



WWF

BRIEFING
PAPER

OCTOBER
2019

The MFF: what and where is it now?

The European Commission proposed the 2021-2027 multiannual financial framework (MFF) in May 2018. The member states are still debating the details, including climate mainstreaming and headline budgets. Agreement is expected in early 2020 and the European Parliament must still give its consent. The Parliament will adopt a resolution on the MFF on Thursday 10th October 2019.

The European commission also proposed sectoral regulations for the 2021 to 2027 period in May and June 2018. These include funds and programmes such as the European Regional Development Fund and the European Social Fund+. Some of these programmes have already reached partial agreement between the Council and European Parliament, but others have not finished trilogues and can therefore still be influenced.

Member states will have started the process of preparing the programmes for EU funds over the 2021-2027 period. Now is the best time to get involved to ensure programmes support climate action. Draft partnership agreements and operational programmes are expected in early 2020, followed by consultation and finalisation in the second half of 2020.

Member states have an obligation to involve all relevant partners in preparing and implementing programmes under cohesion policy, such as the European Regional Development Fund.

WHAT IS THE MFF?

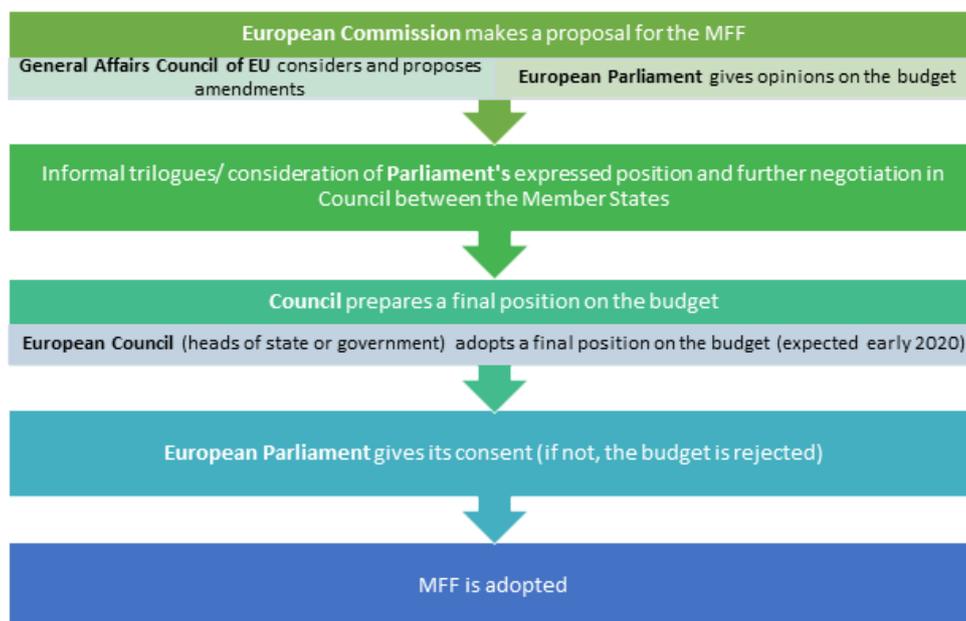
An overarching Regulation

The multiannual financial framework (MFF) is the overarching Regulation which sets the budget lines and the general provisions which determine the EU's expenditure for a defined period¹. Since the Treaty of Lisbon, this has been binding and sets the annual ceilings for expenditure under 'headings'.

How it is adopted

The Member States in the Council (in practice, the heads of state of the European Council) negotiate and adopt the MFF, on the basis of a Commission Proposal. The MFF is adopted by a 'special legislative procedure'², meaning the European Parliament gives its assent, or it can vote down the entire budget. The Parliament therefore has important, but limited influence over the long-term budget. By contrast, the Parliament can propose amendments to the Council's position on annual budgets. In practice, however, the Council must listen to the Parliament's position in order to avoid problems in the final adoption of the legislation further down the line.

The MFF is typically set for a period of seven years, although there are calls to reduce this to five years, in order to align with the duration of the legislature. Note that this is not the same process as for the annual budgets of the EU. These are set separately and work within the framework provided by the MFF.



How is it structured?

The MFF sets the headline budget for commitments and for payments over the financial period, corresponding to a percentage of EU GNI. For commitments from 2021-2027, the European Commission's Proposal suggested this should be 1.1% of EU GNI (equivalent to 1134.6 billion in 2018)³.

The MFF is organised into '**headings**' which respect the priorities of the Union and reflect its areas of action. The current Proposal has **seven headings**, with annual ceilings detailed in the annex accompanying the Regulation.

