefore also be reflected in the design of the new budget.

Choices taken in the coming months will shape the Union for decades to come. The stakes are high. Technological and demographic change is transforming our economies and society. Climate change and scarce resources are forcing us to look hard at how we can ensure that our way of living is sustainable. Unemployment, notably amongst young people, remains high in many parts of Europe. New security threats require new responses. The refugee crisis, caused by war and terror in Europe's neighbourhood, has shown the need to reinforce our capacity to manage migratory pressures and to address their root causes. Geopolitical instability is increasing and the values and democratic principles on which our Union is founded are being tested.

The proposals the Commission is presenting today for the 2021-2027 Multiannual Financial Framework will help responding to these opportunities and challenges. They are the product of an open and inclusive debate. The Commission has set out options for the future EU budget in its Communication of 14 February 2018[3]. The Commission has listened carefully to the European Parliament[4], to Member States, to national Parliaments, to the beneficiaries of EU funding and to other stakeholders. Open public consultations held earlier this year generated more than 11,000 responses.

The Commission is proposing a new, modern long-term budget, tightly geared to the political priorities of the Union at 27. The proposed budget combines new instruments with

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[1] State of the Union Address 2016: ´Towards a better Europe – a Europe that protects, empowers and defends´.

[2] State of the Union Address 2017: ´Catching the wind in our sails´.

[3] COM(2018) 98.

[4] European Parliament Resolutions of 14 March 2018 on the next Multiannual Financial Framework: 3UHSDULQJ WKH 3DUOLDPHQW¶V SRVLWLRQ RQ WKH 0XOWL-DQQXDO DQG RQ WKH ³5HIRUP RI WKH (XURSHDQ 8QLRQ¶V V\VWHP RI RZQ UH

modernised programmes to deliver efficiently on the EU's priorities and to rise to new challenges. The proposals also show how the financing of the budget could be simplified and reformed to forge a stronger link with the political priorities. These proposals are designed to make a unique impact in building a prosperous, secure and cohesive Europe. They do so by focusing on the areas where the Union is best placed to deliver.

In each area, the Commission proposes the level of funding that will be needed to live up to our collective ambitions. The legal proposals for the individual future financial programmes will follow in the coming weeks.

The proposals also respond in a realistic and balanced way to the budgetary consequences of the withdrawal of the United Kingdom. The departure of an important contributor to the EU budget will have a financial impact and the future Financial Framework must take account of that. Maintaining a level of support that matches our ambitions across the priority areas will require additional contributions from all Member States in a fair and balanced way. In parallel, no effort must be spared to make the EU budget more efficient. The Commission is proposing savings in some of the main spending areas and reforms across the budget to make it more streamlined and to get the most from every euro.

Europe is in the midst of the biggest debate on its future for a generation. It was kickstarted by the Commission's White Paper on the Future of Europe, published on 1 March 2017[5], and will follow on 9 May 2019 with the Week of Decisive Action. In the weeks leading up to the elections, before Europeans take to the polls, this will be a time for the leaders of the 27 Member States and for the European Parliament to stand up for the Europe they want and to equip the Union with the means to deliver. Decisive progress on the future long-term budget by this time will send out a strong message of resolve and determination to move forward together.

2019 will be a new start for our Union of 27. We must be ready for it. Time is short to put the new framework into place and make sure that the new programmes are ready to deliver for the citizens and businesses. The new EU budget will be a simpler, more flexible and more focused budget. A budget guided by the principles of prosperity, sustainability[6], solidarity and security. A budget for a European Union that protects, empowers and defends. A budget that unites and does not divide. A budget that is fair for all Member States. A budget for results. The work on this needs to start now.

2. MODERNISING THE EU BUDGET

The EU budget has long been a vital source of growth-enhancing investment for the whole of Europe. Even in times of crisis, it has allowed the Union to support growth and job creation and to drive long-term innovation and economic reform. The creation of the European Fund for Strategic Investments (the Juncker Fund[3]) illustrates well how the EU budget was able to provide a much-needed boost to growth at a critical moment. The EU budget has also been a decisive part of the response to our many serious challenges, from large-scale migratory flows, to security threats and climate change.

Recent experience has laid bare some weaknesses in the current framework. Despite some improvements, the EU budget is still too rigid. A lack of flexibility has prevented Europe

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[5] COM(2017) 2025.

[6] The Commission will adopt at the end of the year a Reflection Paper Towards a Sustainable Europe by 2030, on the follow-up to the UN Sustainable Development Goals, including on the Paris Agreement on Climate Change. This will integrate the UN Sustainable Development Goals further in EU policy making.

from reacting quickly and effectively enough in a fast-changing world. Complex and divergent funding rules make it harder to access EU funding and divert attention from what really counts: achieving results on the ground. Funds are spread over too many programmes and instruments, both within and outside the budget. More can be done to modernise and simplify the two biggest spending blocks in the budget, the Common Agricultural Policy and Cohesion Policy. Many of the new priorities for a Union that protects, empowers and defends need new, tailored instruments to turn ambitions into reality.

The main message from W K H & R P P Extensive Consultations has been received loud and clear. A more united, stronger and more democratic Europe needs a new, modern budget. And it needs fresh thinking on how that budget can deliver for people across the Union. The Commission's thorough spending review[7] has helped to pinpoint what has worked well in the past and what should be preserved in the next budget. But it also revealed where reform is needed to unlock the full potential of the EU budget. Based on this assessment, the Commission is proposing a modern framework and a set of new and reformed programmes shaped by the following principles:

> A stronger focus on European added value. The EU budget is modest in comparison with the size of the European economy and national budgets. This makes it vital that invests in areas where the Union can offer real European added value to public spending at national level. Pooling resources can achieve results that Member States acting alone cannot.[8] Examples include cutting-edge research projects that bring together the best researchers from across Europe, or empowering young people and small businesses to take full advantage of the opportunities the Single Market and the digital economy offer. Other instances when pooling resources helps us do more include catalysing key strategic investments. These investments K R O G W K H N H \ W R (X U R S H ¶ V I X W X U leadership on the global Sustainable Development Goals. The same is true when it comes to equipping the Union to defend and protect its citizens in a fast-changing world where many of the most pressing issues transcend national borders.
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> A more streamlined and transparent budget. The Commission is proposing a more coherent, focused and transparent framework. The structure of the budget will be clearer and more closely aligned with priorities. The Commission proposes to reduce the number of programmes by more than a third, for example by bringing fragmented funding sources together into new integrated programmes and radically streamlining the use of financial instruments.
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> Less red tape for beneficiaries. The Commission proposes to make rules more coherent on the basis of a single rulebook.[9] This will drastically reduce the administrative burden for beneficiaries and managing authorities. It will facilitate participation in EU programmes and accelerate implementation. It will make it easier for different programmes and instruments to work together to boost the impact of the EU budget. In addition, the Commission will propose to simplify and streamline State aid rules to make it easier to link up instruments from the EU budget with national funding.
>
> A more flexible, agile budget. In an unstable geopolitical environment, Europe must be able to respond quickly and effectively to unforeseen demands. The Commission is

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7 See the accompanying Staff Working Document SWD (2018) 171.

8 See also SWD (2018) 171, page 7

9 In line with the recommendations of the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds, the recommendations of the European Court of Auditors and the Committee of the Regions, as well as of the European Parliament

proposing to build on existing mechanisms to make the budget more agile. This includes increasing flexibility within and between programmes, strengthening crisis management tools and creating a new "Union Reserve" to tackle unforeseen events and to respond to emergencies in areas such as security and migration.

A budget that performs. The EU budget can only be judged a success if it delivers tangible results on the ground. The Commission is proposing to strengthen the focus on performance across all programmes, including by setting clearer objectives and focusing on a smaller number of higher quality performance indicators. This will make it easier to monitor and measure results and to take or make changes when necessary.

The design of future programmes is only the first step. The real test is whether the programmes deliver on the ground. The efficient and effective implementation of the next generation of programmes is therefore a high priority. This is a shared responsibility between the Commission, Member States, regional authorities and everyone involved in managing the EU budget.

It is also essential to strengthen the link between EU funding and respect for the rule of law. The EU is a Community based on the rule of law, which also means that independent courts at national and EU level are entrusted with watching over the respect of our jointly agreed rules and regulations, and of their implementation in all Member States. Respect for the rule of law is an essential precondition for sound financial management and effective EU funding. The Commission is therefore proposing a new mechanism to protect the EU budget from financial risks linked to generalised deficiencies as regards the rule of law.

THE EU BUDGET AND THE RULE OF LAW

Under current rules, all Member States and beneficiaries are required to show that the regulatory framework for financial management is robust, that relevant rules EU are being complied with and that the necessary administrative and institutional capacity is in place. The current Multiannual Financial Framework also contains provisions to ensure that the effectiveness of EU funding is not undermined by unsound economic and fiscal policies.

The Commission is now proposing to strengthen the protection of the EU budget from financial risks linked to generalised deficiencies as regards the rule of law in the Member States. If such deficiencies impair or threaten to impair sound financial management or the protection of the financial interests of the Union, it must be possible to draw consequences for EU funding. Any measure taken under this new procedure will need to be proportionate to the nature, gravity and scope of the generalised deficiencies in the rule of law. It would not affect the obligations of the Member States concerned with regard to beneficiaries.

The decision as to whether a generalised deficiency in the rule of law risks affecting the financial interests of the EU will be proposed by the Commission and adopted by the Council through reversed qualified majority voting[10]. It will take into account relevant information such as decisions by the Court of Justice of the European Union, reports from the European Court of Auditors, as well as conclusions of relevant international organisations. The Member State concerned will be given the opportunity to set out its reasoning before any decision is taken.

[10] Under reverse qualified majority voting, the Commission's proposal is deemed to be adopted by the Council unless it decides by qualified majority to reject the Commission's proposal.

3. A BUDGET FOR (8 5 2 3 (¶ 6 PRIORITIES

The future long-W H U P E X G J H W Z L O O E H D E X G J H W . The R U W K H & R P P L V V L R Q ¶ V brug the structure and the programmes of the EU budget fully into line with the positive agenda of the Union post-2020 as agreed in Bratislava and Rome. The new architecture of the future Multiannual Financial Framework will provide greater transparency on what the EU budget is for and how the different parts of the budget will contribute. It will also provide the flexibility necessary to respond to evolving needs.

Programmes will be arranged around the main thematic spending priorities. These will correspond to the headings in the formal budget structure. Within each priority, programmes will be grouped in policy clusters, which will be reflected in the titles of the annual budget. This will provide greater clarity on how they will contribute to policy goals.

, Q S U D F W L F H W K H I R U P D O V W U X F W X U H R I W K H E X G J H W P priorities are complex and multi-faceted. It would not be possible to tackle every aspect with a V L Q J O H S U R J U D P P H 8 Q G H U W K H & R P P L V V L R Q ¶ V proposal, investment from multiple programmes will combine to address key crosscutting priorities such the digital economy, sustainability, security, migration, human capital and skills, as well as support for small businesses and innovation. The Commission proposes to simplify these interactions under the future framework, providing a much more F R K H U H Q W U H V S R Q V H The following sections set out the main reforms and programmes under each of the spending priorities.

More detailed information on the objectives, design and European added value of the individual programmes is contained in the Annex to this Communication.

The new Multiannual Financial Framework 2021-2027:
A Modern Budget for a Union that Protects, Empowers and Defends

I. SINGLE MARKET, INNOVATION & DIGITAL

1 Research & Innovation
- x Horizon Europe
- x Euratom Research & Training Programme
- x International Thermonuclear Experimental Reactor (ITER)

2 European Strategic Investments
- x InvestEU Fund
- x Connecting Europe Facility
- x Digital Europe Programme (including Cybersecurity)

3 Single Market
- x Single Market Programme (including Competitiveness and Small and Medium-Sized Enterprises – COSME, Food Safety, Statistics, Competition and Administrative Cooperation)
- x EU Anti-Fraud Programme
- x Cooperation in the Field of Taxation (FISCALIS)
- x Cooperation in the Field of Customs (CUSTOMS)

4 Space
- x European Space Programme

II. COHESION & VALUES

5 Regional Development & Cohesion
- x European Regional Development Fund
- x Cohesion Fund
- x Support to the Turkish Cypriot Community

6 Economic & Monetary Union
- x Reform Support Programme including the Reform Delivery Tool and the Convergence Facility
- x Protection of the Euro Against Counterfeiting

7 Investing in People, Social Cohesion & Values
- x European Social Fund + (including Integration of Migrants and Health)
- x Erasmus+
- x European Solidarity Corps
- x Justice, Rights & Values
- x Creative Europe (including MEDIA)

III. NATURAL RESOURCES & ENVIRONMENT

8 Agriculture & Maritime Policy
- x European Agricultural Guarantee Fund
- x European Agricultural Fund for Rural Development
- x European Maritime & Fisheries Fund

9 Environment & Climate Action
- x Programme for Environment & Climate Action (LIFE)

IV. MIGRATION & BORDER MANAGEMENT

10 Migration
- x Asylum & Migration Fund

11 Border Management
- x Integrated Border Management Fund

V. SECURITY & DEFENCE

12 Security
- x Internal Security Fund
- x Nuclear Decommissioning (Lithuania)
- x Nuclear Safety and Decommissioning (including for Bulgaria and Slovakia)

13 Defence
- x European Defence Fund
- x Connecting Europe Facility – Military Mobility

14 Crisis Response
- x Union Civil Protection Mechanism (rescEU)

VI. NEIGHBOURHOOD & THE WORLD

15 External Action*
- x Neighbourhood, Development and International Cooperation Instrument (including external aspects of migration)
- x Humanitarian Aid
- x Common Foreign & Security Policy
- x Overseas Countries & Territories (including Greenland)

16 Pre-Accession Assistance
- x Pre-Accession Assistance

VII. EUROPEAN PUBLIC ADMINISTRATION

17 European Public Administration
- x Administrative Expenditure, Pensions and European Schools

INSTRUMENTS OUTSIDE THE MFF CEILINGS

- x Emergency Aid Reserve
- x EU Solidarity Fund
- x European Globalisation Adjustment Fund
- x Flexibility Instrument
- x European Investment Stabilisation Function

*The European Peace Facility is an off-budget fund outside the Financial Framework

I. SINGLE MARKET, INNOVATION & DIGITAL

Investing in:

- Research and Innovation
- Key strategic infrastructure
- Strengthening the Single Market
- Strategic space projects

(XUROSH¶V IXWXUH SURVSHULW\ GHSHQGV RQ WKH LQYHVW
has long been a vital source of investment across Europe. Stepping up investment now in areas such as research, strategic infrastructure, digital transformation and the Single Market will be key to unlocking future growth and tackling common challenges such as decarbonisation and demographic change.

The new European research programme, Horizon Europe, will help Europe remain at the forefront of global research and innovation. As highlighted in the report of the High Level Group chaired by Pascal Lamy,[11] investment in research will allow the Union to compete with other developed and emerging economies, ensure a prosperous future for its citizens, and preserve its unique social model. Building on the success of Horizon 2020, the new programme will continue to promote research excellence and strengthen the focus on innovation, for instance through the development of prototypes, intangible assets, knowledge and technology transfer. A new European Innovation Council will provide a one-stop shop for high potential and disruptive innovators, aiming to make Europe a front runner in market-creating innovation.

Building on the success of the European Fund for Strategic Investments in catalysing private investments throughout Europe, the Commission proposes to set up a new, fully integrated investment fund, InvestEU. In this way, a relatively limited amount of public resources can be used to mobilise significant private resources for much needed investments. With the European Investment Bank Group as the main implementing partner and other partners such as National Promotional Banks contributing to the delivery, InvestEU will anchor all centrally managed financial instruments inside the EU in a single, streamlined structure. This new approach will reduce overlaps, simplify access to funding and reduce administrative burden. With a contribution from the EU budget of EUR 15.2 billion[12], InvestEU is expected to mobilise more than EUR 650 billion of additional investment across Europe.

Cross-border infrastructure is the backbone of the Single Market, helping goods, services, businesses and citizens to move freely across borders. Through the reformed Connecting Europe Facility, the Union will continue to invest in trans-European transport, digital and energy networks. The future programme will better exploit the synergies between transport, digital and energy infrastructure, for example through developing alternative fuels infrastructure or sustainable and smart grids underpinning the Digital Single Market and the Energy Union. Building on the successful approach of the current programming period, part

[11] See the report on "Investing in the European Future we want" "Report of the independent High Level Group on maximising the impact of EU Research and Innovation Programmes"

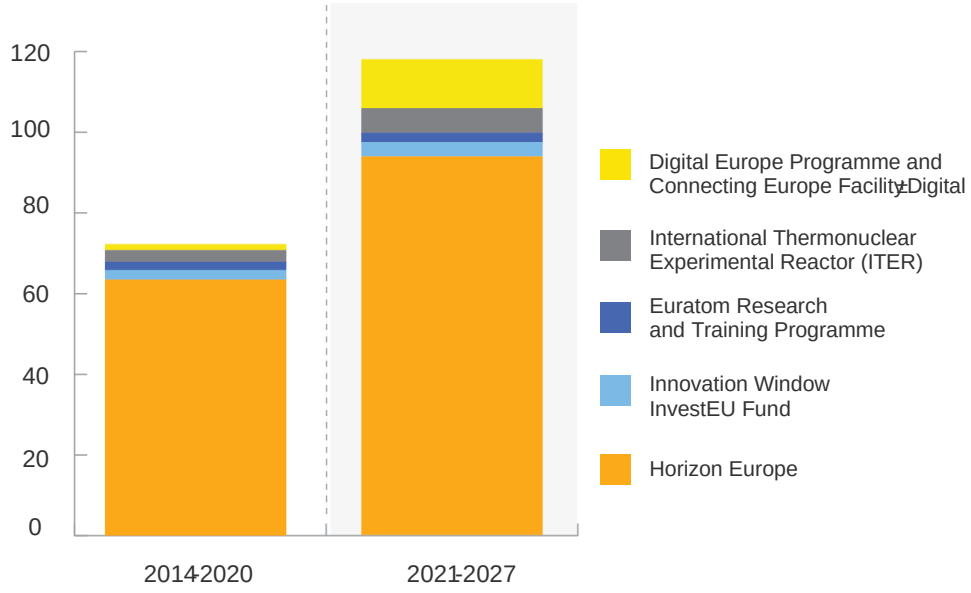
[12] Unless indicated otherwise, amounts presented in this Communication are in current prices. Figures expressed in current prices include the effect of inflation. They are calculated using a 2% annual inflation adjustment.

of the Cohesion Fund allocation (EUR 11.3 billion) will be transferred to the Connecting Europe Facility for transport projects offering high European added value.

In order to bridge the current digital investment gap, the Commission proposes to establish a new Digital Europe Programme to shape and support the digital transformation of (X U R S H ¶ V society and economy. Technological change and digitisation are changing our industries, societies, jobs and careers, as well as our education and welfare systems. By supporting strategic projects in frontline areas such as artificial intelligence, supercomputers, cybersecurity or industrial digitisation, and investing in digital skills, the new programme will help to complete the Digital Single Market, a key priority of the Union. The Commission proposes a combined increase of 64% in research, innovation and digital investment under direct management in the next Financial Framework. These investments will be complemented by research, innovation and digital projects supported by the European Structural and Investment Funds.

Investing in the future

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission

A fully integrated space programme will bring together all of our activities in this highly strategic field. This will provide a coherent framework for future investment, offering increased visibility and more flexibility. By improving efficiency, it will ultimately help roll out new space-driven services that will benefit all EU citizens. The EU budget will also continue to fund Europe's contribution to the development of the International Thermonuclear Experimental Reactor (ITER) project to develop a viable source of safe and environmentally friendly energy for the future.

The Commission is also proposing a new, dedicated programme to support the smooth running of the Single Market, Europe's best asset to generate growth in global markets.

and contribute to the development of a Capital Markets Union. Building on the success of the current programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), the Commission proposes to strengthen the support given to small business – the engine of our economy – to scale up and expand across borders. The new programme will help companies and consumers to better exploit the potential of the Single Market by putting in place information tools, developing standards, and supporting cooperation between administrations.

The Commission proposes to renew and reinforce the Customs programme, so as to support the further digitisation and modernisation of the customs union, which celebrates its 50th anniversary this year. In parallel, the Fiscalis programme will underpin deepened cooperation between tax administrations, including shared efforts to combat tax fraud and tax avoidance.

II. COHESION & VALUES

Investing in:

- Regional development and cohesion
- Completing the Economic and Monetary Union
- People, social cohesion and values

Economic and social conditions across Europe are improving and employment is strong in many parts of the Union. However, the effects of the economic crisis are still being felt in some parts of Europe. Some regions have fallen further behind, partly due to the effects of globalisation and the digital transformation. Significant disparities persist in the Union and societies face a range of new challenges. The EU budget plays a crucial role in contributing to sustainable growth and social cohesion, and in promoting common values and a sense of belonging to the EU.

The Commission is proposing to modernise and strengthen Cohesion Policy[13]. Working together with other programmes, the funds will continue to offer essential V X S S R U W W R (X U R Member States and regions. The aim is to drive up convergence, to help reduce economic, social and territorial disparities within Member States and across Europe, as well to support delivering on the political priorities agreed in Bratislava and Rome.

Cohesion Policy will play an increasingly important role in supporting the ongoing economic reform process in the Member States. The Commission proposes to strengthen the link between the EU budget and the European Semester of economic policy coordination, which takes regional specificities into account. The Commission will propose dedicated investment-related guidance alongside the annual Country-Specific Recommendations, both ahead of the programming process and at-term to provide a clear roadmap for investment in reforms that hold the key to a prosperous future.

Economic and social conditions differ significantly between regions. Whereas there has been important upward convergence in many areas, some regions have actually diverged in recent years, even in relatively richer countries. This evolution should be reflected in Cohesion Policy, so that no region is left behind. The relative per capita gross domestic product will

[13] Cohesion Policy is delivered through three main funds, the European Fund for Regional Development, the European Social Fund and the Cohesion Fund.

remain the predominant criterion for the allocation of funds – as the main objective of Cohesion Policy is and will remain to help Member States and regions lagging economically or structurally behind to catch up with the rest of the EU – while other factors such as unemployment (notably youth unemployment), climate change and the reception/integration of migrants will also be taken into account. The Commission also proposes to increase national co-financing rates to better reflect today's economic realities. This will have the benefit of increasing ownership at national level, sustaining larger investment volumes and improving their quality. Due consideration will be given to the specificities of the outermost regions and sparsely populated areas.

The new legal framework will also allow for more efficient links with other EU programmes. For example, Member States will be able to transfer some of their allocated funds to the InvestEU fund, in order to have access to the guarantee provided by the EU budget. They will also be able to fund "Seal of Excellence" projects identified by the Horizon Europe programme as internationally excellent projects in their regions. This will help ensure that investment in infrastructure is well-coordinated with other EU investment in crucial areas such as research and innovation, digital networks, decarbonisation, social infrastructures and skills.

As announced by the Commission in December 2017[14], the future of the EU budget cannot be separated from the goal to bring about a more stable and efficient Economic and Monetary Union, to the benefit of the Union as a whole. Under the Treaties, all Member States of the EU are part of the Economic and Monetary Union, also the Member States with a derogation or an opt out, which all participate therefore in the European Semester process. Under the Treaties, the euro is the currency of the EU, and economic convergence and stability are objectives of the Union as a whole. This is why the tools to strengthen the Economic and Monetary Union must not be separate but part and parcel of the overall financial architecture of the Union.

THE EU BUDGET AND THE ECONOMIC AND MONETARY UNION

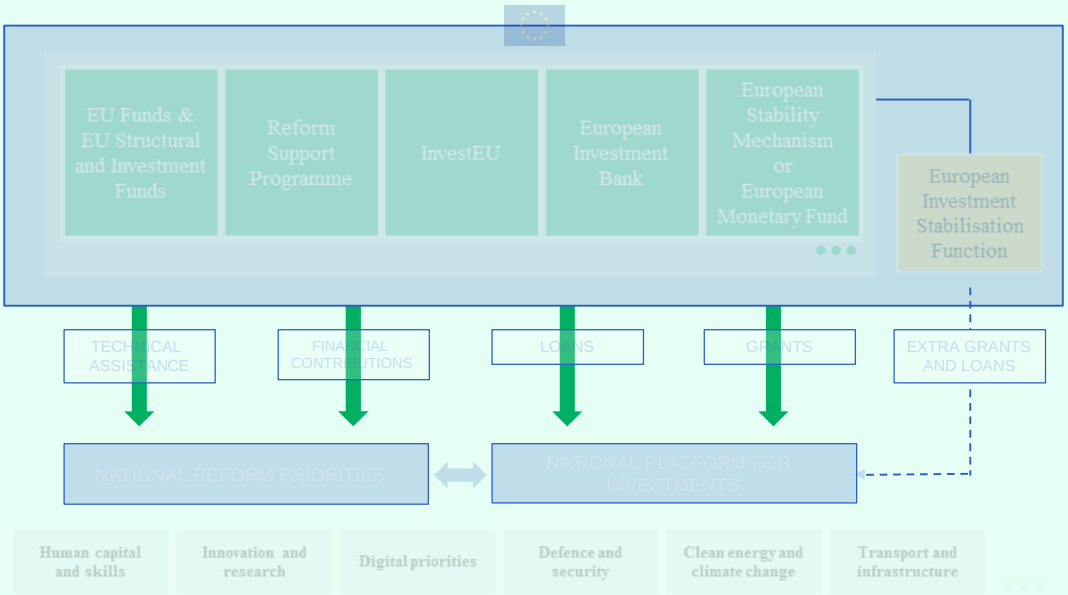
A stable euro area is a precondition for the financial stability and prosperity of the entire Union. As announced in the package "Deepening Europe's Economic and Monetary Union" of 6 December 2017, the Commission is proposing new budgetary instruments for a stable euro area and for convergence towards the euro area within the Union framework. These new instruments will complement other EU funds, including the European Structural and Investment Funds and InvestEU, in supporting economic convergence, financial stability, job creation and investment.

A new, strong Reform Support Programme will offer technical and financial support for reforms at national level with an overall budget of EUR 25 billion. This new programme will be separate but complementary to the future European Structural and Investment Funds. It will include a Reform Delivery Tool providing financial incentives across all Member States for key reforms identified as part of the European Semester. It will focus on those reforms that can contribute most to making domestic economies more robust and that have positive spill-over effects on other Member States. These include reforms in product and labour markets, education, tax reforms, the development of capital markets, reforms to improve the business environment as well as investment in human capital and public administration reforms. This new programme will also include a dedicated Convergence Facility to support non-euro area Member States seeking to adopt the single currency during the period of the next Multiannual Financial Framework. Allocations foreseen for the Convergence Facility will be transferred to the Reform Delivery Tool if by the end of 2023 an eligible Member State has not taken the necessary steps to claim support from the Convergence Facility. Participation in all three legs of the Reform Support Programme will be voluntary and Member States will keep full ownership of the reforms carried out.

