



TEXTS ADOPTED

P10_TA(2025)0090

A revamped long-term budget for the Union in a changing world

European Parliament resolution of 7 May 2025 on a revamped long-term budget for the Union in a changing world (2024/2051(INI))

The European Parliament,

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

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

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

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

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

- having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget¹ (the Rule of Law Conditionality Regulation),
- having regard to its position of 27 February 2024 on the draft Council regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027²,
- having regard to its resolution of 10 May 2023 on own resources: a new start for EU finances, a new start for Europe³,
- having regard to its resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges⁴,
- having regard to its position of 16 December 2020 on the draft Council regulation laying down the multiannual financial framework for the years 2021 to 2027⁵,
- having regard to the Interinstitutional Proclamation on the European Pillar of Social Rights of 13 December 2017⁶ and to the Commission Action Plan of 4 March 2021 on the implementation of the European Pillar of Social Rights (COM(2021)0102),
- having regard to the Agreement adopted at the 15th Conference of the Parties to the Convention on Biological Diversity (COP 15) in Montreal on 19 December 2022 (Kunming-Montreal Global Biodiversity Framework),
- having regard to the Agreement adopted at the 21st Conference of the Parties to the UNFCCC (COP 21) in Paris on 12 December 2015 (the Paris Agreement),
- having regard to the United Nations Sustainable Development Goals,
- having regard to the report of 30 October 2024 by Sauli Niinistö entitled ‘Safer together – strengthening Europe’s civilian and military preparedness and readiness’ (the Niinistö report),
- having regard to the report of 9 September 2024 by Mario Draghi entitled ‘The future of European competitiveness’ (the Draghi report),
- having regard to the report of 4 September 2024 of the Strategic Dialogue on the Future of EU Agriculture entitled ‘A shared prospect for farming and food in Europe’,
- having regard to the report of 17 April 2024 by Enrico Letta entitled ‘Much more than a market – speed, security, solidarity: empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens’ (the Letta report),

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

² OJ C, C/2024/6751, 26.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6751/oj>.

³ OJ C, C/2023/1067, 15.12.2023, ELI: <http://data.europa.eu/eli/C/2023/1067/oj>.

⁴ OJ C 177, 17.5.2023, p. 115.

⁵ OJ C 445, 29.10.2021, p. 240.

⁶ OJ C 428, 13.12.2017, p. 10.

- having regard to the report of 20 February 2024 of the High-Level Group on the Future of Cohesion Policy entitled ‘Forging a sustainable future together – cohesion for a competitive and inclusive Europe’,
- having regard to the Budapest Declaration on the New European Competitiveness Deal,
- having regard to the joint communication of 26 March 2025 entitled ‘European Preparedness Union Strategy’ (JOIN(2025)0130),
- having regard to the joint white paper of 19 March 2025 entitled ‘European Defence Readiness 2030’ (JOIN(2025)0120),
- having regard to the Commission communication of 7 March 2025 entitled ‘A Roadmap for Women’s Rights’ (COM(2025)0097),
- having regard to the Commission communication of 26 February 2025 entitled ‘The Clean Industrial Deal: a joint roadmap for competitiveness and decarbonisation’ (COM(2025)0085),
- having regard to the Commission communication of 19 February 2025 entitled ‘A Vision for Agriculture and Food’ (COM(2025)0075),
- having regard to the Commission communication of 11 February 2025 entitled ‘The road to the next multiannual financial framework’ (COM(2025)0046),
- having regard to the Commission communication of 29 January 2025 entitled ‘A Competitiveness Compass for the EU’ (COM(2025)0030),
- having regard to the Commission communication of 9 December 2021 entitled ‘Building an economy that works for people: an action plan for the social economy’ (COM(2021)0778),
- having regard to the European Council conclusions of 20 March 2025, 6 March 2025 and 19 December 2024,
- having regard to the political guidelines of 18 July 2024 for the next European Commission 2024-2029,
- having regard to the opinion of the Committee of the Regions of 20 November 2024 entitled ‘EU budget and place-based policies: proposals for new design and delivery mechanisms in the MFF post-2027’¹,
- having regard to Rule 55 of its Rules of Procedure,
- having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on the Environment, Climate and Food Safety, the Committee on Industry, Research and Energy, the Committee on Internal Market and Consumer Protection, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on

¹ OJ C, C/2025/279, 24.1.2025, ELI: <http://data.europa.eu/eli/C/2025/279/oj>.

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

- having regard to the report of the Committee on Budgets (A10-0076/2025),
- A. whereas, under Article 311 TFEU, the Union is required to provide itself with the means necessary to attain its objectives and carry through its policies;
- B. whereas the Union budget is primarily an investment tool that can achieve economies of scale unattainable at Member State level and support European public goods, in particular through cross-border projects; whereas all spending through the Union budget must provide European added value and deliver discernible net benefits compared to spending at national or sub-national level, leading to real and lasting results;
- C. whereas spending through the Union budget, if effectively targeted, aligned with the Union's political priorities and better coordinated with spending at national level, helps to avoid fragmentation in the single market, promote upwards convergence, decrease inequalities and boost the overall impact of public investment; whereas public investment is essential as a catalyst for private investment in sectors where the market alone cannot drive the required investment;
- D. whereas the NextGenerationEU recovery instrument (NGEU) established in the wake of the COVID-19 pandemic enabled significant additional investment capacity of EUR 750 billion in 2018 prices – beyond the Union budget, which amounts to 1,1 % of the EU-27's gross national income (GNI) – prompting a swift recovery and return to growth and supporting the green and digital transitions; whereas NGEU will not be in place post-2027;
- E. whereas in 2022 Member States spent an average of 1,4 % of gross domestic product (GDP) on State aid – significantly more than their contribution to the Union budget – with over half of the State aid unrelated to crises;
- F. whereas the Union budget, bolstered by NGEU and loans through the SURE scheme, has been instrumental in alleviating the economic and social impact of the COVID-19 crisis and in responding to the effects of Russia's war of aggression against Ukraine; whereas the Union budget remains ill-equipped, in terms of size, structure and rules, to fully play its role in adjusting to evolving spending needs, addressing shocks and responding to crises and giving practical effect to the principle of solidarity, and to enable the Union to fulfil its objectives as established under the Treaties;
- G. whereas people rightly expect more from the Union and its budget, including the capacity to respond quickly and effectively to evolving needs and to provide them with the necessary support, especially in times of crisis;
- H. whereas, since the adoption of the current multiannual financial framework (MFF), the political, economic and social context has changed beyond recognition, compounding underlying structural challenges for the Union and leading to a substantial revision of the MFF in 2024;
- I. whereas the context in which the Commission will prepare its proposals for the post-2027 MFF is every bit as challenging, with the established global and geopolitical order

changing quickly and radically, the return of large-scale warfare in the Union's immediate neighbourhood, a highly challenging economic and social backdrop and the worsening climate and biodiversity crisis; whereas, as the Commission has made clear, the status quo is not an option and the Union budget will need to change accordingly;

