

Matching priorities and resources in the EU budget

Climate action, migration and borders

SUMMARY

Over the past two decades, the European Union (EU) has been entrusted with a growing number of objectives and responsibilities. However, ensuring financing of related activities through the EU budget has often proven problematic, as this has long been capped at around 1 % of the Union's gross national income (GNI). During the preparation of the post-2020 EU multiannual financial framework (MFF), climate action, migration and border management were identified among the emerging priorities that required increased joint action and funding. The agreement on EU finances for 2021 to 2027 provides for a significant relative increase in the financial resources devoted to these policy areas. In absolute figures, the reinforcements are stronger for climate action than for migration and borders.

Underpinned by the European Green Deal strategy, climate action will receive the bulk of its resources through the incorporation of climate considerations and objectives across all relevant EU funding instruments (climate mainstreaming). Next Generation EU (NGEU), the temporary instrument to aid recovery from the coronavirus pandemic, will play a major role in the boost to climate-relevant resources. In total, these could amount to some €550 billion (in 2018 prices, corresponding to 30 % of total MFF and NGEU resources). For the first time, migration and border management have a dedicated heading, accounting for 2.1 % of MFF resources. Among other activities, additional allocations will contribute to the agreed reinforcement of the European Border and Coast Guard Agency.

Opinion surveys show that respondents see climate change and migration among the main global challenges for the EU, but there are gaps between perceptions and expectations of the role of the EU budget in these two domains. The European Parliament, which is a strong advocate of a robust EU budget commensurate with the Union's responsibilities, managed to secure additional resources for instruments relevant to both groups of policies, as well as the enhancement of the climate mainstreaming methodology. The Parliament plays a key role in shaping and scrutinising how the funding allocated to the policy areas is implemented. Other measures to reinforce the EU budget's capacity to deliver in the areas of climate action, migration and borders seek to improve synergies between budgetary instruments.



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The challenge of financing emerging priorities

The European Union (EU) is a successful and unique model of regional integration that has created a series of significant and valuable collective goods for all its Members. Professor Iain Begg recently argued that the bulk of collective goods provided by the EU are so far mainly regulatory, on account of the limited size of the EU budget.¹ Over the past decades, European leaders have entrusted the Union with a growing number of tasks and responsibilities. In the 1990s, this increase in the scope of action was often coupled with additional resources for the EU budget and the financing of related policy areas. For example, in the 1993-1999 programming period, significant reinforcements of cohesion funding accompanied efforts to complete the single market.

In subsequent periods, while responsibilities continued to increase, the stabilisation and/or reduction of EU spending became a main objective of budgetary negotiations on the multiannual financial framework (MFF) for some Member States in the Council and the European Council. Until recently, this trend led to the EU budget being capped at around 1 % of the Union's gross national income (GNI).² As a result, the financing of emerging priorities has often proved problematic. To address this situation, Member States have created various off-budget instruments to address new developments, not least to respond to a series of crises.³

Tasked with an extensive review of the EU financing system ahead of the proposals for the 2021-2027 MFF, the interinstitutional High-level Group on Own Resources (HLGOR) noted that such differentiation can overcome some MFF constraints, but may create problems of complexity, transparency and democratic accountability. For this reason, the Group was of the opinion that the unity of the EU budget should be preserved and off-budget instruments should be limited to strictly justified cases.⁴ Recommending an in-depth reform of the EU budget, the HLGOR [identified](#) climate action, migration and borders among the emerging priorities that required additional resources under the new MFF. Likewise, various analyses include these policy areas among those in which strengthened joint action at EU level would be more effective in providing related common goods than increased national action.⁵

The EU can enhance the contribution of its budget and funding instruments to emerging policy priorities through four main types of measures:

- Increasing financial allocations for policy-specific budgetary instruments;
- Assigning spending targets and objectives for an emerging priority to the overall budget and/or to budgetary instruments pertaining to a different, but related policy area;
- Reinforcing complementarity, coherence and synergies between budgetary instruments; and
- Introducing a revenue source that can contribute to the achievement of a policy objective and/or to the financing of further action.

To a varying scope and degree, all four measures can be implemented, both for climate action on the one hand and migration and borders on the other. For example, [climate mainstreaming](#), i.e. including climate objectives and targets in the overall budget and relevant spending instruments, is a major example of the second type of measure. Similarly, a spending target for migration can be included in funding instruments for external action, with a view to addressing the external dimension of migration management. As for the revenue side of the budget, climate (and environmental) policy is a prime example of potential revenue sources that can deliver policy results, on the basis of the ['polluter pays' principle](#), and finance further policy activities. As for migration and border management, the [HLGOR](#) noted that revenue accruing from the [European Travel Information and Authorisation System](#) (ETIAS), currently under development, could finance the EU budget and its measures.

