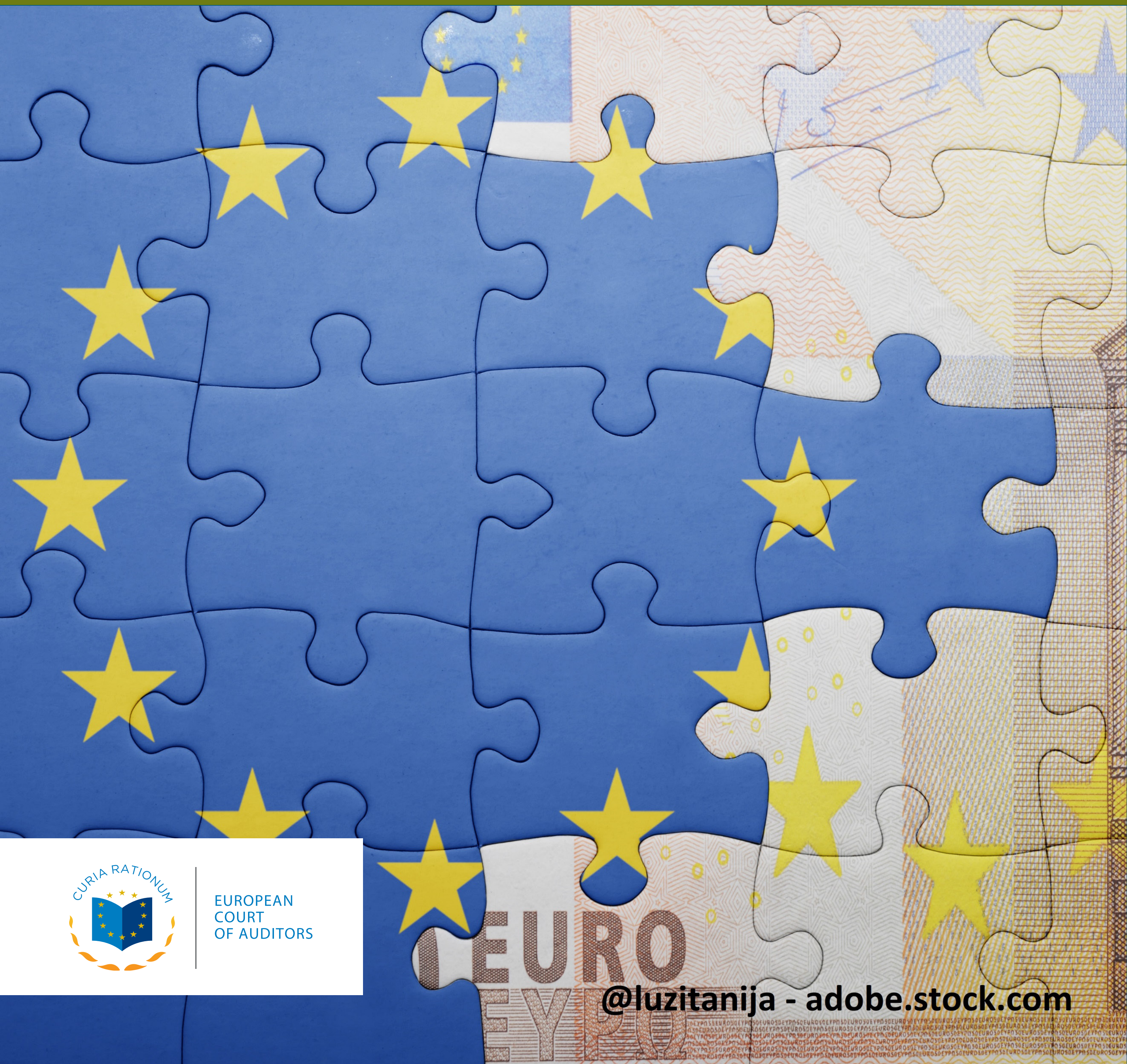
SPECIAL REPORT 18/2025 **EN**

EU budget flexibility

Allowed unforeseen challenges to be addressed, but the framework is too complex



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Main messages

Why this area is important

01 The EU uses long-term budgets, currently covering a seven-year period, known as multiannual financial frameworks (MFFs). Designing a new MFF typically begins around three years before it starts, which means planning up to ten years ahead. MFFs operate within legally binding annual limits: the "own resources ceiling" for EU revenue and "MFF ceiling" for expenditure. The aim of these ceilings is to ensure a high degree of predictability and stability.

02 At the same time, the EU budget must be flexible enough to react to changing circumstances, especially given the multiple recent crises and the political will to: (i) strengthen the EU crisis response and preparedness; (ii) build and monitor resilience; and (iii) address areas where the EU is exposed[1]. According to the Commission, an adequate level of budget flexibility should allow for effective resources allocation and a swift EU response to unforeseen circumstances and emergency situations[2].

03 EU budget flexibility is achieved through a combination of structural budgetary elements that allow resources to be reallocated between different priorities and budgetary years, supplemented by margins and special instruments that enable additional funds to be added to initially planned expenditure. Flexibility tools can be divided into those operating below the MFF ceiling, and those that go above the ceiling (see ***Figure 1***).

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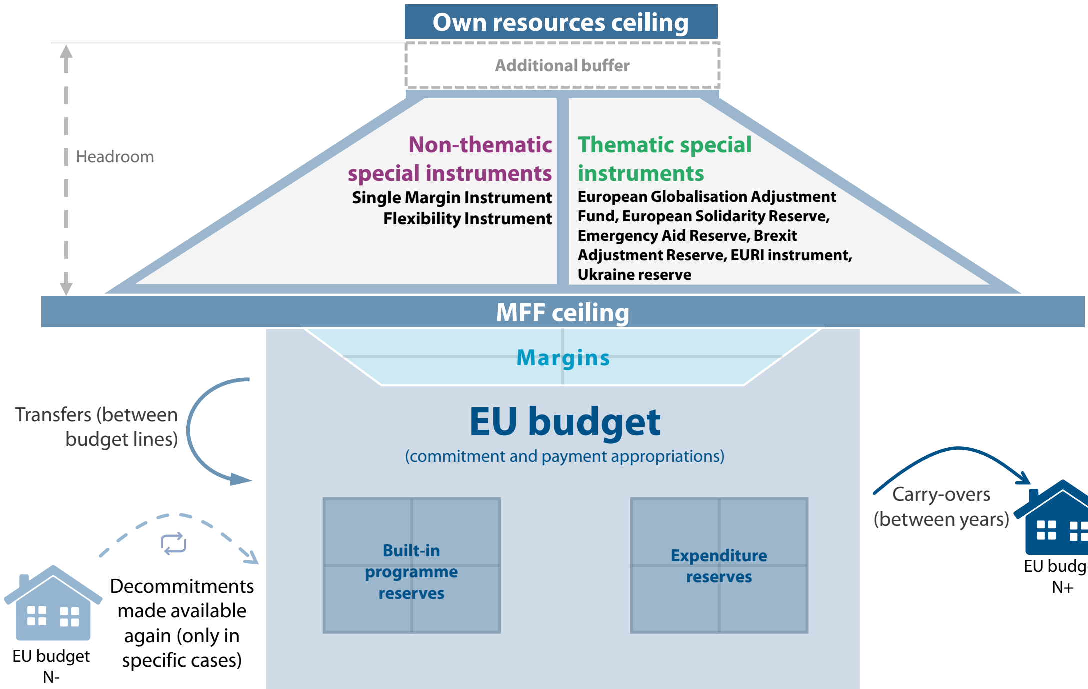
[1] Paragraph 8 of the European Council meeting conclusions, 2021.

[2] Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021 to 2027, European Commission, 2018.

Figure 1 | EU budget flexibility tools in the 2021-2027 MFF



Source: ECA, based on Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021-2027 (2021-2027 MFF Regulation) and Regulation (EU, Euratom) 2024/2509 on the financial rules applicable to the general budget of the Union (Financial Regulation).

04 Our audit focused on the flexibility tools that allow additional expenditure to be financed by adding commitment appropriations to the budget adopted: (i) margins and (ii) special instruments. *Margins* are unallocated amounts representing the difference between the MFF ceilings and planned expenditure for each spending category ("heading"). *Special instruments* allow additional financial resources to be mobilised above the MFF ceiling.

05 There are two types of special instrument: thematic and non-thematic. *Thematic* special instruments can only provide additional resources for specifically predefined events, as follows:

- the European Globalisation Adjustment Fund (**EGF**) supports workers displaced due to major restructuring events;
- the Solidarity and Emergency Aid Reserve (**SEAR**) comprises (i) the European Solidarity Reserve, which provides funding for major disasters covered by the European Union Solidarity Fund (**EUSF**); and (ii) the Emergency Aid Reserve (**EAR**), which provides assistance in other humanitarian and civil emergency situations;
- the Brexit Adjustment Reserve (**BAR**) supports sectors affected by the withdrawal of the United Kingdom from the EU;

- two new instruments introduced in 2024, the EURI (European Union Recovery Instrument) Instrument and the Ukraine Reserve, aim to cover unplanned increases in interest costs on borrowing to pay for the NextGenerationEU recovery package and fund the newly introduced Ukraine Facility, respectively.

06 *Non-thematic* special instruments are not limited to specific thematic areas or predefined events:

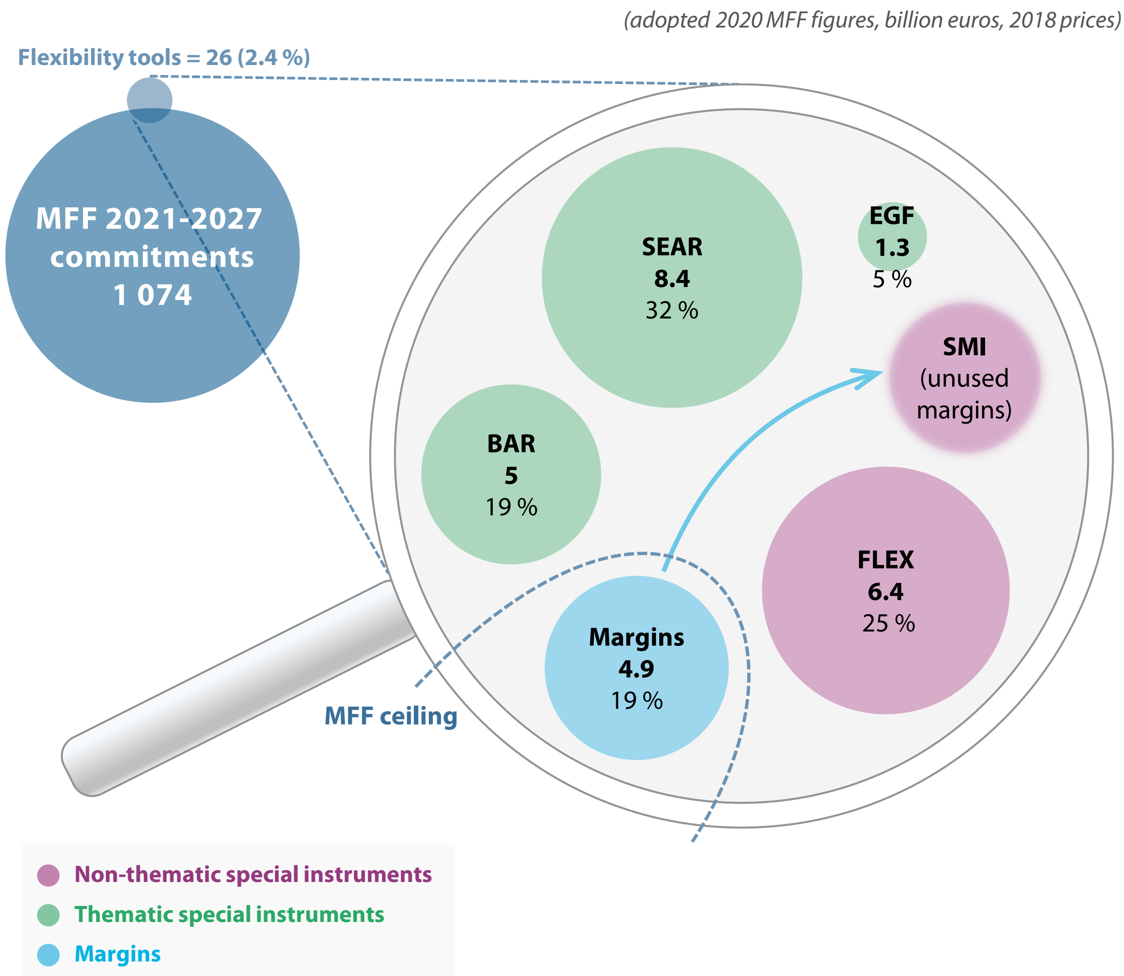
- the Single Margin Instrument (**SMI**) allows available margins to be moved between years and between headings;

- the Flexibility Instrument (**FLEX**) enables specific unforeseen expenditure to be financed.