- J. whereas the US administration has decided to retreat from the country's post-war global role in guaranteeing peace and security, in leading on global governance in the rules-based, multilateral international order and in providing essential development and humanitarian aid to those most in need around the world; whereas the Union will therefore have to step up to fill part of the void the US appears set to leave, placing additional demands on the budget;
 - K. whereas the Union has committed to take all the steps needed to achieve climate neutrality by 2050 at the latest and to protect nature and reverse biodiversity loss; whereas delivering on the policy framework put in place to achieve this objective will require substantial investment; whereas the Union budget will have to play a key role in providing and incentivising that investment;
 - L. whereas, in order to compensate for the budget's shortcomings, there have been numerous workaround solutions that make the budget more opaque, leaving the public in the dark about the real volume of Union spending, undermining the longer-term predictability of investment the budget is designed to provide and undercutting not only the principle of budget unity, but also Parliament's role as a legislator and budgetary and discharge authority and in holding the executive to account;
 - M. whereas the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities; whereas breaches of those values undermine the cohesion of the Union, erode the rights of Union citizens and weaken mutual trust among Member States;
1. Insists that, in a fast changing world where people rightly expect more from the Union and its budget and where the Union is confronted with a growing number of crises, the next MFF must be endowed with increased resources compared to the 2021-2027 period, moving away from the historically restrictive, self-imposed level of 1 % of GNI;
 2. Underscores that the next MFF must focus on financing European public goods with discernible added value compared to national spending; highlights the need for enhanced synergies and better coordination between Union and national spending; emphasises that spending will have to address major challenges, such as the return of large-scale warfare in the Union's immediate neighbourhood, a highly challenging economic and social backdrop, a competitiveness gap and the worsening climate and biodiversity crisis;
 3. Considers that the 'one national plan per Member State' approach as envisaged by the Commission, with the Recovery and Resilience Facility model as a blueprint, cannot be the basis for shared management spending post-2027; underlines that the design of shared management spending under the next MFF must fully safeguard Parliament's roles as legislator and budgetary and discharge authority and be designed and implemented through close collaboration with regional and local authorities and all relevant stakeholders;

4. Calls for the next MFF to continue support for economic, social and territorial cohesion in order to help bind the Union together, deepen the single market, promote convergence and reduce inequality, poverty and social exclusion;
5. Considers that the idea of an umbrella Competitiveness Fund merging existing programmes as envisaged by the Commission is not fit for purpose; stresses that the fund should instead be a new instrument taking advantage of a toolbox of funding based on lessons learned from InvestEU and the Innovation Fund and complementing existing, highly successful programmes;
6. Stresses that, in particular in the light of the US's retreat from its role as a global guarantor of peace and security, there is a clear need to progress towards a genuine Defence Union, with the next MFF supporting a comprehensive security approach through an increase in investment; stresses that defence spending cannot come at the expense of nor lead to a reduction in long-term investment in the economic, social and territorial cohesion of the Union;
7. Calls for genuine simplification for final beneficiaries by avoiding programmes with overlapping objectives, diverging eligibility criteria and different rules governing horizontal provisions; underlines that simplification cannot mean more leeway for the Commission without the necessary checks and balances and must therefore be achieved with full respect for the institutional balance provided for in the Treaties;
8. Insists on enhanced in-built crisis response capacity in the next MFF and sufficient margins under each heading; stresses that, alongside predictability for investment, spending programmes should retain a substantial in-built flexibility reserve, with allocation to specific policy objectives to be decided by the budgetary authority; underlines that flexibility for humanitarian aid should be ring-fenced; considers that the post-2027 MFF should include two special instruments – one dedicated to ensuring solidarity in the event of natural disasters and one for general-purpose crisis response;
9. Underlines that compliance with Union values and fundamental rights is an essential pre-requisite to access EU funds; insists that the Union budget be protected against misuse, fraud and breaches of the principle of the rule of law and calls for a stronger link between the rule of law and the Union budget post-2027;
10. Underlines that the repayment of NGEU borrowing must not endanger the financing of EU policies and priorities; stresses, therefore, that all costs related to borrowing backed by the Union budget or the budgetary headroom be treated distinctly from appropriations for EU programmes within the future MFF architecture;
11. Calls on the Council to adopt new own resources as a matter of urgency in order to enable sustainable repayment of NGEU borrowing; stresses that new genuine own resources, beyond the IIA, are essential for the Union's higher spending needs; considers that all instruments and tools should be explored in order to provide the Union with the necessary resources, and considers, in this respect, that joint borrowing presents a viable option to ensure that the Union has sufficient resources to respond to acute Union-wide crises, such as the ongoing crisis in the area of security and defence;
12. Stands ready to work constructively with the Council and Commission to deliver a long-term budget that addresses the Union's needs; highlights that the post-2027 MFF is

being constructed in a far from ‘business as usual’ context and takes seriously its institutional role as enshrined in the Treaties; insists that it will only approve a long-term budget that is fit for purpose for the Union in a changing world and calls for swift adoption of the MFF to enable timely implementation of spending programmes from 1 January 2028;

A long-term budget with a renewed spending focus

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

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

14. Is convinced that boosting competitiveness, decarbonising the economy and enhancing the Union’s innovation capacity are central priorities for the post-2027 MFF and are vital to ensure long-term, sustainable and inclusive growth and a thriving, more resilient economy and society;
15. Considers that the Union must develop a competitiveness framework in line with its own values and political aims and that competitiveness must foster not only economic growth, but also social, economic and territorial cohesion and environmental sustainability as underlined in both the Draghi and Letta reports;
16. Underlines that, as spelt out in the Letta and Draghi reports, the European economy and social model are under intense strain, with the productivity, competitiveness and skills gap having knock-on effects on the quality of jobs and on living standards for Europeans already grappling with high housing, energy and food prices; is concerned that a lack of job opportunities and high costs of living increase the risk of a brain drain away from Europe;
17. Points out that Draghi puts the annual investment gap with respect to innovation and infrastructure at EUR 750-800 billion per year between 2025 and 2030; underlines that the Union budget must play a vital role but it cannot cover that shortfall alone, and that the bulk of the effort will have to come from the private sector - points to the need to exploit synergies between public and private investment, in particular by simplifying and harmonising the EU investment architecture;
18. Stresses that the Union budget must be carefully coordinated with national spending, so as to ensure complementarity, and must be designed such that it can de-risk, mobilise and leverage private investment effectively, enabling start-ups and SMEs to access funds more readily; calls, therefore, for programmes such as InvestEU, which ensures additionality and follows a market-based, demand-driven approach, to be significantly reinforced in the next MFF; considers that financial instruments and budgetary guarantees are an effective use of resources to achieve critical Union policy goals and calls for them to be further simplified;
19. Insists that more must be done to maximise the potential of the role of the European Investment Bank (EIB) Group – together with other international and national financial institutions – in lending and de-risking in strategic policy areas, such as climate and, latterly, security and defence projects; calls for an increased risk appetite and ambition

from the EIB Group to crowd in investment, based on a strong capital position, and for a reinforced investment partnership to ensure that every euro spent at Union level is used in the most effective manner;