2021-2027 EU finances for climate, migration and borders

The final agreement on EU finances for 2021-2027, including the top-ups secured by the European Parliament in the negotiations with the Council (see below), provides for a significant relative increase in the financial allocations devoted to the policy areas of climate action, migration and borders as compared with during 2014-2020.

In absolute figures, the reinforcements are stronger for climate action than for migration and borders. Since the latter policy areas had a more limited starting point, their new dedicated heading remains one of the smallest in the 2021-2027 MFF (2.1 % of the total). Finances for climate action were able to build on an already established mainstreaming objective, set at 20 % of total MFF resources for 2014-2020. In addition, the 2021-2023 Next Generation EU (NGEU), the temporary recovery instrument agreed by EU institutions and Member States to counter the socio-economic impact of the coronavirus pandemic, will implement climate mainstreaming and provide further resources to climate policy. Contrary to a series of off-budget instruments developed in recent decades to respond to crises, NGEU is more closely linked to the EU budget and will channel resources through EU budgetary instruments. No specific NGEU funding is planned for migration and border management.

Another difference can be noted between the two groups of policy areas. A shared EU strategy underpins climate action: the [European Green Deal](#) and its [investment plan](#), launched by the von der Leyen Commission as the EU's growth strategy for the new decade. For migration and borders, to date policy agreements have proven more fragmented. Despite its acknowledgement as a key priority, better migration management remains a more controversial item.⁶ In 2016, in the wake of the refugee crisis, EU institutions rapidly [agreed](#) to transform Frontex into the European Border and Coast Guard Agency, with a [new decision](#) made on its further reinforcement three years later. However, agreements have been more elusive on other elements of a possible reform, including a proposal to reinforce the European Asylum Support Office (EASO). The European Commission presented its [new pact on migration and asylum](#) and a related package of amended legislative proposals in September 2020, i.e. after the European Council reached its political agreement on EU finances for 2021-2027.

The long road to an agreement

The [MFF negotiations](#) took more than two and a half years from the Commission proposals to the 17 December 2020 adoption of the [MFF Regulation](#) by the Council.⁷ In May 2018, the European Commission put forward its [proposals](#) for the 2021-2027 MFF, which planned reinforced financial allocations for a number of emerging priorities, including the policy areas in question. Stepping up the inclusion of climate objectives across all EU major spending programmes, the share of the MFF to be devoted to climate-relevant activities would rise from 20 % to 25 %. Given the increasing salience of migration and borders in the wake of the 2015-2016 refugee crisis, these policy areas would have a specific heading in the new MFF for the first time and receive higher resources (especially for border management) as compared to during the 2014-2020 period.

In November 2018, the European Parliament stood ready to negotiate the post-2020 MFF with the Council, with the adoption of an [interim report](#) that set out its position and detailed figures per heading and fund. It called for a larger MFF and strengthened allocations for a number of policy areas, including emerging priorities. However, negotiations in the Council and the European Council proved lengthy and complex. Soon after the February 2020 European Council failed to reach agreement, the outbreak of the coronavirus pandemic dramatically changed the debate on the future of EU finances, which became intertwined with the idea of launching a common recovery package. In May 2020, the European Commission tabled an [amended proposal](#) for the 2021-2027 MFF, worth €1.1 trillion, coupled with a proposal for a €750 billion [NGEU](#) recovery instrument.

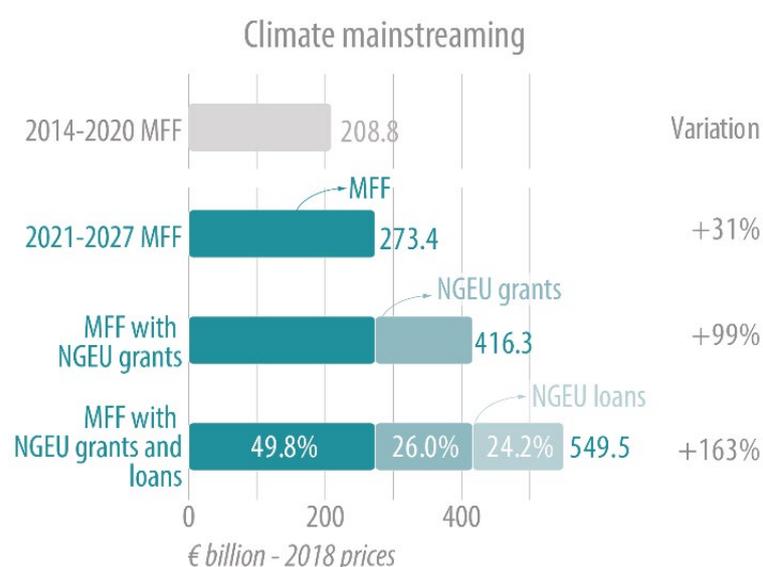
In the 2020 package of proposals, the focus on climate action was further increased, with related activities meant to provide a vehicle for recovery. The additional resources of NGEU would contribute to the objectives of the green transition, reinforcing the European Green Deal Investment Plan launched by the von der Leyen Commission at the beginning of its term of office. In addition, the investment plan and the overall package included the proposal for a new policy-specific spending instrument, the [Just Transition Fund](#) (JTF). Introduced in the MFF debate by a demand included in Parliament's interim report of November 2018, the JTF would aim to help the regions and communities most exposed to the socio-economic costs of the green transition.

