

Brussels, 16 October 2025
(OR. en)

13320/2/25
REV 2

LIMITE

CADREFIN 233
FIN 1121
POLGEN 150
RESPR 31

NOTE

From:	Presidency
To:	Delegations
Subject:	Multiannual Financial Framework 2028-2034 - revised possible elements for a future draft Negotiating Box (Horizontal issues and Heading 2)

1. The purpose of presenting the possible elements for a future draft Negotiating Box is to identify and confirm the issues which will need to be addressed in the course of the negotiation on the Multiannual Financial Framework (MFF), and where appropriate, facilitate the discussion on options and solutions on individual issues. The presentation of the possible elements for a future draft Negotiating Box does not aim at any concluding debates or compromises at this stage.
2. The possible elements for a draft future Negotiating Box are drawn up and developed under the responsibility of the Presidency. It is therefore not binding on any delegation. The Presidency continues to be guided by the principle that nothing is agreed until everything is agreed.
3. Delegations will find in Annex the first possible elements for a future draft Negotiating Box elaborated by the Presidency in relation to horizontal issues (Annex I) and Heading 2 (Annex II).

I. HORIZONTAL

1. The new MFF will cover seven years between 2028 and 2034. The budget will enable the EU to respond to current and future challenges and to fulfil its political priorities. It covers new policies and established ones to ensure EU's long-term security and prosperity. Europe must take responsibility for its own security, including through stronger defence capabilities and protection of our borders and values, migration management and also boost its competitiveness and clean transition efforts. At the same time, established policies stemming from Treaty obligations including economic, social and territorial cohesion and common agricultural policy remain crucial.
2. The Multiannual Financial Framework for the period 2028 to 2034 will have the following structure:
 - i) Heading 1 "Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security"
 - ii) Heading 2 "Competitiveness, prosperity and security";
 - iii) Heading 3 "Global Europe";
 - iv) Heading 4 "Administration".

A simpler and more efficient structure of the budget is necessary to provide responsiveness in a time of geopolitical and economic uncertainty. The grouping of expenditure in 4 Headings is designed to reflect the Union's political priorities and provide for the necessary flexibility in the interest of efficient allocation of resources. In addition, the reduction in the number of programmes aims to ensure coherence and promote synergies. The overall framework will reflect simplification and should lead to a reduction of administrative burden for beneficiaries, managing authorities and auditing bodies.

3. The maximum total figure for expenditure for EU 27 for the period 2028-2034 is EUR [X] million in commitment appropriations and EUR [X] million in payment appropriations. The breakdown of the amounts of the annual ceilings on commitment appropriations by Heading is described below. The same figures are also set out in the table contained in Annex I which equally sets out the annual ceilings of payment appropriations. All figures are expressed using constant 2025 prices.
4. There will be automatic annual technical adjustments for inflation using [a deflator of 2 %, which will be technically adjusted to the forecasted inflation in year n+1 if the forecast is below 1 % or above 3 %] OR [a fixed deflator of 2 %].
5. The MFF will be revised in the event of a revision of the Treaties, a reunification of Cyprus or the accession of new Member States to the Union.
6. The Commission shall present a proposal for a new multiannual financial framework before 1 [July 203X].

Simplification

7. The MFF will follow a simplified and streamlined structure with the aim to reduce rigidity and limit administrative burden for authorities and beneficiaries. Furthermore, the MFF should mitigate overlapping objectives between programmes and provide a simplified access to funding opportunities and budget information for applicants and beneficiaries. In addition, the reduction in the number of programmes aims to ensure coherence and promote synergies.
8. The RAL (reste à liquider) is an inevitable by-product of multiannual programming and differentiated appropriations. However, the RAL is expected to be more than EUR [X] billion by the end of the financial framework for 2021-2027, leading to payments from the current MFF constituting a significant amount of overall payments in the first years of the next MFF. To ensure a predictable level and profile as well as an orderly progression of payments and increase the responsiveness of the EU budget, several measures are taken, such as simplifying implementation, setting appropriate pre-financing rates, payment and de-commitment rules and timely adoption of the sectoral legislation for the MFF 2028-2034.