20. Emphasises that funding for research and innovation, including support for basic research, should be significantly increased, should be focused on the Union's strategic priorities, should continue to be determined by the principle of excellence and should remain merit-based; considers that there should be sufficient resources across the MFF and at national level to fund all high-quality projects throughout the innovation cycle and to achieve the 3 % GDP target for research and development spending by 2030;
21. Stresses that the next MFF, building on the current Connecting Europe Facility, should include much greater, directly managed funding for energy, transport and digital infrastructure, with priority given to cross-border connections and national links with European added value; considers that such infrastructure is an absolute precondition for a successful deepening of the single market and for increasing the Union's resilience in a changing geopolitical order;
22. Points out that a secure and robust space sector is critical for the Union's autonomy and sovereignty and therefore needs sustained investment;
23. Underlines that a more competitive, productive and socially inclusive economy helps to generate high-quality, well-paid jobs, thus enhancing people's standard of living; emphasises that, through programmes such as the European Social Fund+ and Erasmus+, the Union budget can play an important role in supporting education and training systems, enhancing social inclusion, boosting workforce adaptability through reskilling and upskilling, and thus preparing people for employment in a modern economy;
24. Insists that the Union budget should continue to support important economic and job-creating sectors where the Union is already a world leader, such as tourism and the cultural and creative sectors; underscores the need for dedicated funding for tourism, including to implement the EU Strategy for Sustainable Tourism, in the Union budget post-2027; points to the importance of Creative Europe in contributing to Europe's diversity and competitiveness and in supporting vibrant societies;
25. Stresses that, in order to compete with other major global players, the European economy must also become more competitive and resilient on the supply side by investing more in the Union's open strategic autonomy through enhanced industrial policy and a focus on strategic sectors, resource-efficiency and critical technologies to reduce dependence on third countries;
26. Considers that, in light of the above, the idea of an umbrella Competitiveness Fund merging existing programmes as envisaged by the Commission is not fit for purpose; stresses that the fund should instead be a new instrument taking advantage of a toolbox of funding based on lessons learned from InvestEU and the Innovation Fund; recalls that, under Article 182 TFEU, the Union is required to adopt a framework programme for research;
27. Notes that, in the Commission communication on the competitiveness compass, the Commission argues that a new competitiveness coordination tool should be established

in order to better align industrial and research policies and investment between EU and national level; notes that the proposed new tool is envisaged as part of a ‘new, lean steering mechanism’ designed ‘to reinforce the link between overall policy coordination and the EU budget’; insists that Parliament must play a full decision-making role in both mechanisms;

28. Emphasises that food security is a vital component of strategic autonomy and that the next MFF must continue to support the competitiveness and resilience of the Union’s farming and fisheries sectors, including small-scale and young farmers and fishers, and help the sectors to better protect the climate and biodiversity, as well as the seas and oceans; highlights that a modern and simplified common agricultural policy is crucial for increasing productivity through technical progress, ensuring a fair standard of living for farmers, guaranteeing food security and the production of safe, high-quality and affordable food for Europeans, fostering generational renewal and ensuring the viability of rural areas;
29. Points out that the farming sector is particularly vulnerable to inflationary shocks which affect farmers’ purchasing power; calls for an increased and dedicated budget for the CAP in the next MFF, safeguarding it from possible cuts, in order to maintain its integrity and commonality, as well as the coherence and interconnection between its first and second pillar, and therefore opposes the idea of integrating the CAP into a single fund for each Member State; calls for additional dedicated funding sources to be explored where appropriate, including outside of the CAP, in order to cope with natural disasters and provide incentives to farmers and foresters to contribute to climate change mitigation, biodiversity recovery and nature protection, without measures causing a regression in EU agricultural production;
30. Stresses that the new global challenges facing EU farmers, including the present geopolitical situation, climate change and rising input prices, require sound financial allocation in the next CAP; emphasises that, in order to address these challenges, taking into account the lessons learned from the COVID-19 crisis, and to avoid reductions to farmers’ support, the CAP urgently needs an increased budget in the next MFF that is indexed to inflation through annual re-evaluation; underlines, in that respect, that direct payments in the current form generate clear EU added value and should continue to strengthen income security, production and protection against price volatility, better targeting persons actively engaged in agricultural production and the provision of public goods, while respecting realistic and balanced EU environmental and social standards; calls for a fair and efficient distribution of CAP support within and among the Member States; calls for the continuation and reinforcement of measures that maintain production in vulnerable areas and guarantee the viability of rural communities and the adequacy of public infrastructure, specifically regarding digitalisation and particularly through the European Agricultural Fund for Rural Development, and the renewed involvement of local and regional authorities in the management of such measures; stresses the need to increase and reform the agricultural reserve in order to respond effectively and rapidly to future crises that the European agricultural sector will have to deal with, and to establish new tools for managing natural, market and sanitary risks, such as an EU reinsurance scheme to better mitigate the effects of future crises and provide greater stability for farmers; emphasises that specific solutions must be found for the farmers in eastern Europe who are most affected by the cascade effects of Russia’s war against Ukraine, such as high input prices, inflation and market disturbances; urges the Commission to continue to set up the necessary financial and

legal framework for the food supply chain in order to strengthen the position of farmers and better combat unfair trading practices; calls on the Commission to support EU farmers by promoting agri-food products inside and outside the Union through a dynamic and stronger EU promotion policy; regrets the funding cuts made to the programme on the promotion of agricultural products during the review of the current MFF; emphasises that the next MFF must include dedicated funds for agri-tourism, female entrepreneurship, vocational training and technological innovation in agriculture;

31. Recalls that social, economic and territorial cohesion is a cornerstone of European integration and is vital in binding the Union together and deepening the single market; reaffirms, in that respect, the importance of the convergence process; underlines that a modernised cohesion policy must follow a decentralised, place-based, multilevel governance approach and be built around the shared management and partnership principle, fully involving local and regional authorities and relevant stakeholders, ensuring that resources are directed where they are most needed to reduce regional disparities;
32. Stresses that cohesion policy funding must tackle the key challenges the Union faces, such as demographic change and depopulation, and target the regions and people most in need; calls, furthermore, for enhanced access to EU funding for cities, regions and urban authorities; recalls that, under Article 349 TFEU, the Union is required to put in place specific measures for the outermost regions and stresses, therefore, the need for continued, targeted support for these regions in the next MFF, including via a reinforced programme of options specifically relating to remoteness and insularity (POSEI);
33. Recalls the importance of the social dimension of the European Union and of promoting the implementation of the European Pillar of Social Rights, its Action Plan and headline targets; emphasises that the Union budget should, therefore, play a pivotal role in reducing inequality, poverty and social exclusion, including by supporting children, families and vulnerable groups; recalls that around 20 million children in the Union are at risk of poverty and social exclusion; stresses that addressing child poverty across the Union requires appropriately funded, comprehensive and integrated measures, together with the efficient implementation of the European Child Guarantee at national level; emphasises that Parliament has consistently requested a dedicated budget within the ESF+ to support the Child Guarantee as a central pillar of the EU anti-poverty strategy;
34. Highlights, in this regard, the EU-wide housing crisis affecting millions of families and young people; stresses the need for enhanced support for housing through the Union budget, in particular via cohesion policy, and through other funding sources, such as the EIB Group and national promotional banks; acknowledges that, while Union financing cannot solve the housing crisis alone, it can play a crucial role in financing urgent measures and complementing broader Union and national efforts to improve housing affordability and enhance energy efficiency of the housing stock;
35. Points out that Russia's war of aggression against Ukraine has had substantial economic and social consequences, in particular in Member States bordering Russia and Belarus; insists that the next MFF provide support to these regions;