07 According to the Treaty on European Union, the Commission is responsible for proposing the MFF Regulation and proposing and implementing annual budgets, including corresponding flexibility arrangements and their mobilisation. The adoption and revision of the MFF Regulation requires unanimity in the Council and consent from the Parliament. The adoption of the budgets requires the agreement of both the Parliament and the Council, the EU's "budgetary authority" (with a qualified majority).

08 The initial amounts available for margins and special instruments in the 2021-2027 MFF (see ***Figure 2***) allowed for an increase in total MFF expenditure up to 2.4 % (€26 billion). The MFF mid-term revision of 2024 reinforced the SEAR and FLEX special instruments, which increased the initial flexibilities up to 2.6 % of the total MFF expenditure (around €28 billion). It also introduced two new special instruments: the EURI Instrument and the Ukraine Reserve.

Figure 2 | Initial amounts available for margins and special instruments in the 2021-2027 MFF



SMI Single Margin Instrument
FLEX Flexibility Instrument
BAR Brexit Adjustment Reserve
EGF European Globalisation Adjustment Fund for Displaced Workers
SEAR Solidarity and Emergency Aid Reserve

Source: ECA, based on information from the Commission, "The EU's 2021-2027 long-term budget and NextGenerationEU – Facts and figures", initial 2021-2027 MFF Regulation.

09 In this audit, we assessed whether the EU budget flexibility tools for the 2021-2027 MFF were well designed and their use justified, avoiding the risk of running down the tools excessively during the initial years of the MFF. The audit focused on the design and mobilisation of the relevant special instruments and the use of margins from 2021 to 2024, including the MFF mid-term revision.

10 The Commission will present its proposal for the post-2027 MFF by mid-2025. As the EU tackles the challenges posed by evolving crises, the pressure for quick and effective EU-level response mechanisms will increase. We aim to contribute to the ensuing debate on the design of the next MFF by providing our analysis of the design and use of flexibility tools in the current MFF.

11 For more background information, and details on our audit scope and approach, see ***Annex I***. Details about the key legal requirements are presented in ***Annex II***.

What we found and recommend

12 Our audit revealed that the Commission's 2021-2027 MFF proposal was not based on sufficient identification and analysis of the needs and risks that the EU budget should be able to address. Although, overall, the EU budget flexibility arrangements allowed the EU budget to respond to emerging challenges and priorities, certain flexibility tools were depleted each year in the first part of the MFF. Furthermore, the flexibility framework is too complex, with an unclear sequence for using the flexibility tools and occasional overlaps between them. This makes it challenging to obtain a clear and complete picture of the framework's functioning.

Flexibility needs were not sufficiently identified and analysed

13 The Commission's initial proposal for the 2021-2027 MFF highlighted the importance of increased EU budget flexibility. The proposal justified it by the intensive use of special instruments (above the MFF ceiling) during the 2014-2020 MFF to address unprecedented challenges linked to instability in the EU neighbourhood and mass migratory movements. However, the proposal for flexibility tools was not sufficiently justified with a detailed, forward-looking needs and risk analysis.

14 The Commission did not evaluate the functioning of all previous flexibility tools to substantiate the proposal for margins, omitting the SMI, FLEX and EAR. For the EGF and the EUSF, the evaluations carried out did not analyse future needs in a changing environment. Furthermore, the Commission did not use foresight or trend analysis, particularly in the context of natural disasters. See paragraphs ***21*** to ***32***.

Recommendation 1

Better support decision-making for the design of the future MFF flexibility framework

For the future MFFs, the Commission should support the design of the flexibility framework, including its size, by providing the following information:

(a) type of potential events that the proposed EU budget flexibilities should be able to address;

(b) a qualitative and, where possible, quantitative assessment of flexibility needs, taking into account the likelihood and potential impact of the events to be addressed; and

(c) a comprehensive assessment of the existing EU budget flexibility framework.

Target implementation date: 2026 (then ongoing).

So far, budget flexibility has allowed the EU to respond to a broad range of needs, despite intensive use

15 Although international benchmarks are primarily aimed at national budgets, they can also serve as guiding principles for the EU budget, which has distinct characteristics. In public financial management, contingency funds for unforeseen events typically range from 2 % to 3 % of spending, and the EU budget flexibility amounts were broadly in line with these benchmarks (see paragraphs *34* to *40*).

16 Nevertheless, the EU budget flexibility was used intensively to accommodate continuously emerging needs. Certain flexibility tools were consistently depleted in the first part of the MFF, rapidly reducing their availability for the remaining period. The key events that most increased the need for MFF flexibilities were Russia's war of aggression against Ukraine, humanitarian and energy crises, frequent and large-scale natural disasters and sharply rising inflation. We noted a lack of dedicated mechanisms below the MFF ceiling to cushion estimation uncertainty regarding interest costs due. Nor is there any provision within the MFF framework to trigger crisis budgeting for significant and exceptional emergencies, apart from the MFF revision. The MFF mid-term revision was necessary in order to address the increased impact of such challenges. See paragraphs *41* to *49*.

17 In the cases we sampled, the Commission proposed mobilising thematic special instruments in line with their specific purpose and scope. The legal framework does not specify the extent to which margins and non-thematic special instruments should be used for diverse purposes. This allowed the Commission to propose their use to address a broad range of needs. In 2021-2024, these not only included responding to emergencies, but also addressing the impact of higher-than-expected inflation on programmed costs, reinforcing existing MFF programmes, and creating new MFF programmes linked to changes in political priorities. While this framework design offers more flexibility, it ultimately reduces the amounts available for emergencies. See paragraphs *50* to *56*.

The EU budget flexibility framework is too complex

18 Multiple flexibility tools, which occasionally overlap and lack clear prioritisation, add complexity to financial management and decision making. We found overlaps between (i) non-thematic special instruments that can be used for a broad range of needs and (ii) thematic special instruments and MFF spending programmes that can finance the same type of needs. Furthermore, a sequence for using built-in budget flexibilities, margins below the MFF ceiling and special instruments above MFF ceilings is not clearly established (see paragraphs *59* to *71*).

19 We found that the existing rules and procedures facilitated prompt mobilisation of flexibility tools, but were not streamlined to the extent possible (see paragraphs *72* to *85*).

Recommendation 2

Simplify the MFF flexibility framework and decision-making process

The Commission should propose the simplification of the flexibility framework for the next MFF, without prejudice to the legislators' decision, in particular by:

(a) pooling annual available margins below the MFF ceiling into a single instrument, and allowing it to be used across all policy areas in the annual or amending budget(s);

(b) creating a single special instrument above the MFF ceiling for unforeseen events and emergency needs;

(c) establishing a clear sequence for using margins and special instrument(s), prioritising the use of amounts originating below the MFF ceiling; and

(d) incorporating the financing of specific predefined events that are covered by sectoral legislation into programme reserves of future programmes rather than using thematic special instruments above the MFF ceiling.

Target implementation date: 2026.

20 The Commission's analysis of alternative financing options through the reallocation and the calculation of necessary amounts for new needs was in some cases not properly documented. This limited clarity on the process and choices made. See paragraphs *86* to *93*.

Recommendation 3

Improve the Commission's procedures for examining reallocation and reprioritisation options

The Commission should define key steps and roles for reallocation and reprioritisation procedures when identifying budgetary resources to address new needs, and should document the examination of the different options.

Target implementation date: 2026.

02

A closer look at our observations

Flexibility needs were not sufficiently identified and analysed

21 An increasingly complex, fragmented and unpredictable environment calls for evidence-informed policy-making that can play a crucial role in designing, implementing and delivering better public policies[3].

22 Effective risk management[4] uses the best available information to analyse risks based on historical data, current information, and future expectations. It considers uncertainties, risk sources, consequences, likelihood, events and scenarios, as well as the organisation's external context.

23 According to the Council, proactive crisis-preparedness requires: foresight, regular review and anticipation of risks; identification of the impacts that these risks may have across different sectors, both in individual member states and in the neighbourhood; and assessment of how these impacts can best be mitigated and addressed[5].

24 The OECD principles of budgetary governance state that performance, evaluation and value for money should be integral to the budget process (principle 8).

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[3] Building capacity for evidence-informed policy-making: Lessons from country experiences, OECD, 2020.

[4] International standard ISO 31000:2018 Risk management – Guidelines.

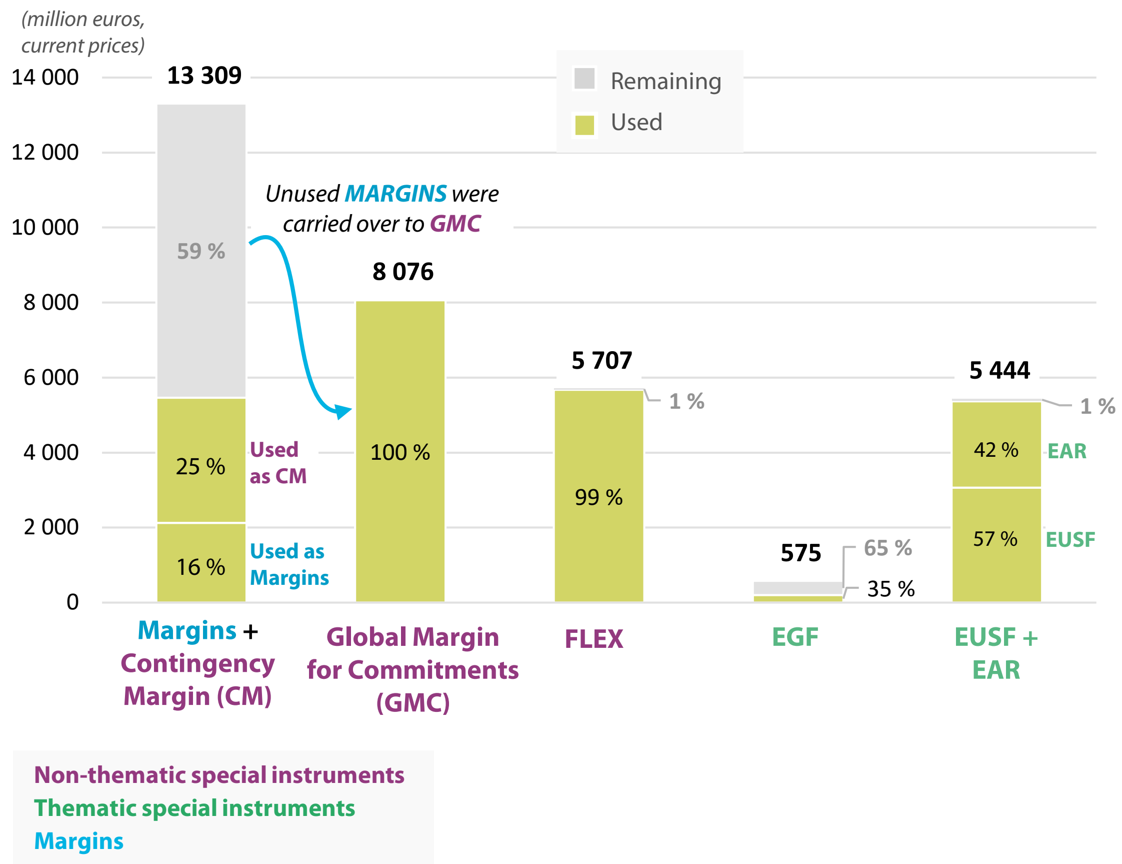
[5] Council conclusions on enhancing preparedness, response capability and resilience to future crises, 2021.