[14] COM(2017) 822.

A new European Investment Stabilisation Function will complement existing instruments at national and European level to absorb large asymmetric macroeconomic shocks in the euro area. As shown in the recent crisis, national automatic stabilisers alone may not be sufficient to cope with large asymmetric shocks and the cuts in investment that often result. In addition to the existing mechanisms, it is proposed that the EU budget will guarantee loan-back loans of up to EUR 30 billion. The loans will be available to Member States complying with strict eligibility criteria for sound fiscal and economic policies. The European Investment Stabilisation Function will also provide an interest rate subsidy in order to provide the necessary funding for national budgets to maintain investment levels. This subsidy will be financed from contributions from euro area Member States equivalent to a share of monetary income (seigniorage). The European Investment Stabilisation Function could be complemented over time by additional sources of financing outside the EU budget, such as an insurance mechanism financed from voluntary contributions by Member States as well as a possible role for the European Stability Mechanism and for the future European Monetary Fund. The European Investment Stabilisation Function will be open to non-euro area Member States if they contribute to its financing according to the European Central Bank capital subscription key.

New budgetary instruments for a stable euro area within the Union



Source: European Commission, Update of COM(2017) 822

The EU budget also has a vital role to play in delivering on the promises made by Leaders at the Gothenburg Social Summit in November 2017. This means strengthening the social dimension of the Union, including through the full implementation of the European Pillar of Social Rights. Within Cohesion Policy, a strengthened and restructured European Social Fund will amount to around EUR 100 billion over the period, representing a share of about 27% of cohesion expenditure. It will provide targeted support to youth employment, and re-skilling of workers, social inclusion and poverty reduction. To maximise the impact of funding in this area, the Commission proposes to pool the resources of the European Social Fund, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the Employment and Social Innovation programme and the Health programme into one comprehensive instrument.

The Commission proposes to ³ \ R Q W U R Q J H U in the next Financial Framework. This will be achieved by more than doubling the size of Erasmus+ and the European Solidarity Corps. The Erasmus+ programme, one of W K H 8 QLR QLV most visible success stories, will continue to create opportunities for education and mobility of young people. The focus

will be on inclusiveness, and to reach more young people from disadvantaged backgrounds. This will allow more young people to move to another country to learn or work. A more powerful Erasmus+ programme will reach a size of EUR 30 billion over the period and also include an amount of EUR 700 million for Interrail passes for young people. The Commission also proposes to establish a single European Solidarity Corps, integrating the existing EU Aid Volunteers programme. This will offer European citizens a unique opportunity to engage in humanitarian activities with people in need within and outside Europe.

The Commission proposes a new Justice, Rights and Values Fund, comprising the Rights and Values and Justice programmes. At a time where European societies are confronted with extremism, radicalism and divisions, it is more important than ever to promote, strengthen and defend justice, rights, and EU values, which have profound and direct implications for political, social, cultural and economic life in Europe: respect for human dignity, freedom, democracy, equality, the rule of law and human rights. Creating opportunities for engagement and democratic participation in political and civil society are essential tasks for the future EU budget. As part of the new Fund, the Justice Programme will continue to support the development of an integrated European justice area and cross-border cooperation.

Culture is and must be at the heart of the European project. Cultural and linguistic diversity as well as our cultural heritage are the defining characteristics of our continent and our European identity. Through the Creative Europe programme, the Commission wants to place a strong emphasis in the next budget on support for culture and the audiovisual sector, including with a strong MEDIA strand with reinforced funding to support the European creative and audiovisual industry.

7KH (8¶V FULVLV PDQDJHPHQW WRROVW KDYH SURYHG WKHLU YDOXH LQ UHFHQW \HDUV &RXWVLGH WKH EU budget, the Commission proposes to maintain and reinforce the European Union Solidarity Fund, which supports Member States in recovering after severe natural disasters, and the European Globalisation Adjustment Fund, which offers one-off assistance to workers who have lost their jobs in the context of a significant number of unexpected dismissals caused by the adverse effects of developments in global trade and economic disruption.

III. NATURAL RESOURCES & ENVIRONMENT

Investing in:

- Sustainable agriculture and maritime sectors and a safe, healthy food supply
- Climate action and environmental protection

Sustainability is a common thread through the work of the Union in many different areas. This is both by necessity and by choice. Through modernised agricultural and maritime policies, dedicated funding for climate action and environmental protection, the mainstreaming of climate across the budget and enhanced integration of environmental objectives, the EU budget is a driver of sustainability.

The Commission is proposing a reformed, modernised Common Agricultural Policy. This will allow a fully integrated Single Market for agricultural goods in the EU to be maintained. It will also ensure access to safe, high quality, affordable, nutritious and diverse food. The reformed policy will place greater emphasis on the environment and climate. It will support the transition towards a fully sustainable agricultural sector and the development of vibrant rural areas.

The reformed policy will, with EUR 365 billion[15], continue to be built around two pillars: direct payments to farmers and rural development funding. For the latter, the Commission proposes to increase national co-financing rates. Management will be shared between the EU and the Member States. The Commission proposes to introduce a new delivery model, shifting IURP WRGD\¶V-based policy to a results-oriented policy to deliver on common objectives set at EU level, but more flexibly implemented at national level.

Direct payments to farmers will remain an essential part of the policy, but will be streamlined and better targeted. A more balanced distribution will be promoted and a compulsory cap on amounts received or degressive payments will be introduced at farm level. This will mean that support is redistributed towards medium-sized and smaller farms, and possibly to rural development. Direct payment levels per hectare between Member States will continue to converge towards the EU average.

The new policy will require a higher level of environmental and climate ambition by strengthening conditionality for direct payments, consistent with environmental policies, ring-fencing a significant part of rural development funding for actions beneficial to the climate and the environment and introducing voluntary eco-schemes in the budget for direct payments within a performance-based and strategic framework.

In order to address crises generated by unforeseeable developments in international markets or by a specific shock to the agricultural sector due to actions undertaken by third countries, a new crisis reserve will be established.

Through the European Maritime and Fisheries Fund, the EU budget will continue to support a sustainable EU fisheries sector and the coastal communities dependent on it. Promoting the blue economy in fisheries and aquaculture, tourism, clean ocean energy or blue biotechnology, provides real European added value by encouraging governments, industry and stakeholders to develop joint approaches to drive growth, while safeguarding the marine environment.

The Commission proposes to continue and strengthen the well-established programme for the environment and climate action, LIFE, which will also support measures promoting energy efficiency and clean energy. To supplement targeted nature preservation efforts, the Commission is also reinforcing the synergies with Cohesion Policy and the Common Agricultural Policy to finance investment in nature and biodiversity.

More broadly, in line with the Paris Agreement and the commitment to the United Nations Sustainable Development Goals, the Commission proposes to set a more ambitious goal for climate mainstreaming across all EU programmes, with a target of 25% of EU expenditure contributing to climate objectives.

[15] In addition, an amount of EUR 10 billion will be foreseen in Horizon Europe to support research and innovation in food, agriculture, rural development and the bioeconomy.

IV. MIGRATION & BORDER MANAGEMENT

Investing in:

- A comprehensive approach to managing migration
- Strengthening the management of external borders

The challenges of managing refugee flows and migration confirm the need for action at European level. The EU budget played a key role in funding a common response to the various dimensions of the migration crisis. The Commission proposes to increase support to strengthen our external borders, to improve the asylum system within the Union, and to step up the management and long-term integration of migrants.

The effective protection of our external borders is a prerequisite for ensuring a safe area for the free movement of persons and goods within the Union. This includes the proper management of flows of persons and goods and safeguarding the integrity of the customs union. A new integrated Border Management Fund will provide vital and reinforced support to Member States in the shared responsibility of securing the common external borders of the Union. The Fund will cover border management, visa and customs control equipment. It will help ensure equivalence in the performance of customs controls at the external borders. This will be achieved by addressing the current imbalances between Member States due to geographical, capacity and resource differences. This will not only strengthen customs controls but also facilitate legitimate trade, contributing to a secure and efficient customs union.

In an increasingly interconnected world and given the demographic dynamics and instability in Europe's neighbourhood, migration will continue to remain a long-term challenge for the Union. It is clear that this can be better managed by Member States with the financial and technical support of the EU. The role of the Union budget is therefore pivotal in supporting the management of asylum seekers and migrants, in developing search and rescue capacities to save the lives of those attempting to reach Europe, in making effective returns and in other actions that need a coordinated response beyond the capacity of individual Member States.

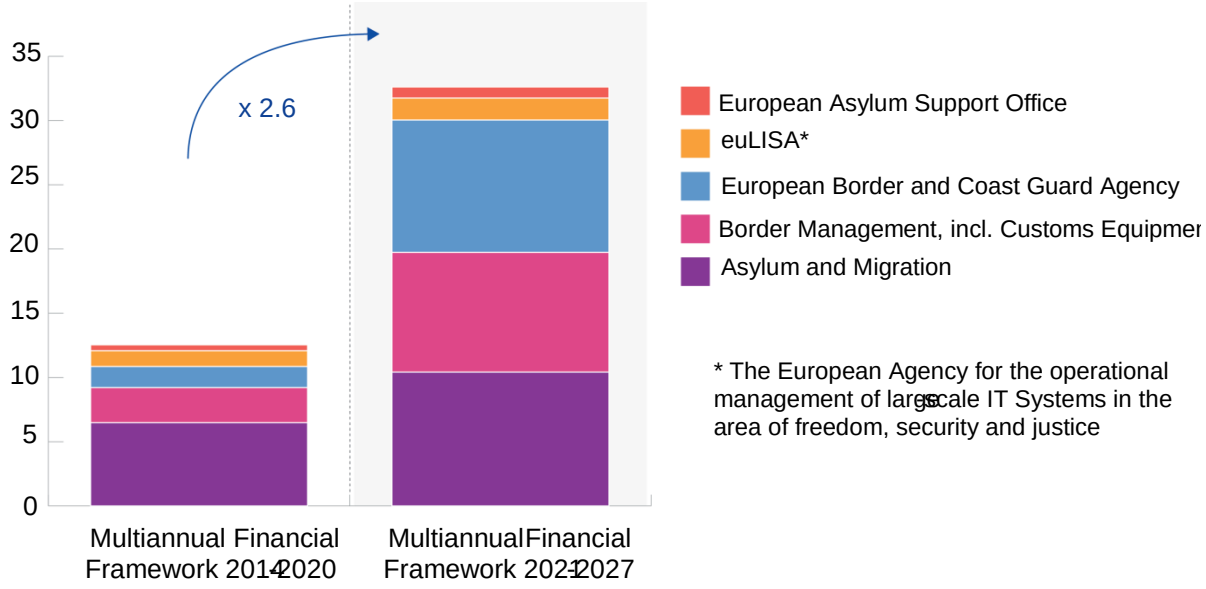
The Commission proposes to reinforce the Asylum and Migration Fund to support the work of national authorities to provide reception to asylum seekers and migrants in the period immediately after arrival on EU territory, as well as developing a common asylum and migration policy and ensuring effective returns. Cohesion Policy will provide support to facilitate the long-term integration after the initial phase of reception. The instruments under the external policy will address the root causes of migration and support cooperation with third countries on migration management and security, thus contributing to the implementation of the Partnership Framework on migration.

These efforts need to be complemented by a strong and fully operational European Border and Coast Guard (FRONTEX) at the core of a fully integrated EU border management system. The Commission proposes to create a standing corps of around 10,000 border guards by the end of the financial period. It will also provide financial support and training for the increase of the national border guard component in Member States. This will also allow for the stepping up of operational capacity, the reinforcement of existing tools and the development of EU wide information systems for borders, migration management and security.

Overall, the EU budget for the management of external borders, migration and refugee flows will be significantly reinforced, totalling nearly EUR 33 billion, compared to EUR 12.4 billion for the period 2014-2020.

A strong focus on migration and protecting our external border

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission

V. SECURITY & DEFENCE

Investing in:

- The security and safety of Europe's citizens
- Improving Europe's defence capacities
- Response to crisis

Over recent years, security threats have intensified and diversified in Europe. They have come in the form of terrorist attacks, new types of organised crime, as well as cybercrime. Security has an inherently cross-border dimension and therefore a strong coordinated EU response is required. Beyond internal security challenges, Europe faces complex external threats that no Member State can meet on its own. To be ready to protect its citizens, Europe needs a step change to enhance its strategic autonomy and to build well-designed and streamlined instruments in relation to defence.

The Commission proposes to reinforce the Internal Security Fund in order to develop networks and common systems for efficient cooperation between national authorities and to improve the capacity of the Union to face these security threats. This will be complemented by efforts to strengthen cybersecurity in all relevant programmes focused on digital technologies, infrastructures and networks, research and innovation as well as targeted defence against cybercrime, notably through the Digital Europe Programme and Horizon Europe.

The Commission also proposes to reinforce the European Union Agency for Law Enforcement Cooperation (Europol). This will increase its ability to support the work of national authorities and provide a European response to security threats.

The Union will continue to provide strictly targeted financial support for the decommissioning and safety of nuclear activities in some Member States (Lithuania, Bulgaria and Slovakia), as well as its own nuclear installations. The EU budget will also provide lasting support for the health of workers and the general public, preventing environmental degradation and contributing to nuclear safety and security.

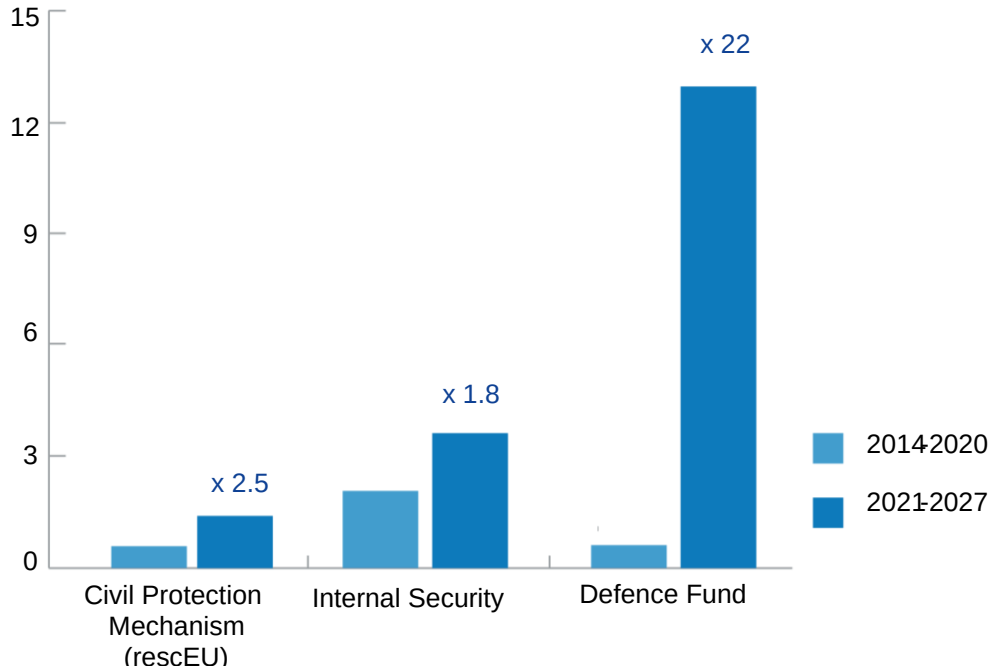
In the area of defence, the Union will need to take greater responsibility for protecting its interests, values and the European way of life, complementing the work of the North Atlantic Treaty Organisation. While Europe cannot substitute Member States' efforts in defence, it can encourage and leverage their collaboration in developing the defence capabilities needed to address common security challenges. The Commission proposes a strengthened European Defence Fund that will aim to foster the competitiveness and innovative capacity of the defence industry throughout the Union by supporting collaborative actions at each stage of the industrial cycle, starting with research. This will avoid duplication, allow for economies of scale and ultimately result in a more efficient use of taxpayers' money. In addition, the Commission proposes that the Union enhances its strategic transport infrastructures so as to make them fit for military mobility , through the Connecting Europe Facility.

Developments in recent years have shown that the Union must be able to deploy operational assistance rapidly to deal with unexpected developments, natural and man-made disasters. This is why the Commission is proposing to increase the resources available for crisis response. This will be achieved through a reinforced Civil Protection Mechanism (rescEU) and an enlarged Emergency Aid Reserve, to provide financial means above the ceilings set in the Financial Framework in case of emergencies inside and outside the Union. The Commission also proposes maintaining unallocated reserves in certain programmes, such as

the Asylum and Migration Fund and the Internal Security Fund, to be used in the event of crisis and emergency situations.

A step change for security and defence

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission

VI. NEIGHBOURHOOD & THE WORLD

Investing in:

- 7 K H 8 Q L R Q ¶ V H [W H U Q D O D , W L R Q L Q L W V Q H , including those defined in the Global Strategy for the EU Foreign and Security Policy, the reviewed European Neighbourhood Policy, and the new European Consensus on Development, require a significant modernisation of the external dimension of the budget to increase its effectiveness and visibility. Stronger co-ordination between external and internal policies also needed with a view to implementing the Sustainable Development Goals and the Paris Climate Agreement, as well as the Partnership Framework with third countries on migration.

The Commission is therefore proposing a major restructuring R I W K H 8 Q L R Q ¶ V H [W H U instruments to provide more coherence between instruments, to exploit economies of scale and synergies between programmes and to simplify processes. This will make the Union better equipped to pursue its goals and project its interests, policies and values globally.

The proposed new architecture for the Union's external action instruments reflects the need to focus on strategic priorities both geographically – the European Neighbourhood, Africa and the Western Balkans, as well as countries that are fragile and most in need, also but thematically – security, migration, climate change and human rights.

The Commission proposes to bring together most of its existing instruments into a broad Neighbourhood, Development and International Cooperation Instrument with worldwide coverage. The financial architecture will be further simplified via the integration of the European Development Fund, to date the EU's main instrument for providing assistance to African, Caribbean and Pacific countries and to overseas countries and territories.[16]

The broad instrument will have ring-fenced budget allocations per geographical region, including the Neighbourhood and Africa. At the same time it will offer more flexibility in responsiveness and a wider range of options for actions to better serve the Union's priorities. This will also include a ³emerging challenges and priorities cushion´ to allow for flexibility in response to existing or emerging urgent priorities, notably in the areas of stability and migration.

Building on the European External Investment Plan and its European Fund for Sustainable Development, a new external investment architecture will allow for the ³crowding-in´ of additional resources from other donors and from the private sector. This will help to address development challenges, by complementing grants with budget guarantees, other market-based instruments, technical assistance, ³blending´, and possible participation in the capital of development financial institutions, allowing to further advance the Union's objectives and policies. In addition, macrofinancial assistance will contribute to addressing economic crises.

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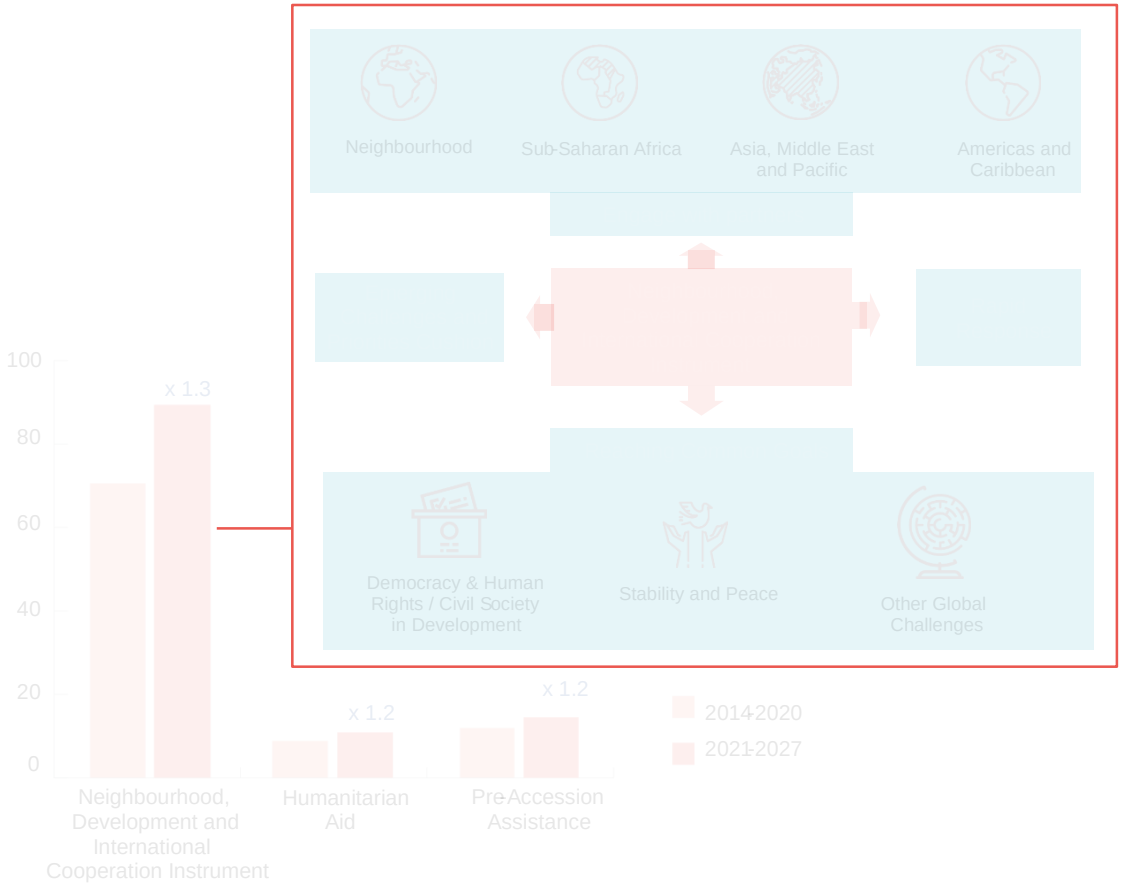
[16] The Commission proposal for the integration of the European Development Fund is among the elements requiring an increase of the Own Resources ceiling. It will in addition be essential that the rules governing the Neighbourhood, Development and International Cooperation Instrument include similar flexibility provisions to those in place for the current European Development Fund.

The Instrument for Pre-Accession Assistance will support candidate countries and potential candidates on their path to fulfilling the accession criteria. It will moreover contribute to the achievement of broader European objectives of ensuring stability, security and prosperity in the immediate neighbourhood of the Union. It will also be positioned in the context of the Western Balkans Strategy and will reflect the developments in relations with Turkey.

Together with its international partners and action by Member States, the Union will continue to play a leading role in humanitarian assistance. The Commission proposes a strengthened Humanitarian Aid instrument to provide needs-based delivery of EU assistance to save and preserve lives, prevent and alleviate human suffering, and safeguard the integrity and dignity of populations affected by natural disasters or man-made crises.

Europe as a strong global player

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27, including the European Development Fund (estimate)

Source: European Commission

The Union must also contribute to the prevention of crisis, restoration of peace, public order, or stabilisation of all countries or regions in the world faced with conflict or disorder. Under the Treaties, the EU budget is not able to cover all EU areas of action in the field of external security and defence. This has hampered the impact, effectiveness and sustainability of the overall EU action. To address this, the High Representative of the Union for Foreign Affairs and Security Policy, with the support of the Commission, will propose a separate extra-budgetary funding mechanism, the European Peace Facility. This Facility aims to close the current gap in the EU's ability to conduct Common Security and Defence Policy missions and

to provide military and defence assistance to relevant third countries, international and regional organisations. The Facility will allow the Union to do more and to act more swiftly to prevent conflicts, promote human security, address instability and work towards a safer world

VII. EUROPEAN PUBLIC ADMINISTRATION

Investing in:

- An efficient and modern public administration at the service of all Europeans

The European public administration is small in comparison with national and even many regional and local administrations. However, it plays a crucial role in helping the Union to deliver on its priorities and to implement policies and programmes in the common European interest.

In recent years, the European administration has undergone deep reform. As part of the agreement on the current Multiannual Financial Framework in December 2013, some of the staff regulations introduced significant efficiency measures[17]. In addition, institutions undertook to reduce staffing levels by 5%. The Commission has implemented this commitment in full and other institutions, bodies, and agencies are implementing this reduction. O H D G L Q J W R D G H F U H D V H R I W K H U H O D W L Y H V K D U bodies. The Court of Auditors has recently concluded that the reduction has broadly been achieved by all institutions and bodies.

It should be noted that these reforms were made at a time when the Union ¶ V V H U Y L C E W D L to intensify work, take on new tasks in new priority areas, and address unforeseen challenges such as the migration and refugee crises.

The European public administration should seek to operate as efficiently as possible. The Commission is continually seeking to make the most of synergies and efficiencies. However, the administration must be adequately resourced to deliver on its essential functions. There need to invest in information technologies and the upgrading of buildings will disappear in the future. The withdrawal of the United Kingdom will result in a limited reorientation of some functions within the administration but the scope of activities will not change and in some new priority areas will be intensified. Translation and interpretation services in the English language will also remain unaffected.

The ceiling set for the Union ¶ V administrative expenditure in 2020 represents 6.7% of the overall Multiannual Financial Framework. This covers the administrative expenditure of all EU institutions, pensions and the costs of the European Schools. Following the significant efforts made notably by the Commission in the current period, a further reduction would call into question the functioning of the EU institutions and efficient policy delivery and implementation. A strong European Union with many additional tasks entrusted to it by the Member States needs an efficient and agile civil service, capable of attracting talented

[17] These reforms included a two-year salary freeze accompanied by an increase of working time to 40 hours a week without compensation, the creation of a more moderate salary scale for secretarial and clerical jobs, and the reduction of annual leave. The reform also substantially affected pensions by means of a reduction in end-of-career salaries, a higher retirement age and reduction of the pension accrual rate.

people from all Member States to work for the benefit of all Europeans. The Commission therefore proposes to maintain the situation of administrative spending at its current level[18].

4. MATCHING PRIORITIES WITH RESOURCES

To turn the political priorities agreed at EU level into results on the ground, well-designed programmes must be equipped with sufficient resources to make a difference. As explained in WKH &RPPLVVLRQ¶V FRQWULEXWLRQ WR WKH ,QIRUPDO ¶Meeting in February[19], decisions taken on levels of financing for the future long-term budget cannot be separated from the 8QLRQ¶V DPELWLRQV LQ HDFK RI WKH SULRULW\ DUHDV

7KH &RPPLVVLRQ¶V SURSRVDOV DUH EDVHG RQ D ULJRUR needed to deliver efficiently RQ WKH goals, RQ¶V goals and of the efficiency and added value of spending in each area. Through well-designed programmes, efficient implementation and intelligent combination with other sources of financing, even a modest EU budget can have a significant impact. However, there are limits to what this can achieve and, if Europe wants to move forward together on its positive agenda, it will require a budget to match.