The green and digital transitions

36. Highlights that the green and digital transitions are inextricably linked to competitiveness, the modernisation of the economy and the resilience of society and act as catalysts for a future-oriented and resource-efficient economy; insists therefore, that the post-2027 MFF must continue to support and to further accelerate the twin transitions;
37. Recalls that the Union budget is an essential contributor to achieving climate neutrality by 2050, including through support for the 2030 and 2040 targets; underlines that the transition will require a decarbonisation of the economy, in particular through the deployment of clean technologies, improved energy and transport infrastructure and more energy-efficient housing; notes that the Commission estimates additional investment needs to achieve climate neutrality by 2050 at 1,5 % of GDP per year compared to the decade 2011-2020 and that, while the Union budget alone cannot cover the gap, it must remain a vital contributor; calls, therefore, for increased directly managed support for environment and biodiversity protection and climate action building on the current LIFE programme;
38. Underlines that industry will be central in the transition to net zero and the establishment of the Energy Union, and that support will be needed in helping some industrial sectors and their workers to adapt; stresses the importance of a just transition that must leave no one behind, requiring, inter alia, investment in regions that are heavily fossil-fuel dependent and increased support for vulnerable households, in particular through the Just Transition Mechanism and the Social Climate Fund;
39. Points to the profound technological shift under way, with technologies such as artificial intelligence and quantum both creating opportunities, in terms of the Union's economic potential and global leadership and improvements to citizens' lives, and posing reliability, ethical and sovereignty challenges; stresses that the next MFF must support research into, and the development and safe application of digital technologies and help people to hone the knowledge and skills they need to work with and use them;

Security, defence and preparedness

40. Recalls that peace and security are the foundation for the Union's prosperity, social model and competitiveness, and a vital pillar of the Union's geopolitical standing; stresses that the next MFF must support a comprehensive security approach by investing significantly more in safeguarding the Union against the myriad threats it faces;
41. Underlines that, as the Niinistö report makes clear, multiple threats are combining to heighten instability and increase the Union's vulnerability, chief among them the fragmenting global order, the security threat posed by Russia and Belarus, growing tensions globally, hostile international actors, the globalisation of criminal networks, hybrid campaigns – which include cyberattacks, foreign information manipulation, disinformation and interference and the instrumentalisation of migration – increasingly frequent and intense extreme weather events as a result of climate change, and health threats;
42. Points out that the Union has played a vital role in achieving lasting peace on its territory and must continue to do so by adjusting to the reality of war on its doorstep and the need to vastly boost defence infrastructure, capabilities and readiness, including

through the Union budget, going far beyond the current allocation of less than 2 % of the MFF;

43. Notes that European defence capabilities suffer from decades of under-investment and that, according to the Commission, the defence spending gap currently stands at EUR 500 billion for the next decade; underlines that the Union budget alone cannot fill the gap, but has an important role to play, in conjunction with national budgets and with a focus on clear EU added value; considers that the Union budget and lending through the EIB Group can help incentivise investment in defence; stresses that defence spending must not come at the expense of social and environmental spending, nor must it lead to a reduction in funding for long-standing Union policies that have proved their worth over time;
44. Underlines the merits of the defence programmes and instruments put in place during the current MFF, which have enhanced joint research, production and procurement in the field of defence, providing a valuable foundation on which to build further Union policy and investment;
45. Emphasises that, given the geopolitical situation, there is a clear need to act and to progress towards a genuine Defence Union, in coordination with NATO and in full alignment with the neutrality commitments of individual Member States; concurs, in that regard, with the Commission's analysis that the next MFF must provide a comprehensive and robust framework in support of EU defence;
46. Underscores the importance of a competitive and resilient European defence technological and industrial base; considers that enhanced joint EU-level investment in defence in the next MFF backed up by a clear and transparent governance structure can help to avoid duplication, generate economies of scale, and thus significant savings for Member States, reduce fragmentation and ensure the interoperability of equipment and systems; underscores the importance of technology in modern defence systems and therefore of investing in research, cyber-defence and cybersecurity and in dual-use products; points to the need to direct support towards the defence industry within the Union, thus strengthening strategic autonomy, creating quality high-skilled jobs, driving innovation and creating cross-border opportunities for EU businesses, including SMEs;
47. Points to the importance of increasing support in the budget for military mobility, which upgrades infrastructure for dual-use military and civilian purposes, enabling the large-scale movement of military equipment and personnel at short notice and thus contributing to the Union's defence capabilities and collective security; highlights, in that regard, the importance of financing for the trans-European transport networks to enable their adaptation for dual-use purposes;
48. Emphasises that the Union needs to ramp up funding for preparedness across the board; is alarmed by the growing impact of natural disasters, which are often the result of climate change and are therefore likely to occur with greater frequency and intensity in the future; points out that, according to the 2024 European Climate Risk Assessment Report, cumulated economic losses from natural disasters could reach about 1,4 % of Union GDP;
49. Underlines, therefore, that, in addition to efforts to mitigate climate change through the green transition, significant investment is required to adapt to climate change, in

particular to prevent and reduce the impact of natural disasters and severe weather events; considers that support for this purpose, such as through the current Union Civil Protection Mechanism, must be significantly increased in the next MFF and made available quickly to local and regional authorities, which are often on the frontline;

50. Emphasises that reconstruction and recovery measures after natural disasters must be based on the ‘build back better’ approach and prioritise nature-based solutions; stresses the importance of sustainable water management and security and hydric resilience as part of the Union’s overall preparedness strategy;
51. Recalls that the COVID-19 pandemic wreaked economic and social havoc globally and that a key lesson from the experience is that there is a need to prioritise investment in prevention of, preparedness for and response to health threats, in medical research and disease prevention, in access to critical medicines, in healthcare infrastructure, in physical and mental health and in the resilience and accessibility of public health systems in the Union; recalls that strategic autonomy in health is key to ensuring the Union’s preparedness in this area;
52. Considers that the next MFF must build on the work done in the current programming period by ensuring that the necessary investment is in place to build a genuine European Health Union that delivers for all citizens;
53. Underlines that, with technological developments, it has become easier for malicious and opportunistic foreign actors to spread disinformation, encourage online hate speech, interfere in elections and mount cyberattacks against the Union’s interests; insists that the next MFF must invest in enhanced cybersecurity capabilities and equip the Union to counter hybrid warfare in its various guises;
54. Stresses that a free, independent and pluralistic media is a fundamental component of Europe’s resilience, safeguarding not only the free flow of information but also a democratic mindset, critical thinking and informed decision-making; points to the importance of investment in independent and investigative journalism, fact-checking initiatives, digital and media literacy and critical thinking to safeguard against disinformation, foreign information manipulation and electoral interference as part of the European Democracy Shield initiative and therefore to guarantee democratic resilience; underscores the need for continued Union budget support for initiatives in these areas;
55. Underscores the importance of continued funding, in the next MFF, for effective protection of the EU’s external borders; underlines the need to counter transnational criminal networks and better protect victims of trafficking networks, and to strengthen resilience and response capabilities to address hybrid attacks and the instrumentalisation of migration, by third countries or hostile non-state actors; highlights, in particular, the need for support to frontline Member States for the purposes of securing the external borders of the EU;
56. Underlines that the EU’s resilience and preparedness are inextricably linked to those of its regional and global partners; emphasises that strengthening partners’ capacity to prevent, withstand and effectively respond to extreme weather events, health crises, hybrid campaigns, cyberattacks or armed conflict also lowers the risk of spill-over effects for Europe;