25 We assessed whether the Commission designed the budget flexibility tools and proposed the corresponding amounts for the current MFF based on rigorous analysis of potential needs and risks taking into account the above-mentioned criteria.

26 The Commission's initial proposal for the 2021-2027 MFF[6] (in 2018) highlighted the need for increased EU budget flexibility, justifying it by the intensive use of special instruments (above the MFF ceiling) during the 2014-2020 MFF to address unprecedented challenges linked to instability in the EU neighbourhood and mass migratory movements. Our analysis confirmed the Commission's statement that flexibility tools were used intensively (see ***Figure 3***).

[6] COM(2018) 322.

Figure 3 | Flexibility tools were used intensively in the 2014-2020 MFF



Notes: The figure shows the total margins actually available during the 2014-2020 MFF (see paragraph ***12*** in ***Annex I***).
In the 2014-2020 MFF, the "Contingency Margin" and "Global Margin for Commitments" special instruments allowed available margins to be moved between years and between headings in a similar way to the SMI in the 2021-2027 MFF.

Source: ECA, based on Council Regulation (EU, Euratom) No 1311/2013 (2014-2020 MFF Regulation), draft budgets, adopted budgets and amending budgets for 2014-2020 and Commission data on special instruments.

27 The Commission's 2018 proposal suggested continuing with the same mix of flexibility tools as in the previous MFF (see ***Figure 3***), but with increased amounts. After the COVID-19 outbreak in 2020, the Commission updated the MFF proposal[7], further increasing the amounts for most flexibility tools to emphasise the need for a more flexible EU budget. However, political negotiations reduced the final amounts available for these tools, which were nonetheless higher than in the previous MFF except for unallocated margins (see ***Table 1***).

[7] COM(2020) 443.

Table 1 | Amounts for special instruments increased between the 2014-2020 and 2021-2027 MFFs, while unallocated margins decreased

Flexibility tool		Average 2014-2020 MFF (of initial and revised as from 2017)/ Agreed margins	2021-2027 MFF proposal, 2018	Changes compared to the previous MFF	Updated 2021-2027 MFF proposal, 2020	Changes compared to the previous MFF	Adopted MFF/ Agreed margins	Changes compared to the previous MFF
a		*b*	*c*	*d=(c-b)/b*	*e*	*f=(e-b)/b*	*g*	*h=(g-b)/b*
Annual amounts (million euros) – 2018 prices								
EGF		172	200	**16 %**	386	**124 %**	186	**8 %**
SEAR	EUSF	574	600	**4 %**	1000	**74 %**	1 200	**32 %**
	EAR	333	600	**80 %**	3000	**800 %**		
FLEX		615	1 000	**63 %**	1000	**63 %**	915	**49 %**
Total amounts for 2021-2027 (million euros) – 2018 prices								
Margins		7 078	24 796	**250 %**	11 171	**58 %**	4 891	**-31 %**
BAR			**N/A**	**N/A**	**5 000**	**N/A**	**5 000**	**N/A**

Note: The table compares the margins initially available on adoption of the two MFFs. The margins actually available during the 2014-2020 MFF exceeded €13 billion.

Source: ECA, based on Commission proposals and MFF Regulations for 2014-2020 and 2021-2027.

28 Our review of the Commission's documents revealed that the proposed increases for the flexibility tools were not justified by a detailed, forward-looking needs and risk analysis. The Commission based the changes in the FLEX, EGF, EUSF and EAR amounts on previous use, without further justification, while trends in the use of margins were not analysed at all. The stated flexibility needs and proposed amounts were not supported by thorough foresight, forecasting, simulations, or benchmarking.

29 Despite providing significant additional spending for the MFF programmes, the Commission did not evaluate the functioning of margins, the SMI and FLEX (non-thematic special instruments), or the EAR (thematic special instrument not linked to a specific sectorial legal act). The Financial Regulation requirement[8] to carry out *ex ante* and retrospective evaluations does not apply to these flexibility tools, as such evaluations are carried out for the spending programmes they support. The Commission's

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[8] Article 34 of the Financial Regulation (2018/1046, idem 2024/2509 (recast)).

communications[9], including staff working documents, provided a brief description of the previous use of non-thematic special instruments. We consider that this was not sufficiently comprehensive to assess how effectively these flexibility tools fulfilled their purpose and how that can be taken into account in the future. Nor is it in line with effective risk management principles and data-driven policy-making.

30 In contrast, the EGF and EUSF thematic special instruments have detailed reporting requirements in line with the Financial Regulation[10] and their respective sectorial legal acts. Although the Commission assessed past experience of mobilising these special instruments in its evaluations[11] and annual reports, it did not analyse the future needs for these tools in a changing environment. The Commission's initial proposal for the EUSF amounts only matched the previous MFF, without accounting for projected increases in severe weather events in Europe[12]. In contrast, the Commission proposed a significant increase in EGF amounts despite declining demand for the tool, and without analysing trends in the labour market or in company restructuring.

31 During the MFF negotiations, in July 2020 the European Council agreed to establish a temporary thematic special instrument above the MFF ceilings and asked the Commission to present a legislative proposal[13]. This instrument, the BAR, was designed as a solidarity tool to mitigate the adverse consequences of the United Kingdom's withdrawal from the EU and maintain economic, social and territorial cohesion. As the initiative came from the Council, and due to urgency, the Commission did not carry out an impact assessment before issuing its proposal for the BAR Regulation in December 2020. Consequently, better

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9 Communication on the mid-term revision of the multiannual financial framework 2014-2020, 2016; Communication on the multiannual financial framework for 2021-2027, 2018.

10 Article 34 of the Financial Regulation (2018/1046, idem 2024/2509 (recast)).

11 Ex post evaluation of the European Union Solidarity Fund 2002-2016, European Commission, 2018; Report from the Commission on the mid-term evaluation of the European Globalisation Adjustment Fund (EGF), European Commission, 2018, Report from the Commission on the ex post evaluation of the European Globalisation Adjustment Fund 2014-2020, European Commission, 2021.

12 Overview of natural and man-made disaster risks the European Union may face, European Commission, 2014, 2017; Climate impacts in Europe (Peseta II, III projects), Joint Research Centre, 2014 and 2018.

13 Paragraph 134 of the European Council meeting conclusions, 2020.

regulation principles[14] were not applied, and the best approaches and alternative funding solutions were not assessed.

32 We noted that an evaluation of BAR effectiveness, efficiency, relevance, coherence and EU added value must be carried out by 30 June 2027[15]. This is well past the June 2025 deadline for the Commission's post-2027 MFF proposal and just six months before the new MFF start date. This will make it difficult to consider lessons learned for the next MFF.

So far, budget flexibility has allowed the EU to respond to a broad range of needs, despite intensive use

33 We assessed whether, overall, the available amounts of flexibility tools from 2021 to 2024 allowed the EU budget to address emerging needs while at the same time retaining sufficient flexibility for the remainder of the MFF. Additionally, we checked whether the Commission's proposed mobilisations were justified in accordance with the regulatory requirements and the intended purpose of the tools.

EU budget flexibility amounts were mostly in the range of international benchmarks

34 We used the following benchmarks in our assessment: international standards, best practice, and recommendations on good budgetary governance and public financial management. Although these benchmarks are primarily aimed at national budgets, they can also serve as guiding principles for the EU budget, which has specific characteristics as described in ***Annex I***.

35 For medium-term expenditure frameworks, public financial management practices point to the need to establish reserves that address routine budget deviations and are between

[14] Paragraphs 12 to 18 of the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on better law-making, 2016.

[15] Article 17(2) of Regulation (EU) 2021/1755 establishing the Brexit Adjustment Reserve.

2 % and 3 % of spending to maintain budget credibility (excluding disaster funds)[16]. Such reserves are comparable to the margins and operational programme reserves below the MFF ceiling in the EU budget. Disaster or similar funds require a risk-based assessment to determine their size, while larger deviations should be addressed through budget adjustments. In the EU budget, this is comparable to the special instruments above the MFF ceiling and the option of revising the MFF[17].

36 Furthermore, significant crises may call for crisis budgeting, temporarily altering conventional budgeting due to overwhelming pressures on established policies and practices. Pressures could include significant natural disasters, economic issues, health crises, and conflicts. Crisis budgeting may take place through budget amendments, reallocation, extrabudgetary funds and contingency reserve funds[18].

37 The OECD principles for good budgetary governance emphasise the importance of mechanisms to enhance the resilience of budgetary plans and mitigate the potential impact of risks with financial consequences, ensuring stable public finances. An example of such risk is raising inflation impacting budget costs.

38 As shown in ***Figure 2*** above, the initial flexibility from the 2021-2027 MFF allowed an increase in EU budget spending up to €26 billion in 2018 prices or €29.1 billion in current prices, equating to 2.4 % of the MFF ceiling. This is split between unallocated margins below the ceiling (0.45 %) and special instruments above it (1.95 %). Margins as routine reserves are below the typical 2 to 3 % of spending common in public financial management (see paragraph ***35***). However, this does not account for built-in emergency reserves in MFF programmes and the fact that margins may increase during MFF implementation due to savings, recoveries, internal assigned revenue, reprogramming, or under-implementation of certain programmes. Built-in programme reserves amounted to €18.5 billion (in current prices)[19], or 1.5 % of the MFF ceiling. EU budget flexibility is within the range of international benchmarks.

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[16] Chapter 10 "Medium-term expenditure frameworks", James Brumby and Richard Hemming, in The international handbook of public financial management, 2013. See also Framework for assessing public financial management, Public Expenditure and Financial Accountability, 2019 and Beyond the annual budget: Global experience with medium term expenditure frameworks, The World Bank, 2013.

[17] Article 13 of the 2021-2027 MFF Regulation.

[18] Chapter 2 "Crisis budgeting tools and trends", Global report on public financial management, Public Expenditure and Financial Accountability, 2022.

[19] COM(2025) 46 and programme regulations.