9. Following the principle of budgetary unity, as a rule, all items of EU expenditure will be included in the MFF. However, given their specificities, some instruments will be placed outside the MFF ceilings in commitment and payment appropriations or constitute off-budget items.

Flexibility

10. The Union must have the capacity to respond to exceptional circumstances and changing priorities, whether internal or external. At the same time, the need for flexibility must be weighed against predictability for long-term investments as well as the principles of budgetary discipline and transparency of EU expenditure, respecting the binding character of the MFF ceilings.
11. In line with the capacity to respond to evolving needs and reprioritising funds, the MFF should facilitate possible redeployments and reprogramming within and across programmes. Any possible deviation from the indicative financial envelope for multiannual programmes shall not be more than [20] % of the amount for the entire duration of the programme. This does not apply to appropriations pre-allocated per Member State.
12. Appropriate margins will be set within each Heading. Within certain programmes, unallocated amounts and cushions will be established. In a fast-evolving environment, resources for response to crisis situations such as natural disasters should be part of inbuilt flexibility within certain programmes.
13. The Single Margin Instrument (SMI) will comprise the following:
- i) As of 2029, the margins left available below the MFF ceilings for commitment appropriations of the year n-1 are to be made available over and above the MFF ceilings for commitment appropriations in the framework of the budgetary procedure (Global Margin for Commitments).

- ii) As of 202[9], as part of the technical adjustment, the Commission can adjust the payment ceiling for the years [2029-2034] upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1 (Global Margin for Payments). Any upward adjustment shall be fully offset by the corresponding reduction of the payment ceiling for the year n-1. [The annual adjustments in years [203X-2034] shall not exceed EUR [X] million as compared to the original payment ceiling.]
 - iii) As a last resort to react to unforeseen circumstances, amounts can be made available over and above the MFF ceilings, provided that they are fully offset against the margins in one or more MFF Headings for the current or future financial years (Contingency Margin). The amounts thus offset shall not be further mobilised in the context of the MFF.
14. The Flexibility Instrument shall finance clearly identified unforeseen expenditure which could not be financed within the limits of the ceilings available for one or more Headings. Appropriations will be over and above the MFF ceilings for commitment and payment appropriations. The Flexibility Instrument's annual ceiling will be set at EUR [X] million. [As of 2029, the annual amount available for the Flexibility Instrument will be increased by:
- i) [an amount equivalent to fines entered into the budget in year n-2;]
 - ii) [an amount equivalent to decommitments of appropriations made during year n-2;]
 - iii) [amounts lapsed in [the] previous year[s].]

Governance

15. The necessary degree of overall flexibility should be underpinned by robust governance and involvement of Member States and relevant institutions, in particular the Council, in the planning and adjustment of activities as well as the implementation of the budget. This shall ensure that the EU budget is closely aligned with the Union's priorities across spending programmes.

16. *p.m. steering mechanism]*

17. Member States shall be closely involved in setting priorities and deciding on work programmes within spending programmes in the appropriate fora, while maintaining their current role in the examination procedure. Each institution will act within the limits of the powers conferred on it in the Treaties. Delegated acts shall be limited to non-essential elements of the respective legislative acts.
18. The duration of the MFF sectoral programmes should, as a rule, be aligned with the timeframe of the MFF 2028-2034.

Impact and Performance

19. The role of the EU budget in supporting the effective implementation of EU-wide policy objectives should be further enhanced. A horizontal expenditure tracking and performance framework for the EU budget shall be established to reflect the results and reform progress achieved by EU spending as well as measure the effect of the EU budget to inform future policy decisions. A horizontal performance framework should also contribute to limiting administrative burden associated with the implementation of the EU budget for authorities and beneficiaries.
20. The budget should provide substantial leverage to increase the impact of EU spending. This includes a sufficient degree of co-financing across programmes. In addition, in line with the overall effort of consolidation, financial instruments and budgetary guarantees should be streamlined further, notably through the financial toolbox of the European Competitiveness Fund and Global Europe, thereby leveraging the budget to mobilise private investments. While recognising the opportunities of this type of funding, financial liabilities arising from financial instruments, budgetary guarantees and financial assistance need to be closely monitored.