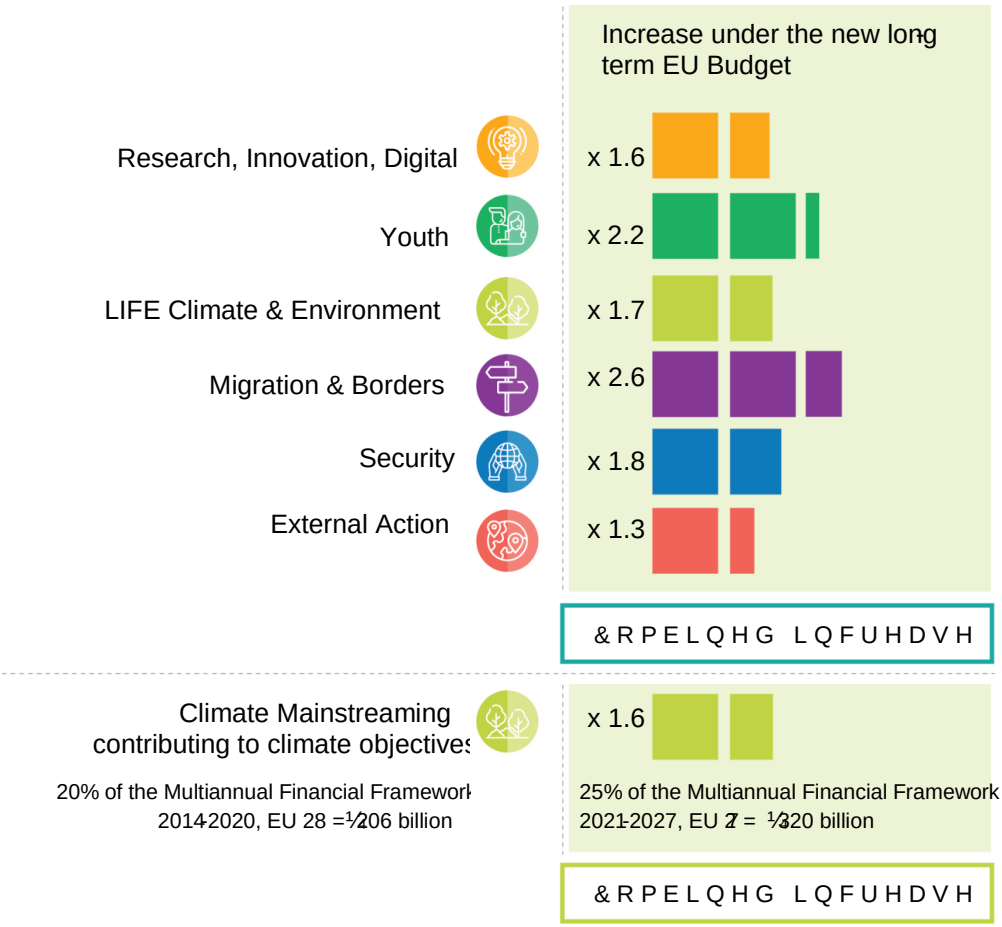
The key challenge for the future EU budget is to provide adequate support for new and existing priorities while also addressing the shortfall in national contributions resulting from the United Kingdom¶V ZLW.KGUDZDO. The Commission proposes a balanced approach. New priorities should be financed predominantly by new resources. The shortfall arising from the 8QLWHG .LQJGRP¶V GHSDUWXUH should be partly matched by new resources and partly by savings and redeployments from existing programmes.

In order for the EU budget to make a meaningful contribution in many of the new priority areas, in particular where new instruments are being created, current levels of funding will need to be increased. Investing now in areas such as research and innovation, young people and the digital economy will pay rich dividends for future generations. This is why the Commission proposes significant increases in priority areas.

[18] In the framework of the mid-term review of the Multiannual Financial Framework in 2023, the Commission will reflect on the feasibility of the creation of a capital-based pension fund for EU staff.

[19] COM(2018) 98.

New and reinforced priorities for the Union at 27



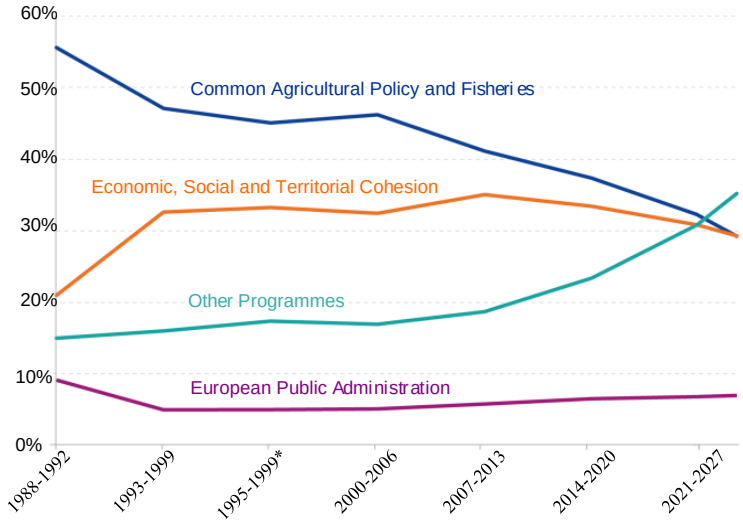
Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27, including the European Development Fund (estimate)

Source: European Commission

At the same time, the Commission has critically examined where savings can be made without undermining the added value of EU programmes. As part of this effort, the Commission proposes that the budget allocation to the Common Agricultural Policy and Cohesion Policy be moderately reduced to reflect the new context and to free up resources for other activities. The modernisation of these policies will allow them to continue to deliver on their core objectives while also contributing to new priorities. For example, Cohesion Policy will have an increasingly important role to play in supporting structural reform and the integration of migrants.

The result of these changes will be a rebalancing of the budget and an increasing focus on the areas where the European added value is highest.

Evolution of main policy areas in the EU budget



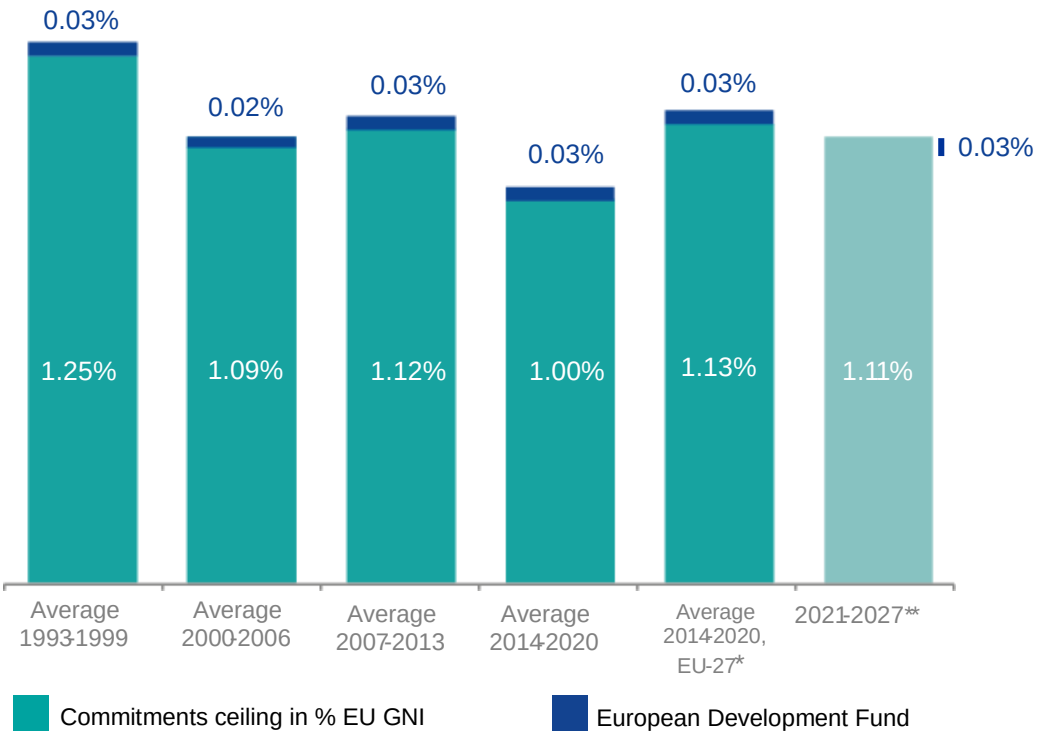
*Adjusted for 1995 enlargement

Source: European Commission

Overall, through a combination of additional contributions and savings, the Commission proposes a Multiannual Financial Framework of EUR 1,279 billion in commitments over the period 2021-2027, equivalent to 1.114% of the EU-27 gross national income. This is comparable to the size of the current Financial Framework in real terms including the European Development Fund.[20]

[20] The European Development Fund corresponds to around 0.03% of the EU-27 gross national income

The size of the EU budget as a percentage of gross national income (GNI)



*2014-2020 estimated commitments
(UK expenditure excluded) in % EU27 GNI
** European Development Fund integrated (budgetised)

This level of commitments translates into EUR 1,246 billion in payments, corresponding to 1.08% of the EU-27 gross national income, to implement the current and future spending programmes until 2027. In order to ensure compliance with the own resources ceiling in force, in particular in the first two years of the next Multiannual Financial Framework, the Commission proposes a reduction of the pre-financing rate for Cohesion Policy and rural development programmes.

The proposed Financial Framework will run for seven years, from 2021 to 2027, with a mid-term review in 2023. The Commission recognises the merit of progressively synchronising the duration of the Financial Framework with the five-year political cycle of the European institutions. However, moving to a five-year cycle in 2021 would not offer an optimal alignment[21]. The proposed seven-year cycle will give the Commission taking office following the European elections of 2024 the opportunity to present, if it so chooses, a new framework with a duration of five years, starting in 2028.

[21] (XURSHDQ 3DUOLDPHQW 5HVROXWLRQ RI 0DUFK RQ ³7KH Q 3UHSDULQJ WKH 3DUOLDPHQW¶V SRVLWLRQ- RQ´WKH QXW WLDQQXDO

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million - current prices)

Commitment appropriations	2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
1. Single Market, Innovation and Digital	25.421	25.890	26.722	26.604	27.000	27.703	28.030	187.370
2. Cohesion and Values	54.593	58.636	61.897	63.741	65.645	69.362	68.537	442.412
Of which: Economic, social and territorial cohesion	48.388	49.890	51.505	53.168	54.880	56.647	58.521	373.000
3. Natural Resources and Environment	53.403	53.667	53.974	54.165	54.363	54.570	54.778	378.920
Of which: Market related expenditure and direct payments	40.300	40.527	40.791	40.931	41.072	41.214	41.357	286.195
4. Migration and Border Management	3.264	4.567	4.873	5.233	5.421	5.678	5.866	34.902
5. Security and Defence	3.347	3.495	3.514	3.695	4.040	4.386	5.039	27.515
6. Neighbourhood and the World	15.669	16.054	16.563	17.219	18.047	19.096	20.355	123.002
7. European Public Administration	11.024	11.385	11.819	12.235	12.532	12.949	13.343	85.287
Of which: Administrative expenditure of the institutions	8.625	8.877	9.197	9.496	9.663	9.951	10.219	66.028
TOTAL COMMITMENT APPROPRIATIONS	166.721	173.694	179.363	182.892	187.047	193.743	195.947	1.279.408
as a percentage of GNI	1,12%	1,13%	1,13%	1,12%	1,11%	1,11%	1,09%	1,11%
TOTAL PAYMENT APPROPRIATIONS	159.359	163.969	177.350	180.897	184.515	188.205	191.969	1.246.263
as a percentage of GNI	1,07%	1,07%	1,12%	1,10%	1,09%	1,08%	1,07%	1,08%
Margin available	0,22%	0,22%	0,17%	0,19%	0,20%	0,21%	0,22%	0,21%
Own Resources ceiling as a percentage of GNI*	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%

*The percentages are without prejudice to the ceiling set out in the Own Resources Decision in force

OUTSIDE THE MFF CEILINGS								
Special Instruments:								
Emergency aid reserve	637	649	662	676	689	703	717	4.734
European Globalisation Adjustment Fund (EGF)	212	216	221	225	230	234	239	1.578
European Union Solidarity Fund (EUSF)	637	649	662	676	689	703	717	4.734
Flexibility instrument	1.061	1.082	1.104	1.126	1.149	1.172	1.195	7.889
European Investment Stabilisation Function*	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
European Peace Facility	800	1.050	1.300	1.550	1.800	2.000	2.000	10.500
TOTAL OUTSIDE THE MFF CEILINGS	3.347	3.648	3.950	4.253	4.557	4.812	4.868	29.434
TOTAL MFF + OUTSIDE THE MFF CEILINGS	170.068	177.341	183.313	187.145	191.604	198.555	200.816	1.308.843
as a percentage of GNI	1,14%	1,15%	1,16%	1,14%	1,13%	1,14%	1,11%	1,14%

* For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.
Current prices are calculated by applying annually a fixed deflator of 2% to the amounts in 2018 prices.

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million - 2018 prices)

Commitment appropriations	2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
1. Single Market, Innovation and Digital	23.955	23.918	24.203	23.624	23.505	23.644	23.454	166.303
2. Cohesion and Values	51.444	54.171	56.062	56.600	57.148	59.200	57.349	391.974
Of which: Economic, social and territorial cohesion	45.597	46.091	46.650	47.212	47.776	48.348	48.968	330.642
3. Natural Resources and Environment	50.323	49.580	48.886	48.097	47.326	46.575	45.836	336.623
Of which: Market related expenditure and direct payments	37.976	37.441	36.946	36.346	35.756	35.176	34.606	254.247
4. Migration and Border Management	3.076	4.219	4.414	4.647	4.719	4.846	4.908	30.829
5. Security and Defence	3.154	3.229	3.183	3.281	3.517	3.743	4.216	24.323
6. Neighbourhood and the World	14.765	14.831	15.002	15.290	15.711	16.298	17.032	108.929
7. European Public Administration	10.388	10.518	10.705	10.864	10.910	11.052	11.165	75.602
Of which: Administrative expenditure of the institutions	8.128	8.201	8.330	8.432	8.412	8.493	8.551	58.547
TOTAL COMMITMENT APPROPRIATIONS	157.105	160.466	162.455	162.403	162.836	165.358	163.960	1.134.583
as a percentage of GNI	1,12%	1,13%	1,13%	1,12%	1,11%	1,11%	1,09%	1,11%
TOTAL PAYMENT APPROPRIATIONS	150.168	151.482	160.631	160.631	160.631	160.631	160.631	1.104.805
as a percentage of GNI	1,07%	1,07%	1,12%	1,10%	1,09%	1,08%	1,07%	1,08%
Margin available	0,22%	0,22%	0,17%	0,19%	0,20%	0,21%	0,22%	0,21%
Own Resources ceiling as a percentage of GNI*	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%

*The percentages are without prejudice to the ceiling set out in the Own Resources Decision in force

OUTSIDE THE MFF CEILINGS								
Special Instruments:								
Emergency aid reserve	600	600	600	600	600	600	600	4.200
European Globalisation Adjustment Fund (EGF)	200	200	200	200	200	200	200	1.400
European Union Solidarity Fund (EUSF)	600	600	600	600	600	600	600	4.200
Flexibility instrument	1.000	1.000	1.000	1.000	1.000	1.000	1.000	7.000
European Investment Stabilisation Function*	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
European Peace Facility	753	970	1.177	1.376	1.567	1.707	1.673	9.223
TOTAL OUTSIDE THE MFF	3.153	3.370	3.577	3.776	3.967	4.107	4.073	26.023
TOTAL MFF + OUTSIDE THE MFF	160.258	163.836	166.032	166.179	166.803	169.465	168.033	1.160.606
as a percentage of GNI	1,14%	1,15%	1,16%	1,14%	1,13%	1,14%	1,11%	1,14%

* For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.

Recent experience has shown that flexibility within the framework is paramount. The numerous challenges that the Union has faced in recent years have stretched the existing flexibilities to their limits. The EU budget must be flexible enough to allow the Union to respond quickly and effectively to unforeseen needs. The Commission is therefore proposing to revamp the existing flexibility mechanisms and to introduce a 'Union Reserve'.

Flexibility within and between programmes. The Commission will propose built-in reserves to create flexibility within programmes. In addition, it is proposed that the amount that can be transferred from one programme to another within the same heading

will be increased from 10% to 15%. The Commission also proposes the possibility of ³EOHQGLQJ´ GLIIHUHQW IRUPV RI ILQDQFLDO VXSSRUW management, ³reprogramming´ funding at mid-term as well as specific revisions of national allocations to adjust to developments over the period. This will increase flexibility still further, while preserving the fairness of the system.

Flexibility between headings and years. Beyond ensuring sufficient unallocated margins, the Commission proposes to fully exploit the Global Margin for Payments introduced under the current framework. The Commission proposes to expand the size and scope of the Global Margin for Commitments in order to establish a ³Union Reserve´. This will be financed from margins left available under the ceilings for commitments of the previous financial year, as well as through funds that have been committed to the EU budget but ultimately not spent in the implementation of programmes. The Reserve is a powerful new tool to tackle unforeseen events and to respond to emergencies in areas such as security and migration. It will also help address the economic and social consequences of trade disruptions once other available instruments have been exploited.

³Special instruments´. The Commission has reviewed the scope of special instruments such as the Emergency Aid Reserve, the European Union Solidarity Fund and the European Globalisation Adjustment Fund. These instruments allow additional financial means to be entered in the EU budget over and above the ceilings set in the Financial Framework. The Commission proposes, where appropriate, to widen the scope of the instruments, for instance by allowing the activation of the Emergency Aid Reserve for emergencies inside the EU. The Commission also proposes to streamline the procedures for mobilising these instruments, and to increase the size of the flexibility instrument to EUR 1 billion (in 2018 prices[22]) per year.

5. A MODERN SYSTEM FOR FINANCING THE EU BUDGET

The spending and revenue side of the budget are two sides of the same coin. Both require modernisation to maximise the contribution RI WKH (8 EXGJHW WR WKH 8QLRQ priorities. In line with the recommendations of the High Level Group on Own Resources[23], the Commission proposes to modernise and simplify the existing Own Resources system and diversify the sources of revenue.

With the withdrawal of the United Kingdom, the associated budgetary rebate will end. The same is true for the rebates on the United Kingdom rebate that have been granted to some Member States. Rebates related to reduced call rates for the Value Added Tax-based Own Resource and the lump sum reductions for contributions based on gross national income will automatically expire at the end of 2020.

This presents an opportunity to simplify and reform the system, and to strengthen the alignment with Union policies and priorities. The Commission proposes to eliminate all corrections on the revenue side as part of a fair and balanced budget package. The collection costs retained by Member States from the traditional Own Resources will be restored from 20% to the original level of 10%, to better align financial support for customs equipment, staff

[22] EUR 1,127 billion in current prices

[23] 6HH WKH UHSRUW RQ ³)XWXUH ILQDQFLQJ RI WKH (8´ SUHVHQWHG jointly by the European Parliament, the Council and the European Commission and chaired by Mario Monti.

and information with the actual costs and needs. The impact of these measures in relation to the burden of customs control will be closely monitored.[24]

The elimination of all rebates and the reduction of collection costs for custom revenue will increase the fairness of the Multiannual Financial Framework. However, the elimination of rebates will entail significant increases of contributions for certain Member States in the next Multiannual Financial Framework compared to their current situation.

In order to avoid a significant and sudden increase in their contribution as of 2021 of these Member States, it is proposed to phase out the current rebates over time. For this purpose all corrections on the revenue side of the budget will be transformed into transparent lump sum payments per Member State. These lump sums should be gradually decreased over five years until the national contributions (measured in percent of gross national income) reach a fair level comparable to other Member States not benefiting from a rebate.

As part of the modernisation of the Own Resources system and in addition to the traditional customs duties and gross national income based contributions to the EU budget, the Commission proposes to simplify the current Value Added Tax based Own Resource, to base it on standard rated supplies only, while remaining fully compatible with the recent Commission proposal for a definitive Value Added Tax system in the EU. The Commission also proposes to forge a stronger link between W K H I L Q D Q F L Q J R I W K H E X G J H W policies by introducing a basket of new Own Resources. This basket is composed of a share of revenues from:

> Emissions Trading System: the European Emissions Trading System is a key tool of EU action to reduce greenhouse gas emissions cost-effectively and has a direct link with the functioning of the Single Market. The Commission proposes to allocate a share of 20% of the Emissions Trading System revenues to the EU budget, while protecting the correction mechanism already embedded in the system.
>
> The relaunched Common Consolidated Corporate Tax Base, to be phased in once the necessary legislation has been adopted. This will link the financing of the EU budget directly to the benefits enjoyed by companies operating in the Single Market.
>
> A national contribution calculated on the amount of non-recycled plastic packaging waste. This will create an incentive for Member States to reduce packaging waste and stimulate Europe¶s transition towards a circular economy by implementing the European plastics strategy.

On the basis of the Commission's proposals, the new Own Resources could contribute on average EUR 22 billion per year corresponding to about 12% of total EU budget revenue. The new Own Resources will contribute to financing the new priorities in the budget. This will also allow national contributions based on gross national income to be reduced accordingly.

The proposed reforms of the system of Own Resources are about changing the way the budget is funded, not about its overall size. Diversifying the sources of budgetary income will increase the resilience of the EU budget. Coupled with the gradual rebalancing of the budget from nationally allocated programmes towards new priorities, this will help to sharpen the focus on European added value and help ensure that both sides of the budget contribute to the 8 Q L R Q ¶ V S R O L W L F D O S U L R U L W L H V

[24] Member States with specific challenges with respect to customs control will be able to benefit from a strengthened CUSTOMS programme. Furthermore, the Integrated Border Management Fund, specifically with the new Customs Control Equipment component, will help national customs to procure equipment. Finally, the Structural Reform Support Programme will provide assistance in the field of improving administrative capacity of customs.

The integration of the European Development Fund into the EU budget will need to be accompanied by an increase in the ceilings established in the Own Resources decision. A sufficient margin between the payments and the own resources ceiling is necessary to ensure that the Union is able under any circumstances to fulfil its financial obligations, even in times of economic downturns. The Commission proposes to increase the own resources ceilings for payments and commitments to 1.29% and 1.35% of the EU-27 gross national income, respectively.

6. CONCLUSION ± A FRESH START FOR THE UNION AT 27

7 K H & R P P L V V L R Q¶ V S U R S R V D O V Q¶ V the future Multiannual Financial Framework are the beginning of a process that will determine whether the Union has the means to deliver on the positive agenda agreed in Bratislava and Rome. The final decision will fall to the Council, acting by unanimity, with the consent of the European Parliament.

A balanced agreement on a modern EU budget will show that the Union is united, reinvigorated and ready to move forward together.

The proposals are based on an honest assessment of the resources the Union will need to deliver on its collective ambitions. They offer a fair and balanced approach to the challenges of supporting political priorities and addressing the financial consequences of the withdrawal of the United Kingdom. They show how a reformed, simpler, and more flexible budget will allow the Union to put every euro to work for all Member States and all Europeans.

Building on these foundations, the Commission will present detailed proposals for the future financial programmes between 29 May and 12 June. It will then be for the European Parliament and the Council to take them further.

Negotiations on the current Multiannual Financial Framework took too long. As a result, the launch of key financial programmes was delayed. This was more than an administrative inconvenience. It meant that projects with real potential to spur the economic recovery were postponed and vital sources of funding took longer to reach those who needed it.

This is why it is our duty to all Europeans to approach the upcoming negotiations on the long-term EU budget with the clear objective of finding an agreement before the European Parliament elections and the /H D G H U V¶ Summit in Sibiu on 9 May 2019.

The Commission will do everything in its power to make a swift agreement possible. We are proposing today a fair and balanced package that, if agreed, will equip the Union at 27 with a budget that delivers efficiently for all. A positive budget for a positive agenda. A modern budget for a Union that protects, empowers and defends. A budget that will prepare our Union well for the future.