Conversely, NGEU would not provide additional resources for migration and border management. However, the Commission increased the allocations for the heading in the amended MFF proposal, while reducing those initially proposed for many other MFF programmes, to take account of the outcome of the February 2020 European Council. The fact that the Asylum, Migration and Integration Fund and the Integrated Border Management Fund were among the few notable exceptions to the trend of cutting the resources put forward in various initial proposals reaffirmed the Commission's commitment to stepping up cooperation on external border management, asylum and migration policies.

Outcome for climate action

Climate mainstreaming will ensure the bulk of resources for the policy area. In this respect, the final agreement on 2021-2027 EU finances went beyond the Commission proposal (25%), raising the overall objective from 20% in the previous programming period to at least 30%. In addition, the target applies to both the traditional MFF and the temporary recovery instrument, NGEU. Figure 1 shows that the contribution of the EU budget and its spending instruments, including the top-ups secured by Parliament in the negotiations with the Council, is projected to increase dramatically as compared to 2014 to 2020. In absolute figures, the contribution from climate mainstreaming could raise from €208.8 billion to some €550 billion (both in 2018 prices),⁸ if Member States decide to use the loan component of NGEU in full.⁹ The data show that the temporary recovery instrument is expected to play a major role in the boosting of climate-relevant expenditure.

Figure 1 – Climate mainstreaming: Estimated contributions from 2021-2027 MFF and NGEU, contribution from 2014-2020 MFF (€ billion, rounded, 2018 prices)



Source: EPRS, based on the European Commission's [MFF in figures](#), [Programme statements of operational expenditure](#) and [Declaration regarding climate contributions per programme](#).

Climate mainstreaming is not only about assigning an overall spending target to the 2021-2027 package for EU finances. Ensuring that relevant spending instruments properly integrate climate goals and considerations to produce concrete results is equally important. As regards the methodology to track and assess climate-relevant expenditure, the European Court of Auditors

identified a series of weaknesses in the approach developed by the Commission for the 2014-2020 MFF.¹⁰ Agreed improvements to the methodology include the fact that, without prejudice to the legislative powers of the European Parliament and the Council, there is an underpinning plan (in the form of a Commission [declaration](#)) of how individual instruments would contribute to the overall objective from the start. The tables in annex set out the estimated contribution per programme in 2018 prices and current prices, the latter amounting to €605.8 billion in total and detailing the additional climate-relevant investment that the InvestEU Fund should leverage from private and public sources (a further €111.6 billion).¹¹ In addition, the new [interinstitutional agreement](#) (IIA) on budgetary matters between Parliament, Council and the Commission introduces a corrective mechanism: the three institutions have agreed to take appropriate steps to address insufficient progress towards climate spending targets in individual programmes should this situation arise. In a broader perspective, the IIA indicates that the methodology should include, as far as possible, a reference to the EU budget contribution to the European Green Deal, noting that the latter contains the 'do no harm' principle. This explicit reference encourages further effort to green the EU budget, with a view to ensuring that EU expenditure that does not address climate objectives has no adverse impact on the climate. This approach can be seen as part of the activities aimed at increasing coherence and synergy between the different parts of the EU budget.

Alongside the enhancement of climate mainstreaming, policy-specific programmes were also reinforced. The policy cluster for environment and climate action amounted to €3.49 billion under the 2014-2020 MFF, including only one programme, LIFE, and relevant decentralised agencies. Its allocations were raised to €22.84 billion (+554 %). While LIFE received additional resources, the bulk of the increase depends on the launch of a second policy-specific programme, the Just Transition Fund (JTF), demanded by Parliament and endowed with €17.5 billion. In its amended package of proposals, the Commission had proposed larger reinforcement for the policy cluster, but the July 2020 [European Council](#) cut the NGEU contribution to the JTF from €30 billion to €10 billion.