21. Union programmes and instruments should in a just, socially balanced, fair and cost-effective manner contribute to reaching the long-term commitments of the Paris Agreement as well as to promote environmental and biodiversity protection. As part of the efforts to deliver results on these priorities, [at least] [35] % of the Union budget expenditure should support climate and environmental objectives underpinned by an efficient and transparent methodology. It should ensure that EU expenditure is consistent with Paris Agreement objectives, the "do no significant harm" principle, the Union's climate target of reducing emissions by at least 55 % by 2030 and the objective of reaching climate neutrality at the latest by 2050, while limiting administrative burdens for authorities and beneficiaries.
22. In order to protect the sound implementation of the EU budget and the financial interests of the Union, EU spending shall include strong safeguards to ensure respect of the rule of law and the effective application of the Charter of Fundamental Rights in full respect of the principles of objectivity, non-discrimination and equal treatment of Member States.

A solid and efficient audit and control system will ensure the legality and reliability of payments, avoiding duplication of responsibilities and take into account the principle of proportionality.

III. HEADING 2 - COMPETITIVENESS, PROSPERITY AND SECURITY

23. Competitiveness, prosperity and security correspond to an area where EU action has significant value added for all Member States across the Union. The initiatives under this Heading should contribute to bolstering European competitiveness in technologies and strategic sectors from collaborative research to scaling up innovation, industrial and infrastructure deployment and manufacturing, in support of projects and companies including SMEs and the crowding in of private, institutional and national investments.
24. The level of commitments for this Heading will not exceed:

HEADING 2 - COMPETITIVENESS, PROSPERITY AND SECURITY						
(Million euros, 2025 prices)						
2028	2029	2030	2031	2032	2033	2034
X	X	X	X	X	X	X

European Competitiveness Fund

25. A European Competitiveness Fund (the ‘ECF’) will be established to bolster European competitiveness as a whole, notably in strategic sectors and technologies along the investment journey taking into account open and fair award procedures. Particular attention will be paid to SMEs and small midcaps.
26. The indicative financial envelope for the implementation of the ECF for the period 2028-2034 will be EUR [X] million. The financial envelope will indicatively be allocated as follows:
- i) EUR [X] million to general objectives;
 - ii) EUR [X] million to Clean Transition and Industrial Decarbonisation;

- iii) EUR [X] million to Health, Biotechnology, Agriculture and Bioeconomy;
 - iv) EUR [X] million to Digital Leadership;
 - v) EUR [X] million to Resilience and Security, Defence Industry and Space.
27. Together, the ECF, Horizon Europe and the Innovation Fund will provide coherent support to the Union's competitiveness, across the investment journey. The ECF may support Important Projects of Common European Interest (IPCEIs), conditional on national co-funding[, and follow-on projects based on results from IPCEIs, conditional on significant private investments.]
28. An ECF InvestEU Instrument will serve as a horizontal delivery tool for Union-internal policies to address market failures or suboptimal investment situations through budgetary guarantees and financial instruments. The instrument will be implemented by partners in an open architecture, drawing on the expertise of all implementing partners, including National Promotional Banks, while acknowledging the special role of the European Investment Bank Group (EIB). The instrument may provide support under other Union programmes in accordance with the objectives set out in those programmes. The maximum amount of the budgetary guarantee under the EU Compartment of the ECF InvestEU Instrument will be EUR [X] million. The minimum amount of the Union support from ECF delivered through ECF InvestEU Instrument will be EUR [X] million.
29. [The award procedures may set out eligibility conditions to ensure the competitiveness of the Union, including protection of economic interests and autonomy of the Union where necessary and appropriate through preferential conditions such as restrictions or incentives for Union entities, while limiting distortion of the Single Market.]
30. [The ECF will in exceptional and duly justified cases include the possibility of accelerated support for projects of imperative public interest or critical time sensitivity, which could otherwise not be effectively implemented under the normal rules and which will benefit from certain additions, exceptions, and derogations from applicable law during the award procedure or implementation of the supported activities.]