Overall levels of commitments per programme for the whole duration of the Multiannual Financial Framework

MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 (IN COMMITMENTS)

Current prices	2021	2022	2023	2024	2025	2026	2027	2021-2027
1. Single Market, Innovation and Digital	25,421	25,890	26,722	26,604	27,000	27,703	28,030	187,370
1. Research and Innovation	13,905	14,001	14,603	14,644	14,801	15,262	15,356	102,573
Horizon Europe	13,119	13,385	13,654	13,931	14,215	14,500	14,796	97,600
Of which under the InvestEU Fund	470	480	489	500	510	520	531	3,500
Of which research and innovation in food, agriculture, rural development and the bioeconomy	1,345	1,372	1,399	1,427	1,456	1,485	1,516	10,000
Euratom Research and Training Programme	322	328	335	341	349	356	369	2,400
International Thermonuclear Experimental Reactor (ITER)	934	768	1,103	872	746	926	722	6,070
Other	0.3	0.4	0.4	0.4	0.4	0.4	0.4	3
2. European Strategic Investments	6,825	7,107	7,244	6,988	7,129	7,269	7,411	49,973
InvestEU Fund	1,980	2,020	2,061	2,104	2,146	2,189	2,226	14,725
Connecting Europe Facility - Transport	1,725	1,760	1,795	1,831	1,869	1,906	1,944	12,830
Connecting Europe Facility - Energy	1,163	1,186	1,210	1,235	1,260	1,285	1,311	8,650
Connecting Europe Facility - Digital	403	411	420	428	437	445	456	3,000
Digital Europe Programme	1,338	1,513	1,538	1,167	1,190	1,213	1,237	9,194
Other	27	27	28	29	29	30	30	200
Decentralised agencies	189	190	192	195	198	202	207	1,374
3. Single Market	869	883	897	911	927	944	960	6,391
Single Market Programme (incl. COSME)	827	841	856	870	884	899	912	6,089
Of which under the InvestEU Fund	268	274	280	286	291	297	304	2,000
EU Anti-Fraud Programme	24	24	25	26	26	27	29	181
Cooperation in the field of taxation (FISCALIS)	34	34	36	37	40	43	46	270
Cooperation in the field of customs (CUSTOMS)	127	130	133	136	138	141	144	950
Other	13	13	14	14	14	15	15	98
Decentralised agencies	112	113	114	115	116	117	118	804
4. Space	2,180	2,224	2,270	2,319	2,366	2,414	2,463	16,235
European Space Programme	2,149	2,192	2,238	2,286	2,331	2,378	2,426	16,000
Decentralised agencies	31	32	32	33	34	36	37	235
Margin	1,642	1,675	1,708	1,743	1,778	1,813	1,839	12,198
2. Cohesion and Values	54,593	58,636	61,897	63,741	65,645	69,362	68,537	442,412
5. Regional Development and Cohesion	35,436	36,539	37,725	38,946	40,203	41,502	42,888	273,240
European Regional Development Fund	29,440	30,328	31,280	32,260	33,268	34,308	35,426	226,308
Cohesion Fund	5,964	6,178	6,412	6,653	6,901	7,158	7,427	46,692
Of which contribution to the Connecting Europe Facility - Transport	1,441	1,493	1,550	1,608	1,668	1,730	1,795	11,285
Support to the Turkish-Cypriot Community	32	33	34	34	35	36	36	240
6. Economic and Monetary Union *	1,350	3,653	4,956	4,659	4,162	5,165	1,168	25,113
Reform Support Programme (incl. Reform Delivery Tool and Covergence Facility)	1,335	3,637	4,940	4,643	4,146	5,149	1,151	25,000
Protection of the Euro Against Counterfeiting	1.0	1.1	1.1	1.1	1.1	1.1	1.2	8
Other	14	14	15	15	15	16	16	105
7. Investing in People, Social Cohesion and Values	17,197	17,823	18,582	19,489	20,620	22,022	23,798	139,530
European Social Fund+	13,141	13,545	13,978	14,424	14,882	15,356	15,848	101,174
Of which health, employment and social innovation	157	160	164	168	171	174	179	1,174
Erasmus+	2,959	3,143	3,441	3,882	4,513	5,408	6,654	30,000
European Solidarity Corps	148	153	161	172	187	207	232	1,260
Creative Europe	249	254	259	264	270	275	279	1,850
Justice, Rights and Values	134	135	135	136	136	136	135	947
Other	186	187	189	191	192	194	195	1,334
Decentralised agencies	379	406	419	420	440	447	454	2,965
Margin	610	621	634	647	660	673	683	4,528
3. Natural Resources and Environment	53,403	53,667	53,974	54,165	54,363	54,570	54,778	378,920
8. Agriculture and Maritime Policy	52,536	52,782	53,066	53,227	53,389	53,552	53,712	372,264
European Agricultural Guarantee Fund (EAGF)	40,300	40,527	40,791	40,931	41,072	41,214	41,357	286,195
European Agricultural Fund for Rural Development (EAFRD)	11,259	11,259	11,259	11,259	11,259	11,259	11,259	78,811
European Maritime and Fisheries Fund	827	843	860	877	895	913	926	6,140
Other	133	136	139	141	144	147	149	990
Decentralised agencies	17	17	18	18	19	19	20	128
9. Environment and Climate Action	744	759	780	807	840	882	928	5,739
Programme for Environment and Climate Action (LIFE)	703	718	738	765	799	840	887	5,450
Decentralised agencies	41	41	41	41	41	41	41	289
Margin	123	126	128	132	134	136	139	918
4. Migration and Border Management	3,264	4,567	4,873	5,233	5,421	5,678	5,866	34,902
10. Migration	1,040	1,563	1,585	1,741	1,763	1,785	1,803	11,280
Asylum and Migration Fund	923	1,445	1,464	1,617	1,637	1,657	1,672	10,415
Decentralised agencies	116	119	121	124	126	129	131	865
11. Border Management	1,917	2,689	2,968	3,165	3,324	3,552	3,716	21,331
Integrated Border Management Fund	786	1,337	1,353	1,436	1,453	1,470	1,483	9,318
Decentralised agencies	1,130	1,352	1,615	1,729	1,871	2,082	2,234	12,013
Margin	308	315	320	327	334	340	346	2,291
5. Security and Defence	3,347	3,495	3,514	3,695	4,040	4,386	5,039	27,515
12. Security	543	664	655	709	725	742	769	4,806
Internal Security Fund	228	344	349	388	393	398	401	2,500
Nuclear Decommissioning (Lithuania)	73	71	78	84	84	80	82	552
Nuclear safety and decommissioning (incl. for Bulgaria and Slovakia)	91	93	70	76	85	97	114	626
Decentralised agencies	152	155	158	161	164	168	171	1,128
13. Defence	2,373	2,391	2,410	2,528	2,847	3,166	3,785	19,500
European Defence Fund	1,500	1,500	1,500	1,600	1,900	2,200	2,800	13,000
Military Mobility	873	891	910	928	947	966	985	6,500
14. Crisis Response	187	192	196	200	204	208	212	1,400
Union Civil Protection Mechanism (rescEU)	187	192	196	200	204	208	212	1,400
Other	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Margin	244	248	253	258	264	269	273	1,809
6. Neighbourhood and the World	15,669	16,054	16,563	17,219	18,047	19,096	20,355	123,002
15. External Action	13,278	13,614	14,074	14,680	15,458	16,454	17,662	105,219
Neighbourhood, Development and International Cooperation Instrument	11,221	11,508	11,914	12,455	13,159	14,069	15,175	89,500
Humanitarian Aid	1,478	1,509	1,539	1,571	1,602	1,634	1,667	11,000
Common Foreign and Security Policy (CFSP)	348	361	380	408	446	496	560	3,000
Overseas Countries and Territories (including Greenland)	67	69	70	71	73	74	75	500
Other	143	146	150	153	156	159	164	1,070
Decentralised agencies	21	21	21	21	21	21	21	149
16. Pre-accession assistance	1,949	1,989	2,029	2,070	2,111	2,154	2,198	14,500
Pre-Accession Assistance	1,949	1,989	2,029	2,070	2,111	2,154	2,198	14,500
Margin	441	451	460	469	478	488	495	3,283
7. European Public Administration	11,024	11,385	11,819	12,235	12,532	12,949	13,343	85,287
European Schools and Pensions	2,398	2,508	2,622	2,739	2,869	2,998	3,124	19,259
Administrative expenditure of the institutions	8,625	8,877	9,197	9,496	9,663	9,951	10,219	66,028
TOTAL	166,721	173,694	179,363	182,892	187,047	193,743	195,947	1,279,408
In % GNI (EU-27)	1.12%	1.13%	1.13%	1.12%	1.11%	1.11%	1.09%	1.11%

* For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.

Current prices are calculated by applying annually a fixed deflator of 2% to the amounts in 2018 prices.

Overall levels of commitments per programme for the whole duration of the Multiannual Financial Framework

MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 (IN COMMITMENTS)

2018 prices	2021	2022	2023	2024	2025	2026	2027	2021-2027
1. Single Market, Innovation and Digital	23,955	23,918	24,203	23,624	23,505	23,644	23,454	166,303
1. Research and Innovation	13,103	12,935	13,226	13,004	12,885	13,026	12,849	91,028
Horizon Europe	12,362	12,365	12,367	12,370	12,375	12,376	12,381	86,596
Of which under the InvestEU Fund	443	443	443	444	444	444	444	3,105
Of which research and innovation in food, agriculture, rural development and the bioeconomy	1,267	1,268	1,267	1,267	1,268	1,267	1,269	8,873
Euratom Research and Training Programme	303	303	303	303	304	304	309	2,129
International Thermonuclear Experimental Reactor (ITER)	880	709	999	774	650	790	604	5,406
Other	0.3	0.3	0.3	0.3	0.3	0.3	0.3	2
2. European Strategic Investments	6,431	6,566	6,561	6,205	6,206	6,204	6,201	44,375
InvestEU Fund	1,866	1,866	1,867	1,868	1,868	1,868	1,862	13,065
Connecting Europe Facility - Transport	1,626	1,626	1,626	1,626	1,627	1,627	1,627	11,384
Connecting Europe Facility - Energy	1,096	1,096	1,096	1,097	1,097	1,097	1,097	7,675
Connecting Europe Facility - Digital	380	380	380	380	380	380	382	2,662
Digital Europe Programme	1,260	1,397	1,393	1,036	1,036	1,035	1,035	8,192
Other	25	25	25	25	25	25	25	177
Decentralised agencies	178	176	174	173	172	173	173	1,220
3. Single Market	818	815	812	809	807	806	804	5,672
Single Market Programme (incl. COSME)	779	777	775	772	770	767	763	5,404
Of which under the InvestEU Fund	253	253	254	254	254	254	254	1,774
EU Anti-Fraud Programme	23	23	23	23	23	23	24	161
Cooperation in the field of taxation (FISCALIS)	32	32	32	33	35	37	39	239
Cooperation in the field of customs (CUSTOMS)	120	121	121	121	121	121	121	843
Other	12	12	12	12	12	12	12	87
Decentralised agencies	106	104	103	102	101	100	98	714
4. Space	2,054	2,054	2,056	2,059	2,059	2,060	2,061	14,404
European Space Programme	2,025	2,025	2,027	2,030	2,030	2,030	2,030	14,196
Decentralised agencies	29	29	29	29	30	30	31	208
Margin	1,548	1,548	1,547	1,547	1,548	1,547	1,539	10,824
2. Cohesion and Values	51,444	54,171	56,062	56,600	57,148	59,200	57,349	391,974
5. Regional Development and Cohesion	33,392	33,756	34,169	34,583	35,000	35,421	35,887	242,209
European Regional Development Fund	27,742	28,018	28,331	28,646	28,961	29,281	29,643	200,622
Cohesion Fund	5,620	5,708	5,807	5,907	6,008	6,110	6,214	41,374
Of which contribution to the Connecting Europe Facility - Transport	1,358	1,380	1,404	1,428	1,452	1,477	1,502	10,000
Support to the Turkish-Cypriot Community	30	30	30	30	30	30	30	213
6. Economic and Monetary Union *	1,272	3,375	4,489	4,137	3,623	4,409	977	22,281
Reform Support Programme (incl. Reform Delivery Tool and Covergence Facility)	1,258	3,360	4,474	4,123	3,609	4,394	963	22,181
Protection of the Euro Against Counterfeiting	1.0	1.0	1.0	1.0	1.0	1.0	1.0	7
Other	13	13	13	13	13	13	13	93
7. Investing in People, Social Cohesion and Values	16,205	16,466	16,831	17,305	17,951	18,795	19,913	123,466
European Social Fund+	12,383	12,513	12,661	12,808	12,956	13,106	13,261	89,688
Of which health, employment and social innovation	148	148	149	149	149	149	150	1,042
Erasmus+	2,789	2,904	3,116	3,447	3,929	4,615	5,568	26,368
European Solidarity Corps	140	141	146	153	163	177	194	1,113
Creative Europe	235	235	235	235	235	235	233	1,642
Justice, Rights and Values	127	125	123	121	118	116	113	841
Other	175	173	171	169	167	166	164	1,185
Decentralised agencies	358	375	379	373	383	381	380	2,629
Margin	574	574	574	574	575	575	572	4,018
3. Natural Resources and Environment	50,323	49,580	48,886	48,097	47,326	46,575	45,836	336,623
8. Agriculture and Maritime Policy	49,506	48,763	48,064	47,264	46,478	45,706	44,943	330,724
European Agricultural Guarantee Fund (EAGF)	37,976	37,441	36,946	36,346	35,756	35,176	34,606	254,247
European Agricultural Fund for Rural Development (EAFRD)	10,609	10,401	10,197	9,997	9,801	9,609	9,421	70,037
European Maritime and Fisheries Fund	779	779	779	779	779	779	775	5,448
Other	126	126	126	126	126	126	125	878
Decentralised agencies	16	16	16	16	16	17	17	113
9. Environment and Climate Action	701	701	706	716	731	752	777	5,085
Programme for Environment and Climate Action (LIFE)	662	663	669	680	695	717	742	4,828
Decentralised agencies	39	38	37	37	36	35	35	257
Margin	116	116	116	117	117	116	116	814
4. Migration and Border Management	3,076	4,219	4,414	4,647	4,719	4,846	4,908	30,829
10. Migration	980	1,444	1,435	1,546	1,535	1,524	1,509	9,972
Asylum and Migration Fund	870	1,335	1,326	1,436	1,425	1,414	1,399	9,205
Decentralised agencies	110	110	110	110	110	110	110	768
11. Border Management	1,806	2,484	2,689	2,811	2,893	3,032	3,110	18,824
Integrated Border Management Fund	741	1,235	1,226	1,275	1,265	1,255	1,241	8,237
Decentralised agencies	1,065	1,249	1,463	1,535	1,629	1,777	1,869	10,587
Margin	290	291	290	291	291	290	290	2,033
5. Security and Defence	3,154	3,229	3,183	3,281	3,517	3,743	4,216	24,323
12. Security	511	613	593	629	631	633	643	4,255
Internal Security Fund	215	318	316	344	342	339	336	2,210
Nuclear Decommissioning (Lithuania)	68	66	71	74	73	68	69	490
Nuclear safety and decommissioning (incl. for Bulgaria and Slovakia)	86	86	63	68	74	83	95	555
Decentralised agencies	143	143	143	143	143	143	143	1,001
13. Defence	2,236	2,209	2,183	2,245	2,478	2,702	3,167	17,220
European Defence Fund	1,413	1,386	1,359	1,421	1,654	1,878	2,343	11,453
Military Mobility	823	823	824	824	824	824	824	5,767
14. Crisis Response	177	178	178	178	178	178	178	1,242
Union Civil Protection Mechanism (rescEU)	177	178	178	178	178	178	178	1,242
Other	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Margin	230	229	229	229	229	230	228	1,606
6. Neighbourhood and the World	14,765	14,831	15,002	15,290	15,711	16,298	17,032	108,929
15. External Action	12,512	12,577	12,747	13,035	13,457	14,043	14,778	93,150
Neighbourhood, Development and International Cooperation Instrument	10,573	10,632	10,791	11,059	11,456	12,008	12,697	79,216
Humanitarian Aid	1,393	1,394	1,394	1,395	1,395	1,395	1,395	9,760
Common Foreign and Security Policy (CFSP)	328	333	345	363	389	424	468	2,649
Overseas Countries and Territories (including Greenland)	63	63	63	63	63	63	63	444
Other	135	135	136	136	136	136	137	949
Decentralised agencies	20	20	19	19	19	18	18	132
16. Pre-accession assistance	1,837	1,838	1,838	1,838	1,838	1,838	1,839	12,865
Pre-Accession Assistance	1,837	1,838	1,838	1,838	1,838	1,838	1,839	12,865
Margin	416	416	417	417	417	416	414	2,913
7. European Public Administration	10,388	10,518	10,705	10,864	10,910	11,052	11,165	75,602
European Schools and Pensions	2,260	2,317	2,375	2,432	2,498	2,559	2,614	17,055
Administrative expenditure of the institutions	8,128	8,201	8,330	8,432	8,412	8,493	8,551	58,547
TOTAL	157,105	160,466	162,455	162,403	162,836	165,358	163,960	1,134,583
In % GNI (EU-27)	1.12%	1.13%	1.13%	1.12%	1.11%	1.11%	1.09%	1.11%

* For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.

ANNEX

EUROPEAN
COMMISSION

Brussels,
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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Modern Budget for a Union that Protects, Empowers and Defends

The Multiannual Financial Framework for 2021-2027

RESEARCH & INNOVATION

Horizon Europe

Horizon Europe is the EU's flagship programme to support research and innovation.

1. EUROPEAN ADDED VALUE

Research & Innovation is a crucial part of the knowledge-based society and one where a strong European dimension can leverage additional funds at national level, without evidence of substitution. Typically, Research & Innovation projects selected for EU funding harness a higher level of EU or international cooperation. They tend to have a scale, scope and level of sophistication that would prevent them from going ahead with national funding alone: 83% of EU Research & Innovation projects rated as "excellent" would not have gone ahead without EU support. In a world of heightened technological competition, we are moving swiftly into a low-carbon society in which digital technologies are increasingly converging with the physical and the biological world. Against this background, not investing in Research & Innovation on an EU scale would result in a decline of our global competitiveness. This would have knock-on economic, social and environmental impacts. The specific benefits of EU investments in the area of Research & Innovation are:

- Pooling public and private resources and knowledge to achieve bigger impacts and critical mass for tackling global challenges and taking leadership in EU and global markets;
- Boosting EU competitiveness through the creation of strategic and multidisciplinary networks, value chains and markets, with positive knowledge dissemination and technology transfers across the Union to prepare and facilitate the deployment of new products and services;
- Strengthening scientific excellence through EU-wide competition and collaboration;
- Strengthening support for breakthrough/market creating innovations while respecting fair competition;
- Increasing the EU's attractiveness as a place for education, research, innovation and business;
- Having a positive structuring effect on national Research & Innovation ecosystems and pan-European research infrastructures;
- 6 X S S R U W L Q J D Q G V W U H Q J W K H Q L Q J 8 Q L R Q ¶ V R E M H F deliver on policy priorities.

2. OBJECTIVES

Horizon Europe focuses on science and innovation, aiming to:

- Strengthen the EU's scientific and technological base;
- Foster the EU's competitiveness and its innovation performance;
- Deliver on the EU's strategic priorities and tackle global challenges.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is designed around three pillars:

1) Open Science ± Building on the success of the European Research Council, the Marie Skłodowska-Curie Actions and the Research Infrastructures, the pillar adds more resources for projects with higher impacts. The projects are selected through a "bottom-up" approach, are defined and driven by researchers and networks and are evaluated on the sole criterion of excellence. The goal is to nurture innovation and entrepreneurship in education across Europe to provide the skills and competences needed to make Europe more competitive on a global scale.

2) Global Challenges and industrial competitiveness ± It is built on clusters that aim at exploiting European strengths and assets by generating new knowledge and translating it into useful innovations, developing and applying digital and key enabling technologies along with a new mission approach. This will further ensure that Research & Innovation activities support EU policy priorities in areas such as the achievement of the Sustainable Development Goals, health, food and natural resources, resilience and security, climate, energy and mobility to secure a low-carbon, circular and climate-resilient society, industrial competitiveness and other societal challenges. Industrial leadership will be prominent within the pillar and through the programme as whole.

3) Open Innovation ± This new pillar will offer a one-stop shop for high potential innovators, aiming to put Europe at the forefront of market-creating innovation through a "bottom-up" approach. It will develop future breakthrough technologies and attract innovative companies with potential for scaling up at international/European levels. It will offer fast, flexible grants and market-based instruments with private investors while ensuring that support close to the market activities does not unduly distort competition between innovators. These objectives will be pursued through the creation of a European Innovation Council.

Additional measures will boost support to the European innovation ecosystem, notably through co-funding partnership initiatives and increased use of innovation procurement. Targeting governments and public administrations for the take up of innovative technologies and diffusion of European Research & Innovation results will maximise the benefits from innovation for European citizens and business.

As part of the programme, the Joint Research Centre will provide EU policy makers with independent scientific evidence and technical support throughout the whole policy cycle. The European Institute of Innovation and Technology will support all three pillars and will specifically address global challenges primarily through its Knowledge and Innovation Communities integrating business, research, higher education and entrepreneurship.

The programme will pursue efforts to further simplify the rules for beneficiaries. Key operational features will include:

> Further simplification of the current real cost reimbursement system will be pursued, inclduing its simplified funding model and the principle of one funding rate per project. Moreover, to lower administrative burden, an increased use of lump sum project funding against fulfilment of activities will be explored, along with other simplified forms of funding provided by the new Financial Regulation.
>
> To increase flexibility, the future programme will allow allocation of funds between and within the pillars to react swiftly to emerging policy issues or challenges;

Further improvements to the proposal submission and evaluation process will be envisaged. The evaluation criteria, process and involvement of independent experts will underscore the Programme's excellence and impact.

Instruments and funding schemes in the EU Research & Innovation landscape will be streamlined and coordinated for the benefit of improved Research & Innovation activities. Partnerships will be improved building on the success of Joint Undertakings and linked with specific missions. In particular, specific support schemes for innovation will be streamlined under the newly created European Innovation Council. The combination of Horizon Europe grants and financial instruments under the InvestEU Fund and with other relevant EU funding programmes will also be made easier.

There is also room to further expand the use of new management modes, including through delegation to agencies and a simplified set of partnerships.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Complementarities and synergies with other EU funding programmes will be fully exploited. To that end, the European Structural and Investment Funds will continue to provide an important part of the EU funds for Research & Innovation through an increased focus on innovation. The "Seal of Excellence" scheme to allow projects successfully evaluated under Horizon Europe criteria to be funded at regional level under the European Structural and Investment Funds will be expanded.

The policy goals pursued by other programmes will in many cases be supported by Research and Innovation actions under Horizon Europe. Programmes such as the Digital Europe Programme will benefit from Research & Innovation breakthroughs and long-term progress in areas like cybersecurity and artificial intelligence is heavily dependent on breakthrough research. The same is true for agriculture and fisheries, health, transport, energy and many other sectors. Funds such as the Internal Security Fund and the Integrated Border Management Fund will both benefit from the fruits of Research & Innovation and incentivise the uptake of research products. Through InvestEU it will be possible to transfer results from Horizon Europe to the market through specific windows dedicated to research and innovation, and to support innovative SMEs. Complementarity and synergies with research under the European Defence Fund and with the Space Programme will also be ensured, so that results in any of those programmes promote overall innovation.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Envelope for Horizon Europe	97 600*
Envelope for Euratom Research and Training Programme	2 400
Total envelope for 2021-2027	100 000*

* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund and EUR 10 billion to support research and innovation in food, agriculture, rural development and the bioeconomy.

RESEARCH & INNOVATION

Euratom Research and Training Programme

The Euratom Research and Training Programme provides funding for nuclear research and training in the European Union.

1. EUROPEAN ADDED VALUE

The key European added value of the Euratom Programme is the mobilisation of a wider pool of excellence, expertise and multi-disciplinarity in fission and fusion research than is possible at the level of individual Member States. Nuclear and ionising radiation technologies continue to play an important role in the lives of European citizens, whether this concerns energy and its security of supply, the use of radiation in medical and industrial applications or management of spent fuel and radioactive waste. Safe and secure use of these technologies is of paramount importance and research programmes help maintaining the highest safety, security and safeguards standards in this field. The Euratom Programme focuses also on the development of fusion energy, a potentially inexhaustible and climate-friendly energy source.

An EU-wide approach to nuclear safety is also important since a nuclear accident could have negative consequences for countries across Europe and beyond. The Euratom programme also enables a broader coordination of education and training throughout Europe, the use of research infrastructures and international cooperation. This is of particular benefit to smaller Member States that can take advantage of economies of scale afforded by the wider European pooling effect. The programme provides, through the Joint Research Centre, an important independent scientific advice in support of the implementation of European policies in the field of nuclear safety, spent fuel and radioactive waste management and radiation protection. With its independent infrastructures, the Joint Research Centre also provides unique services in the field of nuclear safety and security and plays a crucial role in the Euratom nuclear safeguards system. The involvement of European industry in fusion research activities fosters innovation e.g. through the development of high-technology spin-off products in other sectors such as medical and aviation.

2. OBJECTIVES

The Euratom Research and Training Programme objectives are to pursue and support research on all aspects of nuclear safety and security, reducing risks associated with radiation exposures, supporting emergency preparedness and response in relation to accidents involving radiation and managing the spent fuel and radioactive waste. The Programme also aims to sustain the development of fusion energy in view of its potential major impact in contributing to the decarbonisation of the energy mix.

3. IMPLEMENTATION & SIMPLIFICATION

The Euratom Programme provides research grants through competitive calls for proposals (indirect actions), and funds research carried out by the Commission's Joint Research Centre (direct actions). The Programme is implemented using the instruments and rules of the Framework Programme for Research and Innovation. Further simplification of the programme will be achieved by proposing a single list of objectives for direct and indirect actions.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Euratom programme complements and provides synergies with Horizon Europe in areas such as health (medical applications of ionising radiation), security, energy and education and training. The Euratom fusion research programme will be carried out in full complementarity and coordination with the International Thermonuclear Experimental Reactor activities.
The Euratom programme will continue the alignment of national programmes in fusion, radiation protection and management of spent fuel and radioactive waste via the implementation of European Joint Programmes. Moreover, synergies with the Decommissioning of Nuclear Facilities Programmes are expected in areas such as technology development and testing, training and exchange of best practices.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Envelope for Horizon Europe	97 600*
Envelope for Euratom Research and Training Programme	2 400
Total envelope for 2021-2027	100 000*

* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund and EUR 10 billion to support research and innovation in food, agriculture, rural development and the bioeconomy.

RESEARCH & INNOVATION

ITER - International Thermonuclear Experimental Reactor

ITER, the International Thermonuclear Experimental Reactor, is a first-of-a-kind, long-term project to build and operate a reactor in order to test the feasibility of fusion as an energy source.

1. EUROPEAN ADDED VALUE

Fusion is a potentially inexhaustible, climate-friendly energy source that does not produce greenhouse gases or long-lasting radioactivity. In a context where decarbonising the economy and tackling global climate change are high on the agenda, fusion offers prospects which cannot be ignored.

Neither the industry nor any country individually would be able to execute the project on its own. This is why the European Atomic Energy Community (Euratom) signed an international treaty in 2006 ± the "ITER Agreement" ± with six partners (the United States, Russia, Japan, China, South Korea and India). It contributes about 45% of the construction costs. France, as the host country, finances 20% of the Euratom contribution, with the remaining 80% being provided from the EU budget. Action at EU level ensures economies of scale, less fragmentation and a critical mass of resources and expertise.

Achieving and exploiting fusion is a long-term objective, but the project is already bringing important benefits to the EU industry and research in the procurement and construction phases. More than three hundreds companies, including small businesses, from 20 Member States and Switzerland, and around sixty research organisations are engaged in cutting-edge research and innovation to provide components, offering them a chance to develop spin-off products in other sectors (energy, medical, aviation, high-tech).

2. OBJECTIVES

In line with the Euratom's international obligations, the programme supports the construction of the reactor on its site in Cadarache (France), so that it initiates experiments on hydrogen plasma by 2025, laying grounds for successful progress to full power generation stage of operation by 2035. Those milestones are necessary steps to make fusion a possible sustainable energy source.

The programme not only contributes to achieving a resilient Energy Union with a forward-looking climate policy. It also fosters job creation and growth by offering European high-tech industries and small companies a valuable opportunity to innovate and develop products outside fusion. Finally, the timely delivery of EU components and active participation in the governance processes secure the continued EU leadership in the project.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will continue to be implemented on the EU's behalf by the Fusion for Energy joint undertaking. The EU will maintain an expenditure ceiling in the Multiannual Financial Framework Regulation and will ensure that the disbursement of funding is based on performance and actual delivery on the ground. In this respect, the radical overhaul of the

project management in 2015 and the update of the baseline in 2016 increased the reliability of the schedules and costs of the project until its completion.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As one of the largest experimental projects ever constructed, the International Thermonuclear Experimental Reactor contributes to placing the EU at the forefront of research and innovation on the global stage. It mobilises significant resources and know-how, bringing positive impact to the EU industrial base research community. It is in full synergy with the Euratom programme, which supports the development of ground-breaking research in the field of nuclear fusion. It is part of the overall Fusion Roadmap developed by the European scientific fusion community. In addition, the programme will further consolidate the EU's place as a credible, international leader which fulfils its international obligations and is committed in its efforts to fight against climate change.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	6 070

EUROPEAN STRATEGIC INVESTMENTS

InvestEU

The InvestEU Fund is the Union's new investment instrument. It provides an EU guarantee with a view to mobilising public and private financing in the form of loans, guarantees, equity or other market-based instruments, for strategic investments in the support of EU internal policies. It builds on the successful implementation under the current period 2014-2020 of the European Fund for Strategic Investments and other financial instruments.