Other elements in the agreement on and design of EU finances for the new decade confirm the significant role that the EU budget is expected to play in the financing and delivery of the European Green Deal. In the IIA on budgetary matters, Parliament secured the inclusion of a roadmap for the introduction of [new EU own resources](#) that should repay at least the principal and interest of NGEU. Among the envisaged sources of revenue are two resources in the area of climate action (one linked to a carbon border adjustment mechanism and the other to a revision of the EU emissions trading system), for which the Commission is to table legislative proposals by June 2021. Another major example relates to the temporary recovery instrument: the [European Commission](#) aims to issue 30 % of NGEU borrowing (up to €250 billion in current prices) as [green bonds](#), with the potential for the EU to establish itself as a standard-setter in this fast growing sector.

With the green transition increasingly perceived as central to the EU's identity,¹² the stronger link that the 2021-2027 MFF and NGEU seek to promote between climate action and the EU budget can prove mutually beneficial. Against the background of the European Green Deal, the policy area receives additional resources to help address structural changes in Member States and promote a green recovery, while the EU budget increases its capacity to deliver common goods in line with citizens' expectations (see below).¹³

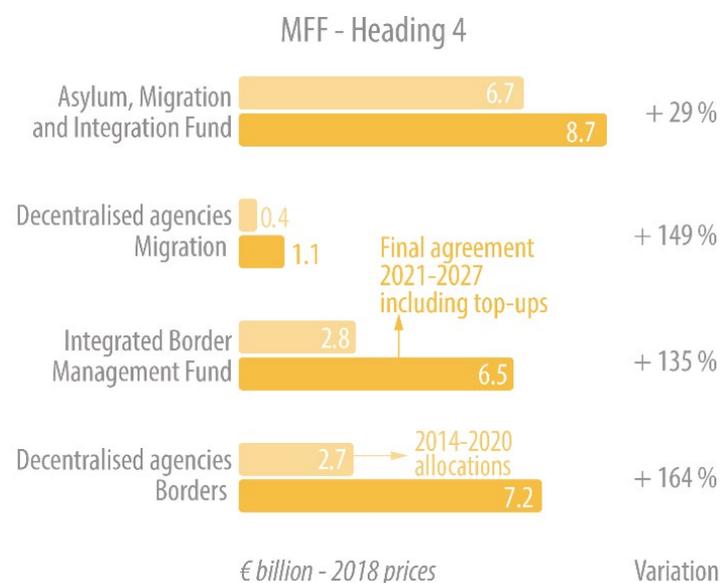
Outcome for migration and border management

For the first time, migration and border management have a specific heading in the MFF. The allocations for these policy clusters increased from €12.7 billion, including flexibility, in the 2014-2020 programming period, to €22.7 billion in the current MFF (+79 %). The heading, which does not receive resources from NGEU, accounts for 2.1 % of the 2021-2027 framework. In line with the outcome of negotiations on past MFFs, the heading was among those that the European Council cut more significantly in relative terms, compared to the amended Commission proposal (-27.2 % versus -2.3 % for the entire MFF). The European Council confirmed the allocations the European

Commission proposed for decentralised agencies in May 2020, while reducing those for the Asylum, Migration and Integration Fund (AMIF) and, even more drastically, the Integrated Border Management Fund (IBMF). In addition, the margin of the heading, intended to tackle unexpected events, was reduced.

However, the allocations under the heading will gradually increase over the period to reach €23.7 billion by 2027 (+86 % on the previous MFF), thanks to reinforcements secured by Parliament in the subsequent negotiations with the Council (see below). Reversing part of the cuts made by the European Council, this top-up goes to the IBMF. In addition, Frontex resources were increased, by using unallocated margins. Figure 2 shows how the increases are distributed among the different components of Heading 4 'Migration and border management', except the margin.

Figure 2 – Components of Heading 4: Final agreement, including top-ups, and 2014-2020 allocations (€ billion, rounded, 2018 prices, EU-27)



Source: EPRS, based on annexes to the [European Parliament resolution on the MFF](#) of 14 November 2018; and the European Commission [MFF in figures](#).

