

Remarks on the next MFF (2021-2027)

Based on ECA remarks in brief on the Commission's main proposal for the 2021-2027 multiannual financial framework (MFF)

i More information on ECA's remarks on the next MFF



SPENDING PRIORITIES

ECA welcomes

the ambition to allocate the resources to the political priorities.

ECA advises

to ensure that financial planning takes due account of any changes to the objectives: money follows objectives;



FLEXIBILITY OF THE BUDGET

ECA welcomes

increase in the overall flexibility of the budget: this will make easier to respond quickly and effectively to unforeseen demands.

ECA advises

- to link any changes in the spending priorities with the assessment of each area's EU added value;
- key assumptions behind MFF proposals should be clarified in a comprehensive financial plan.



PERFORMANCE ORIENTATION AND SIMPLIFICATION

ECA welcomes

reduced number of spending programmes and application of simplified rules lessens administrative burden (for beneficiaries and national or regional authorities).

ECA advises

it is essential to equip all programmes with a single strong performance framework that can be used consistently to monitor the effectiveness of EU spending.



ACCOUNTABILITY

ECA welcomes

more coherent and transparent framework for spending programmes and fewer instruments that are funded outside EU Budget are likely to enhance the accountability in general.

ECA advises

it is essential that EU spending programmes conform to the highest standards of public accountability and transparency. It is advisable to develop an overarching set of accountability principles, which could be included in the interinstitutional agreement accompanying the MFF proposal.

ON REVENUE



- ECAs overall conclusion is that the proposed EU financing system remains complex. ECA notes several issues which are likely to undermine the effectiveness of the proposed new own resources.
- Phasing out the correction mechanism would lead to a more transparent and less complex system.

MAIN BUDGET CATEGORIES



~8% Research and innovation

In a recent briefing paper ECA made number of proposals for simplifying participation in Horizon 2020.

i More details in our Briefing paper "A contribution to simplification of EU research programme beyond Horizon 2020" (21 March 2018)



~28% Agriculture and natural resources

Stronger incentives are needed in the proposed performance framework.

We remain sceptical, that the proposal will reinforce the CAP's links with environmental and climate objectives.

We note that the largest proportion of CAP spending would continue to consist of direct payments to farmers. The proposed financial allocations are not determined on the basis of Member States' needs nor on commitments to deliver specific results.

i More details in:

- Briefing paper on the future of the CAP (19 March 2018);
- Opinion No 7/2018 on the CAP (7 November 2018).

MAIN BUDGET CATEGORIES



~30% Cohesion

Commission's efforts to strengthen the link between the use of EU funding and the European semester, and the move from ex-ante conditions to simpler "enabling" conditions mark a positive development.

In some instances we consider that the potential benefits of simplification are outweighed by risks to compliance and sound financial management.

i More details in:

- Briefing paper on simplification in the post-2020 delivery of cohesion policy (28 May 2018);
- Opinion No 6/2018 on the CPR (31 October 2018).



~6% Neighbourhood, development and international cooperation

Incorporating the European Development fund (EDF) into the NDICI would bring more consistency between the various EU funds providing financial support, and stronger democratic oversight for the European Parliament, but would this be enough on its own to allow more flexible responses to unforeseen challenges and crises?

i More details in:

- Opinion No 3/2018 on the proposal for a Council Regulation on the financial regulation applicable to the 11th European Development Fund (1 October 2018);
- Opinion No 10/2018 on the Neighbourhood, Development and International Cooperation Instrument (17 December 2018).



* + InvestEU

650€ billion

Commission proposed the 'InvestEU' programme - a single EU support mechanism for internal actions consolidating/replacing existing financial instruments.

In recent reports ECA made remarks on the complementarity of the EFSI with other financial instruments and budgetary guarantees, the methods used to estimate the level of additional investment mobilised and the geographical distribution of projects and, more generally, the use of financial instruments to fund EU policies.

* The Commission estimates that the new fund will mobilise additional investment of around €650 billion.

i More details in:

- Opinion No 2/2016 on the EFSI (11 November 2016);
- Opinion No 6/2018 on the CPR (31 October 2018).

Enhanced accountability

ECA, as a general rule, **should be appointed as the external auditor for all bodies set up by the European Union**. Moreover, when negotiating the Commission's legislative proposal, the Council and the Parliament should insist that ECA audit rights are unrestricted in all areas where EU policies and programmes are implemented, revenue is collected and EU funds are put at risk or spent.