39 In our audit survey, we asked the European Parliament Committee on Budgets (EP BUDG) and the EU member states' representatives on the Budget Committee of the Council about the optimal percentage of the MFF ceiling for overall EU budget flexibility at the start of any MFF, excluding significant financial assistance programmes such as the Ukraine Reserve.

40 The replies indicated an expectation that EU budget flexibility could exceed what is typically suggested by public financial management practices. EP BUDG did not specify a precise figure but considered that a substantial increase in flexibility is required in the future to ensure sustainable debt repayment and to respond effectively to crises and emerging policy needs. About half of the 17 member states that replied suggested a range of 2.1 % to 5.0 % of the MFF ceiling.

The flexibility framework allowed for the financing of a broad range of needs beyond emergencies and crises

41 According to the MFF regulation, the thematic special instruments are designed for specific purposes, whereas the non-thematic special instruments and the margins are not restricted to any particular purpose (see ***Annex II***). The mobilisation rules for two special instruments, FLEX (non-thematic with broad scope) and the EAR (thematic with limited scope), require expenditure needs to be "unforeseen". However, the concept of "unforeseen" and the type of unforeseen events were not defined.

The intensive use of flexibility tools

42 In the first three years of the 2021-2027 MFF, €12.4 billion, or 42 % of the initial amount agreed for special instruments and margins, was used. The key events that most increased the need for MFF flexibilities were Russia's war of aggression against Ukraine, humanitarian and energy crises, frequent and large-scale natural disasters, and sharply rising inflation. Due to unprecedented challenges caused by Russia's war of aggression against Ukraine and the need for long-term support to Ukraine, the Commission proposed a mid-term MFF revision in 2023[20]. The Council amended the MFF in February 2024.

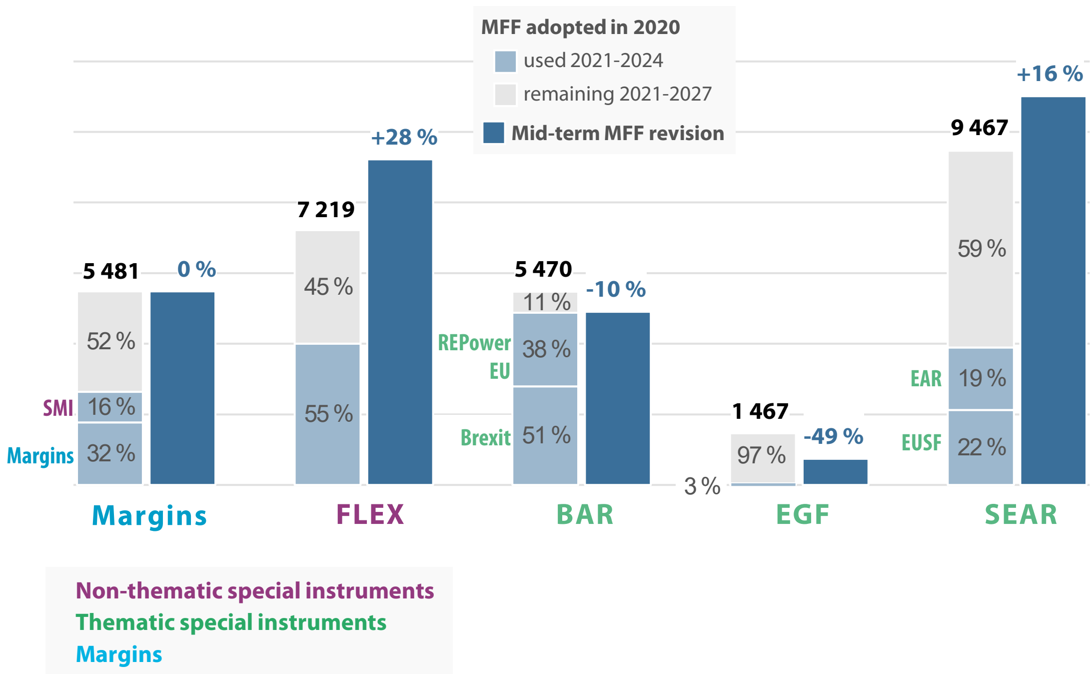
43 Before the MFF was amended, use of flexibility tools after adoption of the 2024 EU budget had reached about half of total availability for the 2021-2027 MFF (see ***Figure 4***). This demonstrates that, overall, EU budget flexibility managed to address the growing number of emerging needs. However, the intensive use of certain flexibility tools (notably FLEX and SEAR) in the first part of the MFF period rapidly reduced their availability for the remaining

[20] COM(2023) 336.

period (see *Annex III*). The SEAR annual availabilities were fully exhausted each year until the MFF revision. The risk of further depletion became evident not only for the SEAR, but also for FLEX and margins, due to anticipated high usage in the coming years. Consequently, the MFF revision served as a crucial reality check and an opportunity to address the risk of further depletion of these flexibility tools and to make a strategic decision on long-term support for Ukraine.

Figure 4 | Mid-term revision increased available amounts for FLEX and SEAR for 2021-2027 due to anticipated high-intensity usage

(million euros, current prices)



Note: The 2024 use amounts include those adopted in 2024 annual budget, the last budgetary document before adoption of MFF revision in February 2024.

Source: ECA, based on the 2021-2027 MFF Regulation, budgetary documents and Commission data.

44 Intensive demand for the SEAR, comprising the EUSF and EAR, highlighted increased needs linked to the purpose of these tools: the occurrence and scale of natural disasters (EUSF), and emergencies and humanitarian crisis in the EU neighbourhood due to Russia's war of aggression against Ukraine (EAR). The financial needs for both types of emergency far exceed available resources, suggesting that any allocated amount might be insufficient to meet demand. The EUSF and EAR were almost fully exhausted in both the previous (see *Figure 3*) and current MFF periods, despite allocations being increased. Furthermore, in 2022, disaster relief aid had to be reduced for applicant member states due to the increased demand for EUSF funds. From 2021 to 2024, humanitarian aid had to be reinforced using not only the EAR, but also margins and FLEX. These two areas are highly volatile and demanding, requiring strategic decisions on their financing.

45 The MFF revision reduced amounts allocated to the BAR and EGF thematic special instruments, as they were significantly underused, indicating low demand. Furthermore, an amendment to the BAR Regulation[21] allowed member states to transfer unused BAR funds to RePowerEU.

46 The legislation allows annual margins available to be used only for the specified heading, with unused amounts becoming available to all headings the following year under the SMI. From 2021 to 2024, margins under MFF headings 2b, 5 and 6 (resilience and values, security and defence, and external action) were consistently depleted and used primarily when adopting the annual budgets. Consequently, there were limited or no margins under these headings for potential use in amending budgets during the year. This is contrary to the guiding principle of ensuring sufficient unallocated margins[22]. As a result, special instruments had to be used to meet unforeseen needs during the year in those headings. We noted that the concept of "sufficient margins" is not defined further in the interinstitutional agreement.

47 In addition, we noted a risk that SMI funds may be insufficient to cover additional needs in the final years of the MFF, depending on the volume of emerging needs and the availability of other special instruments. At the end of 2024, €0.7 billion remained available in the SMI, with a potential transfer of an estimated €1.6 billion in unused margins to the SMI in the period 2025-2027[23]. However, the Commission already estimates that there will be a significant need to use special instruments for heading 7 (European public administration) in 2026-2027, amounting to €1.6 billion, which would reduce availability for other unforeseen needs.

48 We noted that no mechanism was established at the beginning of the MFF to create a buffer for EURI interest costs, despite the inherent estimation uncertainty. This is particularly important given that interest costs are entirely dependent on market conditions and are a legal obligation of the EU. In the 2023 EU budget, the 27 % difference between the revised needs estimate and the amount initially programmed in the EURI budget line was fully covered by the SMI, while in the 2024 budget, the 57 % difference was covered by FLEX. This highlighted the need to establish the EURI Instrument in the MFF revision.

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[21] Article 4 of Regulation (EU) 2023/435.

[22] Paragraph 7 of the Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management, 2020.

[23] The Commission's 2025 financial programming.

49 As noted in paragraphs ***35*** and ***36***, public financial management practices indicate that significant and exceptional crises such as war should not be addressed by regular reserves but call for crisis budgeting. We observed that the MFF lacks a mechanism to trigger crisis budgeting and respond to such needs, apart from an MFF revision, which introduced Ukraine reserve. MFF revision requires unanimity in the Council. For the 2021-2027 MFF mid-term revision, the Commission issued its proposal in June 2023, and the Council adopted it in February 2024, after more than seven months of lengthy political negotiations. This was later than the required timeframe of adoption "before the start of the budgetary procedure [July 2023] for the year or the first of the years concerned [2024]"[24].

Flexibility tools addressed a broad range of needs

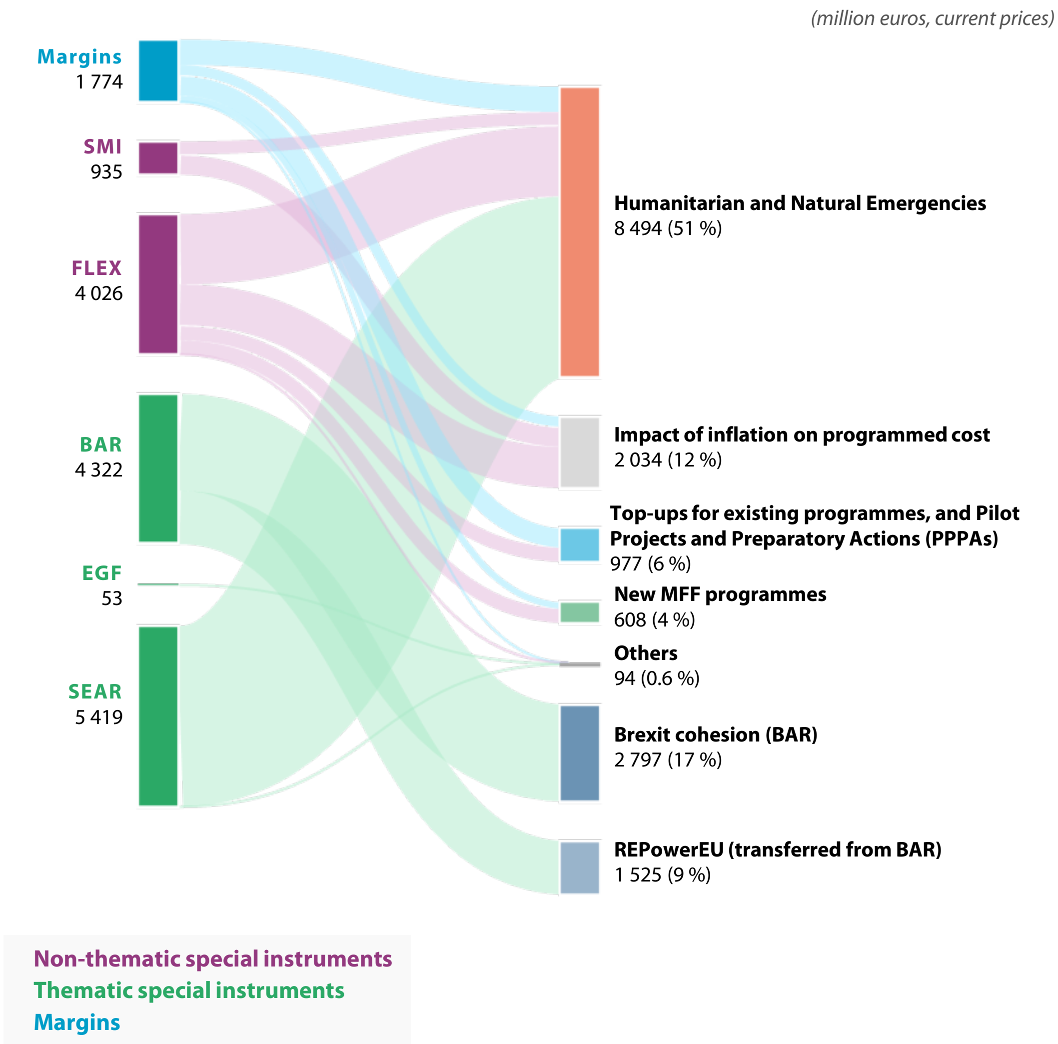
50 We analysed the reasons for mobilisation presented in the budgetary documents for all cases where margins were used or special instruments mobilised, between 2021 and 2024. We also examined a sample of 26 mobilisation cases in more detail to assess whether the flexibility tools were used for their intended purpose.