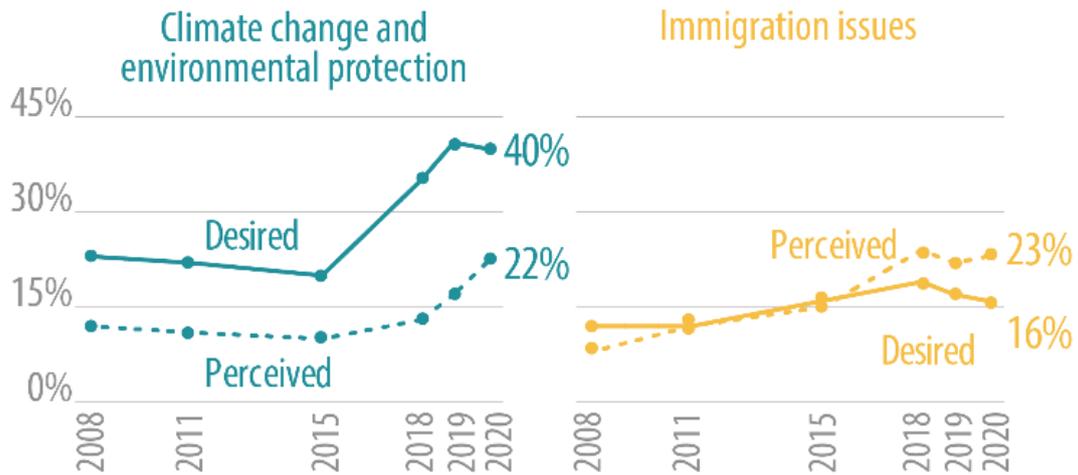
Other measures to increase the EU budget's capacity to respond to border and migration issues include efforts to improve the consistency and complementarity with activities financed under other EU funding instruments.¹⁴ For the AMIF, this relates to external instruments, the European Social Fund Plus (ESF+) and the European Regional Development Fund (ERDF). For the IBMF, it notably concerns external funding instruments. The Neighbourhood, Development and International Cooperation Instrument (NDICI), the largest external action instrument (€70.8 billion plus a €1 billion top-up secured by Parliament, in 2018 prices), is [expected](#) to devote 10 % of its financial envelope to migration-related purposes. In addition, provisions in the compromise texts for the AMIF and the IBMF seek to increase capacity to react to evolving needs.¹⁵

Perceptions, expectations and challenges

A recent [Eurobarometer on the future of Europe](#) confirms the salience of the policy areas in question. Climate change is deemed the main global challenge for the future of the EU (45 % of respondents) across the Union as well as in 11 Member States. Mentioned by slightly more than one quarter of respondents (27 %), forced migration and displacement are ranked at fourth place across the EU, and are regarded as the Union's main global challenge in two Member States. Stronger solidarity among Member States is seen as the second most helpful development for the future of Europe (30 % of respondents) and is the highest ranked reply in 11 Member States.

Looking more specifically at public opinion on the EU budget, Figure 3¹⁶ shows how the perceptions and expectations of EU spending on climate change/environmental protection and migration issues have evolved since 2008.¹⁷

Figure 3 – Perceived and desired EU budget expenditure on climate/environment and immigration (% of respondents)



Source: EPRS, based on Standard Eurobarometers 70, 75, 83, 90, 92 and 93.

Climate action

The share of respondents who would like the EU budget to address climate change and environmental protection is always higher than the share of respondents who consider that the EU budget addresses these policy areas. Both perceptions and expectations increase after the 2015 Paris Agreement on climate change, but at a higher pace for the latter, which leads to a bigger gap between the two aspects.

The trend in the perception of EU spending on climate change and environmental protection during the timeframe of the 2014-2020 MFF suggests that the greater focus on the policy area and the introduction of a spending target for the EU budget in that programming period may have contributed to this positive development to a certain extent. At the same time, it should be noted that, over the same timeframe, the perception of spending on climate and environment is constantly lower than that of migration, contrary to the actual budgetary resources devoted to the two groups of policies during 2014-2020 (€208 billion for the former versus €12.7 billion for the latter, in 2018 prices).

Demanded by the European Parliament, the European Court of Auditors and various stakeholders, the agreed strengthening of the mainstreaming methodology, the objectives of which include a greater focus on results, represents an opportunity to further raise awareness of the role that the EU budget plays in the fight against climate change. The way climate considerations, such as the 'do no significant harm' principle, and objectives, are integrated in the legal bases of EU spending instruments for 2021-2027, which the co-legislators are finalising, is also important, as well as in related documents such as the [investment guidelines](#) for the [InvestEU Fund](#).