1. EUROPEAN ADDED VALUE

The EU long term goals regarding sustainability, competitiveness and inclusive growth require significant investments in new mobility models, renewable energies, energy efficiency, research and innovation, digitisation, education and skills, social infrastructure, circular economy, natural capital, climate action or small businesses creation and growth. Renewed efforts are needed to tackle persisting market failures caused by private investors' risk aversion, the public sector's limited capacity and structural inefficiencies of the investment environment. Member States cannot always bridge those investment gaps alone.

Grants alone cannot address the significant investment gaps. The use of financial instruments, with a leverage effect and closer to the market, efficiently complements grants in the EU budget toolbox. Intervention at Union level provides economies of scale in the use of innovative financial instruments by catalysing private investment in the whole EU and making best use of the European institutions and their expertise for that purpose.

EU intervention also gives access to a diversified portfolio of European projects and allows for the development of innovative financing solutions which can be scaled up or replicated in all Member States. The multiplying effect and the impact on the ground are thus much higher than what could be achieved by an initiative in a single Member State, in particular for large scale investment programmes. EU level intervention also provides flexibility to support intermediaries and final beneficiaries in locations where they are most needed, often in urban areas which do not necessarily benefit from the European Structural and Investment Funds. In addition, it allows to effectively address investment needs linked to wide EU policy objectives, complementing efforts to promote structural reforms and improved regulatory environment to thus address the remaining investment gaps in the 2020 period.

2. OBJECTIVES

The InvestEU Fund aims at mobilising investment within the EU to support political priorities and to contribute to the integration of European capital markets and the strengthening of the Single Market. It will target investments promoting sustainable infrastructure, research and innovation, digital transformation, the access to finance for small and medium-sized enterprises, education, skills, social infrastructure and the development and consolidation of market structures underlying micro-credits and the social economy. Digital investment will be a key cross-cutting priority for all InvestEU windows. In addition, the InvestEU Fund provides advisory support and accompanying measures to foster the creation and development of projects.

3. IMPLEMENTATION & SIMPLIFICATION

The InvestEU Programme will comprise the InvestEU Fund, InvestEU Assistance and the InvestEU Portal.

The InvestEU Fund will pool all centrally managed financial instruments in a single, flexible, multi-policy guarantee instrument at the EU level[1], allowing for significant economies of scale ±doing more with less± and attracting private investors. Building on the European Fund for Strategic Investments, the InvestEU Fund will address market gaps and sub-optimal investment situations by providing an EU guarantee to the EIB Group, as well as to other partners such as National Promotional Banks and Institutions or International Financial Institutions (e.g. the European Bank for Reconstruction and Development). To ensure the best possible financing mix for strategic projects across the EU, the InvestEU Fund will allow for simple combination with grants from the EU budget as well as with European Structural and Investment Funds (on voluntary basis).

Building on the European Investment Advisory Hub, InvestEU Assistance will provide a single entry point for 360-degree project development assistance for project promoters. Building on a powerful partner network, InvestEU Assistance will help projects off the ground and make them investment-ready. The InvestEU Portal will bring together investors and project promoters, building on the European Investment Project Portal.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As a delivery tool for EU policies, the InvestEU Fund will foster investment in full synergy with the corresponding EU policies and programmes, such as Connecting Europe Facility, Horizon Europe, the Digital Europe Programme or the Single Market Programme. It will ensure complementarity with investments under the European Structural and Investment Funds and with EU support provided by relevant spending programmes in the form of grants. Moreover, the programme will allow for the blending of financial instruments with grants from other programmes, in particular for projects that do not generate sufficient revenue.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices		EUR million
Window	Budgetary guarantee	Mobilised investment (estimates)
Sustainable infrastructure	11 500	185 000
Research and innovation	11 250	200 000
Social investment and skills	4 000	50 000
Small and Medium-sized enterprises	11 250	215 000
Total	38 000	650 000

[1] Without prejudice to the responsibility of relevant Directorates-General.

Figures in current prices	EUR million
Total envelope for 2021-2027	15 725*
of which:	
Provisioning of the Guarantee Fund	15 200*
Project development assistance	525

* This envelope includes EUR 1 billion of expected reflows of the current financial instruments.

EUROPEAN STRATEGIC INVESTMENTS

Connecting Europe Facility

The Connecting Europe Facility supports investment in cross-border infrastructures in the transport, energy and digital sectors.

1. EUROPEAN ADDED VALUE

At the core of the Single Market lies the guarantee that goods, capital, services and labour can freely move from one Member State to the other. However, gaps still exist between Member States and regions which fragment the EU and impede the smooth functioning of the Single Market. This can, for instance, be the result of topography or a lack of interoperable standards. To overcome this fragmentation and make sure that the Single Market fully delivers, Article 170 of the Treaty on the Functioning of the European Union provides that the EU shall develop trans-European networks of transport, telecommunications and energy infrastructures. In addition, environmental concerns require that the EU energy policy should promote the interconnection of energy networks and cross-border integration of renewables. This is also consistent with the need to meet the challenges of decarbonisation and digitisation of the European economy.

The Facility is designed to foster investment in the trans-European networks. Those networks and cross-border cooperation are crucial not only for the functioning of the Single Market, but they are also strategic to implement the Energy Union, the Digital Single Market and the development of sustainable transport modes. Interoperable cross-border networks are key to reducing the current fragmentation. Without EU intervention, private operators and national authorities have insufficient incentive to invest in cross-border infrastructure projects. The Facility also provides the opportunity to deploy technologies developed at EU level and in particular through the EU Research and Innovation Framework Programmes, boosting their market uptake and ensuring that the trans-European networks use the most advanced available equipment.

2. OBJECTIVES

The Connecting Europe Facility supports investment and cooperation to develop infrastructure in the transport, energy and digital sectors and connects the EU and its regions. It further aligns with the policy objectives of decarbonisation and digitisation of the European economy, covering three strands:

- For transport, it aims at completing both layers of the European network for all transport modes: the strategic backbone (i.e. the core network) by 2030 and its more extensive layer (i.e. the comprehensive network) by 2050. It also supports the deployment of European traffic management systems for air transport and railways, and helps the EU transition towards connected, sustainable, inclusive, safe and secure mobility. It contributes to the decarbonisation of transport, for example by constituting a European network of charging infrastructure and for alternative fuels or prioritisation of environmentally friendly transport modes;
- For energy, the focus is on completing priority sections of the energy networks essential for the internal market. It also seeks to deploy smart and digitised energy grids, so as to achieve interconnection targets and improve security of supply.

Promoting Member States' cooperation in integrating cross-border renewable energy projects will also be key;

For digital, the Facility maximises the benefits that all citizens and businesses can get from the Digital Single Market. The deployment of very high capacity digital networks supports all innovative digital services, including connected mobility. In addition, it contributes to ensuring that all main socio-economic drivers such as schools, hospitals, transport hubs, main providers of public services and digitally intensive enterprises have access to future-oriented broadband connections by 2025.

3. IMPLEMENTATION & SIMPLIFICATION

The Connecting Europe Facility will be centrally managed by the Commission, with the support of the Innovation and Networks Executive Agency. The agency has built an excellent track-record in optimising the use of the Facility and has accumulated a wealth of expertise in monitoring projects. Delegating all three sectors of the Facility to a single agency will also generate economies of scale and synergies between transport, energy and digital strands.

Grants will remain the preferred means to address the gaps affecting infrastructure projects. The use of simplified forms of grants will be further promoted.

Grants will also be used for blending with financial instruments, in particular from the InvestEU Fund, or with financing from public or private financial institutions, leverage investment support. The programme will not be equipped with its own financial instruments as they will be delivered by the InvestEU Fund to avoid overlaps that have happened in the current period, as well as to streamline the landscape of EU financial instruments.

The Facility will fully exploit synergies between the transport, energy and digital sectors. In particular, a specific focus on innovative infrastructure solutions (such as smart grids, energy storage, e-mobility, charging infrastructure, and alternative fuels) is needed to deliver on the 'Clean Energy for All' and 'Clean Mobility' packages. The future programme's rules and implementation will therefore be flexible enough to support actions at the crossroads of the different strands, for example alternative fuels and e-mobility for all transport modes (which affect both energy and transport), automated driving vehicles and vessels (transport/digital), incorporating digital technologies (in particular the Internet of Things) into energy grids, creating the Internet of Energy (which affect energy, transport and digital), and renewables integration supported by a functional cross-border Green infrastructure (energy and digital).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

In addition to synergies within the programme, the Facility will better interact with other EU programmes. For example, its work on the physical connectivity infrastructure across the EU will complement the development of digital services under the Digital Europe Programme.

The programme and the European Structural and Investment Funds will also complement each other to deliver on infrastructure investment. For instance in the transport sector, the Facility will concentrate on the trans-European network dimension, notably on the cross-border corridors, while the European Regional Development Fund and Cohesion Fund will prioritise transport projects with a national, regional and urban focus. Similarly, in energy, the Facility will focus on infrastructure including projects relevant for the integration of renewables with cross-border relevance, while European Structural and Investment Funds can

address local smart grids and renewable projects. The Digital strand will focus on projects with strong cross border and cross sector impacts, on maximising the footprint of private investments. In addition, the Facility will aim to increase its attractiveness for the pooling of funds from national budgets in projects of common interest in the digital sector.

The programme can support the deployment of innovative technologies developed within Horizon Europe whilst the latter support upstream technology development.

Building on the positive experience in the current period, a contribution from the Cohesion Fund will be made available to the Transport strand, in direct management. In addition, funding from the Defence cluster will be made available to the Transport strand as well to ensure that transport infrastructures of strategic importance are suitable for military mobility needs

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	42 265
Digital	3 000
Energy	8 650
Transport	30 615
of which:	
General envelope	12 830
Contribution from Cohesion Fund	11 285
Support for Military Mobility	6 500

EUROPEAN STRATEGIC INVESTMENTS

Digital Europe Programme

Digital Europe is a new programme dedicated to digital transformation of public services and businesses, by boosting frontline investments in high-performance computing and data, artificial intelligence, cybersecurity and advanced digital skills, as well as large-scale deployment of digital technologies across European economic sectors. It builds on existing actions such as Interoperability solutions for European public administrations, businesses and citizens and pilots in cybersecurity and high-performance computing.

1. EUROPEAN ADDED VALUE

Digitisation is inherently a cross-border and cross-sectoral phenomenon. Action at EU level can make the Digital Single Market a reality in which digital policies are coordinated across the EU, digital public services and infrastructures deployed by Member States are no longer fragmented, and digital technology is evenly diffused, closing gaps between EU and national digitisation programmes and avoiding a digital divide. EU intervention will also generate co-investment and bring economies of scale from joint procurement of supercomputers and from savings from maintenance cost sharing.

Digital capacities are essential to face global competition and to analyse the critical mass of big data for Artificial Intelligence innovation. Europe's international competitiveness is constrained by the low digitisation of its small and medium-sized enterprises, a problem that requires improving access to finance, technology and skills. The focus is on the digital capacities and advanced skills that are essential to face global competition, addressing societal challenges and bringing the benefits of digital transformation to every citizen and business.

The programme will support a set of ambitious projects that will make the best use of these digital capacities and of the latest digital technologies in areas of public interest such as health, public administration, judiciary and education, ensuring the availability and interoperability of solutions across the EU.

Cybersecurity is of key importance to ensure trust in digital products and services and needs to be addressed at European level, given the speed and wide propagation of cyber-attacks. Investment at EU level will provide the public and private sectors with more secure infrastructure and with the tools and expertise to address the origins and propagation of attacks, and the means to track and prevent them. Such an investment will be instrumental to be able to protect citizens, governments and businesses across the EU.

2. OBJECTIVES

Europe's digital transformation and international competitiveness must be accelerated by:

- Reinforcing capacity in the areas of high-performance computing, cybersecurity, Artificial Intelligence and digital skills;
- Widening the diffusion and best use of digital technologies in the public and private sector where there are market failures (e.g. for small and medium-sized enterprises);
- Aligning EU, Member State and regional policies and pooling private and industrial resources to increase investment and develop stronger synergies

3. IMPLEMENTATION & SIMPLIFICATION

The programme will be centrally managed by the Commission around five interdependent and mutually reinforcing pillars.

1) High performance computing and data processing infrastructures will be procured jointly to build an integrated European supercomputers ecosystem (including hardware, software, applications), used in particular in areas of public interest;
2) Cybersecurity capacities for both public administration and businesses will be enhanced via (i) procurement of advanced solutions, equipment, tools and data; (ii) increasing access to testing and certification facilities; and (iii) provision of technical assistance and expertise;
3) Open platforms and "common data space" for Artificial Intelligence will be acquired and made available widely across the EU in Digital Innovation Hubs, providing testing facilities and knowledge to small businesses and local innovators.
4) The Advanced Digital Skills pillar will offer students and technology experts the opportunity to pursue training in advanced digital technologies (data analytics, robotics, artificial intelligence, blockchain, cybersecurity, high performance computing, quantum etc.), specialised courses and internships in companies deploying advanced technologies;
5) Large-scale deployment projects will assist the transition of areas of broad public interest to the digital age. They will align investments of Member States and the EU to ensure wide availability and interoperability of the resulting solutions, continuing actions and services provided under the predecessor programmes. Support will also go to small and medium-sized enterprises to engage in digital transformation, notably in areas like Artificial Intelligence.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As well as supporting the delivery of the Digital Single Market more widely, the Digital Europe Programme will provide the digital capacity-building and large-scale deployment needed by a number of other EU programmes. In many areas such as health, public administration, justice and education, the Programme will contribute to the EU's work to promote effective and modern public services. Support for a dynamic economic sector will also reinforce growth-focused programmes and industrial policy. Building a secure environment for digital services will assist all digital-based action, and in the area of cybersecurity, the Programme will specifically complement action under the Internal Security Fund.

The Programme will in turn benefit from research and innovation breakthroughs under the Horizon Europe Programme, progressively mainstreaming them in areas of public interest and contributing to their commercial exploitation. The Connecting Europe Facility will support the physical connectivity infrastructure needed for the services delivered under the Digital Europe Programme. Digital Innovation Hubs for small and medium-sized enterprises and local innovators and the coordinated digitisation of regional public administrations will improve interoperability and create synergies with national/regional programmes under the European Structural and Investment Funds. Open call for grants will be organised to create Digital Innovation Hubs in all European regions to provide testing facilities for Artificial Intelligence and knowledge to ease the digital transformation of small businesses.

Specific synergies with other innovation instruments such as the European Institute of Innovation and Technology and support through the European Regional Development Fund will also be promoted. The advanced Digital Opportunity Scheme complements the objectives of the European Social Fund+ and Erasmus+ by addressing the gap between demand and supply for experts in new digital technologies.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	9 194

SINGLE MARKET

Single Market Programme

The new Single Market Programme supports the effective functioning of the Single Market by ensuring cooperation between authorities, and the provision of services to citizens and businesses, in particular small and medium-sized enterprises. It also supports EU standard setting and rulemaking in areas like access to markets and finance, consumer protection, food safety, anti-money-laundering, competition, statistics, financial reporting and auditing. The programme brings together successful actions such as COSME, the programme for Small and Medium-sized Enterprises and the Statistics programme. This will be complemented with internal market governance tools and services such as Your Europe portal, Your Europe Advice, the Internal Market Information service and "SOLVIT", the network for effective problem solving in the Single Market.

1. EUROPEAN ADDED VALUE

The Single Market is a cornerstone of the EU. Its benefits continue to feature high in what citizens and businesses most value and expect from the EU. EU level support is indispensable to ensure the effective operation of the Single Market. This includes ensuring its good governance and the high quality and relevance of its rules. It also means making sure that citizens and businesses are equipped with the right tools to understand it and to reap its benefits.

A well-functioning Single Market needs informed citizens, empowered consumers, businesses and in particular small businesses, which account for two thirds of the jobs in Europe. Considering the steady increase in cross-border activity, rapid technological development and the emergence of new products/services/practices, increased consumer expectations and public cross-border challenges, continuous and coordinated action at EU level is required to address a twofold challenge. The first is to tackle persisting fragmentation of the Single Market through enhanced cooperation, preventive mechanisms, enforcement, advice and communication on rights and opportunities. The second is to adapt EU rules and standards and their enforcement to rising and complex challenges. These challenges are notably linked to the combined impact of well-established trends: digitisation and globalisation of trade with increased competitive pressure to be expected from third countries.

Protection against cross-border food safety threats can only be effective and efficient if coordinated at EU level. In these areas, EU added value is increased thanks to uniform standardisation and consumer protection across the EU.

Small businesses throughout the EU also share common challenges that do not affect larger firms and prevent them from reaping the benefits of the Single Market. EU support is needed to overcome those obstacles.

2. OBJECTIVES

A well-functioning and future-looking Single Market requires interventions to empower consumers and enable businesses and public administrations to take full advantage of the market integration and opening. It will help strengthen their capacities to represent and protect their interests.

It will address the specific needs of businesses and in particular Small and Medium-sized Enterprises at different stages of their development to better grasp the opportunities of the Single Market, including through the access to fast growing markets outside the EU and to global value chains.

The programme will strengthen regulatory and administrative cooperation between Member States and with the Commission. It will foster Member States' operational enforcement capacity to ensure better convergence/integration, trust, effective prevention of barriers, as well as to protect citizens.

It will ensure high-quality and effective rules and standard-setting. It will equip actors responsible for the enforcement of Single Market laws with a solid evidence basis and the right tools to address emerging and increasingly cross-border challenges. The programme will ensure cooperation with international partners for convergence of international standards and promotion of EU policy interests.

It will promote a high level of animal health and welfare and plant health, thus protecting consumers and the environment, including through crisis preparedness and response, effective official controls as productive factors for growth, jobs and security, contributing to the good functioning of the Single Market and improving EU competitiveness.

It will produce and disseminate high-quality European statistics, which are indispensable for decision-making in all policy areas, as well as performance and impact measurement of EU initiatives.

3. IMPLEMENTATION & SIMPLIFICATION

The integration of different Single Market-related instruments centrally managed by the Commission into one programme aims to reduce overlaps, increase synergies and facilitate communication and networking with all various stakeholder groups. Such a consolidation of activities provides higher value for money and cost-efficiency.

The loan guarantees for Small and Medium-sized Enterprises will be delivered through the relevant window of the InvestEU Fund. Simplified cost options (flat rates, lump sums and unit costs) will be increasingly used to reduce burdens for beneficiaries and administrations. The use of e-procurement and e-grants for direct management will be promoted, as will the possibility to further externalise direct management of funds to executive agencies. The future programme will allow movements of funds between and within its different pillars.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Coordination will be ensured with the cooperation activities supported respectively under the Fiscalis and Customs programmes that represent key elements in efforts to strengthen the EU Single Market. The Digital Europe programme will provide the digital interoperability and infrastructures needed by a number of EU programmes, including the Single Market programme. Interventions aiming to foster labour and youth mobility under the European Social Fund+ and Erasmus+ will act as catalyst for free movement of persons, one of the core freedoms in the Single Market. In the same vein, cross-border and transnational activities aiming at economic cooperation under the European Structural and Investment Funds also concretely support the Single Market. Moreover, the programme will encourage small companies to benefit from breakthrough innovation and other solutions developed under other flagship EU programmes like Horizon Europe and the Space Programme. By

supporting activities on company law, contract law, anti-money laundering, and consumer policy, the future Single Market Programme will develop synergies with the Justice, Rights and Values Fund, contributing to the creation of an EU justice area through equal access to justice for citizens and businesses and appropriate training of the judiciary to ensure business and consumer laws are respected

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	6 089*
of which:	
Competitiveness and Small and Medium-sized Enterprises (COSME)	3 000*
Food safety	1 680
Statistics	552
Financial services	528
Consumer	188
Competition	140

* This envelope includes EUR 2 billion allocated under the InvestEU Fund.

Note: the total does not tally due to roundings.

SINGLE MARKET

EU Anti-Fraud Programme

The EU Anti-Fraud programme supports the Member States' efforts to prevent and combat fraud against the EU's financial interests.

1. EUROPEAN ADDED VALUE

The protection of the EU financial interests is the responsibility of both the Member States and the EU level. The EU does not tolerate fraud and it must protect its budget, especially in times of scarce resources. On the expenditure side, the budget is exposed to the risk of fraud and irregularities. On the revenue side, two important inputs into the EU budget are also particularly exposed to the risk of fraud: customs duties and the value-added tax (VAT) collected by the Member States. In a customs union where goods move freely between Member States, national investigative services must also be able to join their efforts and coordinate their investigations and exchange of data.

The pan-European dimension of the Programme facilitates closer cooperation and exchanges. It allows for improved planning and monitoring, on top of a more efficient use of resources than national/regional interventions in the same field do.

2. OBJECTIVES

The EU Anti-Fraud Programme supplies the technical equipment and training that enables (joint) anti-fraud operations and investigations. Furthermore, the programme contributes to new electronic structures to enable the Member States to effectively combat fraud, in close cooperation with EU institutions and bodies, such as the European Public Prosecutor's Office.

3. IMPLEMENTATION & SIMPLIFICATION

Mainly through grants and procurements, the EU Anti-Fraud programme will finance a range of activities to support the fight against fraud. In particular, it will focus on the purchase of technical equipment, conferences, training activities and exchange of best practices among its beneficiaries (mostly national authorities). The programme will also provide financing for a common set of information systems and databases to support mutual assistance and customs cooperation in the fight against fraud, in particular by securing the exchange of customs information between the Member States, the EU and third countries. The programme will also provide financing for the reporting of irregularities by the Member States.

The EU Anti-Fraud Programme will combine the financing of two existing initiatives: the Hercule III Programme, designed to support the fight against fraud, corruption and irregularities; and the Anti-Fraud Information System, which supports mutual assistance in customs matters in particular. The programme will continue financing the Irregularity Management System, currently offered within the Anti-Fraud Information System.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The EU Anti-Fraud programme will complement existing anti-fraud policy tools and will address upcoming developments and challenges in the area of the protection of the EU financial interests, in particular the Directive on the Protection of Financial Interests, which the Member States must transpose by July 2019. It will also provide strong synergies with the European Public Prosecutor's Office, which will start investigating and prosecuting fraud to the EU budget by the end of 2020. The Programme will allow avoiding overlaps, generate efficiency gains and provide more flexibility to respond to new investigative priorities.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	181

SINGLE MARKET

FISCALIS – Cooperation in the field of taxation

Fiscalis is the Union cooperation programme enabling national tax administrations to create and exchange information and expertise

1. EUROPEAN ADDED VALUE

Fiscalis contributes to the smooth functioning of the tax systems in the Union by supporting cooperation between Member States' tax administrations and offering cost-effective and interoperable IT solutions which each Member State would otherwise have to develop individually.

The programme provides European added value through its contribution to fight against tax fraud, tax evasion and tax avoidance, improving tax fairness and transparency as well as supporting the functioning of the Single Market and competitiveness. This can only be successfully achieved through joint action at Union and Member States level.

2. OBJECTIVES

Fiscalis concentrates on setting up efficient mechanisms, including Information Technology tools, for improving tax administration and administrative cooperation, aiming in particular at providing more effective means to national tax administrations in their fight against tax fraud and evasion while facilitating tax compliance. Overall, the programme contributes to the adequate functioning of the tax systems of the Union, i.e.:

- Help prevent and fight against tax fraud, tax evasion, tax avoidance;
- Help prevent unnecessary administrative burden for citizens and businesses (including small and medium-sized enterprises) in cross-border transactions;
- Support achieving the full potential of the Single Market and foster Union competitiveness;
- Promote and support a joint Union approach in International fora.

3. IMPLEMENTATION & SIMPLIFICATION

Given the nature of its activities and its focus on tax administrations as beneficiaries, Fiscalis will continue to be implemented under direct management. It will allow for a targeted and appropriate allocation of funds, combined with an ability to rapidly adapt to emerging priorities and needs.

Further simplification will be achieved in its implementation, maximising the use of lump sums and unit costs in the context of grants. Public procurement contracts will also be part of the delivery mechanisms of this programme.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Fiscalis provides for synergies with other programmes, such as with Customs programme, notably in the field of electronic systems, programme management and joint

actions, and with the Digital Europe Programme. There are also complementarities with the new programme for Structural Reform that includes assistance to tax administrations.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	270

SINGLE MARKET

CUSTOMS – Cooperation in the field of customs

The Customs programme supports the work of and cooperation between customs authorities and by doing so protects the financial and economic interests of the Union and its Member States. It strengthens the integrity of the Single Market.

1. EUROPEAN ADDED VALUE

Customs is an exclusive competence of the Union with a high degree of harmonised EU legislation. However, implementation is carried out by Member States. Therefore, strong cooperation is essential for deeper operational integration which will enable customs authorities in the different Member States to act as if they were one. It will also ensure the correct collection of customs duties (15% of the EU budget, i.e. EUR 20 billion in 2016), import Value Added Tax and excise duties. As the activities in the customs area are of a cross-border nature, they cannot be effectively and efficiently delivered by individual Member States alone.

The Customs Programme offers a Union framework for cooperation among national customs administrations, including on Information Technologies matters. Customs cooperation is founded on a highly secured, dedicated communication network and a multitude of interconnected and interoperable Trans-European electronic systems used by national customs authorities, including to exchange with economic operators. The resulting IT set-up is substantially more cost efficient than if each Member State were to set up its individual cooperation framework on a bilateral or multilateral basis.

2. OBJECTIVES

The programme aims to support customs authorities in protecting the financial and economic interests of the Union and of the Member States. The programme facilitates the administrative environment for international trade operators, including digitisation of interaction between trade and customs. In addition, the programme strengthens security and protection of citizens and pursues customs modernisation. It has a key role in optimising the functioning of the customs union in all its aspects thus increasing the attractiveness and credibility of the EU as a trade partner in a globalised world.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will pursue its objectives via directly managed procurement and grants for the development of interoperable Trans-European electronic systems and joint actions. Further simplification will be sought in its implementation, maximising the use of lump sums and unit costs in the context of grants. Reimbursement of experts will also be part of the delivery mechanisms of the programme.