External action and enlargement

57. Insists that, in a context of heightened global instability, the Union must continue to engage constructively with third countries and support peace, and conflict prevention, stability, prosperity, security, human rights, the rule of law, equality, democracy and sustainable development globally, in line with its global responsibility values and international commitments;
58. Regrets the fact that external action in the current MFF has been underfunded, leading to significant recourse to special instruments and substantial reinforcements in the mid-term revision; notes, in particular, that humanitarian aid funding has been woefully inadequate, prompting routine use of the Emergency Aid Reserve;
59. Underlines that the US's retreat from its post-war global role in guaranteeing peace, security and democracy, in leading on global governance in the rules-based, multilateral international order and in providing essential development and humanitarian aid to those most in need around the world will leave an enormous gap and that the Union has a responsibility and overwhelming strategic interest in helping to fill that gap; calls on the Commission to address the consequences of the US's retreat at the latest in its proposal for the post-2027 MFF;
60. Stresses that the next MFF must continue to tackle the most pressing global challenges, from fighting climate change, to providing relief in the event of natural disasters, preventing and addressing violent conflict and guaranteeing global security, ensuring global food security, improving healthcare and education systems, reducing poverty and inequality, promoting democracy, human rights, the rule of law and social justice and boosting competitiveness and the security of global supply chains, in full compliance with the principle of policy coherence for development; emphasises, in particular, the need for support for the Union's Southern and Eastern Neighbourhoods;
61. Underlines that, in particular in light of the drastic cuts to the USAID budget, the budget must uphold the Union's role as the world's leading provider of development aid and climate finance in line with the Union's global obligations and commitments; recalls, in that regard, that the Union and its Member States have collectively committed to allocating 0,7 % of their GNI to official development assistance and that poverty alleviation must remain its primary objective; insists that the budget must continue to support the Union in its efforts to defend the rules-based international order, democracy, multilateralism, human rights and fundamental values;
62. Insists that, given the unprecedented scale of humanitarian crises, mounting global challenges and uncertainty of US assistance under the current administration, humanitarian aid funding must be significantly enhanced and that its use must remain solely needs-based and respect the principles of neutrality, independence and impartiality; emphasises that the needs-based nature of humanitarian aid requires ring-fenced funding delivered through a stand-alone spending programme, distinct from other external action financing; underscores, furthermore, that effective humanitarian aid provision is contingent on predictability through a sufficient annual baseline allocation;
63. Emphasises that humanitarian aid, by its very nature, requires substantial flexibility and response capacity; considers, therefore, that, in addition to an adequate baseline figure,

humanitarian aid will require significant ring-fenced flexibility in its design to enable an effective response to the growing crises;

64. Emphasises that, in a context in which global actors are increasingly using trade interdependence as a means of economic coercion, the Union must bolster its capacity to protect and advance its own strategic interests, develop more robust tools to counter coercion and ensure genuine reciprocity in its partnerships; stresses that such an approach requires the strategic allocation of external financing so as to support, for example, economic, security and energy partnerships that align with the Union's values and strategic interests;
65. Considers that enlargement represents an opportunity to strengthen the Union as a geopolitical power and that the next MFF is pivotal for preparing the Union for enlargement and the candidate countries for accession; recalls that the stability, security and democratic resilience of the candidate countries are inextricably connected to those of the EU and require sustained strategic investment, linked to reforms, to support their convergence with Union standards; underlines the important role that citizens and civil society organisations play in the process of enlargement;
66. Points to the need for strategically targeted support for pre-accession and for growth and investment; is of the view that post-2027 pre-accession assistance should be provided in the form of both grants and loans; believes, in that context, that the future framework should allow for innovative financing mechanisms, as well as lending to candidate countries backed by the budgetary headroom (the difference between the own resources and the MFF ceilings);
67. Stresses that financial support must be conditional on the implementation of reforms aligned with the Union acquis and policies and adherence to Union values; emphasises, in this regard, the need for a strong governance model that ensures parliamentary accountability, oversight and control and a strong, effective anti-fraud architecture;
68. Reiterates its full support for Ukrainians in their fight for freedom and democracy and deplores the terrible suffering and impact resulting from Russia's unprovoked and unjustifiable war of aggression; welcomes the decision to grant Ukraine and the neighbouring Republic of Moldova candidate country status and insists on the need to deploy the necessary funds to support their accession processes;
69. Underlines that pre-accession support to Ukraine has to be distinct from and additional to financial assistance for macroeconomic stability, reconstruction and post-war recovery, where needs are far more substantial and require a concerted international effort, of which support through the Union budget should be an important part;
70. Is convinced that the existing mandatory revision clause in the event of enlargement should be maintained in the next framework and that national envelopes should not be affected; underlines that the next MFF will also have to put in place appropriate transitional and phasing-in measures for key spending areas, such as cohesion and agriculture, based on a careful assessment of the impacts on different sectors;

Fundamental rights, Union values and the rule of law

71. Emphasises the importance of the Union budget and programmes like Erasmus+ and Citizens, Equality, Rights and Values in promoting and protecting democracy and the Union's values, fostering the Union's common cultural heritage and European integration, enhancing citizen engagement, civic education and youth participation, safeguarding and promoting fundamental rights enshrined in the Charter of Fundamental Rights and the rule of law; calls, in this regard, for increased funding for Erasmus+ in the next MFF; points to the importance of the independence of the justice system, the sound functioning of national institutions, de-oligarchisation, robust support for and, in line with article 11(2) TEU, an active dialogue with civil society, which is vital for fostering an active civic space, ensuring accountability and transparency and informing policymakers about best practices from the ground;
72. Highlights, in that connection, that the recast of the Financial Regulation requires the Commission and the Member States, in the implementation of the budget, to ensure compliance with the Charter of Fundamental Rights and to respect the values on which the Union is founded, which are enshrined in Article 2 TEU; expects the Commission to ensure that the proposals for the next MFF, including for the spending programmes, are aligned with the Financial Regulation recast;
73. Stresses that instability in neighbouring regions and beyond, poverty, underlying trends in economic development, demographic changes and climate change, continue to generate migration flows towards the Union, placing significant pressure on asylum and migration systems; underlines that the post-2027 MFF must support the full and swift implementation of the Union's Asylum and Migration Pact and effective return and readmission policies, in line with fundamental rights and EU values, including the principle of solidarity and fair sharing of responsibility; underlines, moreover, that, in line with the Pact, the EU must pursue enhanced cooperation and mutually beneficial partnerships with third countries on migration, with adequate parliamentary scrutiny, and that such cooperation must abide by EU and international law;
74. Underlines that compliance with Union values and fundamental rights is an essential pre-requisite to access EU funds; highlights the importance of strong links between respect for the rule of law and access to EU funds under the current MFF; believes that the protection of the Union's financial interests depends on respect for the rule of law at national level; welcomes, in particular, the positive impact of the Rule of Law Conditionality Regulation in protecting the Union's financial interests in cases of systemic and persistent breaches of the rule of law; calls on the Commission and the Council to apply the regulation strictly, consistently and without undue delay wherever necessary; emphasises that decisions to suspend or reduce Union funding over breaches of the rule of law must be based on objective criteria and not be guided by other considerations, nor be the outcome of negotiations;
75. Points to the need for a stronger link between the rule of law and the Union budget post-2027 and welcomes the Commission's commitment to bolster links between the recommendations in the annual rule of law report and access to funds through the budget; calls on the Commission to outline, in the annual rule of law report from 2025 onwards, the extent to which identified weaknesses in rule of law regimes potentially pose a risk to the Union budget; welcomes, furthermore, the link between respect for Union values and the implementation of the budget and calls on the Commission to actively monitor Member States' compliance with this principle in a unified manner and to take swift action in the event of non-compliance;