31. The ECF will support a strong European Defence Technological and Industrial Base to ensure the Union's ability to respond to emerging security challenges[, including supporting the Ukrainian defence technological and industrial base.]

Horizon Europe

32. Horizon Europe shall be tightly connected to the European Competitiveness Fund by placing research and innovation at the heart of the Union's economy and investment strategy. Support for research, development and innovation will be based on excellence. At the same time, the participation gap and the innovation divide must continue to be addressed. To this end, Horizon Europe will enhance the research and innovation capacity in widening and transition countries. [From 2030 onwards, capacity-building measures are restricted to those widening countries that have increased their real expenditure of public investment in research and development in the latest known year compared to the year prior.]
33. The indicative financial envelope for Horizon Europe for the period 2028-2034 will be EUR [X] million, of which
- i. EUR [X] million for Excellent Science;
 - ii. EUR [X] million for Competitiveness and Society;
 - iii. EUR [X] million for Innovation;
 - iv. EUR [X] million for the European Research Area, of which [X] million for widening participation.

Connecting Europe Facility

34. The Connecting Europe Facility aims to accelerate investment in the field of trans-European networks for transport and energy and leveraging funding from both the public and the private sectors as well as facilitate cross-border cooperation in the field of renewable energy.

35. The indicative financial envelope for the implementation of the Connecting Europe Facility for the period 2028-2034 will be EUR [X] million, of which:
- i. EUR [X] million for transport and military mobility[, of which EUR [X] for military mobility].
 - ii. EUR [X] million for energy.
36. The minimum co-financing should be as follows:
- i. [50] % for studies needed to prepare project implementation;
 - ii. [50] % for works related to the transport sector, which shall be reduced to [25] % for Member States with a per capita GNI of less than 90% of the EU average;
 - iii. [50] % for works relating to the energy sector;
 - iv. [75] % for actions in the energy sector contributing to the development of projects of common interest;
 - v. [60] % for works in the transport and energy sectors undertaken in outermost regions.

Civil protection and health emergency preparedness and response

37. The new Union Civil Protection Mechanism (UCPM+) will provide support for preventing, preparing for and responding to all kind of natural and human-induced disasters including cross-border threats to health, that may occur inside or outside the Union. The indicative financial envelope allocated to the programme will be EUR [X] million.

Education, democracy and European values

38. Erasmus+ will support high-quality education and training and will provide learning and mobility opportunities for young people, apprentices, students and teachers. Erasmus+ will also support the participation of young people in solidarity activities and cooperation in the field of Sport. The indicative financial envelope allocated to the programme will be EUR [X] million.
39. AgoraEU will bring together support for democracy, culture, media and civil society. The indicative financial envelope allocated to the programme will be EUR [X] million.

Euratom research and nuclear safety

40. This Heading will continue to support the Research and Training Programme of the European Atomic Energy Community with an indicative financial envelope of EUR [X] million, of which EUR [X] million will contribute to the ITER project.
41. The Instrument for Nuclear Safety Cooperation and Decommissioning will have an indicative financial envelope of EUR [X] million. Support to the decommissioning of the Ignalina nuclear power plant in Lithuania will continue with an indicative financial envelope of EUR [X] million.

Other programmes

42. This Heading will also provide funding for the Justice programme, the Pericles V programme and a Single Market and Customs Programme encompassing the functioning of the Single Market, Customs Union, Taxation and Anti-Fraud.
-