Data exchanged between customs authorities based on the "once only" principle will further simplify the activities in the customs area. Additionally, new generation secure network infrastructure will offer better data exchange and more secure services.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme has strong links with Fiscalis, Pericles and the EU Anti-Fraud Programme as regards the activities, delivery mechanism and target beneficiaries. It will also generate synergies with the Digital Europe Programme where generic solutions for electronic system architecture and infrastructure are developed, allowing further streamlining and economies of scale between systems. Collaboration between the programmes is already happening, i.e. on development of certain electronic system components. There are also links with the Integrated Border Management Fund, specifically with the Customs Control Equipment component, which will help national customs to procure equipment, and the Internal Security Fund. Finally, complementarity exists also with the Technical Support Instrument for assistance to improving customs administration's capacity.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	950

SPACE

European Space Programme

The Space programme finances the deployment and exploitation of European space infrastructures and related services.

1. EUROPEAN ADDED VALUE

Space infrastructures support services that have become indispensable in Europeans' daily lives, when using mobile phones, driving or finding places with a navigation system, taking a plane or cruising in the sea. They also help ensure the protection of people (for example by better evaluating the impact and managing responses to natural disasters), the environment and key economic systems (energy power plants, banking transactions, secure communications). As new space technologies and innovative services emerge, the importance of state-of-the-art space infrastructures becomes ever more important.

Financing a network of satellites and operating space programmes exceeds the financial and technical capacity of any single Member State. There would also be a waste of resources and fragmentation if each Member State developed its own launchers, satellites or regulatory standards. Space is a strategic sector and the EU must secure its industrial leadership and autonomy to remain a global actor. The Treaty on the Functioning of the European Union tasks the EU with drawing up a European space policy, supported by a European Space Programme.

2. OBJECTIVES

The Space Programme ensures that the EU fully exploits the economic and societal potential that space can bring:

- Ensure the continuity of the existing space infrastructures and services, and the development of new ones. The EU has three flagships: Copernicus, a leading provider of Earth observation; Galileo, the EU's own global navigation satellite system; and EGNOS, a signal augmentation system for navigation services to aviation, maritime and land-based users. To continue providing data and deploy innovative services, new satellites have to be launched and the infrastructures on the ground need maintenance and upgrade;
- Foster an innovative European space sector that can compete globally. The programme supports industrial competitiveness, internationalisation and skills development of all the segments of the space industrial value chain, from a strong satellite manufacturing industry to a dynamic downstream service sector as well as ensuring EU strategic autonomy in Space. At the same time, it encourages the transfer and cross-fertilisation of technology with non-space sectors;
- Reinforce the EU's capacity to have guaranteed access to space and space services. Space capacities are so strategic that the EU must mitigate dependence on external actors to build, launch and operate satellites; it must preserve its freedom of action and autonomy of decision. The Space Programme therefore supports innovative EU efforts to remain competitive in the launcher sector and the wider space sector, as well as it ensures a better protection and tracking of satellites in space (Space Surveillance

Tracking, Space Situational Awareness) and secure satellite communications for the EU and national public authorities.

3. IMPLEMENTATION & SIMPLIFICATION

The Space Programme will be delivered for the most part through procurements. Some specific activities will be delegated to the agencies and international bodies, in particular to the European Global Navigation Satellite Systems Agency (GSA) and the European Space Agency. Additional delivery mechanisms such as public-private and public-public partnerships will also be considered, when appropriate.

The future programme will consolidate all space-related activities into a single Regulation. This will provide greater coherence, visibility and budgetary flexibility. This rationalisation is intended to generate efficiency gains which will ultimately serve the deployment of new space-driven services.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Space Programme will be an enabler for several EU policies. It will improve the monitoring of natural resources, climate change and migration routes. It will support the deployment of smart and sustainable transport solutions and precision agriculture. It will contribute to a more secure Union. The programme will generate business opportunities thereby boosting overall jobs, growth and investments in the EU. In support of the Paris Climate Agreement, an independent capacity for monitoring and verification of global carbon emissions will enable Europe to take global leadership in the fight against climate change and the development of a green and sustainable economy. The synergies and complementarities with Horizon Europe will be ensured, in particular for the space-related research and innovation actions. Finally, the Space Programme will contribute to security and defence priorities considering that space capabilities are "dual-use" by nature (i.e. for use by both civilian and military customers).

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	16 000

REGIONAL DEVELOPMENT & COHESION

European Regional Development Fund and Cohesion Fund

The European Regional Development Fund and the Cohesion Fund support the economic, social and territorial cohesion of the European Union. They contribute to reducing disparities that still exist between European regions and countries. In particular, the European Regional Development Fund contributes to structural adjustment and economic transition, while the Cohesion Fund focuses on investments in environment and transport infrastructure. Together with the European Social Fund, they form the funding sources for the European Union's cohesion policy.

1. EUROPEAN ADDED VALUE

Economic and social disparities vary significantly between EU regions and hamper the harmonious development of the Union. On the basis of Article 174 of the Treaty on the Functioning of the European Union, the Union aims to reduce disparities between the levels of development of its regions and to support the development of the least favoured regions. Cohesion policy is both an expression of solidarity among Europeans, and the main investment policy of the EU. Fostering economic convergence for the least developed regions through the European Regional Development Fund and the Cohesion Fund strengthens the Single Market and creates opportunities for workers, consumers and companies across the whole Union. In a Europe where the more and less developed regions are unevenly distributed between countries, policies to reduce such disparities have to be organised at a level higher than the national one.

Cohesion policy supports the economic adjustment of Member States. It also plays an important role in mitigating economic and financial shocks by stabilising public investment in times of fiscal consolidation.

The European Regional Development Fund and the Cohesion Fund support development by co-financing investment in research and innovation; climate change and environment; business support to small businesses; services of general economic interest; telecommunications, energy and transport infrastructure; health, education, culture and social infrastructure; sustainable urban development and smart villages. Evidence exists that only limited parts of these investments would happen without the two Funds, even in more developed Member States and regions. In addition, they would not benefit from the framework that is put in place for the Funds, including multiannual programming, the partnership principle and the establishment of smart specialisation strategies.

The European Regional Development Fund also provides funding for a high profile element of European added value – the INTERREG programmes, which support cross-border, transnational and interregional co-operation across Europe and enable Member States and regions to work together across borders to address common challenges.

For over 20 years, the European Regional Development Fund has also provided specific funding for cross-border programmes supporting peace and reconciliation in Northern Ireland and the Border Region of Ireland. The Commission intends to propose the continuation of these programmes, based on their existing management structures.

2. OBJECTIVES

Over the 2021-2027 period, European Regional Development Fund and Cohesion Fund support will help Member States reduce their economic, social and territorial disparities thanks to interventions focused on five objectives:

- A smarter Europe: to promote competitiveness, digital transformation, entrepreneurship and innovation (including inclusive growth and social enterprises), and enhance the business environment as a part of industrial adaptation to the challenges of globalisation, circular economy and climate change;
- A greener carbon free Europe: clean and fair energy transition, to enhance energy efficiency; to support transition to low-carbon economy; to stimulate renewable energy; to support innovative use of low-carbon technologies, to support green and blue investment, including in sustainable natural resource management, circular economy, climate adaptation and mitigation;
- A more connected Europe: mobility, energy and regional ICT connectivity, to develop regional networks and systems to promote sustainable transport, smart energy grids and high-speed digital access in order to enhance regional, local and cross-border connectivity, including security;
- A more social Europe: implementing the principles of the European Pillar of Social Rights, in particular lifelong learning, education and training infrastructure as well as health, culture and social infrastructure;
- A Europe closer to citizens: sustainable and integrated development, through local initiatives to foster growth and socio-economic local development of urban, rural and coastal areas.

3. IMPLEMENTATION & SIMPLIFICATION

The Funds are implemented in partnership with the Member States and their regions through shared management. These partnerships involve a strong mobilisation of national, regional and local stakeholders, as well as civil society. This ensures ownership of objectives and achievements and brings Europe closer to its citizens. They also contribute to the strengthening of national, regional and local administrations.

A simplified and more effective approach to delivery will be a key element of the proposed new Regulations with the following changes as from 2021:

- Reduced administrative burden through synergies and the alignment of implementing rules across funds, increased cross reliance on audits and the possibility to rely on existing management and control systems;
- Differentiated implementation via lighter management and control systems for programmes with good track records;
- Flexibility in the form of a mid-term review to adjust, if necessary, the priorities of the last programming years to address emerging priorities, take stock of progress in addressing investment-related guidance issued alongside the Country-Specific Recommendations and performance;
- Increased use of financial instruments including through voluntary participation in the new InvestEU Fund;

A focus on results rather than costs.

Higher national co-financing will help increase ownership on the ground as well as the impact of the policy.

A more stable and predictable payment profile over the period will be achieved. Taking into account the importance of commitments remaining to be paid out from the 2014-2020 period, the pre-financing rate will be lowered. Reintroducing the n+2 rule will also lead to better financial management and a faster start to the programming period.

In order to maximise the impact of cohesion policy, physical investments need to be accompanied by soft measures, including upskilling of the labour force. To this end, programmes may combine European Social Fund+, European Regional Development Fund and Cohesion Fund support.

The relative per capita gross domestic product will remain the predominant criterion for the allocation of funds, while other factors such as unemployment, climate change and the reception/integration of migrants will also be taken into account.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

There will be common rules for all shared management funds (the Common Provisions Regulation) which will cover the following funds: the European Regional Development Fund, the Cohesion Fund, the European Social Fund+, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund, the Asylum and Migration Fund, the Internal Security Fund and the Integrated Border Management Fund. This will create a convergence of rules that will enhance coherence and synergies among these Funds.

The European Fund for Regional Development and the Cohesion Fund will be more closely aligned with the European Semester of economic policy coordination, which will also reinforce its regional dimension. The detailed analysis of Member States' challenges in the context of the European Semester will serve as a basis for the programming of the funds at the start and at mid-term of the next period. This will serve as the roadmap for the short- and long-term planning and monitoring of the funds. A system of ex-ante conditionalities and macro-economic conditionality will be maintained. Through the European Semester process the Commission and the Member States (notably through their National Reform Programs) will ensure coordination and complementarity of financing from cohesion policy funds and the new Reform Support Programme with regard to the support to structural reforms.

Cohesion policy will increase its concentration on innovation. Complementarities with Erasmus+ and Horizon Europe will also be reinforced through an alignment of relevant UXOHV DUHLQIRUFHPHQW RI WKH ³Value Added Tax´ EHOOHQ conditionality. Further development of the smart specialisation strategy process will continue.

Trans-European transport networks projects will continue to be financed from the Cohesion Fund via both shared management and the direct implementation mode under the Connecting Europe Facility. EUR 11 billion of the Cohesion Fund will be transferred to the Connecting Europe Facility for this purpose.

Synergies will be ensured with the LIFE programme for Environmental and Climate Action, in particular through LIFE strategic integrated projects, to optimise the uptake of funds supporting environmental investments.

Regarding migration-related challenges, all Cohesion Policy Funds will address long-term needs linked to integration, while the Asylum and Migration Fund will focus on shorter term needs.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	273 000
of which:	
European Regional Development Fund	226 308
of which:	
Investment for growth and jobs	215 172
European territorial cooperation	9 500
Outermost regions and sparsely populated areas	1 637
Cohesion Fund	46 692
of which contribution to CEF Transport	11 285

Note: the totals do not add due to roundings.

REGIONAL DEVELOPMENT & COHESION

Support to the Turkish Cypriot Community

The programme aims to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community.

1. EUROPEAN ADDED VALUE

The EU is in a unique position to provide political and economic support towards the reunification of the island. At the time of Cyprus' accession to the EU in 2004, the EU stated its determination to "put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community". Therefore, in parallel to supporting negotiations for a comprehensive settlement of the Cyprus issue, it provides support through a single EU Aid Programme for the Turkish Cypriot community.

2. OBJECTIVES

The Programme aims at facilitating the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, improving contacts between the two communities and with the EU, and preparation for the EU acquis. The programme pursues five specific objectives: a) developing and restoring infrastructures; b) promoting social and economic development; c) fostering reconciliation, confidence building measures, and support to civil society; d) bringing the Turkish Cypriot community closer to the EU; and e) preparing the Turkish Cypriot community to introduce and implement EU acquis following a comprehensive settlement of the Cyprus problem.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is directly implemented by the European Commission. Some projects are implemented under indirect management by International Organisations or Member States' agencies.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Given the specific situation of the Turkish Cypriot community, this is a stand-alone EU programme without links to other instruments, though it seeks to coordinate with other donors where possible.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	240

ECONOMIC & MONETARY UNION

Reform Support Programme

The Reform Support Programme aims to support the implementation of structural reforms in Member States. The pursuit of structural reforms is crucial to modernise European economies, enhance resilience and foster greater convergence within Europe's Economic and Monetary Union.

1. EUROPEAN ADDED VALUE

The Reform Support Programme contributes to enhancing cohesion and strengthening resilience, raising competitiveness and productivity and supporting job creation, investment and growth. By doing so, it strengthens social economic structures in the EU and accelerates economic and social convergence among Member States. To this effect, the programme will provide both technical and financial support to Member States for the implementation of these reforms.

While the implementation of structural reforms in Member States remains a national competence, the crisis years showed that due to the strong links between the economies of the Member States, notably those sharing the same currency, reform efforts in one Member State matter for other Member States and thus cannot be a purely national issue. Economic policy coordination has been strengthened at EU level in the context of the European Semester, also to place a greater focus on euro area priorities, but the implementation of Country-Specific Recommendations has been uneven across Member States. This programme will provide additional support for the implementation of reforms under the European Semester. In doing so, it will contribute to the economic and social performance and resilience of the Member States. Its impact will therefore be felt not only at national level, but also have positive spill-over effects for the Union as a whole.

The programme will help address national reforms challenges of a structural nature. It will also allow for economies of scale and the sharing of good practice among Member States. Member States often face similar challenges and practical constraints related to the implementation of reforms. The programme will allow an EU-wide network of expertise to be established for all Member States to tap into. It will promote mutual trust and further cooperation between Member States and the Commission. The programme provides for complementarity and synergies with other Union programmes and policies at regional, national, Union and international levels, notably by complementing the policy guidance provided under the European Semester.

2. OBJECTIVES

The programme aims to promote and support the implementation of structural reforms in the Member States. The objective is to modernise European economies, enhance resilience and foster greater convergence within Europe's Economic and Monetary Union, by raising competitiveness and productivity, and support job creation, investment and growth. Ensuring resilient economic and social structures is particularly important for countries sharing the single currency and for those Member States on their way to joining the euro to help ensure their smooth transition to and participation in the euro area.

The programme seeks to support a broad range of reforms, notably those identified in the context of the European Semester of economic policy coordination. It will in particular address challenges raised in Country-Specific Recommendations. It focuses on those reforms WKDW FDQ FRQWULEXWH PRVW WR WKH UHVLOLHQFH RI spillover effects on other Member States. These include reforms in product and labour markets, tax reforms, the development of capital markets, reforms to improve the business environment and public administration reforms.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is made up of three separate and complementary instruments.

The Reform Delivery Tool will provide financial support to Member States to implement structural reforms identified in the context of the European Semester of economic policy coordination. It will be administered under direct management. It will provide a financial contribution to a Member State upon implementation of reform commitments agreed with the Commission. The reforms will be voluntarily proposed by the Member States based on the challenges identified in the European Semester process. Such reforms are particularly important for Member States experiencing excessive imbalances. Member States will provide a detailed set of measures, milestones for implementation and a calendar for completion that will be no longer than three years. Following a dialogue between the Commission and the Member State, the Commission will adopt a decision by means of an implementing act setting out the reform commitments (including the milestones, targets and timeline) to be implemented by the Member State and the financial contribution allocated. Member States will report on progress through their National Reform Programme as part of the European Semester.

The Convergence Facility will provide dedicated financial and technical support to Member States wishing to join the euro and which have taken demonstrable steps towards adopting the single currency within a given time-frame. The tool aims to support the implementation of reforms targeted to help prepare successful participation in the euro area. Requests for technical support under this instrument will follow the same rules as for the technical support instrument. Proposals for reform commitments made by Member States in order to receive financial support under the Convergence Facility will follow the same rules set out for the Reform Delivery Tool. Allocations foreseen for the Convergence Facility will be transferred to the Reform Delivery Tool if by the end of 2022 an eligible Member State has not taken the necessary steps to claim support from the Convergence Facility.

The Technical Support Instrument will succeed the existing Structural Reform Support Programme, in order to provide, upon request from Member States, tailor-made technical support for the implementation of institutional, administrative and growth-sustaining structural reforms. The instrument is aimed to provide hands-on support on the ground and accompany the entire reform process and/or stages or phases of the reform process. Support is provided directly through the Commission's in-house expertise or together with other providers of technical support. Depending on the project, these could include experts from national administrations, international organisations, private firms and consultancies, as well as experts from the private sector. Support for Member States is provided in a coordinated manner across policy

areas and an integrated approach is pursued across sectors, while retaining a Member State perspective.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme will effectively complement the stronger link between Cohesion Policy and the European Semester. Together with other new instruments, such as the European Investment Stabilisation Function, the Programme operates as part of a global approach to a modernised EU framework supporting a stable European Economic and Monetary Union.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	25 000
of which:	
Reform Delivery Tool	22 000
Convergence Facility	2 160
Technical Support Instrument	840

ECONOMIC & MONETARY UNION

European Investment Stabilisation Function for the Economic and Monetary Union

The European Investment Stabilisation Function will help soften the effects of asymmetric shocks and prevent the risk of negative spillovers to other Member States.

1. EUROPEAN ADDED VALUE

The deepening of the Economic and Monetary Union is a common priority. It requires determined actions from Member States but it can be supported as well by adequate support from the EU budgetary and policy coordination instruments.

The EU budget has always promoted upward social and economic convergence. In recent years, the lending firepower available at EU level was also increased to respond to extreme circumstances. However, to date macroeconomic crisis support has been a limited but useful competence of the EU budget, including for instance the European Financial Stability Mechanism and the Balance of Payments instrument, while the practice of the European Structural and Investment Funds for Member States with difficulties itself has offered a stabilising effect.

Each country differs and the size and structure of the economy matter are important factors in the likelihood of being exposed to shocks. However, the crisis highlighted the limitations of means available to individual Member States to absorb the impact of large asymmetric shocks, with some eventually losing access to the markets to finance themselves. In several instances, this resulted in protracted recessions and negative spillovers to other Member States. This is due to the strong interdependence of the economies in the euro area and to a lesser degree in the EU. Preventing these negative spillovers with a new tool at euro area level would therefore have a clear benefit and added value for the EU as a whole.

The specificities for this new European Investment Stabilisation Function call for a clear focus on euro area Member States, but there should be ways for other countries to participate. The new instrument complements the stabilisation role played by national budgets in the event of large asymmetric shocks. Given their central role in the economy, national budgets will continue to be the main fiscal policy instrument for Member States to adjust to changing economic circumstances. This is why Member States need to continue to build up and sustain adequate fiscal buffers, notably in good times as provided for by the Stability and Growth Pact, and to gear economic policies to prevent the emergence of macroeconomic imbalances. In case of a downturn, Member States will first use their automatic stabilisers and discretionary fiscal policy in line with the Pact. Only if these buffers and stabilisers are not sufficient, in case of large asymmetric shocks, should the European Investment Stabilisation Function at European level be triggered.

2. OBJECTIVES

The European Investment Stabilisation Function aims to provide resources to a Member State hit by a shock. This would have a possible impact on the deficit/debt position of the Member State concerned.

The European Investment Stabilisation Function will be distinct but complementary to existing instruments in the EU public finances toolbox. Access to the European Investment

Stabilisation Function will be subject to strict eligibility criteria, which should contribute to sound fiscal and economic policy and minimise moral hazard.

3. IMPLEMENTATION & SIMPLIFICATION

The European Investment Stabilisation Function helps to support and maintain national investment levels. Investment is often first cut from national budgets in times of strain, with detrimental effects on long-term productivity and growth.

The European Investment Stabilisation Function will combine concessional back-to-back loans of up to EUR 30 billion under the EU budget, coupled with a grant component to cover interest costs. Two additional strands are to be developed over time in the form of a possible role for the European Stability Mechanism or a future European Monetary Fund and a voluntary insurance mechanism to be set up by Member States. The grant component of the European Investment Stabilisation Function will be financed through contributions from euro area Member States equivalent to a share of monetary income (seigniorage). Non-euro area Member States wishing to participate in the European Investment Stabilisation Function would contribute to the financing according to the European Central Bank capital subscription key.

Access to the European Investment Stabilisation Function is subject to eligibility criteria and an agreed mechanism to trigger its use. Only Member States complying with the EU economic and fiscal surveillance framework during the period preceding the large asymmetric shock are eligible for access. This will avoid moral hazard and create an additional incentive for compliance with sound fiscal and structural policies. Triggering will be automatic and rapid on the basis of pre-defined parameters.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The European Investment Stabilisation Function is distinct from and complementary to existing instruments in the EU public finances toolbox. It fills the gap between, on the one hand, existing instruments financed from the EU budget for jobs, growth and investment and, on the other hand, financial assistance under the European Stability Mechanism or the future European Monetary Fund in extreme cases.

Together with other new instruments as the Reform Support Programme, the Stabilisation Function operates as part of a global approach to a modernised EU framework supporting a stable Economic and Monetary Union.

5. INDICATIVE ANNUAL AMOUNT

Figures in current prices	EUR million
Interest rate subsidy	600*

* The interest rate subsidy will be financed by external assigned revenues from contributions from euro area Member States equivalent to a share of monetary incomes (seigniorage).

ECONOMIC & MONETARY UNION

PERICLES - Protection of the euro against counterfeiting

Pericles is the EU programme dedicated to the protection of the euro against counterfeiting and related fraud in the EU and outside the EU.

1. EUROPEAN ADDED VALUE

The protection of the euro is crucial for the functioning of the Economic and Monetary Union and must, by definition, be ensured at EU level. The protection of the European single currency as a public good has a clear transnational dimension and therefore goes beyond the interest and the responsibility of individual Member States. Considering the cross-border circulation of the euro and international organised crime in euro counterfeiting, national protection frameworks need to be complemented in order to ensure homogeneous international cooperation and to address emerging transnational risks. This Programme promotes transnational and cross-border cooperation within the EU as well as internationally ensuring global protection of the euro against counterfeit. It is focused in particular on countering specific emerging threats such as the deep/dark web and on the relationship with certain external partners such as dialogue with anti-counterfeiting authorities or support to euro protection activities in cooperation with hotspots of euro counterfeiting. Research on innovative security features of second generation euro coins also falls into this category of transnational themes.

2. OBJECTIVES

Building on the pillars of prevention, repression and cooperation, Pericles aims at strengthening capacity-building and supporting exchange, assistance and training for the protection of euro banknotes and coins against counterfeiting in the EU and abroad.

3. IMPLEMENTATION & SIMPLIFICATION

Online submission of applications and provision of relevant documentation will help simplify implementation. Delivery mechanisms will remain stable and IT tools are used for the provision of grants to Competent National Authorities (police, central banks, judiciary and mints) interested in implementing actions and for the financing of actions implemented directly by the Commission.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Pericles' distinct transnational and multi-disciplinary approach and focus on capacity-building is complemented by the Internal Security Fund dedicated to prevention of and fight against crime, and particularly efforts to prevent or combat counterfeiting linked to terrorism, organised crime, cybercrime, and environmental crime. There are also synergies with the Technical Assistance and Information Exchange supporting activities related to euro counterfeiting for candidate countries. Finally, the programme also complements other actions in the field of the Economic and Monetary Union, notably the Convergence Facility for new members of the euro area.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	8

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

European Social Fund+

The European Social Fund+ (ESF+) is the EU's main instrument for investing in human capital for sustainable economic development. It helps people to get better jobs through upskilling and reskilling, ensures fairer job opportunities for all EU citizens and enhances social inclusion. In doing so, it contributes to the 2030 Sustainable Development Goals.

1. EUROPEAN ADDED VALUE

Building on the Treaty-based objectives of access to employment, quality education and social cohesion, EU funding for human capital development is one of the tangible illustrations of EU added value. Since its creation in 1957, the European Social Fund has invested in people promoting better qualifications for more citizens, equality, social fairness and social progress through concrete actions showing to citizens that the EU can empower and protect them. The European Pillar of Social Rights, as proclaimed at the Social Summit in Gothenburg in November 2017 recalled this need to put people first and to further develop the social dimension of the Union. It highlighted common principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion.

EU funding has a catalyst effect on national interventions to address such crucial employment and social challenges. The European Social Fund also adds value through a broadened support to specific groups (such as youth and the most deprived) while supporting innovation, experimentation, joint transnational cooperation, capacity building and exchanges of good practices. Evidence has shown that for each euro spent at the EU level in employment and social investments, more than three euro are delivered in terms of outcome (increased employment rate, prevention of school drop-outs and poverty reduction). In particular, during the crisis the Fund helped maintain public investment during budgetary consolidation efforts of the Member States.

The latest economic and social crisis emphasized the need to further enhance economic and social resilience and upward social convergence since globalisation, demographic change, new technology and productivity paradigms are changing the way we live and work. The Fund can provide important support addressing these challenges, including through increasing the impact of reforms implemented under the European Semester by providing accompanying funding. Important measures to mitigate the effects of the crisis and increase resilience of the economy and market institutions would not have been developed without its support.

2. OBJECTIVES

The European Social Fund+ supports the implementation of the principles of the European Pillar of Social Rights. It overcomes the current fragmentation of funding instruments in the social policy area and pool the scope and resources of the European Social Fund+ in its present form, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the Employment and Social Innovation Programme and the Health Programme under a single, streamlined comprehensive and more flexible instrument aiming at the following EU priorities:

- Promoting reforms to improve economic and social resilience and upward social convergence, the accessibility, resilience and effectiveness of healthcare systems

and public health policies, notably through streamlined and better alignment of the programming with country specific recommendations within the European Semester process;

Investing in education and skills (notably basic digital skills) to adapt to the current and future needs of the economy, promoting employment through active interventions enabling (re)integration into labour markets, notably for youth and long-term unemployed and addressing new health risks related to changing forms of work;

Specific attention will also be given to the position of migrants and their integration into labour markets;

Promoting social inclusion, ensuring a high level of health protection, preventing and combating poverty and inequality;

Supporting labour mobility and social innovation through EU wide partnerships;

Reducing inequalities in access to public health and quality health care among Member States, protecting people from serious cross-border health threats by avoiding and countering health crises, empowering health systems with emphasis on their digital transformation, supporting EU health legislation.

3. IMPLEMENTATION & SIMPLIFICATION

Simplified and more effective delivery will be one of the key elements of the European Social Fund+ with three objectives: reducing of administrative burden, ensuring the necessary flexibility to respond to unexpected social challenges and focussing on results rather than costs. Delivery will take place mainly under shared management, but also, to a more limited extent, under direct management. The measures will translate into faster start of the new programmes, leading to a more stable and predictable payment profile throughout the period.

The reduction of administrative burden will result from sharing a single rule book aligning implementing rules across European Structural and Investment Funds, reduction of overlaps in target groups and actions, increased cross reliance on audits and a simplified programming framework together with the incentive to roll over the existing management and control systems.