76. Calls for the consolidation of a robust rule of law toolbox, building on the current conditionality provisions under the Recovery and Resilience Facility (RRF), the horizontal enabling conditions in the Common Provisions Regulation and the relevant provisions of the Financial Regulation and insists that the toolbox should cover the entire Union budget; underlines the need for far greater transparency and consistency with regard to the application of tools to protect the rule of law and for Parliament's role to be strengthened in the application and scrutiny of such measures; insists, furthermore, on the need for consistency across instruments when assessing breaches of the rule of law in Member States;
77. Recalls that the Rule of Law Conditionality Regulation provides that final recipients should not be deprived of the benefits of EU funds in the event of sanctions being applied to their government; believes that, to date, this provision has not been effective and stresses the importance of applying a smart conditionality approach so that beneficiaries are not penalised because of their government's actions; calls on the Commission, in line with its stated intention in the political guidelines, to propose specific measures to ensure that local and regional authorities, civil society and other beneficiaries can continue to benefit from Union funding in cases of breaches of the rule of law by national governments without weakening the application of the regulation and maintaining the Member State's obligation to pay under Union law;

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

78. Stresses that a long-term budget that is fully aligned with the Union's strategic aims requires that key objectives be mainstreamed across the budget through a set of horizontal principles, building on the lessons from the current MFF and RRF;
79. Recalls that the implementation of horizontal principles should not lead to an excessive administrative burden on beneficiaries and be in line with the principle of proportionality; calls for innovative solutions and the use of automated reporting tools, including artificial intelligence, to achieve more efficient data collection;
80. Underlines, therefore, that the next MFF must ensure that, across the board, spending programmes pursue climate and biodiversity objectives, promote and protect rights and equal opportunities for all, including gender equality, support competitiveness and bolster the Union's preparedness against threats;
81. Points out that effective mainstreaming is best achieved through a toolbox of measures, primarily through policy, project and regulatory design, thorough impact assessments and solid tracking of spending and, in specific cases, spending targets based on relevant and available data; welcomes the significant improvements in performance reporting in the current MFF, which allow for much better scrutiny of the impact of EU spending and calls for this to be further developed in the next programming period;
82. Welcomes the development of a methodology to track gender-based spending and considers that the lessons learnt, in particular as regards the collection of gender-disaggregated data, the monitoring of implementation and impact and administrative burden, should be applied in the next MFF in order to improve the methodology; calls on the Commission to explore the feasibility of gender budgeting in the next MFF; stresses, in the same vein, the need for a significant improvement in climate and biodiversity mainstreaming methodologies to move towards the measurement of impact;

83. Regrets that the Commission has not systematically conducted thorough impact assessments, including gender impact assessments, for all legislation involving spending through the budget and insists that this change;
84. Is pleased that the climate mainstreaming target of 30 % is projected to be exceeded in the current MFF; regrets, however, that the Union is not on track to meet the 10 % target for 2026 for biodiversity-related expenditure; insists that the targets in the IIA have nevertheless been a major factor in driving climate and biodiversity spending; calls on the Commission to adapt the spending targets contributing positively to climate and biodiversity in line with the Union policy ambitions in this regard, taking into account the investment needs for these policy ambitions;
85. Stresses, furthermore, that the Union budget should be implemented in line with Article 33(2) of the Financial Regulation, therefore without doing significant harm¹ to the specified objectives, respecting applicable working and employment conditions and taking into account the principle of gender equality;
86. Welcomes the Commission's commitment to phase out all fossil fuel subsidies and environmentally harmful subsidies in the next MFF; expects the Commission to come forward with its planned roadmap in this regard as part of its proposal for the next MFF;

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

87. Underlines the need for Union policies to be underpinned by a well-functioning administration; insists that, post-2027, sufficient financial and staff resources be allocated from the outset so that Union institutions, bodies, decentralised agencies and the European Public Prosecutor's Office can ensure effective and efficient policy design, high-quality delivery and enforcement, provide technical assistance, continue to attract the best people from all Member States, thus ensuring geographical balance, and have leeway to adjust to changing circumstances;
88. Regrets that the Union's ability to implement policy effectively and protect its financial interests within the current MFF has been undermined by stretched administrative resources and a dogmatic application of a policy of stable staffing, despite increasing demands and responsibilities; points, for example, to the failure to provide sufficient staff to properly implement and enforce the Digital Services² and Digital Markets Acts³, thus undercutting the legislation's effectiveness and to the repeated redeployments from programmes to decentralised agencies to cover staffing needs; insists that staffing levels

¹ Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: <http://data.europa.eu/eli/reg/2020/852/oj>).

² Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (OJ L 277, 27.10.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/2065/oj>).

³ Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) (OJ L 265, 12.10.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/1925/oj>).

be determined by an objective needs assessment when legislation is proposed and definitively adopted, and factored into planning for administrative expenditure from the outset;

89. Emphasises that the Commission has sought, to some degree, to circumvent its own stable staffing policy by increasing staff attached to programmes and facilities and thus not covered by the administrative spending ceiling; underscores, however, that such an approach merely masks the problem and may ultimately undermine the operational capacity of programmes; insists, therefore, that additional responsibilities require administrative expenditure and must not erode programme envelopes;
90. Stresses that up-front investment in secure and interoperable IT infrastructure and data mining capabilities can also generate longer-term cost savings and hugely enhance policy delivery and tracking of spending;
91. Acknowledges that, in the absence of any correction mechanism in the current MFF, high inflation has significantly driven up statutory costs, requiring extensive use of special instruments to cover the shortfall; regrets that the Council elected not to take up the Commission's proposal to raise the ceiling for administrative expenditure in the MFF revision, thus further eroding special instruments;

A long-term budget that is simpler and more transparent

92. Stresses that the next MFF must be designed so as to simplify the lives of all beneficiaries by cutting unnecessary red tape; underlines that simplification will require harmonising rules and reporting requirements wherever possible, including, as relevant, ensuring consistency between the applicable rules at European, national and regional levels; underlines, in that respect, the need for a genuine, user-friendly single entry point for EU funding and a simplified application procedure designed in consultation with relevant stakeholders; points out, furthermore, that the next MFF must be implemented as close to people as possible;
93. Calls for genuine simplification where there are overlapping objectives, diverging eligibility criteria and different rules governing horizontal provisions that should be uniform across programmes; considers that an assessment of which spending programmes should be included in the next MFF must be based on the above aspects, on the need to focus spending on clearly identified policy objectives with clear European added value and on the policy intervention logic of each programme; stresses that reducing the number of programmes is not an end in itself;
94. Underlines that simplification cannot mean more leeway for the Commission without the necessary checks and balances and must therefore be achieved with full respect for the institutional balance provided for in the Treaties;
95. Insists that simplification cannot come at the expense of the quality of programme design and implementation and that, therefore, a simpler budget must also be a more transparent budget, enabling better accountability, scrutiny, control of spending and reducing the risks of double funding, misuse and fraud; underlines that any reduction in programmes must be offset by a far more detailed breakdown of the budget by budget line, in contrast to some programme mergers in the current MFF, such as the Neighbourhood, Development and International Cooperation Instrument – Global