51 Our analysis of the sampled cases revealed that the Commission proposed the mobilisation of thematic special instruments in accordance with their specific purpose and scope. Because margins and non-thematic tools have a more general purpose, the Commission could propose their mobilisation for wide range of emerging needs.

52 We observed that about half of the total flexibility funds were used to address humanitarian emergencies and natural disasters. The other half (i) supported member states in addressing the adverse consequences of Brexit and the energy market disruption caused by Russia's war of aggression against Ukraine (REPowerEU); (ii) covered the increase in programmed costs affected by higher-than-expected inflation; and (iii) financed creation of new MFF programmes. However, we also found that 6 % of flexibilities funds were used to top up existing MFF programmes and to finance pilot projects and preparatory actions with no specific unforeseen trigger event (see ***Figure 5***).

[24] Article 13(2) of the 2021-2027 MFF Regulation.

Figure 5 | Flexibility tools were used to address broad range of needs in 2021-2024



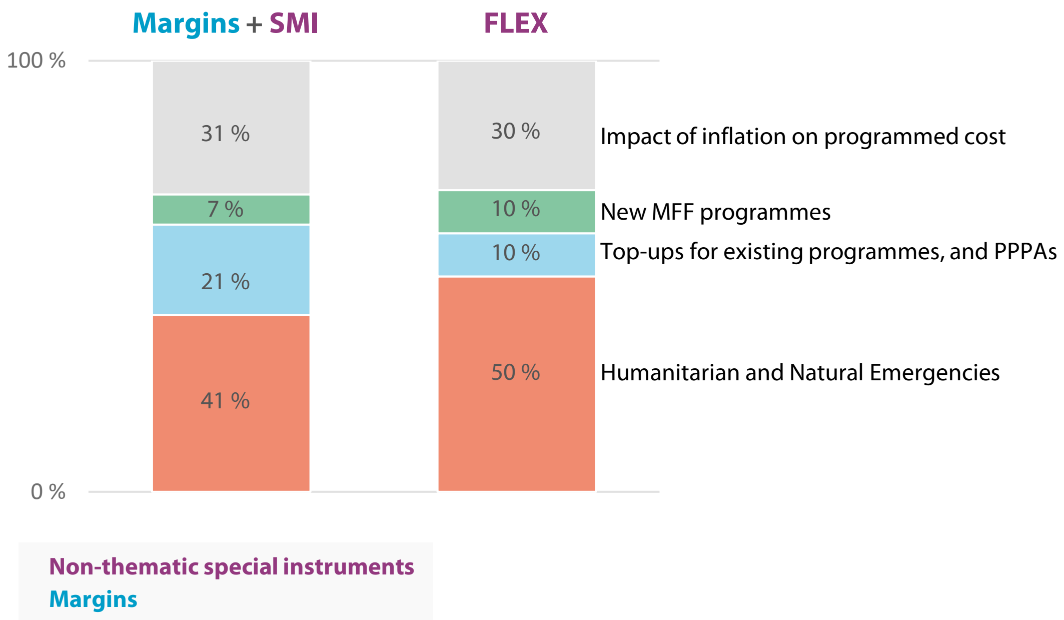
Source: ECA, based on budgetary documents and Commission data.

53 For the EGF, EUSF and BAR thematic special instruments, the intended purpose and detailed mobilisation conditions are set out in their specific regulations. Our analysis of EGF and EUSF mobilisation cases confirmed that needs were directly linked to these conditions, concerning the displacement of employed persons due to major restructuring events (EGF) and natural disasters (EUSF). BAR mobilisation did not require specific needs to be defined and member states received up to 73 % of pre-financing and benefited from exceptional flexibility to decide on appropriate implementation measures without prior agreement with the Commission.

54 As regards the EAR thematic special instrument, which has no sectorial regulation, allocation proposals are based on the Commission's internal assessment of priority needs. The instrument was primarily mobilised to provide humanitarian aid in third countries during various crises (87 %). The remainder (13 %) was allocated within the EU to address initial needs following Ukraine refugee inflow and to respond to avian influenza and the increased intensity of forest fires. In our sampled cases, the reinforcement of MFF programmes addressing forest fires and avian influenza (for a total of €66 million) was requested for potential needs later in the year, with the aim of increasing response capacity for recurring events that were not fully anticipated in the related programmes.

55 Margins and non-thematic special instruments were used for diverse needs, not just for emergency responses (see ***Figure 6***). Although the legal framework does not specify events and criteria for using these tools, funding of a broad range of needs may reduce the amounts available for emergencies and crises when they arise.

Figure 6 | The margins and non-thematic special instruments did not only fund emergencies and unforeseen events in 2021-2024



Source: ECA, based on budgetary documents and Commission data.

56 Our analysis showed that 21 % of margins were used to reinforce flagship EU programmes such as Horizon Europe, Erasmus+, Programme for the Environment and Climate Action, Single Market Programme, Connecting Europe Facility and Digital Europe despite the absence of new needs, and for financing pilot projects and preparatory actions (PPPAs, see ***Box 1***). Similar expenditure was covered by 10 % of total FLEX mobilisation, even though FLEX is intended for unforeseen expenditure. Another example of expenditure not linked to emergencies, but considered by the Commission as unforeseen, is the reprioritisation of investment decisions triggered by new political priorities leading to the creation of new MFF spending programmes (e.g. the Union Secure Connectivity Act and the Chips Act). Furthermore, a significant portion of margins and non-thematic special instruments (about 30 %) was used to finance the increased administrative expenditure and EURI interest costs resulting from inflationary pressures, as there was no other suitable mechanism (see paragraph *48*).

Box 1

Expenditure incurred on a regular basis financed from funds for unforeseen events

Each year, the Parliament, Council and Commission can propose pilot projects and preparatory actions (PPPAs) for feasibility assessment and subsequent financing in the EU annual budget. In the current MFF, all PPPAs were proposed by the Parliament.

The Financial Regulation[25] allows up to €40 million per year for pilot projects and €100 million for preparatory actions. As these amounts are not included in the initial MFF financial programming, PPPAs could use available margins up to €980 million over the whole MFF, equating to 18 % of the total initial margins.

In practice, PPPAs received €72 to €107 million per year from flexibility tools in 2021-2024, leaving less funding for new needs or unforeseen events. In 2021, 2023, and 2024, when margins were depleted in certain headings, PPPAs were financed from FLEX, which is intended only for unforeseen expenditure.

The EU budget flexibility framework is too complex and some mobilisation choices lack clarity

57 Budget documents and data can often be very dense, complex, and difficult for ordinary citizens, parliamentarians and budget practitioners to understand and use. According to the OECD[26], they should be open, transparent and accessible to inform the key stages of policy formulation, consideration, debate, implementation and review. Detailed budget information must also be understandable in the interest of accessibility.

58 In this section, we assessed whether the EU budget flexibility framework avoids excessive complexity and there are arrangements to ensure transparency of the decision-making process.

[25] Article 58 of the Financial Regulation.

[26] Principle 4 of the OECD principles of budgetary governance, section H of the OECD Budget Transparency Toolkit.

Multiple flexibility tools, which occasionally overlap and lack clear prioritisation, add complexity to the framework

59 The Commission's 2021-2027 MFF proposal of 2018 stated that "the focus for the future should be on consolidating, enhancing and streamlining flexibility mechanisms, to create a more agile framework while preserving the stability that the multiannual framework offers"[27]. The Commission did not propose to combine the special instruments. Instead, it proposed to continue using the same mix of flexibility tools as in the previous MFF, with a few streamlining suggestions and additional financing sources for some of the special instruments.

60 In July 2020, the European Council noted that the complex rules for re-shuffling of amounts between special instruments and the carry-over of unused amounts to the following years should be simplified and harmonised and duplication both between thematic special instruments as well as with spending programmes should be avoided and further synergy explored[28].

61 In response to our audit survey, EP BUDG and 71 % of the representatives of 17 member states on the Council Budget Committee considered the current mix of special instruments to be complex and in need of simplification. They suggested reducing the number of tools, better aligning the tools with EU needs and priorities, and harmonising and streamlining the rules.

Overlaps between flexibility tools

62 The Commission did not assess the risk of overlaps and duplications for the flexibility tools. According to the Commission, special instruments complement MFF budget spending, so duplication is not possible. Nonetheless, we observed some potential overlaps and duplications, mostly regarding the purpose of the flexibility tools.

63 Thematic special instruments address specific short-term issues, while MFF spending programmes cover long-term investments. The use of the EGF, EUSF, and BAR is defined by their specific regulations and triggered by member states' applications. We noted overlaps between objectives of the EGF, the BAR and certain MFF spending programmes, as member states can choose between similar funds for the same needs (see ***Box 2***). This goes against the call to avoid duplication and illustrates the possibility to prioritise more favourable or easier-to-implement funding options.

[27] COM(2018) 322.

[28] European Council meeting conclusions, 2020.

Box 2

Overlaps between objectives of thematic special instruments: examples

EGF: partial overlap with BAR. The EGF aids displaced workers and self-employed persons affected by major restructuring events. The BAR was created to mitigate the adverse effects of Brexit, including layoffs and redundancies. It supported job creation and protection, short-time work schemes, re-skilling, and training. According to the Commission, the member state could choose which fund to use for re-skilling and training redundant workers in the sectors most affected by Brexit.

EGF: overlap with European Social Fund **(ESF) /**European Social Fund Plus **(ESF+)**. The EGF was designed for short-term, needs-based responses to unforeseen events due to the impact of globalisation on companies, while the ESF/ESF+ focuses on long-term investments. However, some member states find the EGF mobilisation process complex and slow, preferring the ESF/ESF+ for quicker responses and higher co-financing rates[29]. The EGF Regulation for the 2021-2027 MFF aimed to address these issues, for example, aligning EGF and ESF+ co-financing rates, simplifying eligibility criteria and reducing the deadlines for some of the procedural steps. Nevertheless, the fund's mobilisation remained lower than anticipated, even with its expanded scope.

BAR: partial overlap with ESF+ and European Regional Development Fund **(ERDF)**. The ESF+ supports employment, upskilling, and jobseekers' adaptation to change while the BAR focuses on job creation and protection, including short-time work schemes, re-skilling, and training. The ERDF invests in small and medium-sized enterprises to safeguard and create jobs, while the BAR supports private and public businesses, in particular small and medium-sized enterprises, the self-employed, and local communities. The Commission confirmed that member states can choose which fund to use when actions are eligible under both the BAR and another shared-management fund.