1. Single Market, Innovation and Digital (166 million)

¹ This is supplemented by the Own Resources Decision, which determines how the EU budget is financed. A new Decision has been deemed to be needed to account for the UK leaving the EU. Revenues are sourced mainly from EU Member State contributions based on Gross National Income (GNI), direct revenues from VAT, but also traditional and 'new sources' such as a share of EU ETS receipts and plastic waste payments

² As opposed to the ordinary legislative procedure in which the European Parliament and the Council of the European Union jointly make amendments to the Commission's proposal before negotiating an outcome in trilogues that is eventually adopted.

³ On 2nd May 2018, the Commission released the MFF proposal for 2021-2027. The related press release can be found here: https://europa.eu/rapid/press-release_IP-18-3570_en.htm

2. Cohesion and values (392 million)
of which economic territorial and social cohesion (331 million)
3. Natural Resources and Environment (337 million)
of which 'market-related expenditure and direct payments' (CAP) (254 million)
4. Migration and border management (31 million)
5. Security and defence (24 million)
6. Neighbourhood and the world (109 million)
7. European public administration (76 million)

Chapter 1 of the MFF concerns general provisions, whilst chapter 2 outlines how flexibilities in budget can be made use of. For instance, Article 6 details how total allocations to Member States under the cohesion policy 'investment for growth and jobs goal' can be modified from 2025 if cumulated national GDP is less or greater than projected in 2018. Chapter 3 concerns special instruments such as the Solidarity Fund, designed to respond to disasters, whilst Chapter 4 includes detail on the possibility to revise the MFF and for a mid-term review in 2024. For a limited number of large infrastructure projects, particular budgetary certainty is required and their ceiling amounts are detailed in chapter 5.

Negotiations so far have focused on the overall ceiling, with some net contributor Member States keen to see the budget cut to just 1% of EU27 GNI whilst others support the Commission proposal and the European Parliament are calling for an even higher figure of 1.3%.

Sectoral proposals

Whilst the MFF sets the overarching framework, the vast majority of the detail on EU budget spending and 'programming' is included in the sectoral financial regulations. Over 40 sectoral pieces of legislation were proposed by the Commission between 29th May and 12th June 2018. The sectoral proposals are crucial areas in which changes can be made to determine whether EU spending supports, or undermines, climate and environment objectives.

The proposal includes a '**climate mainstreaming**' requirement of at least 25% spending across all programmes. This may be higher or lower, depending on the programme. However, a comprehensive legal requirement to commit spending in this way is lacking. Tracking of progress towards this goal also lacks a clear and comprehensive framework.

No proposal exists either for 'climate proofing' which would ensure the other 75% of EU spending does not undermine climate objectives and commitments. CAN Europe have produced a very helpful briefing on the importance of both climate mainstreaming and climate proofing, available [here](#)⁴.

Table 1: A non-exhaustive list of key sectoral proposals with respect to climate and environment

What	Climate mainstreaming	Proposed
European Regional Development and Cohesion Fund	30% ERDF, 37% CF	29/05/2018
Common Provisions Regulation (sets basic provisions for seven funds, including ERDF)	Unspecified	29/05/2018
European Social Fund+	Unspecified	30/05/2018
Common Agricultural Policy strategic plans	ca. 40%	01/06/2018
LIFE Programme	Ca. 60%	01/06/2018
InvestEU	30%	06/06/2018
Connecting Europe Facility	60%	06/06/2018
Horizon Europe (research and innovation)	35%	07/06/2018

PROGRAMMING: HOW CAN I ACCESS FUNDS?

Access to funds distributed directly by the EU is mostly through annual or continuous calls for proposals. Such is the case for the Horizon Europe and the calls can be observed through the funding and tender portal. Calls are made on the basis of the priorities and focus areas identified in the underlying Regulation, which for Horizon Europe will be organised into missions and clusters.

⁴ Climate mainstreaming and climate proofing: the horizontal integration of climate action in the EU budget – assessment and recommendations, CAN Europe, September 2018.

Other funds are distributed at the national level and their distribution is largely governed by frameworks such as the partnership agreements and their operational programmes.

Sectoral proposals

Under the Common Provisions Regulation⁵, which sets out the rules for the cohesion policy funds and several others, member states must develop 'Partnership Agreements'. The partnership agreements are prepared by each individual member state (and in some countries, region).

Partnership Agreements are strategic documents. They set the overarching framework for the operational programmes and are based on a template from the Commission. The Partnership Agreements include the selected policy objectives which the 'operational programmes' will pursue. The objectives are typically based on the country specific recommendations⁶ made by the Commission as part of the European Semester process. It furthermore includes detail on the approximate funding to be given to each policy objective and a list of the proposed Operational Programmes.

