ALIGNED TO POLITICAL PRIORITIES
Simplification, transparency and flexibility

In billion euro, current prices

I. SINGLE MARKET, INNOVATION AND DIGITAL
€187.4
1 Research and Innovation
2 European Strategic Investments
3 Single Market
4 Space

II. COHESION AND VALUES
€442.4
5 Regional Development and Cohesion
6 Economic and Monetary Union
7 Investing in People, Social Cohesion and Values

III. NATURAL RESOURCES AND ENVIRONMENT
€378.9
8 Agriculture and Maritime Policy
9 Environment and Climate Action

IV. MIGRATION AND BORDER MANAGEMENT
€34.9
10 Migration
11 Border Management

V. SECURITY AND DEFENCE
€27.5
12 Security
13 Defence
14 Crisis Response

VI. NEIGHBOURHOOD AND THE WORLD
€123
15 External Action
16 Pre-Accession Assistance

VII. EUROPEAN PUBLIC ADMINISTRATION
€85.3
17 European Public Administration

Source: European Commission
REALISTIC : MATCHING PRIORITIES WITH RESOURCES
Broadly stable level in % of GNI

The size of the EU budget as percentage of Gross National Income (GNI)

- 2014-2020 estimated commitments (UK expenditure excluded) in % EU27 GNI
- European Development Fund integrated ("budgetised")

Source: European Commission
FOCUSED ON EUROPEAN ADDED VALUE
Reinforcement of priority areas

- **Research, Innovation & Digital**: x 1.6
- **Youth**: x 2.2
- **LIFE Climate & Environment**: x 1.7
- **Migration & Borders**: x 2.6
- **Security**: x 1.8
- **External Action**: x 1.3

*Combined increase = + €109 billion*

- **Climate Mainstreaming**:
  - Contributing to climate objectives:
  - 20% of Multiannual Financial Framework 2014-2020, EU 28 = 206 billion
  - 25% of the Multiannual Financial Framework 2021-2027, EU 27 = 320 billion
  - Combined increase = + €114 billion

*Note: Compared to Multiannual Financial Framework 2014-2020 at EU-27, including European Development Fund*

*Source: European Commission*
INVESTMENT (1)
Current situation: EFSI

European Fund for Strategic Investment investment relative to Gross Domestic Product(*)

- High speed internet access for 11 million households
- Renewable energy for 4.2 million households
- Better health care for 1 million people

* Based on approved operations
Darker colours signify higher investment

Showcasing the success of the ‘Juncker Plan’ in using the EU budget to mobilise private investment

EFSI investment by sector(*):
- Smaller companies 28%
- Research Development and Innovation 22%
- Energy 22%
- Digital 12%
- Transport 8%
- Social Infrastructure 4%
- Environment and resources efficiency 4%

Of which €40.9 billion signed

€56.2 billion
Approved European Fund for Structural Investment financing**

€283.7 billion
Total investment related to EFSI approvals

Target by 2020 €500 billion

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(*) Based on approved operations
INVESTMENT (2)
Streamlining tools to promote investment: InvestEU Fund

- A new, fully integrated investment fund: InvestEU
- Mobilise significant private resources with a relatively limited amount of public resources for much needed investments throughout Europe
- Single, streamlined structure including all centrally managed financial instruments inside the EU
- Reducing overlaps, simplify access to funding and reduce administrative burden

€15.2 billion From the EU budget mobilises >€650 billion Additional investment across Europe
INVESTMENT (3)
Streamlining tools to promote investment: InvestEU Fund

Financial instruments under current multiannual financial framework

- Loan Guarantee for TEN-T Transport (LGTT)
- Project Bonds Initiative
- Marguerite Fund
- European Energy Efficiency Fund (EEEF)
- Risk-Sharing Finance Facility (RSFF)
- Pilot Guarantee Facility for R&I-driven SMEs and Small Midcaps (RSI)
- High Growth and Innovative SME Facility under the Competitiveness and Innovation Programme (GIF)
- SME Guarantee Facility under the Competitiveness and Innovation Programme (SMEG07)
- European Progress Microfinance Fund (EPM FCP-FIS)
- European Progress Microfinance Guarantee Facility (EPMG-G)