64 We observed that the SMI and FLEX, two non-thematic special instruments operating above the MFF ceiling, could be used interchangeably for the same needs, increasing complexity for decision-makers (see ***Box 3***). According to the MFF Regulation, both non-thematic special instruments are intended to finance "expenditure which could not be financed within the limits of the ceilings available"[30]. However, the SMI sources its funds from unused margins initially agreed below the MFF ceiling, while FLEX provides funds in addition to the agreed MFF ceiling. The Commission explained that no priority or sequence

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29 Report on the activities of EGF in 2015-2016, European Commission, 2017; Ex post evaluation of EGF in 2014-2020, European Commission, 2021.

30 Articles 11(4) and 12(1) of the 2021-2027 MFF Regulation.

is set for the SMI and FLEX, with mobilisation proposals based on circumstances and needs.

Box 3

Overlap between the SMI and FLEX non-thematic special instruments: example

The SMI and FLEX have different carry-over rules for unused amounts, which the Commission considers when proposing mobilisation. The SMI allows for the reshuffling of margins across all MFF headings, without limits on the unused amounts for carry-over to subsequent years. FLEX provides a fixed annual amount above the MFF ceiling, and unused funds can only be carried over for up to two years before lapsing. According to the Commission, it would propose FLEX mobilisation instead of SMI if there was a risk of amounts lapsing, to maximise the use of available funds.

Further illustrating this, the SMI was mobilised to cover increased needs for the EURI budget line in the 2023 annual budget, while FLEX was used for the same purpose in the 2024 annual budget. Both mobilisations addressed increases in programmed expenditure compared to initial estimates.

65 In our survey, the representatives of member states on the Council Budget Committee, who agreed that duplications between special instruments exist (47 % out of 17 that replied), specifically mentioned FLEX and the SMI. They added that the legal framework for these tools is not well-defined, which makes choosing between them unclear and subjective, and that their use and purpose overlap significantly by design.

66 We also observed multiple flexibility tools being used for financing humanitarian and migration-related programme needs, such as the EAR component of the SEAR thematic special instrument, the FLEX and SMI non-thematic special instruments and margins. Furthermore, we noted an overlap between the EAR thematic special instrument and built-in MFF emergency reserves introduced in certain spending programmes, such as the Asylum, Migration and Integration Fund and the Neighbourhood Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe).

Lack of clear sequence for using budget flexibilities below and above the MFF ceiling

67 There are no rules specifying whether built-in MFF programme (emergency) reserves such as the NDICI-Global Europe emergency cushion, with a total availability of €9.5 billion, should be used before margins, or whether the SMI, EAR and FLEX should be mobilised only after these reserves are exhausted, as they fall within the MFF ceiling. The

Commission decides how to use these reserves without needing approval from the budgetary authority.

68 In our audit survey, EP BUDG noted that all kinds of built-in MFF emergency reserves potentially overlap with flexibility and response capacity within the special instruments. The representatives of 17 member states on the Council Budget Committee also noted duplication involving the NDICI-Global Europe emerging challenges cushion and the EAR special instrument, indicating that they would welcome clearer rules on when to mobilise each one.

69 The MFF legal framework does not specify a sequence for using or mobilising tools, except that future margins[31] should be mobilised as a last resort. Nor did the Commission's internal procedures outline specific rules for the sequence in which flexibility tools should be used. According to the Commission, it applies the principle of sound financial management when selecting financing options to address unexpected needs.

70 In our sampled cases, we found an example where margins, which are below the MFF ceiling, were still available when the EAR thematic special instrument was mobilised above the MFF ceiling. In other cases, we observed that MFF emergency reserves were used partially or not at all before resorting to margins or special instruments (see ***Box 4***). The Commission justified this approach by the need to keep emergency reserves for future use or for other planned actions. However, when special instruments above the ceiling are used instead of the built-in reserves, the capacity to address emergency needs with funds below the MFF ceiling is not fully exploited.

[31] Article 11(1)(c) of the 2021-2027 MFF Regulation.

Box 4

Sequence for using built-in flexibilities, margins and special instruments not clearly established: examples

The Commission proposed financing the donation of COVID-19 vaccines through the Emergency Support Instrument and NDICI-Global Europe cushion below the MFF ceiling, together with FLEX mobilisation above the MFF ceiling. EP BUDG noted that “there would still be €188 million in the NDICI-Global Europe cushion in 2021 (after the adoption of the Commission’s proposed draft amending budget)”. The Commission explained that it wanted to preserve funds in the NDICI-Global Europe cushion for other needs, despite the amending budget being adopted in November 2021. Eventually, the Commission used €168 million of the NDICI-Global Europe cushion in 2021 to reinforce the NDICI-Global Europe “Global challenges thematic programme” for various priorities[32].

The Commission proposed EAR mobilisation on 31 May 2023 for the Single Market Programme food strand, to address emergency needs relating to avian influenza. However, €131 million in unallocated margins were still available under the corresponding MFF Heading 1, “Single Market, Innovation and Digital”. The unallocated margins could have fully covered the amount requested for the Single Market Programme. Furthermore, the programme’s built-in emergency reserves were not yet consumed before the proposal, even though the programme had set aside €102 million for emergency measures in 2023 and 2024 to combat animal diseases and plant pests.

We also noted that in 2022, the Commission proposed amending budget 05/2022 using unallocated margins to address the same additional needs for the Single Market Programme.

71 Our observations highlight the complexity of the financial management process when multiple tools can be used to finance the same need, raising questions about the necessity and efficiency of multiple tools. While acknowledging this complexity, the Commission believes that having multiple tools without a defined sequence for their use provides the flexibility needed for it to propose the appropriate tool for mobilisation.

Rules facilitate prompt mobilisation overall, but were not streamlined to the extent possible

72 The approval of the budgetary authority is needed to mobilise the special instruments, which require additional appropriations above the MFF ceiling. While this approach is

[32] Recital 70 of the NDICI-Global Europe Regulation.

broadly favoured by the Council and the Parliament, it makes the process longer. The Commission acknowledged in its working document of 2018[33] that "the procedures for mobilising funds that lie outside the Multiannual Financial Framework are very lengthy and complex".

73 We assessed whether the rules and procedures allow for prompt mobilisation of flexibility tools to respond to emerging needs.

74 Two different mobilisation procedures are applied:

(a) The non-thematic special instruments (SMI, FLEX) are mobilised and unallocated margins used through the budgetary procedure, under which the additional resources are assigned to the relevant programme(s) when annual or amending budgets are adopted. Amounts proposed in amending budgets modify the member states' contributions after their adoption.

(b) The thematic special instruments (EGF, BAR, SEAR) are mobilised through the transfer procedure. The available annual amounts are entered in the budget as a provision, becoming a budget reserve, and are mobilised jointly by the Parliament and the Council following the Commission's proposal for a transfer from the reserve to the operational budget line[34]. The member states' contributions cover the full amount of the reserve after the EU budget adoption, and individual transfer decisions during the budget year do not alter their contributions.

75 The Interinstitutional Agreement[35] outlines principles for effective interinstitutional cooperation for a swift decision-making on amending budgets. For example, "the Parliament and the Council shall take into account the relative urgency of the amending budget and the need to approve it in due time to be effective during the financial year concerned". For the transfer procedure, the Financial Regulation requires the budgetary authority to take the transfer decision within six weeks after the Commission's proposal[36], or within three weeks in urgent situations.

76 For flexibility tools governed by sectoral legislation (EGF, BAR, EUSF), the transfer procedure is preceded by the Commission's assessment of member states' applications to confirm they meet the eligibility conditions for funding.

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[33] Spending review, European Commission, SWD (2018) 171.

[34] Articles 31 and 49 of the Financial Regulation.

[35] Paragraph 31 of the Interinstitutional Agreement on budgetary discipline, 2020.

[36] Articles 31 and 32 of the Financial Regulation.

77 According to our survey, EP BUDG and the representatives of 17 member states on Council Budget committee consider that both mobilisation procedures allow for prompt response to unforeseen events and emerging needs. Concerns were raised about EUSF mobilisation, noting that disbursements take too long and that the overall process does not provide immediate relief after natural disasters.

Speed of mobilisation procedures

78 The rules and timing for the annual budget procedure are clearly defined[37]. Since the draft budget is prepared and adopted in the year preceding its implementation, it is not typically used for immediate emergencies, making the approval timeline less relevant for prompt mobilisation. Nevertheless, our review of 11 cases mobilised through the annual budgets showed that it took on average four months from the reinforcement request to its approval by the budgetary authority.

79 For amending budgets, a quick approval procedure is crucial to mobilise non-thematic special instruments swiftly during the year in order to address exceptional and unforeseen circumstances. The legal basis[38] does not specify deadlines for the adoption process, which could affect mobilisation speed.

80 Our analysis of sampled cases showed that amending budgets and transfer procedures had similar mobilisation speeds, although the transfer procedure was slightly faster (see ***Table 2***). The lack of specific deadlines for mobilisation through amending budgets did not affect mobilisation speed.

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[37] Article 314 of the Treaty on the Functioning of the EU.

[38] Treaty on the Functioning of the EU, Financial Regulation, 2021-2027 MFF Regulation, Interinstitutional Agreement on budgetary discipline (part F).

Table 2 | On average, both amending budget and transfer procedures take a similar time to agree on additional spending (sampled cases, 2021-2024)

Procedure and tool concerned	Deadlines for approval/adoption	Reserve in the adopted budget	Average time (in months)		
			DG BUDG prepares the proposal upon internal request	Council and Parliament procedures	Total procedure
Amending budget (SMI, FLEX, margins)	No, but the Interinstitutional Agreement calls for relative urgency to be taken into account	No	0.9	2.1	3.0
Transfer within the annual budget (EGF, SEAR (two parts: EUSF and EAR), BAR)	Yes, within six weeks of the receipt of proposal (or three weeks in urgent circumstances)	Yes	1.1	1.1	2.2

Note: One atypical case is excluded from the comparison, where the time from the Commission's internal request to the adoption of the amending budget took nearly two years due to the need for a political agreement on the package to support Syrian refugees.

Source: ECA, based on the legal acts and Commission data.

Length of assessments preceding the mobilisation proposal

81 We also analysed the length of the Commission's assessment of member states' applications for the EGF and EUSF, which precedes the proposal for the budgetary transfer. Based on the legal deadlines, the process can take up to five (EGF) or seven (EUSF) months. The length of the procedure was one of the criticisms of these tools in the evaluation reports[39]. The timeframe may be too lengthy for rapid response to immediate needs. Furthermore, mobilisation requires the Council and the Parliament to adopt two legal acts, each with its own voting rules.

82 For our sampled cases, we analysed the total time from the member state's application to the EGF and EUSF mobilisation decisions (see *Table 3*). The average total was five months for EGF cases, and over ten months for EUSF cases, which did not always comply with the deadlines set out in the EUSF regulation. For some applications, the Commission took a year to finalise its assessment and request the mobilisation of the EUSF, compared to the six-week deadline required by the regulation. According to the Commission, this was due

[39] Ex post evaluation of the European Union Solidarity Fund 2002-2016, European Commission, 2018; Report from the Commission on the ex post evaluation of the European Globalisation Adjustment Fund 2014-2020, European Commission, 2021.

to uncertainty regarding the available budget for the EUSF, grouping of applications, and a long clarification process as member states sometimes submitted incomplete applications.