Europe (NDICI – Global Europe), which is an example not to follow; calls, therefore, for a sufficiently detailed breakdown by budget line to enable the budgetary authority to exercise proper accountability and ensure that decision-making in the annual budgetary procedure and in the course of budget implementation is meaningful;

96. Recalls that transparency is essential to retain citizens' trust, and that fraud and misuse of funds are extremely detrimental to that trust; underlines, therefore, the need for Parliament to be able to control spending and assess whether discharge can be granted; insists that proper accountability requires robust auditing for all budgetary expenditure based on the application of a single audit trail; calls on the Commission to put in place harmonised and effective anti-fraud mechanisms across funding instruments for the post-2027 MFF that ensure the protection of the Union's budget;
97. Reiterates its long-standing position that all EU-level spending should be brought within the purview of the budgetary authority, thereby ensuring transparency, democratic control and protection of the Union's financial interests; calls, therefore, for the full budgetisation of (partially) off-budget instruments such as the Social Climate Fund, the Innovation Fund and the Modernisation Fund, or their successors;

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

98. Points out that, traditionally, the MFF has not been conceived with a crisis response or flexibility logic, but rather has been designed primarily to ensure medium-term investment predictability; underlines that, in a rapidly changing political, security, economic and social context, such an approach is no longer tenable; insists on sufficient in-built crisis response capacity in the next MFF;
99. Underscores that the current MFF has been beset by a lack of flexibility and an inability to adjust to evolving spending priorities; considers that the next MFF needs to strike a better balance between investment predictability and flexibility to adjust spending focus; highlights that spending in certain areas requires greater stability than in others where flexibility is more valuable; stresses that recurrent redeployments are not a viable way to finance the Union's priorities as they damage investments and jeopardise the delivery of agreed policy objectives;
100. Believes that, while allocating a significant portion of funding to objectives up-front, spending programmes should retain a substantial in-built flexibility reserve, with allocation to specific policy objectives to be decided by the budgetary authority; notes that the NDICI – Global Europe's emerging challenges and priorities cushion provides a model for such a flexibility reserve, but that the decision-making process for its mobilisation must not be replicated in the future MFF; points to the need for stronger, more effective scrutiny powers of the co-legislators over the setting of policy priorities and objectives and a detailed budgetary breakdown to ensure that the budgetary authority is equipped to make meaningful and informed decisions;
101. Underlines that the MFF must have sufficient margins under each heading to ensure that new instruments or spending objectives agreed over the programming period can be accommodated without eroding funding for other policy and long-term strategic objectives or eating into crisis response capacity;

102. Underlines that the possibility for budgetary transfers under the Financial Regulation already provides for flexibility to adjust to evolving spending needs in the course of budget implementation; stresses that, under the current rules, the Commission has significant freedom to transfer considerable amounts between policy areas without budgetary authority approval, which limits scrutiny and control; calls, therefore, for the rules to be changed so as to introduce a maximum amount, in addition to a maximum percentage per budget line, for transfers without approval; considers that for transfers from Union institutions other than the Commission that are subject to a possible duly justified objection by Parliament or the Council, a threshold below which they would be exempt from that procedure could be a useful measure of simplification;
103. Recalls that the current MFF has been placed under further strain due to high levels of inflation in a context where an annual 2 % deflator is applied to 2018 prices, reducing the budget's real-terms value and squeezing its operational and administrative capacity; considers, therefore, that the future budget should be endowed with sufficient response capacity to enable the budget to adapt to inflationary shocks;
104. Calls for a root-and-branch reform of the existing special instruments to bolster crisis response capacity and ensure an effective and swift reaction through more rapid mobilisation; underlines that the current instruments are both inadequate in size and constrained by excessive rigidity, with several effectively ring-fenced according to crisis type; points out that enhanced crisis response capacity will ensure that cohesion policy funds are not called upon for that purpose and can therefore be used for their intended investment objectives;
105. Considers that the post-2027 MFF should include only two special instruments – one dedicated to ensuring solidarity in the event of natural disasters (the successor to the existing European Solidarity Reserve) and one for general-purpose crisis response and for responding to any unforeseen needs and emerging priorities, including where amounts in the special instrument for natural disasters are insufficient (the successor to the Flexibility Instrument); insists that both special instruments should be adequately funded from the outset and able to carry over unspent amounts indefinitely over the MFF period; believes that all other special instruments can either be wound up or subsumed into the two special instruments or into existing programmes;
106. Calls for the future Flexibility Instrument to be heavily front-loaded and subsequently to be fed through a number of additional sources of financing: unspent margins from previous years (as with the current Single Margin Instrument), the annual surplus from the previous year, a fines-based mechanism modelled on the existing Article 5 of the MFF Regulation, reflows from financial instruments and decommitted appropriations; underlines that the next MFF should be designed such that the future special instruments are not required to cover debt repayment;
107. Underlines that re-use of the surplus, of reflows from financial instruments and surplus provisioning and of decommitments would require amendments to the Financial Regulation;
108. Points out that, with sufficient up-front resources and such arrangements for re-using unused funds, the budget would have far greater response capacity without impinging on the predictability of national GNI-based contributions; insists that an MFF endowed

with greater flexibility and response capacity is less likely to require a substantial mid-term revision;

A long-term budget that is more results-focused

109. Emphasises that, in order to maximise impact, it is imperative that spending under the next MFF be much more rigorously aligned with the Union's strategic policy aims and better coordinated with spending at national level; underlines that, in turn, consultation with regional and local authorities is vital to facilitate access to funding and ensure that Union support meets the real needs of final recipients and delivers tangible benefits for people; underscores the importance of technical assistance to implementing authorities to help ensure timely implementation, additionality of investments and therefore maximum impact;
110. Underlines that, in order to support effective coordination between Union and national spending, the Commission envisages a 'new, lean steering mechanism' designed 'to reinforce the link between overall policy coordination and the EU budget'; insists that Parliament play a full decision-making role in any coordination or steering mechanism;
111. Considers that the RRF, with its focus on performance and links between reforms and investments and budgetary support, has helped to drive national investments and reforms that would not otherwise have taken place;
112. Underlines that the RRF can help to inform the delivery of Union spending under shared management; recalls, however, that the RRF was agreed in the very specific context of the COVID-19 pandemic and cannot, therefore, be replicated wholesale for future investment programmes;
113. Points out that spending under shared management in the next MFF must involve regional and local authorities and all relevant stakeholders from design to delivery through a place-based and multilevel governance approach and in line with an improved partnership principle, ensure the cross-border European dimension of investment projects, and focus on results and impact rather than outputs by setting measurable performance indicators, ensuring availability of relevant data and feeding into programme design and adjustment;
114. Underlines that the design of shared management spending under the next MFF must safeguard Parliament's role as legislator, budgetary and discharge authority and in holding the executive to account, putting in place strict accountability mechanisms and guaranteeing full transparency in relation to final recipients or groups of recipients of Union spending funds through an interoperable system enabling effective tracking of cash flows and project progress;
115. Considers that the 'one national plan per Member State' approach envisaged by the Commission is not in line with the principles set out above and cannot be the basis for shared management spending post-2027; recalls that, in this regard, the Union is required, under Article 175 TFEU, to provide support through instruments for agricultural, regional and social spending;