The European Social Fund+ will improve its flexibility to be more responsive to unexpected social challenges and unforeseen opportunities. Funding will have simplified procedures for amending programming choices, introducing financial management rules for the Fund which will allow for standardising costs and thus contribute even more accessibility and flexibility with regard to beneficiaries on the ground.

EU funding will also further shift the focus towards results. The default use of "standard simplified cost options" will facilitate access to EU funding, reducing the costs of controls and focusing programme management on the achievement of outputs and results. New provisions to disburse payments on the basis of results and meeting conditions will help to further improve the delivery of the Fund. Higher national co-financing will also help increase ownership on the ground as well as the impact of the policy.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

There will be common rules for all shared management funds (the Common Provisions Regulation) which will cover the following funds: the European Regional Development Fund, the Cohesion Fund, the European Social Fund+, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund, the Asylum and Migration Fund, the Internal Security Fund and the Integrated Border Management Fund. This will create a convergence of rules that will enhance coherence and synergies among these Funds.

The European Social Fund+ will be more closely aligned with the European Semester of economic policy coordination, which takes regional specificities into account. The detailed analysis of Member States' challenges in the context of the European Semester will serve as a basis for the programming of the funds at the start and at mid-term of the next period. This will serve as the roadmap for the short, mid- and long-term planning and monitoring of the funds. A system of ex-ante conditionalities and macro-economic conditionality will be maintained. Through the European Semester process the Commission and the Member States (notably through their National Reform Programmes) will ensure coordination and complementarity of financing from cohesion policy funds and the new Reform Support Programme with regard to the support to structural reforms.

Adding up to mid/long-term structural interventions from the European Social Fund+, the European Globalisation Adjustment Fund will support workers in the face of negative impact of developments linked to globalisation including changes in trading patterns due to third country decisions.

As regards other instruments, enhanced complementarity will allow integrated support for the policy value chain, for instance offering greater possibilities to scale up Erasmus+ transnational projects into a national policy context through support by the European Social Fund+, in particular for the disadvantaged young people, or joint competitive calls aimed at mainstreaming innovative project results from EU programmes into national policies such as skills and competences curricula developed under Horizon Europe. Synergies with the Digital Europe Programme will be developed in the area of skill development. In addition, in complementarity with the Asylum and Migration Fund, the European Social Fund+ will support long-term integration of third-country nationals including needs linked to integration of relocated third-country nationals.

On financial engineering, the InvestEU Fund will play a strong complementary role particularly by promoting access to finance through its "social investment and skills" window.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	101 174
of which:	
European Social Fund	100 000
Employment and social innovation	761
Health	413

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Erasmus+

Erasmus+ equips people, in particular young people, with knowledge and skills through study, traineeships, apprenticeships, youth exchanges, teaching, training, youth work and sport activities all over Europe and beyond. It supports European countries to modernise and improve their education and training systems as well as their youth and sport policies.

1. EUROPEAN ADDED VALUE

The programme is built around three key actions: mobility, cooperation and support to policy development. Erasmus+ increases opportunities for people to have a learning experience abroad. It also provides networking and cooperation opportunities as well as capacity building activities within the Union and with third countries. It includes mutual learning and exchange of good practice. It supports innovation in systems and organisations and provides tangible results for participating individuals and institutions.

Action at EU level is essential given the transnational character and scale of these activities. The Erasmus+ Programme guarantees that all Member States benefit from mobility and exchange of good practice while ensuring optimal dissemination of results. EU action on the ground is a way of filling in the missing links, avoiding fragmentation, realising the potential of a Europe without internal borders and improving transparency and comparability of education and training systems throughout the Union. Other schemes of comparable actions at national level remain significantly smaller both in volume and scope and do not have the capacity to substitute Erasmus+ funding.

The European Pillar of Social Rights, as proclaimed by the three institutions at the Social Summit in Gothenburg in November 2017, recalled the need to put people first and to further develop the social dimension of the Union. It highlighted common principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. To face the competitive job market, anticipate societal challenges and contribute to resilient economies, people need to be equipped with the right set of knowledge, skills and competences required in a fast changing world.

Therefore, Erasmus+ will support the acquisition of forward-looking knowledge, skills and competence development and build new alliances with relevant stakeholders. Erasmus+ will become a more inclusive programme increasing its accessibility especially for small scale or grassroot organisations. It will allow more young people, including school pupils, to travel to another country for learning, including reaching out to those from disadvantaged backgrounds. Promoting awareness of EU matters and fostering active participation in society will help to tackle the lack of understanding of the EU and how it works. The levels of mobility and cooperation at European and international level will also be increased and extended in scope.

2. OBJECTIVES

The general objective of the programme is to support the implementation of EU policy objectives in the field of education and training, youth and sport, thereby contributing to sustainable growth and social cohesion and to promoting EU common values and a sense of belonging to the EU.

For education and training, this translates into the establishment of the European Education Area by 2025 in which learning, studying and doing research would not be hampered by borders, implementing relevant EU policies in this field, notably the New Skills Agenda for Europe, and following up on the Paris Declaration on promoting citizenship and the common values of freedom, tolerance and non-discrimination through education.

The programme will support and implement actions in accordance with the renewed framework for European cooperation in the youth field, addressing learning mobility, capacity-building of the youth sector, actions to empower young people to participate and support Member States in developing their national youth systems.

It will help developing the European dimension in sport and foster a European identity by travel experience with Interrail passes for young people.

3. IMPLEMENTATION & SIMPLIFICATION

Building on the successful implementation of the programme so far, the future Erasmus+ will maintain the current basic architecture as an integrated programme that is based on the principle of lifelong learning. Its actions cover several areas such as higher education, vocational education and training, school education, adult learning, youth and sport.

The budget of Erasmus+ will be implemented mainly via National Agencies established in each of the Erasmus+ Programme countries as well as, to a lesser extent, by the Education Audio-Visual and Culture Executive Agency and by the Commission.

Erasmus+ will decrease the administrative burden for all by simplifying procedures and processes, optimising electronic tools and making them more interoperable and user-friendly, by reducing reporting and information obligations and better standardise the implementation of the programmes across National Agencies. Simplification and streamlining of the implementation modalities will facilitate access to Erasmus+. The delivery mechanism and rules of the international strand of Erasmus+ will also be considerably simplified and streamlined.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme complements national and regional actions and allows structured mobility, cooperation and policy support in a truly transnational way.

The significant complementarities between Erasmus+ and other EU instruments, including the European Social Fund+, and Horizon Europe will be strengthened. In addition, the European Solidarity Corps will facilitate the engagement of young people in solidarity activities in full synergy with Erasmus+, as both programmes will be implemented with the support of the Education, Audiovisual and Culture Executive Agency and of national agencies.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	30 000

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

European Solidarity Corps

The European Solidarity Corps aims at facilitating the engagement of young people in solidarity activities in Europe and abroad, and at using those opportunities to improve their skills, competences and employability with a view to address concrete societal challenges.

1. EUROPEAN ADDED VALUE

Solidarity lies at the heart of the European Union and is one of its core values.

Since December 2016, the European Solidarity Corps has brought together all related activities under existing programmes and enabled young people to engage in solidarity activities. Since 2014, the EU Aid Volunteers initiative gives EU citizens a unique opportunity to contribute to humanitarian action in third countries.

The benefit of fostering solidarity activities at EU level is considerable. This was reaffirmed in the mid-term evaluations of the Erasmus+ programme, the main supplier of volunteering opportunities under the Corps so far, and the EU Aid Volunteers initiative. Given the scarcity of financial resources in this area, EU funded projects, in particular for cross-country activities, would not have gone forward based only on national funding. Willingness to engage exceeds the opportunities on offer: Only 8% of young people have stayed abroad for the purpose of volunteering and of those who have not done so, 76% indicate this is because of lack of opportunities. In general, more than four in ten young Europeans would like to work, study or train in another EU country.

So far over 53,000 young persons have demonstrated their interest in solidarity activities by registering on the European Solidarity Corps portal. In the absence of the European Solidarity Corps and EU Aid Volunteers, an important potential for solidarity activities would be lost, leading to detrimental effects for welfare, vulnerable communities, the development of young people and society as a whole. The European Solidarity Corps will allow the pooling existing resources and knowledge to achieve a critical mass of sustained funding for tackling EU wide challenges through solidarity activities. Cross-country placements require a sufficient EU dimension, such as fostering an EU policy (e.g. migration, environment) in order to be eligible.

The European Solidarity Corps supplements existing public and private policies and works in complementarity with existing national schemes. This complementary effect is ensured since the programme is aimed at addressing unmet societal needs.

2. OBJECTIVES

The European Solidarity Corps aims to enhance the engagement of young people and organisations in accessible and high quality solidarity activities. This helps to strengthen cohesion and solidarity in Europe and abroad, supporting communities and responding to societal challenges. The European Solidarity Corps builds on the current European Solidarity Corps and the EU Aid Volunteers programme with a view to:

- Addressing important unmet societal needs in a broad range of areas such as development and humanitarian aid, education, health, social integration, assistance in

the provision of food, shelter construction, reception, support and integration of migrants and refugees, environmental protection or prevention of natural disasters, contributing to the EU goals in these policy domains;

Empowering young people through their involvement in European solidarity activities. This allows the young people to develop their human and social skills that in turn enables them to become independent, active individuals. At the same time, they develop a European identity and intercultural competences, which is essential in times of persistently high youth unemployment in some parts of Europe and growing risk of lasting social exclusion for certain vulnerable groups;

Strengthening the foundations for engagement in solidarity activities and providing an extended basis for supporting organisations around Europe. This also contributes to building inclusive, open communities, helping to make society as a whole more resilient;

The integration of the EU Aid Volunteers Initiative provides a unique opportunity for young Europeans to demonstrate solidarity with people in need around the world and contribute to humanitarian/development actions in third countries. It also provides opportunities for organisations to receive technical assistance and capacity building in disaster risk management, preparedness and response.

The European Solidarity Corps will also contribute to intergenerational solidarity, connecting young participants to other generations in projects that allow for positive synergy and mutual learning. It will further develop its platform and network of participants to foster a larger community of people engaged in solidarity activities.

3. IMPLEMENTATION & SIMPLIFICATION

The European Solidarity Corps will support the placement of participants in accredited organisations involved in solidarity projects. It will be implemented on the successful model established for the Erasmus+ programme. It is based on the clear division of programme management tasks between the Commission, the National Agencies established under the Erasmus+ Programme and the Education, Audiovisual and Culture Executive Agency.

The geographical scope of the new European Solidarity Corps covers, in the humanitarian field, all countries worldwide. For all other volunteering opportunities, potentially all countries participating today in Erasmus+ would be included. However, traineeships and jobs opportunities will be on offer only in EU Member States.

The European Solidarity Corps will ensure:

- A holistic approach to solidarity under a single EU instrument, covering activities both within and beyond EU borders including the humanitarian dimension;
- A single entry point (one stop shop) for young people interested in a solidarity, with a clear and simple access to the scheme;
- An increased number of volunteers, trainees and employees through single instrument;
- The simplification of rules of the existing schemes and establishment of a single implementation procedure;
- Cost reductions through economies of scale and scope (insurance, training, communication, online platform, etc)

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The European Solidarity Corps will allow for a single hub for solidarity activities both within and outside the EU. The European Solidarity Corps will develop close ties and synergies with national frameworks and schemes, such as civic service programmes. Close complementarities and synergies will be ensured with the youth activities under the future Erasmus+ Programme and the European Social Fund+ activities aimed at fostering the employment of young people. Synergies with LIFE, the EU Programme for Environment and Climate Action, will also be exploited notably as complementary actions for strategic integrated projects.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	1 260

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Justice, Rights and Values

The Justice, Rights and Values Fund is a new EU instrument comprising two funding programmes: the Rights and Values Programme supporting equality and rights and the Justice Programme promoting the development of an EU area of justice.

1. EUROPEAN ADDED VALUE

Promoting, strengthening and protecting EU values, rights and justice contributes to making the EU authentic and tangible in people's day-to-day lives. By promoting and protecting equality and rights all across the EU, encouraging citizens' participation in political and civil life and supporting policies to promote equality and non-discrimination and to combat violence, the Fund contributes to strengthening European democracy, its equal societies and civil institutions.

Promoting EU values also means protecting them and ensuring an environment respectful of the rule of law and the independence of the judiciary, where mutual recognition and mutual trust among Member States are enhanced. This is at the core of the European Area of Justice. It is through EU-funded initiatives that remaining bottlenecks hampering judicial cooperation in civil and criminal matters and the incomplete implementation of EU law can best be tackled.

The two programmes under the Justice, Rights and Values Fund will also enhance and support the key role of Non-Governmental Organisations and Civil Society Organisations in the promotion, safeguarding and awareness-raising for EU common values and in contributing to the effective enjoyment of rights under Union law.

2. OBJECTIVES

The overarching aim of the Justice, Rights and Values Fund is to sustain open, democratic and inclusive societies. It aims to empower citizens through protecting and promoting rights and values through further developing an EU area of justice.

This is pursued through the following objectives:

- Empowering citizens through the promotion and protection of rights, values and equality and through creating opportunities for engagement and participation;
- Contributing to the further development of a European area of justice based on the rule of law, on mutual recognition and trust, in particular by facilitating access to justice, by promoting judicial cooperation in civil and criminal matters and the effectiveness of national justice systems.

3. IMPLEMENTATION & SIMPLIFICATION

The new instrument combines small scale programmes with related objectives and beneficiaries so as to improve both effectiveness and efficiency of EU action. Its architecture develops synergies between current programmes, while allowing for policy specificities. On the basis of the lessons learnt from the previous generation of programmes, implementation

will be streamlined to increase cost effectiveness and reduce administrative burden for example by reducing the number of underlying financial transactions.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Justice, Rights and Values Fund has policy synergies with the Single Market Programme as it provides support to empower consumers and strengthen the work of enforcement authorities in the consumer area. By financing activities on company law, contract law and anti-money laundering, the future Single Market Programme will contribute directly to the implementation of the EU policy in the field of justice. Synergies will be developed and strengthened within the European Social Fund+ with its strong and direct impact on people ± including the most disadvantaged and discriminated against ± and its significance for promoting gender equality and equal opportunities, EU values and the respect of fundamental rights. The Digital Europe Programme will enable to ensure the digital transformation of the H M X G L F L D O V \ V W H P V L Q W K H 0 H P E H U 6 W D W H V by EU companies and cross-border interconnection and interoperability. The promotion of values and rights within the EU is mirrored by their promotion at the global level, including through the linkages of the implementation of the Sustainable Development Goals. In this respect, synergies can also be developed with external action at multilateral level.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	947
of which:	
Rights and Values	642
Justice	305

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Creative Europe

Creative Europe is the EU programme that supports European culture, including notably MEDIA actions.

1. EUROPEAN ADDED VALUE

Promoting, strengthening and protecting European cultural diversity and cultural heritage and creativity helps to make the EU authentic and tangible in people's day-to-day lives. Culture therefore plays a pivotal role in addressing key societal and economic challenges. Moreover, culture has a strong role in driving innovation, economic growth and job creation.

Support to cultural diversity enables artistic and creative freedom and strengthens awareness of a shared European identity. The promotion of cultural values requires competitive and vibrant cultural and creative sectors, in particular the audiovisual industry, in order to reach citizens across Europe, notably in the context of an increasingly integrated Digital Single Market.

EU level investment in culture plays a crucial role fostering diverse and inclusive societies, and supports other EU policies through crossovers. Substantially increased added value will be ensured by focusing on areas which complement national and regional funding with a strong cross border dimension, by addressing market failures, and contributing to economies of scale and critical mass.

Mobility of professionals in the cultural and creative sectors, support to emerging talent and the promotion of artists and their works at the international level strengthen the European Union's cross-border cultural performance and its relations on the global scene. Actions to promote audience engagement and cultural participation, and supporting artistic expression strengthen Europe's creative and innovative potential that extends beyond national borders. This is particularly true for enhanced creation, circulation and promotion of culturally diverse and competitive European film content for which further scaling up and consolidating Europe's audio-visual industry is essential.

With regard to the audiovisual industry, actions under the MEDIA strand will strengthen the competitiveness of Europe's creative and audiovisual industry, by supporting the development of European works able to compete with major non-European productions, new technologies for innovative story-telling (such as virtual reality), marketing, promotion, and distribution strategies, as well as accompanying the implementation of the Audiovisual Media Services Directive.

2. OBJECTIVES

The overarching aim of Creative Europe is to sustain open, inclusive and creative societies and to strengthen the competitiveness of the cultural and creative sectors, boosting growth and job creation. The programme aims to

- Safeguard, develop and promote European cultural diversity and Europe's cultural heritage;
- Support the creation and dissemination of quality and diverse European works, accessed by large audiences across borders;

Support culture-based creativity in education and innovation;
Strengthen the cross-border dimension of cultural and creative sectors;
Improve the competitiveness and innovation capacity of the European creative and audiovisual industry.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will continue to be principally implemented by the Education, Audiovisual and Culture Executive Agency. On the basis of the lessons learnt from the previous generation of programmes, implementation will be streamlined to increase cost effectiveness and reduce administrative burden for example by reducing the number of underlying financial transactions. The Creative Europe Desks will be delivering more streamlined and better focussed communication, dissemination and feedback on results.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Creative Europe has strong synergies with the Single Market Programme as the promotion of culture and media are directly contributing to the implementation of the Digital Single Market strategy. Synergies with Erasmus+ will be reinforced by more systematically mainstreaming the needs of cultural education and training institutions into the existing and future actions. The Digital Europe Programme will support the digital transformation of the cultural heritage sector (e.g. Europeana), thus contributing to the implementation of the #digital4culture strategy. In order to leverage private investment, equity and debt financing will be made available to cultural and creative small and medium-sized enterprises via the InvestEU Fund. Under Horizon Europe, the cluster on inclusive, resilient and secure societies will support research and innovation activities in the fields of media convergence and culture.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	1 850
of which:	
MEDIA	1 200
Culture	650

AGRICULTURE & MARITIME POLICY

European Agricultural Guarantee Fund & European Agricultural Fund for Rural Development

The Common Agricultural Policy is the core policy of the Union aiming to increase agricultural productivity, ensure a fair standard of living for farmers, stabilise markets and enhance competitiveness. A modernised Common Agricultural Policy will need to support the transition towards a fully sustainable agricultural sector and the development of vibrant rural areas, providing secure, safe and high-quality food for over 500 million consumers.

1. EUROPEAN ADDED VALUE

Europe needs a smart, resilient, sustainable and competitive agricultural sector in order to ensure the production of safe, high-quality, affordable, nutritious and diverse food for its citizens and a strong socio-economic fabric in rural areas. A modernised Common Agricultural Policy must enhance its European added value by reflecting a higher level of environmental and climate ambition and addressing citizens' expectations for their health, the environment and the climate. The global and cross-border nature of the key challenges faced by EU agriculture and rural areas require a common policy at EU level. These challenges are addressed by:

- Securing a single market and level playing field via a common income safety net and avoids potential distortions of competition;
- Shoring up EU farming sector resilience necessary to harness globalisation;
- Delivering on key sustainability challenges like climate change and biodiversity, as well as soil, water and air quality.

A modernised policy will allow maintaining a fully integrated Single Market for agricultural goods in the EU while increasing the emphasis on a sustainable production with increased ambition regards the environment and climate. Disparities in the development of the farming sector will be reduced and crisis preparedness will be increased.

2. OBJECTIVES

The post-2020 Common Agricultural Policy focuses on objectives covering all three dimensions of sustainable farming in the EU:

- To foster a smart and resilient agricultural sector;
- To bolster environmental care and climate action and to contribute to the environmental and climate objectives of the EU;
- To strengthening the socio-economic fabric of rural areas.

It will also need to continue to address societal expectations regarding sustainable food production, in particular concerning food safety, food quality, environmental and animal welfare standards. The policy will reflect a higher emphasis on advice, knowledge transfer and cooperation.

3. IMPLEMENTATION & SIMPLIFICATION

The policy will continue to be implemented primarily under shared management between the EU and the Member States. It will be financed through two funds, the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development. A new delivery model will be put in place by bringing together the operations under a single programming instrument, the Common Agricultural Policy Strategic Plan. Based on a common set of objectives set at EU level and fully respecting the EU's international commitments, Member States will have more room to identify their needs and to define the intervention schemes, provided they are pertinent to achieve the EU specific objectives. Such EU specific objectives shall be aligned with those of other EU policies, such as environment and climate.

The Common Agricultural Policy Strategic Plans will be approved by the Commission if they are consistent and contribute in an adequate manner to the achievement of EU objectives and targets. This new model represents a shift-based policy to a result-oriented policy aimed at delivering on common objectives set at EU level. It will also allow Member States suitable room to cater for specific needs at national or regional level. A set of impact indicators will be used for evaluating the long-term performance of the policy, while common output and result indicators will help to monitor implementation. The new delivery model will entail a far-reaching simplification of rules for farmers and administrations.

Direct payments will remain an essential part of the policy, but they will be moderately reduced and better targeted. Basic income support through direct payments, in particular decoupled payments, will form part of the interventions covered by the Strategic Plan established by Member States.

Member States will have the option of shifting a part of their allocations of direct payments to rural development and vice versa.

Currently, 20% of farmers receive 80% of direct payments reflecting a system where payments are linked to land which is concentrated among a minority of farmers.

A more balanced distribution should be promoted through compulsory capping at farm level (with exemption of cost of labour) or degressive payments decreasing with farm size. The savings will remain in the envelope of the Member State in which they originate for redistributing the support towards rural development on medium and smaller farms.

Direct payment levels per hectare between Member States will continue to converge (external convergence). For all Member States with direct payments below 90% of the EU-27 average, the gap between their current level and 90% of the EU average direct payments will be closed by 50%. This convergence will be financed by all Member States.

The "greening" as currently applied will be replaced by integrating current cross compliance, green direct payments and voluntary agro-environmental and climate measures into a more targeted, more ambitious yet flexible approach, in view of a higher level of environmental and climate ambition of the Common Agricultural Policy.

Support for risk management tools including income stabilisation tools will need to be introduced in the Strategic Plans. A new crisis reserve will be established within the European Agricultural Guarantee Fund. Access will be conditional on the set-up of a strategy at national level of appropriate risk management tools (such as insurance type instruments).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Modernising the Common Agricultural Policy will help develop more synergies and make it more coherent with other EU policies, in particular environment, climate action, regional development and research and development. Higher policy coherence will result in simplification for administrations and farmers alike. A higher environmental ambition cannot be reached without strong support for knowledge, innovation and technology. Successful synergies with Horizon Europe will continue to be secured and developed in the cluster on ³)RRG DQG 1DWXUDO 5HVRXUFHV´ ZKRVH REMHFWLYH LV W safe, sustainable, resilient, circular, diverse and innovative. A reinforced focus on developing and using scientific knowledge in EU agriculture is essential for its modernisation and transition to a sustainable future. This is why an amount of EUR 10 billion will be foreseen under Horizon Europe to support research and innovation in food, agriculture, rural development and the bioeconomy. Synergies will also be ensured with the LIFE Programme, the EU Programme for Environment and Climate Action, to optimise the uptake of funds supporting environmental investments. Equally, operational assessments of the state of the agricultural environment and impact of policies can be secured by seeking close synergies with the Space Programme.

A simplified framework of EU objectives and basic rules will be common with the other European Structural and Investment Funds to the extent possible.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	365 005
of which:	
European Agricultural Guarantee Fund	286 195
European Agricultural Fund for Rural Development	78 811

AGRICULTURE & MARITIME POLICY

European Maritime and Fisheries Fund

The European Maritime and Fisheries Fund is the EU's dedicated programme to support a sustainable EU fisheries sector and the coastal communities dependent on it.

1. EUROPEAN ADDED VALUE

The global nature of the maritime ecosystem requires the EU to act at international level to protect, conserve and sustainably use the oceans and their resources. EU action is far more efficient and effective than at any individual Member State level. Marine biological resources would soon be depleted without coordinated EU action, having immediate repercussion on the availability of fisheries products and the destruction of the marine ecosystem. The Fund supports the protection of marine biodiversity and ecosystems and helps to boost investments, jobs and growth, foster innovation through research and development and contributes to energy and climate objectives.

Overcapacity of the EU fleet and overfishing is still a problem in many segments and across seabasins. Structural problems still prevail in the fisheries sector, notably in transnational sea basins and coastlines covering several Member States, which cannot successfully be addressed acting alone. The Integrated Maritime Policy provides a coherent approach to maritime issues through close coordination and cooperation across sectors.

Promoting the blue economy in fisheries and aquaculture, tourism, ocean energy or blue biotechnology, in coastal communities, at EU level provides real EU added value by encouraging EU governments, industry and stakeholders to develop joint approaches to drive growth, while safeguarding the marine environment.

2. OBJECTIVES

The European Maritime and Fisheries Fund will focus on three objectives:

- Safeguarding healthy seas and oceans and delivering sustainable fisheries and aquaculture by reducing the impact of fisheries on the maritime environment while enhancing the competitiveness and the attractiveness of the fisheries sector;
- Promoting the blue economy, particularly by fostering sustainable and prosperous coastal communities towards investment, skills, knowledge and market development;
- Strengthening international ocean governance and the safety and security of maritime space in areas which are not already covered by international fisheries agreements.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will be implemented in both shared and direct management. Grants and Financial Instruments will be the main funding tools. In shared management, Member States will be the main actors directly supporting beneficiaries. Direct management will be used to promote innovative policy development with an immediate impact in maritime policy activities and in the field of international ocean governance and maritime security.

The Fund will share a common legal basis with all the European Structural and Investment Funds. However, a sector-specific Regulation and a limited set of implementing and delegated acts are foreseen.

Simplified Cost Options (flat rates, lump-sums and unit costs) will be increasingly used to reduce the administrative burden. There will also be a large flexibility for Member States to tailor measure to objectives pre-defined at EU level. In addition, the adoption of e-procurement and e-grant modules in the case of direct management will be promoted, with the possibility to further externalise direct management of funds to executive agencies.

To increase the flexibility, the possibility to combine funding between the European Structural and Investment Funds as well as between shared and direct management will be increased. In addition, a larger availability of financial instruments (loans, guarantees) and repayable assistance such as repayable grants at programme level will be the standard for all support towards developing and improving the profitability of enterprises in the fisheries sector. Finally, Member States will have more flexibility in reacting to unforeseen circumstances and addressing changing spending priorities.

