

What You should Know about the EU budget 2014-2020

EU Member States have started negotiations on how to finance "Europe" for the next number of years – and the future of EU aid is in the balance.

Every seven years, the EU overhauls its own spending priorities, and negotiates a new agreement with the Member States about the overall budget available to the EU institutions and to all of the major EU policy areas. Known as the **"Multiannual Financial Framework" (MFF)**, this agreement establishes a dual ceiling on expenditure: one for total expenditure and one for each category of expenditure.

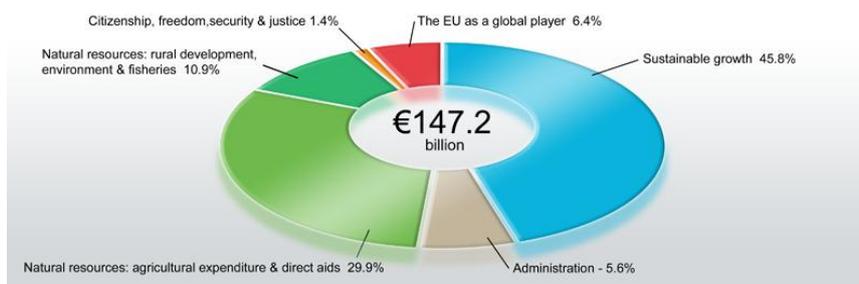
The negotiations are decided by EU member countries, but are kicked off – like all EU decision-making processes – by a [‘Communication’ on the Multi-Annual Financial Framework](#) by the Commission. This Communication contained a proposal on the structure and priorities for the EU budget from 2014 to 2020 and proposed an increase in external spending from €56 billion to €70 billion (something [Dóchas has publicly welcomed](#))

In October, thousands of farmers protested in the streets of Dublin, to highlight the importance of the MFF negotiations, and to stop any cuts to the EU's Common Agricultural Policy.



Some figures will illustrate the importance of these negotiations:

- The [total EU budget](#) is €147 billion per year. (90% of this money is given back to EU Member States in one form or another).
- 44 billion (30%) is spent on the Common Agricultural Policy.
- 6.3% of the EU budget goes on “The EU as a global player” ([the EU's foreign policy](#)). Of this, €2.6 billion is spent on the Development Cooperation instrument, and €800 million on humanitarian aid.



The EU's aid budget

In December 2011, the European Commission published its opening bid for the negotiations about the EU's budget for foreign policy (dubbed "External Action" in EU speak). You can read the [Commission's proposals here](#).

The 'Communication' outlines the Commission's proposal for EU spending on all EU external action and for the external action "instruments" (funding mechanisms), for the period 2014-2020, based on the Commission's [Agenda for Change Communication](#) launched in October 2011.

The Communication includes a list of 19 countries to which the EU will stop its bilateral aid but which will remain eligible for thematic and regional cooperation programmes. In addition, the EU will engage in new types of partnership with these countries, in particular through the Partnership Instrument.

Timeline and decision making process

Following the release of the European Commission's Communication on the MFF, the Council and the European Parliament will start discussing the proposal and negotiating an agreement.

The process should draw to a close by the end of 2012 for the MFF to be implemented from 1 January 2014. The MFF will be adopted unanimously by the Council after receiving consent by the European Parliament.

This also means that, once agreement on the MFF has been reached, the Irish EU Presidency will be tasked with building agreement on the "Programming" of the Instruments.

Key issues

The discussion on the next MFF will take place at three different levels:

1. The first big question will be around the **level of the Member States' contribution to the EU Budget**. The own resources ceiling for the current Financial Perspectives is set at 1.24% of GNI. It is likely that most Member States will want to lower the percentage significantly with the risk that the EU might not have enough resources to deliver on its commitments, including development ones.
2. The second level of discussion will be around **EU priorities** and how to distribute resources among the different headings.
3. The third level will be on the way the expenditure for external actions is managed and about the **financial instruments** that will be put in place.

The main political priorities for the next MFF are likely to include sustainable growth and jobs within the EU, climate and energy, the Common Agricultural Policy (CAP) reform and the role of the EU in the world.

From a development perspective the MFF negotiations are a crucial opportunity to influence the discussion around the amount of resources that will be available for development.

We would want to look at the percentage of the total budget allocated to Heading 4 and within that at the amount allocated to development, as well as quantity and quality of EC aid and the possibility of using freed up CAP funds for development.

Another key point relates to the coherence between different elements of expenditure in the EU's budget to ensure that expenditures in one category (eg. CAP or fisheries) does not undermine expenditure in another category (eg. development) and to climate change financing and the development, security and foreign policy nexus.

Finally we would want to influence the discussion around the development financial instruments that will emerge from the MFF negotiations.

For more information, please contact the Dóchas office.