Table 3 | EGF and EUSF mobilisation process for emergency assistance is not prompt (sampled cases, 2021-2024)

Mobilisation of thematic special instruments with sectorial legislation	Average time (in months)				
	Member state's application until deemed complete	Responsible DG assessment of the application	DG BUDG prepare the proposal upon internal request	Council and Parliament procedures	Total procedure
EGF	1.2	1.8	0.8	1.5	5.3
EUSF: natural disasters	1.2	7.0	1.1	1.1	10.4
EUSF: health emergency	8.5*		1.1	1.1	10.7

*As the COVID-19-related EUSF applications were unprecedented, the time cannot be accurately split between the time spent on the applications until deemed complete and assessment by the Commission.
Source: ECA, based on the legal acts and the Commission data.

83 Contrary to the EUSF and EGF application process, the BAR transfer proposal did not require Commission's prior assessment of member states' funding request. According to the BAR Regulation, the Commission calculated provisional allocations for each member state[40], and paid them out as pre-financing of up to 73 % in three annual instalments from 2021 to 2023, with a final payment scheduled for 2025. As an exception to the Financial Regulation, the Commission did not need to describe the actions for financing in its decision[41]. It will evaluate the spending compliance with the BAR regulation in this regard *ex post* in 2025.

84 The budgetary authority scrutinises the Commission's proposal for mobilisation of the EGF, EUSF and BAR thematic special instruments, which follows strict rules based on sectorial regulations. The only reason to reject or change the proposal would be if it contained errors or was counter to the regulations. The budgetary authority did not change the Commission's proposal in any of the cases analysed. Based on our sample, we found that integrating these tools into the MFF budget as reserves managed by the Commission could save an average of 2.2 months on transfer preparation and decision-making.

85 This would not apply to the EAR thematic special instrument, as its allocation conditions and criteria are not governed by sectorial legislation. The EAR is mobilised through a

[40] Commission Implementing Decision (EU) 2021/1803 setting out the provisional amounts allocated to each member state from the Brexit Adjustment Reserve, 2021.

[41] Article 8(5) of the BAR Regulation.

transfer procedure, and we found that it was used to finance the same type of need as those financed through non-thematic special instruments and margins (see paragraph *66*), which are mobilised through the budgetary procedure. As there is almost no difference in the average mobilisation time for the two procedures (paragraph *80*), merging the EAR into FLEX would not significantly reduce the likelihood of prompt mobilisation.

Lack of structured approach in documenting analysis concerning alternative financing options and amounts

86 The OECD principles of budgetary governance set out that, given finite resources, budgeting involves prioritising, assessing value for money, and making decisions.

87 Before proposing to mobilise the EAR thematic special instrument and the FLEX and SMI non-thematic special instruments, the Commission must examine the scope for reallocating appropriations within the adopted annual budget[42]. Reallocation possibilities must also be examined when proposing to use unallocated margins during a budgetary year (by means of an amending budget)[43].

88 There is no requirement to examine reallocation possibilities before mobilising the EGF, EUSF and BAR thematic special instruments, as they finance specific expenditure in accordance with the criteria set out in the legal act of each instrument.

89 For our sampled cases, we analysed the Commission's documentation to check whether it includes an examination of the scope for reallocation of appropriations within existing programmes, justification of needs, amounts, choice of flexibility tool, and alignment of the purpose of each mobilisation with the tool-specific requirements.

90 Twenty of the 26 sampled cases related to the use or mobilisation of margins, the EAR, the SMI and FLEX requiring the examination of reallocation possibilities. In 14 of the 20 cases, the Commission identified the alternative financing options to meet new needs through reallocation, but also through reprioritisation and the use of built-in flexibilities and emergency instruments below the MFF ceilings. In our sampled cases, this reduced the amounts required from the flexibility tools. These amounts ranged from 6 % to 68 % of the funds required to cover the additional needs, indicating that the alternative financing options were a relevant source of financing for new needs, including new political priorities

[42] Articles 9(1)(b), 11(1)(a) and (c), 11(4) and 12 of the 2021-2027 MFF Regulation; paragraphs 10, 12 and 13 of the Interinstitutional Agreement on budgetary discipline.

[43] Article 44 (2) of the Financial Regulation (2018/1046, idem 2024/2509 (recast)).

and programmes. In the remaining six sampled cases, the flexibility tools were the only source of funding.

91 For the above mentioned 20 cases, we observed that the examination of reallocation possibilities was not clearly and traceably documented. We could not confirm that all reallocation options were examined and used, due to the lack of a proper audit trail (see *Box 5*). According to the Commission, in some cases the lack of a structured approach to documenting is due to the urgent need to prepare the mobilisation proposal. In its internal procedures, the Commission did not set out any specific steps, or a checklist for examining reallocation possibilities before proposing the use of margins or mobilisation of non-thematic special instruments. Nor did it require staff to document this process and the alternatives considered.

Box 5

Insufficiently documented decision trail: example

FLEX was mobilised for two new legislative initiatives: European Defence Industry Reinforcement through common Procurement Act (EDIRPA) (€500 million) and the Act in Support of Ammunition Production (ASAP, €343 million).

Proposal of EDIRPA, proposed in July 2022 and adopted in October 2023, did not mention attempts to use savings or reallocations to secure funds for the initiative. The Commission attributed this omission to time constraints and the limited scope of Heading 5, “Security and Defence”.

Conversely, ASAP, proposed in May 2023 and adopted in July 2023, was financed using (i) reallocations under Heading 5 (€260 million from the European Defence Fund); (ii) part of the agreed EDIRPA financing (€43 million); and (iii) FLEX (€40 million). The supporting documents we received for this case did not clarify why the reallocation options used for ASAP were not used earlier for EDIRPA.

92 In our audit survey, EP BUDG noted that the Commission usually provided a basic explanation of other financing options examined, but it lacked detail and robustness and did not explain the impact on the programmes from which the appropriations were taken. Some respondents from the Council Budget Committee said that the Commission always (6 % of 17 that replied) or usually (47 % of 17 that replied) provided such information, while others (47 % of 17 that replied) said it rarely did.

93 In addition, our analysis of sampled cases revealed that the justification for the amounts to finance new needs was insufficiently clear or detailed in 18 out of 20 cases involving the use and mobilisation of margins, the FLEX and SMI non-thematic special instruments, and the EAR thematic special instrument. It lacked underlying calculations of how these amounts were estimated and a financial breakdown of the specific activities to be financed. In 13 cases, the amounts were linked to political agreements on appropriate funding for the needs concerned. In the other five cases, the proposed amounts were linked to specific trigger events requiring the reinforcement of certain MFF programmes, in the areas of humanitarian aid, health, and civil protection.

This report was adopted by Chamber V, headed by Mr Jan Gregor, Member of the Court of Auditors, in Luxembourg at its meeting of 8 July 2025.

For the Court of Auditors

Tony Murphy
President

Annexes

Annex I – About the audit

Flexibility in the EU budget

01 The EU uses long-term budgets called multiannual financial frameworks (MFFs). These provide a stable framework to increase the predictability of EU finances through legally binding annual limits ("ceilings"). The ceilings are set for revenue ("own resources ceiling") and expenditure ("MFF ceiling"), and for each spending category ("heading"). One of the most challenging aspects of successful multiannual financial planning is striking a balance between stability and predictability on the one hand, and flexibility on the other[1].

02 Currently, the MFF covers a period of seven years, which is longer than in most OECD countries, where medium-term expenditure frameworks cover three to five years maximum[2]. Furthermore, it takes several years to prepare a new MFF. The Commission spends around a year on preparation and has to present its proposal two and a half years before the MFF starts[3].

03 Aside from the MFF duration and use of ceilings, several other features of the EU budget create a perception of rigidity, for example:

- it is bound by the budgetary principles set out in the Treaty on the Functioning of the EU[4] and explained in the Financial Regulation[5]. Principles such as unity, annuality and

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[1] How flexible is the EU budget? Flexibility instruments and mechanisms in the multiannual financial framework (MFF), European Parliamentary Research Service, 2020.

[2] Chapter 4 "Budgeting practices and procedures", Government at a glance, OECD, 2013.

[3] Article 21 of Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (2021-2027 MFF Regulation).

[4] Article 310 of the Treaty on the Functioning of the EU.

[5] Article 6 of the Financial Regulation.

specification limit possibilities for allocating additional resources and moving allocations within the MFF;

- around two thirds of the budget is pre-allocated to member states[6], which limits the Commission's possibility to reallocate spending across budget lines.

04 At the same time, the budget requires flexibility to deal with unexpected challenges – such as crises and emergencies – and changing priorities. The MFF includes specific provisions and "special instruments" to make funds available in these circumstances. These flexibility arrangements make it possible to derogate from the binding MFF ceilings and from the budgetary principles by adding financial appropriations and moving them across years and headings.

05 The multiple crises that have affected the EU in the previous few years, particularly the economic, migratory, security and health challenges, natural disasters, war, inflation, and the need to address emerging political priorities, confirmed the need for flexibility in the EU budget. In response to these developments, the EU expanded its flexibility tools in both the 2014-2020 MFF and the 2021-2027 MFF. The EU further reinforced its flexibility toolbox in the mid-term MFF revision agreed in February 2024[7].

06 When looking at the overall degree of budget flexibility, a distinction must be made between the non-thematic special instruments, together with margins, and the thematic special instruments. The flexibility of thematic special instruments is restricted by their very specific purpose, while the non-thematic special instruments and the margins are not bound by a specific purpose.