Partnership Agreements should be developed in conjunction with competent regional and local authorities, in partnership with other relevant stakeholders, including "relevant bodies presenting civil society, environmental partners, and bodies responsible for promoting social inclusion,..."⁷.

The Partnership Agreement is eventually submitted to the Commission for approval and adoption. The Commission has three months to make observations on the Partnership Agreement, and must adopt a decision no more than four months after submission. There is therefore a small window of opportunity for further changes to be made.

Operational Agreements are the next phase in the process and contain more detailed plans about how objectives will be attained. They should also be developed in partnership with relevant stakeholders.

In parallel with, or following, the submission of the Partnership Agreement, the Operational Programmes developed under the same partnership as for the Partnership Agreements can be submitted to the Commission for approval and adoption. This can only take place once the overall MFF and relevant sectoral regulation has been adopted

Funds are implemented through shared management in which member states submit programmes to the Commission for adoption, select projects and implement spending, whilst the Commission has a supervisory role to ensure programmes are implemented in consistency with the Regulations.

What do partnership agreements contain?

A Partnership agreement should be developed in each member state covering all the relevant cohesion funds. It sets out:

- 1) **Selected policy objectives and a justification for their inclusion.** There should be detail on which funds and operational programmes will contribute to achieving this objective, including also where InvestEU should contribute and how each of these will be coordinated.

There should also be detail on the level of funding at a national level for each policy objective.

- 2) **A list of planned programmes** and the preliminary financial allocations from the different funds and InvestEU, as well as national contributions for regions of different development categories.
- 3) **A summary of actions the member state will take to reinforce its administrative capacity to implement the funds.**

What do operational agreements contain?

⁵ Proposal for a Regulation laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument, COM/2018/375 final - ('the Common Provisions Regulation')

⁶ Annex D: investment guidance on cohesion policy funding 2021-2027

⁷ See reference 5

The programmes provide more detail than the Partnership Agreements. They set out the strategy for how a programme will contribute to one or more policy objectives outlined in the Partnership Agreement and are therefore dependent on it.

The operational programme is structured into priorities corresponding to policy objectives or technical assistance. More than one priority can correspond to a single policy objective.

The priorities set out the main challenges and market failures (drawing also from the country specific recommendations published as part of the European Semester process), as well as progress in relation to macro-regional strategies where relevant and lessons from past experience.

Each priority must also be structured into specific objectives, accompanied by the list of planned operations and actions to contribute to achieving them. The output indicators, main target groups and specific regions/areas should also be specified. The specific objectives will provide detailed information on the planned use of financial instruments and any technical assistance.

Finally the programme should also provide information on the relevant managing and auditing authorities and any communication of results.

The monitoring committees

The Monitoring Committees are chaired by the relevant member state authorities (typically the managing authority for the programme). They should involve relevant partners, including at least urban and other public authorities, economic and social partners as well as relevant bodies representing civil society, environmental partners and bodies responsible for promoting social inclusion etc.

The operational programmes should each set out the actions taken to involve relevant partners in both the preparation of the programme and the role of those partners in implementation, monitoring and evaluation. This is therefore a key operational part of the programme to look out for!

Moreover, all documents submitted to the monitoring committees should be made publicly available. The monitoring committees operate for the duration of the operational programme and are tasked with:

- Assessing the effectiveness and quality of operational programmes,
- Approving indicators/criteria for financing under the operational programmes
- Periodical review and evaluation of progress towards targets in the programmes
- Proposing necessary revisions of operational programmes.

THE TIMELINE FOR MEMBER STATES

Multiannual Financial Framework proposal

23rd February 2018	Informal European Council
• Informal European council decided on the priorities for the next MFF 2021-2027	
2nd May 2018	Commission Proposal on MFF
• Sectoral proposals followed from 28th May 2018 until 9th June 2018	
November 2018	Interim Report on the MFF by the European Council
• This called for an increase in the overall budget to 1.3% total EU GNI	
• It also called for no cuts to cohesion policy, the introduction of a energy transition fund and reinforced spending on natural resources. Moreover, it supported the 25% climate mainstreaming and an increase to 30% as soon as possible	
2019	Ongoing negotiations in the Council
• Key issues include the overall budget, as well as climate mainstreaming, amongst others.	
2020	Expected adoption of a final position by the Council
2020	Consent procedure in the European Parliament
2021	Entry into force

The MFF proposal was proposed on 2nd May 2018. The negotiations are ongoing in the Council of the European Union. The European Parliament meanwhile adopted two resolutions earlier in 2018 and adopted an ‘interim report’ setting out a proposal and proposed amendments in November 2018. A further resolution (possibly accompanied by political group resolutions) will be adopted on 10th October, 2019.