The NGEU offers another opportunity to strengthen the green credentials of EU finances and deepen information on climate-related expenditure, since the Commission plans to issue 30 % of NGEU borrowing as green bonds. As outlined in the [funding strategy](#) to finance the recovery instrument, the Commission is developing the NGEU Green Bond Framework, which will rely on twice-yearly information from the Member States about green investments and reforms financed by the Recovery and Resilience Facility (RRF). Relevant expenditure will be identified on the basis of the methodology set in the [RRF Regulation](#). The framework will be based on well-known and established market standards, aligned as much as possible with the [EU taxonomy for sustainable activities](#) and the forthcoming [EU Green Bond Standard](#). At the same time, NGEU may

also represent a challenge for the future financing of climate-related expenditure once the scheme comes to an end. While the fight against climate change is a long-term objective, a significant part of the increase in the EU financial contribution has been integrated in the temporary recovery instrument, rather than in the core MFF (see above).

Migration and border management

For EU spending on immigration issues,¹⁸ Figure 3 shows that expectations were higher than perceptions in 2008, before equalising in the following survey (2011). The 2015-2016 refugee crisis led to an increase in both aspects, which reached a peak in 2018, before stabilising and/or slightly receding in the following two surveys. Since 2018, perceptions have been constantly higher than expectations, despite the relatively limited share of the EU budget that this policy area accounts for (see above). This trend appears to confirm that, beyond the actual level of financial resources involved, related activities are highly visible, as suggested by the European Court of Auditors' report on the future of EU agencies ([Special Report 22/2020](#)), according to which, between January 2018 and July 2019, Frontex was (together with Europol) the EU agency most frequently in the news.¹⁹

The new MFF assigns additional resources to the reinforcement of decentralised agencies in the policy area (already agreed for [Frontex](#), still under discussion for [EASO](#)). For Frontex, these resources are intended to finance the gradual increase in the number of the agency's operational staff, which should reach a standing corps of 10 000 EU border guards in 2027. Special Report 22/2020 noted that Frontex and EASO depended heavily on Member States' provision of human (and, for Frontex, technical) resources. The timely reinforcement of decentralised agencies is an opportunity, but may equally represent a challenge, as, according to the European Court of Auditors, both Frontex and EASO have experienced difficulties in recruiting staff, with high numbers of vacant positions.

The 2021-2027 allocations for funds in the 'migration' and 'border management' policy clusters have increased as compared with 2014-2020, but less than the Commission had proposed. Various analyses consider the increase a positive development for the EU's budget capacity to deliver common goods under the policy area, but conclude that funding remains moderate in scale, given its low starting point,²⁰ and question whether they are commensurate with the needs stemming from the [new pact on migration and asylum](#) and the related package of legislative proposals.²¹

European Parliament

The European Parliament is a strong advocate of a robust EU budget endowed with financial resources commensurate to the growing number of objectives and responsibilities with which the Union has been entrusted. Parliament traditionally demands that fresh appropriations finance new priorities. The process that led to the adoption of the 2021-2027 MFF confirmed this approach from the start. In [March 2018](#), in its contribution ahead of the Commission proposals, Parliament stressed that the 2014-2020 MFF had proved insufficient to tackle a series of crises and emerging priorities, calling for a bigger post-2020 MFF. Climate change, migration and borders were identified among the policy areas requiring strengthened joint action and commensurate additional financial resources. Following the MFF proposals, Parliament detailed its negotiating position in its interim report of [November 2018](#), challenging the logic of a spending cap of 1 % of EU GNI to be shared among a growing number of policies and objectives. Instead, Parliament set the figures in its position through a bottom-up approach that estimated needs in individual policy areas to determine the appropriate overall size of the new framework. Among other points, it demanded the introduction of a Just Transition Fund, confirming Parliament's concerns regarding the economic and social dimensions of sustainability. In [October 2019](#), the newly elected Parliament adopted a resolution to confirm and update its negotiating mandate. Welcoming then Commission President-elect von der Leyen's commitments to new political initiatives, the text stressed that these should receive fresh appropriations on top of the Commission's initial proposal. In the context of the European Green Deal, climate mainstreaming in the EU budget should be further stepped up, with resources commensurate to the goal of facilitating a just transition to a carbon-neutral economy.

Throughout the negotiations, Parliament has confirmed its attentiveness regarding the strengthening of the EU budget contribution to climate action, migration and borders. Following the outcome of the July 2020 European Council, [Parliament](#) welcomed the launch of a recovery instrument financed through borrowing, but criticised essential elements of the compromise, including cuts to the proposed MFF and an insufficient reform of own resources. The text identified a number of flagship programmes delivering EU common goods that should receive additional appropriations. In the subsequent negotiations with the Council prior to granting its consent to the MFF, Parliament secured a number of [improvements](#), which, in the fields of climate, migration and borders, include:

- higher appropriations for the Integrated Border Management Fund and Frontex, as well as programmes contributing to climate mainstreaming, such as Horizon and InvestEU;
- the enhancement of the tracking methodology for climate mainstreaming; and
- the [agreement](#) on a roadmap for the introduction of new EU own resources, including two related to climate objectives (see above).