Inside the EU
New architecture for the long term EU budget 2021-2027

INVESTEU FUND

- Sustainable Infrastructure
- Research & Innovation
- Small and Medium-sized Enterprises
- Social Investment & Skills

Sustainable Infrastructure
- Cohesion*
- Voluntary

Research & Innovation
- Cohesion*

Small and Medium-sized Enterprises
- Cohesion*

Social Investment & Skills
- Cohesion*

INVESTMENTS IN ALL EU MEMBER STATES

- Micro-enterprises
- Startups
- SMEs
- Technology transfer
- Energy efficiency
- Social economy
- Digital infrastructures
- Renewables

IMPLEMENTING PARTNERS

- National promotional banks and institutions
- European Investment Bank Group
- Multilateral Development Banks

*voluntary

Reflows

Guarantee calls
REGIONAL DEVELOPMENT AND COHESION

- A strengthened link with the European Semester
- A simplified framework and less red tape for the beneficiaries of the funds
- A more tailored approach to regional development
- Relative per capita income as the predominant criterion for allocating funds

EUROPEAN REGIONAL DEVELOPMENT AND COHESION FUND

- Budget of €273 billion
  - investing in research and innovation
  - support small businesses
  - help with the transition towards a low-carbon economy
  - support digital, energy and transport networks
  - fund better health, education and social infrastructure and sustainable urban development

EUROPEAN SOCIAL FUND+

- Budget of €101 billion
  - investing in people
  - ensuring fairer opportunities for all
  - funding skills, youth employment and social inclusion

Source: European Commission
Over half of all development aid comes from the EU and its members, making them collectively the world's largest aid donor.

- The Commission proposes to increase investment in the external actions up to 26% to reach €123 billion in the future long-term EU budget.

Source: European Commission
Major restructuring of the EU’s external action instruments to provide better coherence, build on cooperation effectiveness, simplify processes and use economies of scale.

New neighbourhood, development and international cooperation instrument

Source: European Commission
EXTERNAL ACTION GUARANTEE

Supplying financing capacity to public and private investments in partner countries for sustainable development and growth

Balance of Payments support through Macro-Financial Assistance (MFA)

IMPLEMENTING PARTNERS

Member States Financial Institutions  EIB  EBRD  Others

PROJECTS IN FAVOUR OF

Micro-enterprises • SMEs • Innovative companies • Energy efficiency • Social economy
Digital infrastructures • Sustainable cities • Agriculture • Agribusiness

Source: European Commission
STRONGER LINK WITH THE EUROPEAN SEMESTER OF ECONOMIC POLICY COORDINATION

- Coordination and complementarity of financing from cohesion policy funds and the new Reform Support Programme
- Roadmap for the short, mid- and long-term planning and monitoring of investments
- Technical and financial support for reforms at national level

**Economic governance framework of the European Semester**

- **Support to Reform**
  - Reform Support Programme
    - Reform Delivery Tool
    - Convergence Facility
    - Technical Support Instrument

- **Support to Investment**
  - European Structural and Investment Funds
    - InvestEU Fund building on the success of the Juncker Plan

- **Stabilisation in Case of Shocks**
  - European Investment Stabilisation Function

[European Commission logo]
SOUND FINANCIAL MANAGEMENT AND THE RULE OF LAW

New mechanism will allow:

to suspend, reduce or restrict access to EU funding in a manner proportionate to the nature, gravity and scope of the rule of law deficiencies when a "generalised deficiency" may affect the financial interests of the EU

It will apply to:

all EU funds implemented in shared management to funds implemented in direct and indirect management where the financial beneficiary is a government entity

It would not affect:

the individual beneficiaries of EU funding Member States would continue to be obliged to implement the affected programmes and pay final recipients

HOW WILL IT WORK?

The Commission sees that conditions for invoking the mechanism are fulfilled

The Commission informs the Member State concerned

Member State has a specified time period which shall not be less than one month to send explanations

The decision to impose such protective measures will then be taken by the Commission

The Council will need to adopt the decision through reversed qualified majority voting

The measures will stay in place until the deficiencies regarding the rule of law cease to exist