The European Parliament is unhappy that the Council is preparing to provide a final position for adoption in the European Council, without entering into negotiations with the European Parliament and pre-empting the consent procedure. The MFF is expected to be finally adopted in early 2020.

Sectoral Proposals: where are they now?

<p>European Regional Development Fund and Cohesion Fund</p>	<ul style="list-style-type: none"> •The European Parliament adopted its position in the REGI Committee and adopted a final position in March 2019. This position excluded fossil fuels from funding, consistent with the position in the Common Provisions Regulation •The Council has adopted partial general approaches on aspects of the Regulation •Trilogues are expected to resume on 14th October 2019
<p>European Social Fund+</p>	<ul style="list-style-type: none"> •The European Parliament adopted its position on the ESF+ in April •No trilogues have yet taken place
<p>InvestEU</p>	<ul style="list-style-type: none"> •The Invest EU Programme negotiations have concluded after trilogues •In April 2018, a partial agreement between the Council and the European Parliament was adopted. This agreement excludes any information on budget as this needs to wait until the adoption of the MFF.
<p>Horizon Europe</p>	<ul style="list-style-type: none"> •Partial agreement between the Parliament and the Council for the structural programme (implementing) was adopted in March 2019 •Partial agreement for the framework programme (setting overall objectives) was adopted in April 2019 •These agreements exclude any information on budget as this needs to wait until the adoption of the MFF.
<p>Connecting Europe Facility</p>	<ul style="list-style-type: none"> •A partial provisional agreement, excluding budgetary and financial elements, was reached between the Council and the Parliament in March 2019. •The partial agreement was fully adopted in April 2019.
<p>Common Agricultural Policy</p>	<ul style="list-style-type: none"> •The common agricultural policy is proving a difficult package •The European Parliament AGRI committee adopted 7000 amendments in March 2019, and the Council have not yet reached a partial general approach •The European Parliament has not yet adopted the AGRI Committee position in plenary and it could therefore still change
<p>LIFE programme</p>	<ul style="list-style-type: none"> •A partial agreement was adopted in April 2019

PROGRAMMING OF SECTORAL FUNDS

This applies to the cohesion funds (ERDF, ESF+ and others). See **Annex 1** for an overview of programming in the different Member States (from late July 2019).

Why should I get involved?

The sectoral MFF regulations set out the available EU funding for the next seven years. For the cohesion policy, this is €330 billion. Each Member State receives a portion of these funds depending on their GDP, and for the 2021-2027 period, the distribution will also depend on other factors, such as unemployment.

In spite of a relative cut under the proposals of around €18 billion, Poland still expects to receive over €72 billion between 2021 and 2027 from cohesion policy alone. The value of for other member states can also be significant, (€10 billion for Bulgaria, €20 billion for Slovakia, €17 billion for Germany etc.). However, four countries receive less than €1 billion over the period (Denmark, Cyprus, Luxembourg and Malta).

Moreover, the funding can be a significant source of all public investment. In countries such as Portugal, EU funds represent over 80% of public investment, in Croatia and Lithuania it is over 70% and in Slovakia, Hungary, Latvia and Poland it is over 50%⁸.

By getting involved early in the fund programming at regional and national level, you can make sure that the right priorities are set for the different funds. The door to fund particular projects cannot be opened if it doesn't exist in the first place!

Signalling an early interest in programming can also be helpful if you hope or intend to join monitoring committees.

How can I get involved?

Member states are preparing programmes and will have submitted roadmaps to the Commission setting out their timelines for programming documents by autumn 2019.

Programming documents will first be prepared in a draft form. These are developed on the basis of the investment priorities in annex D of the country specific recommendations, which were published as part of the annual European Semester process in February 2019.

The prepared drafts should be ready in time for public consultation before the second half of 2020. This is an obvious and important moment to input and you can check-in with your national government about when and where they will put the drafts out for consultation!

Member States will then prepare final drafts of the Partnership Agreements and Operational Programmes by the second half of 2020, in time for the entry into force of sectoral regulations in 2021.

WWF Top Tip:

The best time to get involved in programming is as early as possible. Get in touch with national authorities if you have not yet been invited to join in the development of programming documents.

⁸ European Commission data for 2015-2017 available here: <https://cohesiondata.ec.europa.eu/Other/-of-cohesion-policy-funding-in-public-investment-p/7bw6-2dw3>

	<p>Why we are here To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.</p> <hr/> <p>www.wwf.eu</p>
---	--

© 1986 Panda Symbol WWF - World Wide Fund For Nature (Formerly World Wildlife Fund)
© "WWF" is a WWF Registered Trademark.

For further information:

First & Lastname

Function

Global Climate Initiative

WWF International

Email:

Mobile +xx

First & Lastname