Parliament contributes to increasing the EU budget's capacity to deliver in several ways, playing a key role in shaping and scrutinising how the resources allocated to the policy areas are implemented in practice. It co-decides the provisions underpinning relevant spending instruments with the Council, determining how these programmes are to operate in the policy areas and deliver on the objectives. Parliament is responsible for the political scrutiny of the implementation of the EU budget. Through the powerful tool of the [discharge procedure](#), the focus of which on performance and results is constantly increasing, it formulates observations on the execution of expenditure, on which the Commission and the other institutions have an obligation to act. As for NGEU, the [IIA on budgetary matters](#) contains provisions (Part H of Annex I) to ensure an appropriate involvement of the European Parliament and of the Council in the governance of external assigned revenue under the instrument, including dedicated interinstitutional meetings on its state of play and outlook.

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ANNEX

Table 1 – Climate mainstreaming: Estimated contribution per individual programme (€ billion, rounded, 2018 prices)

Programmes	Overall financial envelope (€ billion)	Expected minimum climate target ¹	Expected climate contribution (€ billion)
Horizon Europe ²	84.9	35 %	29.7
ITER	5	100 %	5.0
InvestEU Fund ²	9.4	30 %	2.8
Connecting Europe Facility (CEF)	18.4	60 %	11.0
European Regional Development Fund (ERDF)	200.4	30 %	60.1
Cohesion Fund	42.6	37 %	15.8
REACT EU ²	47.5	25 %	11.9
Common agricultural policy 2021-2022 ²	109.3	26 %	28.4
Common agricultural policy 2023-2027	234.6	40 %	93.8
European Maritime, Fisheries and Aquaculture Fund	5.4	30 %	1.6
LIFE (Programme for environment and climate action)	4.8	61 %	2.9
Just Transition Fund ²	17.5	100 %	17.5
Neighbourhood, Development and International Cooperation Instrument (NDICI)	71.8	25 %	18.0
Overseas Countries and Territories (OCT)	0.4	25 %	0.1
Pre-Accession Assistance	12.6	16 %	2.0
NGEU – Recovery and Resilience Facility (Grants)	312.5	37 %	115.6
Total with NGEU grants			416.3
NGEU – Recovery and Resilience Facility (Loans)	360	37 %	133.2
Total with NGEU grants and loans			549.5

¹ Without prejudice to the legislative powers of the European Parliament and the Council and their final decisions on targets for individual programmes.

² Including resources from NGEU grants.

Source: EPRS, based on the European Commission [MFF in figures](#) and [Declaration regarding climate contributions per programme](#).

Table 2 – Climate mainstreaming: Estimated contribution per individual programme and additional investment leveraged by the InvestEU Fund (€ billion, rounded, current prices)

Programmes	Overall financial envelope (€ billion)	Expected minimum climate target ¹	Expected climate contribution (€ billion)
Horizon Europe ²	95.5	35 %	33.4
ITER	5.6	100 %	5.6
InvestEU Fund ²	10.3	30 %	3.1
Connecting Europe Facility (CEF)	20.7	60 %	12.4
European Regional Development Fund (ERDF)	226	30 %	67.8
Cohesion Fund	48	37 %	17.8
REACT EU ²	50.6	25 %	12.7
Common agricultural policy 2021-2022 ²	117.1	26 %	30.4
Common agricultural policy 2023-2027	269.5	40 %	107.8
European Maritime, Fisheries and Aquaculture Fund	6.1	30 %	1.8
LIFE (Programme for environment and climate action)	5.4	61 %	3.3
Just Transition Fund ²	19.3	100 %	19.3
Neighbourhood, Development and International Cooperation Instrument (NDICI)	80.6	25 %	20.2
Overseas Countries and Territories (OCT)	0.5	25 %	0.1
Pre-Accession Assistance	14.2	16 %	2.3
NGEU – Recovery and Resilience Facility (Grants)	337.9	37 %	125.0
Total with NGEU grants			463.0
NGEU – Recovery and Resilience Facility (Loans)	385.8	37 %	142.7
Total with NGEU grants and loans			605.8
Expected investment leveraged by InvestEU	372	30 %	111.6
Total with NGEU and expected InvestEU leverage			717.4

¹ Without prejudice to the legislative powers of the European Parliament and the Council and their final decisions on targets for individual programmes.