The Fund will also move towards a more results-based support model based on a pre-defined list of detailed measures Member States can choose from. Better information systems based on integrated data frameworks will strengthen the policy impact.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies for the maritime and blue economy will be exploited in particular with the European Regional Development Fund for the investment in blue growth sectors and for sea-basin strategy, with the European Social Fund+ to re-train fishers in acquiring skills and the European Agricultural Fund for Rural Development for support to aquaculture. The collaboration and synergies with Horizon Europe for marine research and innovation will be achieved, for instance by supporting small and medium-sized enterprises for the deployment and market replication of innovative solutions for blue growth and by supporting a thematic investment platform for research and innovation in the blue economy. Synergies with LIFE, the EU Programme for Environment and Climate Action, will also be exploited for supporting actions aimed at improving the marine environment, notably as complementary actions for strategic integrated projects. The InvestEU Fund will play an important role with financial instruments for market related action, in particular by supporting a thematic investment platform for research and innovation in the Blue Economy.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	6 140

AGRICULTURE & MARITIME POLICY

International Fisheries Agreements

International fisheries agreements allow the EU fishing fleets access to third country waters and require the financing of compulsory annual contributions deriving from EU membership in Regional Fisheries Management Organisations

1. EUROPEAN ADDED VALUE

The EU is one of the leading maritime and fisheries players in the world. It promotes the sustainable management of international fish stocks and defends EU economic and social interests. Within the EU, the promotion of sustainable fisheries is the exclusive competence of the Union as the cross-boundaries dimension of fisheries requires EU-wide action. This is even more important for international action, whether when negotiating fisheries agreements or when participating to the Regional Fisheries Organisations.

The EU has also committed itself to take a leading role in implementing the UN's Sustainable Development Goal "to conserve and sustainably use the oceans, seas and marine resources" and is thus interested to shape international ocean governance including resource conservation and stemming illegal fishing in the frame of its international fisheries agreements.

More than a quarter of the fish caught by European fishing boats are taken outside EU waters. Therefore, the EU benefits from fisheries agreements for sustainable EU food supply, for developing its fisheries sector, the coastal communities depending on it and a sustainable blue economy. In addition, indirect benefits emerge from supporting third countries in the form of addressing migration and local socio-economic development. In the context of the Sustainable Fisheries Partnership Agreements, the EU provides financial and technical support to establish a legal, environmental, economic and social governance framework for fishing activities carried out by Union vessels in third country waters. The EU has a joint management of shared stocks with Norway, Iceland and the Faeroe Islands. Such agreements play an important role in developing stronger relations with third countries and promoting the role of the European Union on the global stage.

The EU is a Contracting Party to the UN Convention on the Law of the Sea and the UN Fish Stocks Agreement. It must cooperate with other fishing nations and be a member of Regional Fisheries Management Organisations for fishing in high seas. As the sole representative for all EU fishing interests, the EU is a leading member in these organisations and has the clout and authority to defend its interests more effectively and forcefully than EU Member States separately.

2. OBJECTIVES

In the mutual interest of the EU and its partners, the International fisheries agreements programme aims to:

- Secure access of the EU fleet to the waters under jurisdiction of third countries;
- Provide funding to enhance capacity building of the coastal States to establish a sustainable management of fishery resources and strengthening monitoring,

control and surveillance of fishing activities in their waters in particular to tackle illegal, unregulated and unreported fishing;

Develop and support the necessary scientific and research institutions;

Enhance transparency and promote the level playing field between all the fleets operating in the waters concerned;

Strengthen and promote the governance of the oceans in regional fisheries bodies.

In addition to being a legal requirement when fishing in international waters, the membership to regional organisations allow the EU to promote principles of the Common Fisheries Policy outside of EU waters as much as possible to create a level playing field for EU operators. As a member of these organisations the EU is bound to participate in financing of the operations of the regional organisations through compulsory contributions.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is directly implemented by the European Commission by way of financial contribution.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The synergies with the Common Fisheries Policy are vital to the successful implementation of the fisheries agreements.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	990

ENVIRONMENT & CLIMATE ACTION

LIFE - Programme for the Environment and Climate Action

LIFE is the EU Programme for the Environment and Climate Action. It focuses on developing and implementing innovative ways to respond to environment and climate challenges thereby catalysing changes in policy development, implementation and enforcement.

1. EUROPEAN ADDED VALUE

By their very nature, environmental problems, including climate change, transcend political, legal and man-made boundaries and cannot be adequately solved by Member States alone. EU intervention in the form of a dedicated instrument for environment and climate, including energy efficiency and small-scale renewables, is required to efficiently address such problems, avoid coordination failures, and complement environment and climate mainstreaming across the EU budget with targeted action.

Most environmental assets are public goods that are unevenly distributed across the EU. The obligation to preserve them calls for a consistent application of the principles of responsibility sharing and solidarity. Consistency across the EU on the application of EU environmental and climate legislation and policies as well as the provision of an EU-level platform for sharing best practices and know-how is crucial. Facilitating a clean energy transition contributes to both environmental and climate objectives by contributing to better indoor and outdoor air quality, circular economy and efficiency of resources. It has strong added value by stimulating a competitive and sustainable Union economy. Furthermore, supporting energy efficiency is one of the most cost-effective ways of decarbonising our economy.

2. OBJECTIVES

The programme will contribute to:

- The shift towards a circular, resource- and energy-efficient, low-carbon and climate-resilient economy;
- The protection and improvement of the quality of the environment;
- Conserving nature and halting and reversing biodiversity loss.

The programme will also aim to build capacity, stimulate investments and support policy implementation in the fields that are most challenging for a clean energy transition.

Programme objectives will be pursued either through direct interventions or through the integration of these objectives in other policies and by enabling the coordinated use of funds available in other EU financial programmes.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is structured around two main fields of actions:

- Environment: Nature and Biodiversity; and Circular Economy and Quality of Life;
- Climate Action: Mitigation and Adaptation; and Clean Energy Transition.

The grants and public procurement part of the LIFE programme will continue to be directly managed by the Commission with the support of an executive agency.

The programme will be simplified in particular as regards the procedures for the applicants/beneficiaries. Novelties also include a greater strategic flexibility and ways to achieve a more balanced territorial coverage.

Financial Instruments for Environment and Climate Action will be implemented in the InvestEU Fund, in particular in its Sustainable Infrastructure window.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

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LIFE is designed to support demonstrating techniques and best practice that can be replicated and upscaled in larger programmes. LIFE Strategic Integrated Projects mobilise other European, national, regional and private funds for the implementation of key environmental and climate plans (e.g. river basin management plans, clean air plans, etc.). The integration of clean energy transition support actions will strengthen the overall programme coherence and synergies in the implementation of the EU environmental, climate and clean energy policies supported by the projects.

All actions undertaken under LIFE will be compatible with the EU's long-term climate and environmental objectives

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	5 450
of which:	
Environment	3 500
Climate	1 950

MIGRATION

Asylum and Migration Fund

The Asylum and Migration Fund contributes to the effective management of migration flows. It supports activities and measures related to asylum, legal migration and integration as well as irregular migration and return.

1. EUROPEAN ADDED VALUE

The migration crisis of 2015 showed that Member States cannot address the migration related challenge alone. EU action was able to provide a comprehensive and swift reaction in supporting the capacity of Member States and a policy response, framed by the European Agenda for Migration. This set out the action needed to save lives, to secure the external border of the Union, to support a strong common asylum policy, to address incentives for irregular migration and to promote a new policy for legal migration. All these work streams have been taken forward. The steady implementation of the EU-Turkey Statement, the Partnership Framework and the joint actions taken on the Central Mediterranean route have significantly reduced the number of irregular arrivals. At the same time, the management of the EU's external borders has taken a major step forward with the establishment of the hotspots approach and a significantly reinforced FRONTEX, the European Border and Coast Guard Agency.

The challenges in the areas of asylum, migration and external borders are transnational in nature and cannot be adequately addressed by Member States acting alone and all Member 6WDWHV EHQHILW IURP WKH DFWLRQV WDNHQ LQ µIUR budget. While the number of third country nationals currently arriving irregularly in the EU is progressively becoming smaller, migration will remain a challenge for the years to come. Furthermore, the abolition of internal border controls requires common measures for the effective control and surveillance of the Union's external borders, as well as a common asylum and migration policy.

Article 80 of the Treaty on the Functioning of the European Union expressly states that the common policies of asylum and migration and external borders are based on the principle of solidarity and fair sharing of responsibilities between Member States. EU funding provides the concrete financial means to translate this principle into practice.

Migration is a structural challenge. The EU needs stable and adequate tools to respond. Promoting solidarity and responsibility-sharing through resettlement and relocation, increasing legal channels for entry into the EU for persons in need of international protection, reception, integration and return of third country nationals and the completion of a Common European Asylum System, will all have financial implications.

The EU's response to the crisis has required a strong mobilisation of the EU budget to ensure that challenges could be addressed swiftly and effectively. It is a tangible manifestation of how the EU support the Member States. The funding initially earmarked for security and migration in the current Multiannual Financial Framework had to be doubled in order to respond to the scale of the needs. Discontinuing or scaling back existing EU financial interventions would have a significant, even critical, impact on the implementation of the European Agenda for Migration.

The EU will continue facing challenges in the field of migration and it is clear that these cannot be managed by Member States alone, nor without the financial and technical support of the EU. The Programme's EU added value is notable in supporting the management of high arrivals of migrants and asylum seekers, search and rescue capacities to save the lives of those attempting to reach Europe, management of returns and other actions that need coordinated Union response and are beyond the capacity of individual Member States.

2. OBJECTIVES

The key objective of the Asylum and Migration Fund will be the contribution to the efficient management of migration flows. More specifically the Fund shall contribute to:

- Strengthening and developing the Common European Asylum System, encompassing measures relating to policy, legislation and capacity building;
- Enhancing effective and fair return policies and contribute to combatting irregular migration, with an emphasis on effective national procedures and structures, sustainability of return and effective readmission in third countries;
- Enhancing solidarity and responsibility-sharing between Member States, in particular towards those most affected by migration and asylum flows, including through practical cooperation;
- Supporting legal migration into Europe and contributing, in the early integration phase, to the effective integration of third country nationals;
- Supporting the external dimension of the EU migration and asylum policy in full coherence and synergies with the EU's external action.

3. IMPLEMENTATION & SIMPLIFICATION

Shared management should be the prime vehicle for implementation of the Fund, as it will ensure a level playing field, avoid the mismatch between needs and competition for funding. It will allow funding predictability and long-term planning, and guarantee the necessary expenditure for each Member State, while securing the ability to implement the Union priorities across the EU. Shared management will be complemented with direct to a limited extent indirect management and implementation via Union transnational actions and through Emergency Assistance, complementing the national programmes of Member States with significant funding needs. The Thematic Facility would channel funds to support pre-established priorities through Union actions, emergency funding and top-ups to national programmes.

Union Agencies, notably the European Border and Coast Guard Agency and the European Asylum Support Office, play a key operational, coordination and advisory role in the implementation of EU priorities in the field of asylum and migration. They have their own budgets to carry out their tasks, separate from the Fund.

Flexibility will be a key element in the new Asylum and Migration instrument, as challenges in the area of migration are not predictable in advance and geopolitical developments can have direct repercussions on migration flows. Flexibility is essential as regards allocation to Member States. A part of funding will be allocated upfront, while a significant envelope would be allocated subsequently to specific priorities, so that funding can be targeted to reflect changed circumstances or urgencies.

The monitoring and evaluation framework will be improved to stimulate timely performance of national programmes and to ensure that evaluations can provide effective input for any future revisions of policy interventions. The improvement of indicators and the reinforcement of the partnership principle for the management of the Fund will contribute to solid monitoring and evaluation.

Harmonisation and simplification: The new instrument will benefit from the new shared management Regulation which will make rules more simple and harmonised across the board.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies will be established with the Integrated Border Management Fund and the Internal Security Fund as well as: i) with Cohesion Policy as regards the medium and long term integration of third country nationals, including the integration related transfers and ii) with the new Neighbourhood, Development and International Cooperation Instrument, which should include a strong emphasis on migration, including for its unallocated share for emerging challenges.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027*

Figures in current prices	EUR million
Total envelope for 2021-2027	10 415

* See also the envelope for the Integrated Border Management Fund, amounting to EUR 9 318 million.

BORDER MANAGEMENT

Integrated Border Management Fund

The Integrated Border Management Fund aims to guarantee a better integrated management of the EU's external borders, a higher level of border security in the Union, as well as the integrity of the supply chain, while safeguarding the free movement of persons and goods and ensuring that legitimate trade is not impaired.

1. EUROPEAN ADDED VALUE

The Integrated Border Management Fund will play a key role in the management of the external borders, including by providing indispensable support to the Member States in securing the external borders of the Union as a manifestation of the shared responsibility for the protection of our common borders and by supporting Member States to have adequate customs control equipment.

The instrument will contribute to the further development of the common visa policy and the implementation of European Integrated Border Management by Member States, to help combat irregular migration and facilitate legitimate travel. Funding should continue to provide support to Member States to build and enhance their capacities in these areas and to reinforce cooperation, including with the relevant Union Agencies.

Since the establishment of the customs union, the customs authorities have been taking on an increasing number of responsibilities which go far beyond the supervision and facilitation of EU trade and which extend to the field of safety and security. The Fund will play a role in ensuring more uniformity in the performance of customs controls at the external borders, by addressing the current imbalances between the Member States due to geographical differences and differences in capacities and resources available. This would not only strengthen customs controls but also facilitate legitimate trade, contributing to a secured and efficient custom union.

Borders policy is by nature transnational. A threat posed to one Member State affects the EU as a whole, thereby confirming the need for action at EU level. The migration and terrorism challenges of the past years could not have been managed by individual Member States acting alone and without the financial and technical support of the EU. In addition, action at EU level is needed to ensure that all customs authorities have the necessary tools to fulfil their functions at the EU borders thereby reducing the security and financial risks as well as avoiding customs shopping which would have an impact on the entire Union.

2. OBJECTIVES

The Integrated Border Management Fund will have two components which will contribute to:

Border management and visa (persons):

- Promoting the uniform implementation, further development and modernisation of the common policy on short-stay visas, including the digitisation of visa processing;
- Further developing different forms of consular cooperation;
- Enhancing border control by U H L Q I R U F L Q J W K H 0 H P E H U 6 W D W H V ¶ including by facilitating legitimate border crossings and, where appropriate, preventing and

detecting terrorism and cross-border crime, such as migrant smuggling, trafficking in human beings and supporting the Member States facing existing or potentially disproportionately migratory pressure at the EU external borders;

Supporting the development, operation and maintenance of information systems, including interoperability;

Enhancing inter-agency cooperation at national level among national authorities in Member States, responsible for border control or for other tasks carried out at the border;

Carrying out risk analyses and identifying threats that may affect the functioning or the security of the external borders;

Ensuring the uniform application of the Schengen acquis on external borders;

Further development of the European Border and Coast Guard and contributing to the exchange or secondment of border guards and other relevant experts between Member States or between a Member State and a third country.

Customs control equipment (goods):

Achieving the full potential of the customs union by safeguarding its financial interests, preventing illicit trade and fraud through equivalent and adequate customs controls at the EU border;

Promoting the co-sharing of control equipment (e.g. X-ray scanners, Automatic Number Plate Recognition System, etc.) between all concerned law enforcement authorities.

3. IMPLEMENTATION & SIMPLIFICATION

The border management and visa component will be implemented through shared management via multiannual programmes by Member States, while an envelope will be channelled through direct or - to a limited extent - indirect management and implementation via Union actions. Through Emergency Assistance, the Fund will react to unforeseen circumstances and would complement the programmes of Member States with significant funding needs. A Thematic Facility will allocate funding to pre-established strategic priorities through Union actions, emergency funding and top-X S V W R W K H 0 H P E H U 6 W D W H V Shared management will ensure a level playing field and reduce the adverse effects of competition for funding, will allow for funding predictability and long-term planning and will guarantee necessary expenditure in all Member States, while securing the ability to implement the Union priorities across the EU. As regards the customs control equipment component, it will be implemented in direct management.

A number of Agencies support the EU's work in the area of borders and visa, in particular the European Border and Coast Guard Agency (FRONTEX), Europol (European Agency for Law Enforcement Cooperation) and eu-LISA (European Agency for the operational management of large-scale Information Technology systems in the area of freedom, security and justice). They have their own budgets to carry out their tasks, separate from the Fund.

The Fund should also entail increased flexibility to respond to unforeseen developments, which are not unusual in the area of border management. In the case of border management and visa, part of the funding will be allocated upfront, while a significant envelope would be allocated subsequently and periodically to specific priorities, to address changing

circumstances or urgency. The Fund will benefit from using the lighter, more simplified rules applicable to other shared management Funds. This would also allow moving towards a single set of rules that follows the principle of proportionality and that equally fits all EU Funds under shared management.

The monitoring and evaluation framework should be improved to stimulate timely performance on national programmes and ensure that evaluations can provide effective input for any future revisions of policy interventions. Improving the indicators, reinforcing the partnership principle for the management of the Fund and performing a mid-term performance review linked to performance-based rewarding (not applicable to customs control equipment) will contribute to solid monitoring and evaluation.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As regards borders and visa, synergies between the new instruments on Integrated Border Management and the Asylum and Migration Fund and the Internal Security Fund will be established, as well as with other instruments in particular with funds and programmes in the areas of maritime security and surveillance, security research, security of infrastructure, Cohesion Policy and the instruments supporting the external dimension of border management. As regards customs control equipment in particular, synergies will be established with the Customs Programme. Effective coordination mechanisms are crucial to maximise the effectiveness in the achievement of policy objectives and to exploit economies of scale. This will ensure complementarity and clarity between the scopes of intervention of all instruments, including clarity for beneficiaries.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027*

Figures in current prices	EUR million
Total envelope for 2021-2027	9 318
of which:	
Border management and visa	8 018
Customs control equipment	1 300

* See also the envelope for the Asylum and Migration Fund, amounting to EUR 10 415 million.

SECURITY

Internal Security Fund

The Internal Security Fund contributes to ensuring a high level of security in the Union by tackling terrorism and radicalisation, organised crime and cybercrime and by assisting and protecting victims of crime.

1. EUROPEAN ADDED VALUE

Over recent years, security threats have intensified and diversified in Europe. Terrorist attacks, new avenues of organised crime, and ever-growing cybercrime have a cross-border dimension which demands a strong EU response. EU action has provided a comprehensive and swift reaction to these challenges and the general policy response was formulated in 2015 by the Agenda on Security. Security will remain a defining issue for the EU for years to come DQG (XURSH¶V FLWL]HQV H[SHFW WKHLU 8QLRQ DQG QDW curity in a fast-changing and uncertain world.

The challenges the Union is facing, notably from international terrorism, cannot be managed by individual Member States alone and without the financial and technical support of the EU. In an era where terrorism and other serious crime operate across borders, both the European Union and its Member States have a responsibility towards their citizens to deliver an area of security where individuals are protected, in full compliance with EU fundamental rights. In this regard, the Treaties envisage the need to ensure a high level of security, including through preventive measures, and through coordination and cooperation between police, judicial and other competent authorities. This needs to be provided at EU level.

EU support provides significant added value to national funding by stimulating cooperation and exchange of information between Member State law enforcement officials and other relevant authorities, in particular by enabling the interoperability of the different security systems and making EU information systems more effective and efficient, and by facilitating joint operational actions, as well as by providing support for training, for the construction of essential security-relevant facilities and the purchase of necessary technical equipment. For example, in the aftermath of the terrorist attacks in Paris in 2015, Emergency Assistance helped to put in place a digital solution to process large amounts of surveillance data, increasing the preparedness of the Union to possible future threats.

2. OBJECTIVES

The Internal Security Fund specifically aims to:

- Increase the exchange of information between law enforcement and other authorities within the EU, including with Europol and other relevant Union bodies, third countries and international organisations in relation to the prevention, detection and investigation of serious and organised crime with a cross-border dimension;
- Intensify cross-border joint operations between law enforcement and other competent authorities within the EU, including with security relevant Union agencies and other Union bodies, third countries and international organisations in relation to

the prevention, detection and investigation of crime and organised crime with a crossborder dimension;

Ensure collective responses to security threats by increasing capabilities and enhancing EU preparedness and resilience, including by increasing cooperation among public authorities, civil actors and private partners from across EU Member States and third countries, including Union agencies and international organisations.

3. IMPLEMENTATION & SIMPLIFICATION

The Internal Security Fund is mainly implemented through shared management via multiannual programmes implemented by Member States and as well through direct or to a limited extent also indirect management. Emergency Assistance can complement the programmes of Member States by swiftly responding to an emergency situation. Shared management allows for funding predictability and long term planning; it guarantees an allocation to all Member States, while securing the ability to implement common priorities across the Union. However, for a better steer of funds towards the EU priorities, shared management is complemented by a Thematic Facility that would be available to channel funds to support action supporting pre-established priorities through direct and indirect management through Union Actions, Emergency Assistance and top ups of Member States' programmes.

Several decentralised agencies such as Europol (EU Agency for Law Enforcement Cooperation) and CEPOL (Agency for Law Enforcement Training) play key operational, coordination and advisory roles in the implementation of the EU priorities and objectives in the area of security. They have their own budgets to carry out their tasks, separate from the Fund.

Drawing on the experience of the current programme, the future Fund will further simplify the rules for its beneficiaries. The key operational features include:

An increased flexibility to respond to unforeseen developments, a common feature of the area of security. A part of funding will be allocated upfront, while a significant envelope would be allocated subsequently to specific priorities, partly allowing to react to changed circumstances or urgencies (via the Thematic Facility);

A further simplification as it will benefit from the new shared management regulation which will make rules more simple and harmonious across the board;

Further improvements to the monitoring and evaluation framework to stimulate timely performance of programmes and to ensure that evaluations can provide effective input for any future revisions of policy interventions. The improvement of indicators, the reinforcement of the partnership principle for the management of the Fund and a mid-term performance review will contribute to solid monitoring and evaluation.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Security is a cross-cutting issue and the new Internal Security Fund cannot provide an effective EU response without other funding instruments, including the European Structural and Investment Funds and external instruments. Synergies of the Internal Security Fund with other related instruments will be established in particular on the following aspects:

border management and customs control equipment, security of infrastructure and public spaces, cybersecurity (cybersecurity is a key theme of the Digital Europe Programme, with the Fund focusing on cyber-crime), the prevention of radicalisation, and the external dimension of security. Effective coordination mechanisms are crucial to maximise the effectiveness in the achievement of policy objectives and to exploit economies of scale, as there would be complementarity and clarity between the scopes of intervention of all instruments, including clarity for beneficiaries.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	2 500

SECURITY

Nuclear Decommissioning in Lithuania

The programme provides support to Lithuania to safely decommission first generation nuclear reactors.

1. EUROPEAN ADDED VALUE

As a condition for its accession to the European Union, Lithuania took the commitment to close and subsequently decommission two Soviet-designed first generation nuclear reactors for which an upgrade to Western safety standards was deemed uneconomical. Correspondingly, the EU committed itself in Article 3 of Protocol No. 4 of the Act of Accession of 2003 to financially support the decommissioning.

To date the decommissioning activity is progressing with an end foreseen in 2038. It is in the interest of the Union to continue providing strictly targeted financial support, contributing to ensuring the highest level of safety of the operation. The programme provides substantial and lasting support for the health of workers and the general public, preventing environmental degradation and ensuring real progress in nuclear safety and security.

The programme has a high potential for becoming a benchmark within the EU for safely managing technological issues in nuclear decommissioning, such as the decommissioning of graphite-moderated reactors.

2. OBJECTIVES

The programme aims to continue providing targeted assistance to Lithuania in managing the radioactive safety challenges of the decommissioning of the Ignalina nuclear power plant.

The programme aims also at disseminating knowledge to all Member States on the decommissioning process.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is indirectly managed through a national agency of the Member State. Keeping the decommissioning of these reactors under a dedicated spending programme implies that implementation continues seamlessly through the established implementing body. Higher national co-financing in the programme will be required in the new programming period in line with the Court of Auditor Special Report 22/2016 EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011, but critical challenges ahead.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies with Cohesion Policy will be strengthened in the next programming period. In particular, the policy will have the possibility to support the development of the concerned region by creating jobs, promoting sustainable growth and innovation. Similarly, synergies

will be explored with Horizon Europe in areas such as technology development and testing, as well as training and education.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	552

SECURITY

Nuclear Safety and Decommissioning

The aim is to support to Bulgaria and Slovakia to safely decommission first generation nuclear reactors and, separately, to finance the decommissioning process and final disposal of waste of the Commission's own nuclear installations.

1. EUROPEAN ADDED VALUE

As a condition for their accession to the EU, Bulgaria and Slovakia took the commitment to close and to subsequently decommission six Soviet-designed first generation nuclear reactors for which an upgrade to Western safety standards was deemed uneconomical. Correspondingly the EU committed itself in the frame of Article 203 of the Euratom Treaty to financially support the decommissioning. The decommissioning activity is progressing with an end foreseen in 2025 for Bohunice, Slovakia and 2030 for Kozloduy, Bulgaria. It is in the interest of the Union to continue providing financial support for decommissioning, contributing to ensuring the highest level of safety of the operation. Substantial and durable support will be provided for the health of workers and the general public, preventing environmental degradation and ensuring real progress in nuclear safety and security.

Separately, as owner of nuclear facilities, the Commission is obligated to manage its nuclear heritage. The decommission LQ J S U R F H V V V W D U W H G Z L W K W K H ³ ' H 0 D Q D J H P H Q W 3 U R J U D P P H ´

These actions have a potential for becoming a benchmark within the EU for safely managing technological issues in nuclear decommissioning and disseminating knowledge to other member states.

2. OBJECTIVES

The aim is to continue assisting Bulgaria and Slovakia in managing the radioactive safety challenges of the decommissioning process. Additionally, the decommissioning of the Commission (Joint Research Centre) sites will help explore and develop options for anticipated transfer of decommissioning and waste management liabilities to the JRC host Member States. The initiative aims also at disseminating knowledge to Member States with decommissioning programmes.

3. IMPLEMENTATION & SIMPLIFICATION

The management of the programme for Bulgaria and Slovakia is entrusted (indirect management mode) to the European Bank for Reconstruction and Development and a national agency in Slovakia. Keeping the decommissioning of these reactors under a dedicated spending programme implies that implementation continues seamlessly through the established implementing bodies.

The decommissioning of the Commission's sites is managed directly by the Joint Research Centre.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The integration of the decommissioning activities in Bulgaria and Slovakia, and of the Commission, will build synergies and additional in-house know-how for the Commission to explore and develop options for the intended transfer of decommissioning and waste management liabilities to the Joint Research Centre host Member States. Synergies with Cohesion Policy will be strengthened in the next programming period. In particular, the policy will have the possibility to support the development of the concerned region by creating jobs, promoting sustainable growth and innovation. Similarly, synergies should be explored with Horizon Europe in areas such as technology development and testing, as well as training and education.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	EUR million
Total envelope for 2021-2027	626
of which:	
Assistance to Bulgaria	63
Assistance to Slovakia	55
Decommissioning of Commission sites	348
Nuclear safety and nuclear safeguards	160