A long-term budget that manages liabilities sustainably

116. Recalls Parliament's very firm opposition to subjecting the repayment of NGEU borrowing costs to a cap within an MFF heading given that these costs are subject to market conditions, influenced by external factors and thus inherently volatile, and that the repayment of borrowing costs is a non-discretionary legal obligation; stresses that introducing new own resources is also necessary to prevent future generations from bearing the burden of past debts;
117. Deplores the fact that, under the existing architecture and despite the joint declaration by the three institutions as part of the 2020 MFF agreement whereby expenditure to cover NGEU financing costs 'shall aim at not reducing programmes and funds', financing for key Union programmes and resources available for special instruments, even after the MFF revision, have de facto been competing with the repayment of NGEU borrowing costs in a context of steep inflation and rising interest rates; recalls that pressure on the budget driven by NGEU borrowing costs was a key factor in cuts to flagship programmes in the MFF revision;
118. Underlines that, to date, the Union budget has been required only to repay interest related to NGEU and that, from 2028 onwards, the budget will also have to repay the capital; underscores that, according to the Commission, the total costs for NGEU capital and interest repayments are projected to be around EUR 25-30 billion a year from 2028, equivalent to 15-20 % of payment appropriations in the 2025 budget;
119. Acknowledges that, while NGEU borrowing costs will be more stable in the next MFF period as bonds will already have been issued, the precise repayment profile will have an impact on the level of interest and thus on the degree of volatility; insists, therefore, that all costs related to borrowing backed by the Union budget or the budgetary headroom be treated distinctly from appropriations for EU programmes within the MFF architecture;
120. Points, in that regard, to the increasing demand for the Union budget to serve as a guarantee for the Union's vital support through macro-financial assistance and the associated risks; underlines that, in the event of default or the withdrawal of national guarantees, the Union budget ultimately underwrites all macro-financial assistance loans and therefore bears significant and inherently unpredictable contingent liabilities, notably in relation to Ukraine;
121. Calls, therefore, on the Commission to design a sound and durable architecture that enables sustainable management of all non-discretionary costs and liabilities, fully preserving Union programmes and the budget's flexibility and response capacity;

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

122. Underlines that, as described above, the budgetary needs post-2027 will be significantly higher than the amounts allocated to the 2021-2027 MFF and, in addition, will need to cover borrowing costs and debt repayment; insists, therefore, that the next MFF be endowed with significantly increased resources compared to the 2021-2027 period, moving away from the historically restrictive, self-imposed level of 1 % of GNI, which has prevented the Union from delivering on its ambitions and deprived it of the ability to respond to crises and adapt to emerging needs;

123. Considers that all instruments and tools should be explored in order to provide the Union with those resources, in line with its priorities and identified needs; considers, in this respect, that joint borrowing through the issuance of EU bonds presents a viable option to ensure that the Union has sufficient resources to respond to acute Union-wide crises such as the ongoing crisis in the area of security and defence;
124. Reiterates the need for sustainable and resilient revenue for the Union budget; points to the legally binding roadmap towards the introduction of new own resources in the IIA, in which Parliament, the Council and the Commission undertook to introduce sufficient new own resources to at least cover the repayment of NGEU debt; underlines that, overall, the basket of new own resources should be fair, linked to broader Union policy aims and agreed on time and with sufficient volume to meet the heightened budgetary needs;
125. Recalls its support for the amended Commission proposal on the system of own resources; is deeply concerned by the complete absence of progress on the system of own resources in the Council; calls on the Council to adopt this proposal as a matter of urgency; and urges the Commission to spare no effort in supporting the adoption process;
126. Calls furthermore, on the Commission to continue efforts to identify additional innovative and genuine new own resources and other revenue sources beyond those specified in the IIA; stresses that new own resources are essential not only to enable repayment of NGEU borrowing, but to ensure that the Union is equipped to cover its the higher spending needs;
127. Calls on the Commission to design a modernised budget with a renewed spending focus, driven by the need for fairness, greater simplification, a reduced administrative burden and more transparency, including on the revenue side; underlines that existing rebates and corrections automatically expire at the end of the current MFF;
128. Welcomes the decision, in the recast of the Financial Regulation, to treat as negative revenue any interest or other charge due to a third party relating to amounts of fines, other penalties or sanctions that are cancelled or reduced by the Court of Justice; recalls that this solution comes to an end on 31 December 2027; invites the Commission to propose a definitive solution for the next MFF that achieves the same objective of avoiding any impact on the expenditure side of the budget;

A long-term budget grounded in close interinstitutional cooperation

129. Underlines that Parliament intends to fully exercise its prerogatives as legislator, budgetary authority and discharge authority under the Treaties;
130. Recalls that the requirement for close interinstitutional cooperation between the Commission, the Council and Parliament from the early design stages to the final adoption of the MFF is enshrined in the Treaties and further detailed in the IIA;
131. Emphasises Parliament's commitment to play its role fully throughout the process; believes that the design of the MFF should be bottom-up and based on the extensive involvement of stakeholders; underlines, furthermore, the need for a strategic dialogue among the three institutions in the run-up to the MFF proposals;

132. Calls on the Commission to put forward practical arrangements for cooperation and genuine negotiations from the outset; points, in particular, to the importance of convening meetings of the three Presidents, as per Article 324 TFEU, wherever they can aid progress, and insists that the Commission follow up when Parliament requests such meetings; reminds the Commission of its obligation to provide information to Parliament on an equal footing with the Council as the two arms of the budgetary authority and as co-legislators on MFF-related basic acts;
133. Recalls that the IIA specifically provides for Parliament, the Council and the Commission to ‘seek to determine specific arrangements for cooperation and dialogue’; stresses that the cooperation provisions set out in the IIA, including regular meetings between Parliament and the Council, are a bare minimum and that much more is needed to give effect to the principle in Article 312(5) TFEU of taking ‘any measure necessary to facilitate the adoption of a new MFF’; calls, therefore, on the successive Council presidencies to respect not only the letter, but also the spirit of the Treaties;
134. Recalls that the late adoption of the MFF regulation and related legislation for the 2014-2020 and 2021-2027 periods led to significant delays, which hindered the proper implementation of EU programmes; insists, therefore, that every effort be made to ensure timely adoption of the upcoming MFF package;
135. Expects the Commission, as part of the package of MFF proposals, to put forward a new IIA in line with the realities of the new budget, including with respect to the management of contingent liabilities; stresses that the changes to the Financial Regulation necessary for alignment with the new MFF should enter into force at the same time as the MFF Regulation;

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136. Instructs its President to forward this resolution to the Council and the Commission.