² Including resources from NGEU grants.

Source: EPRS, based on the European Commission [MFF in figures](#) and [Declaration regarding climate contributions per programme](#) as well as the [InvestEU Regulation](#).

ENDNOTES

- ¹ I. Begg (Guest author), [The European Union and regional economic integration: Creating collective public goods – Past, present and future](#), EPRS, European Parliament, March 2021.
- ² The new [Own Resources Decision](#), which is being ratified by Member States, raises the level of resources that the EU can annually call from Member States from 1.20 % to 1.40 % of EU GNI and adds a further 0.60 % of EU GNI as a temporary increase (until 2058) to ensure the financing of the Next Generation EU recovery instrument.
- ³ See for example: A. D'Alfonso, [External border control and asylum management as EU common goods: A budgetary perspective](#), Robert Schuman Centre for Advanced Studies, European University Institute, 2019; F. Jones, [Financing the European Union](#), EPRS, European Parliament, 2020.
- ⁴ High-level Group on Own Resources, [Future financing of the EU: Final report and recommendations](#), December 2016.
- ⁵ See for example: J. Pisani-Ferry, ['Europe can take a bigger role in providing public goods'](#), *Financial Times*, 3 December 2019; W. van Ballegooij and C. Navarra, [The Cost of Non-Europe in Asylum Policy](#), EPRS, European Parliament, 2018; and J. Saulnier, [Improving the quality of public spending in Europe: Budgetary 'waste rates' in EU Member States](#), EPRS, European Parliament, 2020.
- ⁶ F. Trauner, EU migration policy: Will more money solve old conflicts?, in: B. Laffan and A. De Feo (eds.), [EU Financing for Next Decade: Beyond the MFF 2021-2027 and the Next Generation EU](#), European University Institute, 2020.
- ⁷ A. D'Alfonso, [Multiannual financial framework for the years 2021 to 2027: The future of EU finances](#), EPRS, European Parliament, 2021.
- ⁸ Respectively €211.6 billion and €605.8 billion in current prices.
- ⁹ Each Member State will decide whether to avail itself and, if so, to what extent, of the loan component of NGEU. Technically, NGEU grants increase the appropriations of the EU budget, while its loans do not, since the latter are directly transferred to the Member States requesting them.
- ¹⁰ European Court of Auditors, [Spending at least one euro in every five from the EU budget on climate action: ambitious work underway, but at serious risk of falling short – Special Report No 31/2016](#), 2016; and [Tracking climate spending in the EU budget - Review No 1/2020](#), 2020.
- ¹¹ In addition, outside the MFF and NGEU, the [EU Emissions Trading System \(EU ETS\)](#) finances the [Innovation Fund](#) and the [Modernisation Fund](#), expected to channel respectively some €10 billion (2020-2030) and €14 billion for climate-related projects.
- ¹² J. Pisani-Ferry, [The Green Deal is not just one of many EU projects, it is the new defining mission](#), Bruegel, 3 January 2020.
- ¹³ A. D'Alfonso, Climate action: A policy with the potential to redefine the EU budget, in: B. Laffan and A. De Feo (eds.), [EU Financing for Next Decade: Beyond the MFF 2021-2027 and the Next Generation EU](#), European University Institute, 2020.
- ¹⁴ For example, the new [Common Provisions Regulation](#) (CPR) for shared management funds will include financial rules for the AMIF and the Border Management and Visa Instrument of the IBMF.
- ¹⁵ A. D'Alfonso, [Migration and border management: Heading 4 of the 2021-2027 MFF](#), EPRS, European Parliament, 2021.
- ¹⁶ The author would like to thank Nina Thomassen, trainee in EPRS, for research assistance with Eurobarometer data.
- ¹⁷ Respondents were asked respectively: 'On which of the following do you think most of the EU budget is spent? Firstly? Any others?'; 'And on which of the following would you like EU budget to be spent? Firstly? Any others?'
- ¹⁸ Denomination of the policy areas in the surveys.
- ¹⁹ Europol and Frontex accounted each for some 20 % of all articles devoted to EU agencies.
- ²⁰ I. Begg, [Plus ça change... the Commission's budget proposals for 2021-27](#), ETUI Policy Brief N° 9/2018, 2018.
- ²¹ I. Goldner Lang, [Financial Implications of the New Pact on Migration and Asylum: Will the Next MFF Cover the Costs?](#), EU Immigration and Asylum Law and Policy – Odysseus Blog, 27 January 2021.

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