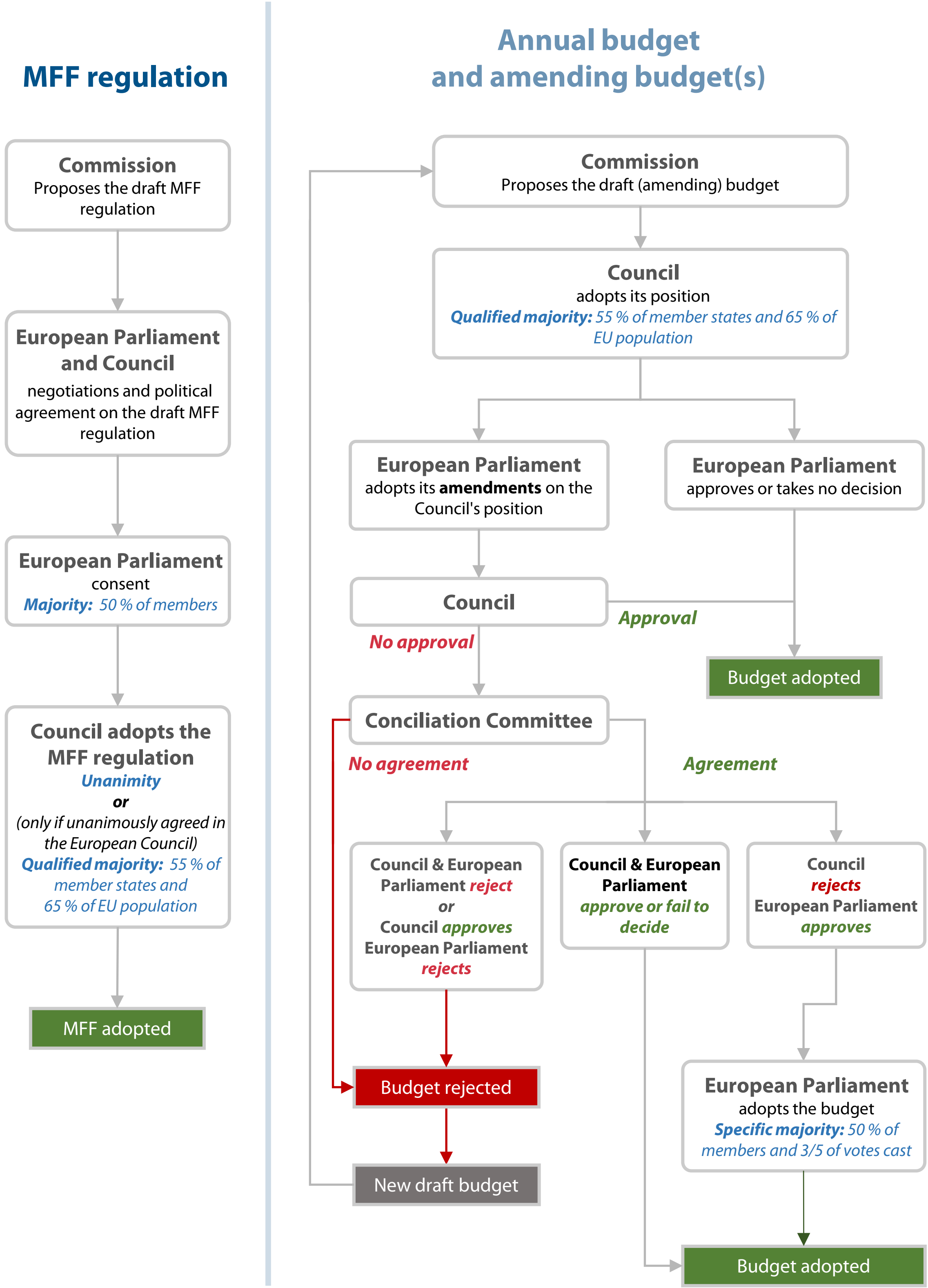
Roles and responsibilities

07 *Figure 1* illustrates the key steps in the approval process for the MFF Regulation, as well as the annual and amending budgets.

[6] The EU's 2021-2027 long-term budget and NextGenerationEU, European Commission, 2021.

[7] Article 4 of Regulation (EU) 2023/435.

Figure 1 | The approval process for the MFF Regulation and annual and amending budgets



Source: ECA, based on Articles 312, 314 of the Treaty on the Functioning of the EU, Article 21 of the MFF Regulation and Parliament legislative train schedule.

08 As regards the specific arrangements for using flexibility tools, the decision to mobilise thematic special instruments is made jointly by the Parliament and the Council following the Commission's proposal for a transfer to the corresponding budget lines. The mobilisation of non-thematic special instruments and the use of margins is decided through the budgetary procedure under which the additional resources are assigned to the relevant programme(s).

Audit scope and approach

09 Through this audit we assessed whether the EU budget flexibility tools for the 2021-2027 MFF were well designed and their use justified, avoiding the risk of running down the tools excessively during the first years of the MFF. The audit focused on the design and mobilisation of the thematic (EGF, SEAR and BAR) and non-thematic (SMI and FLEX) special instruments above the MFF ceiling and the use of margins below the MFF ceiling in the ongoing MFF, covering 2021-2024.

10 The audit scope excluded the Ukraine Reserve and EURI Instrument as it was too early to assess how they work in practice. Nor did the audit cover the structural elements providing flexibility below the MFF ceilings (transfers, carry-overs, built-in programme reserves etc.), as they do not add supplementary appropriations to the budget adopted.

11 We analysed:

- documents underpinning the 2021-2027 MFF and individual flexibility tools, complemented by further details from interviews with Commission staff;
- the design of the tools (including the amounts allocated) compared against international public budget standards (where possible, given the unique nature of the EU budget);
- mobilisation rules and procedures; and
- a sample of 26 cases of mobilisation/use of flexibility tools, totalling almost €10 billion, covering each step from the initial request to the final decision.

12 The presentation of figures on the use of margins and mobilisation of special instruments reflects our audit objective of examining how different additional needs were financed from the EU budget using these tools. We started with actual needs requiring financing and used budgetary documents to determine how these needs were funded from available margins and special instruments. Margins are calculated based on the difference between adopted MFF ceilings and programmed expenditure, and can change during the

MFF due to financial programming adjustments. Savings and other changes during budget implementation thus increase available margins as compared to the initial margins agreed on adoption of the MFF Regulation. We considered these “freed-up” margins available for addressing new needs.

13 To complement the above sources of information, we surveyed the representatives of the 27 EU member states on the Budget Committee of the Council, as well as the Parliament Committee on Budgets, to obtain their views as the budgetary authority deciding on the design and use of these tools. We received replies from the representatives of 17 member states on the Council Committee and one reply from the Parliament Committee, representing the aggregated views of its members. The survey questions covered topics such as the appropriateness of amounts available for flexibility tools, complexity of the flexibility framework, speed of the mobilisation procedures and sufficiency of information provided by the Commission in the decision-making process.

Annex II – Key legal requirements

01 *Table 1* presents an overview of the key features of the EU budget flexibility tools covered by this audit, as set out in the relevant legislation.

Table 1 | Overview of key legal requirements for flexibility tools

Flexibility tool	Purpose	Mobilisation/use rules and legal basis
Margins	No purpose defined.	As far as possible during the budgetary procedure and at the time the general budget of the Union is adopted, sufficient margins must be left available below the ceilings for the various headings of the MFF, except for the sub-heading "Economic, social and territorial cohesion". Legal basis: Paragraph 7 of the Interinstitutional Agreement
Non-thematic special instruments		
Single Margin Instrument (SMI)	Make it possible to **shift available margins** below the MFF ceilings between years and MFF headings.	Three parts: (a) margins remaining available below the MFF ceilings for commitment appropriations in previous year; (b) difference between payments executed and MFF payment ceiling in previous year; and (c) as a last resort, additional amounts that can be made available if offset against margins for current or future years. Maximum annual amounts: o 0.04 % of EU GNI for commitment appropriations o 0.03 % of EU GNI for payment appropriations o fixed maximum adjustment of payment ceiling in 2025-2027 Legal basis: Article 11 of the MFF Regulation.
Flexibility Instrument (FLEX)	**Finance specific unforeseen expenditure** for a given financial year.	Maximum annual amounts: o €915 million for 2021-2023; o €1 346 million for 2024-2027. SEAR lapsed amounts are transferred to FLEX. Unused FLEX amounts may be used up to year N+2. Legal basis: Article 12 of the MFF Regulation
Thematic special instruments		
European Globalisation Adjustment Fund (EGF)	Support socioeconomic transformations resulting from globalisation and of technological and environmental changes by **helping displaced workers** and self-employed persons whose activity has ceased to adapt to structural change.	Maximum annual amount: €30 million. Legal basis: Article 8 of the MFF Regulation. Additional legal act: Regulation (EU) 2021/691 on the European Globalisation Adjustment Fund for Displaced Workers.
Solidarity and Emergency Aid Reserve (SEAR)	European Solidarity Reserve: provide **assistance for response to emergency situations** resulting from major disasters covered by the European Union Solidarity Fund (EUSF).	Maximum annual amount: €1 016 million. Unused EUSF amounts may be used up to year N+1. 25 % of annual amount must remain available in last quarter of the year. Legal basis: Article 9 of the MFF Regulation. Additional legal act: Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund
	Emergency Aid Reserve (EAR): provide **rapid responses to specific emergency needs** within or outside the Union following unforeseeable events.	Maximum annual amount: €508 million. Unused EAR amounts may be used up to year N+1. Legal basis: Article 9 of the MFF Regulation.

Flexibility tool	Purpose	Mobilisation/use rules and legal basis
Brexit Adjustment Reserve (BAR)	Provide assistance to **counter unforeseen and adverse consequences in member states and sectors worst affected by the withdrawal of the United Kingdom from the EU.**	Maximum total amount for entire MFF: €4 491 million. Legal basis: Article 10 of the MFF Regulation Additional legal act: Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve

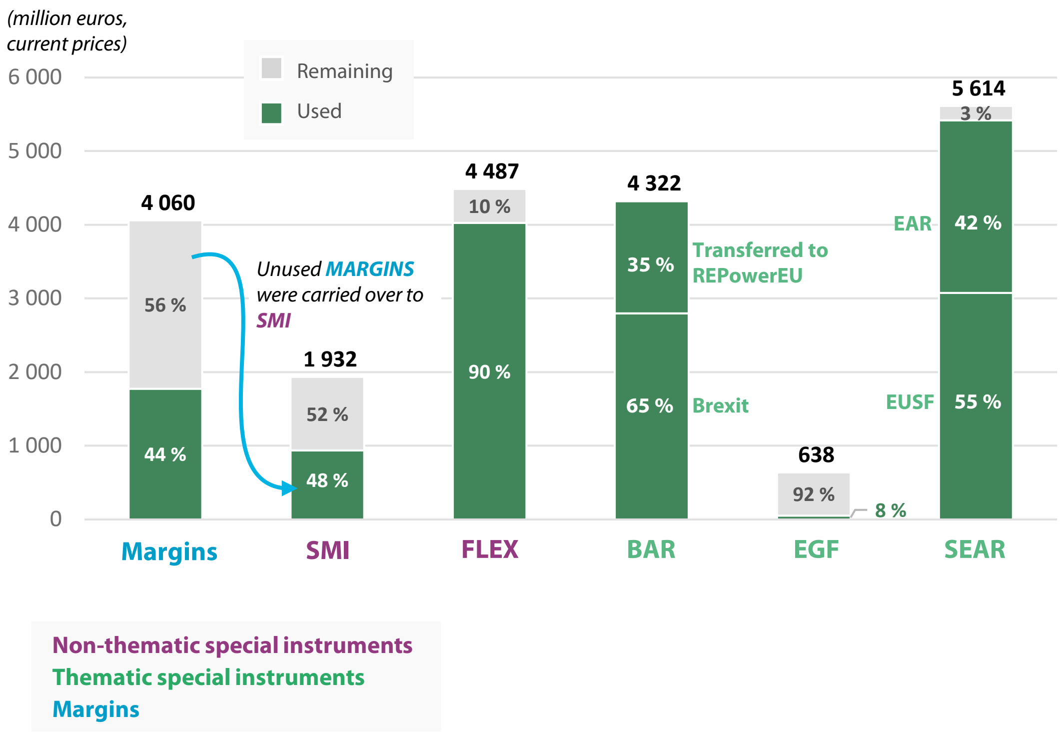
Note: All amounts in 2018 prices.

Source: ECA, based on the legal acts referenced in the table.

Annex III – The use of flexibility tools 2021-2024

01 We analysed the use of flexibility tools in the period from 2021 to 2024 (see ***Figure 1***). Some of the tools were used more intensively than others. Notably, the most demanded was SEAR and FLEX.

Figure 1 | FLEX and SEAR were used intensively between 2021 and 2024



Note: The figure shows the total margins actually available in 2021-2024. The total available amounts for FLEX, BAR, EGF and SEAR are the sum of the annual allocations for 2021-2024, including the MFF mid-term review changes for 2024.

Source: ECA, based on the 2021-2027 MFF Regulation, budgetary documents and Commission data.

The use of margins and non-thematic special instruments

02 Analysis of the use of margins and the FLEX and SMI non-thematic tools from 2021 to 2024 revealed that margins were used most intensively in 2022 when Russia's war of aggression against Ukraine started. Demand for the SMI and FLEX increased significantly in 2023 and 2024 due to high inflation affecting EU administration costs and European Union Recovery Instrument (EURI) interest costs (see ***Figure 2***).

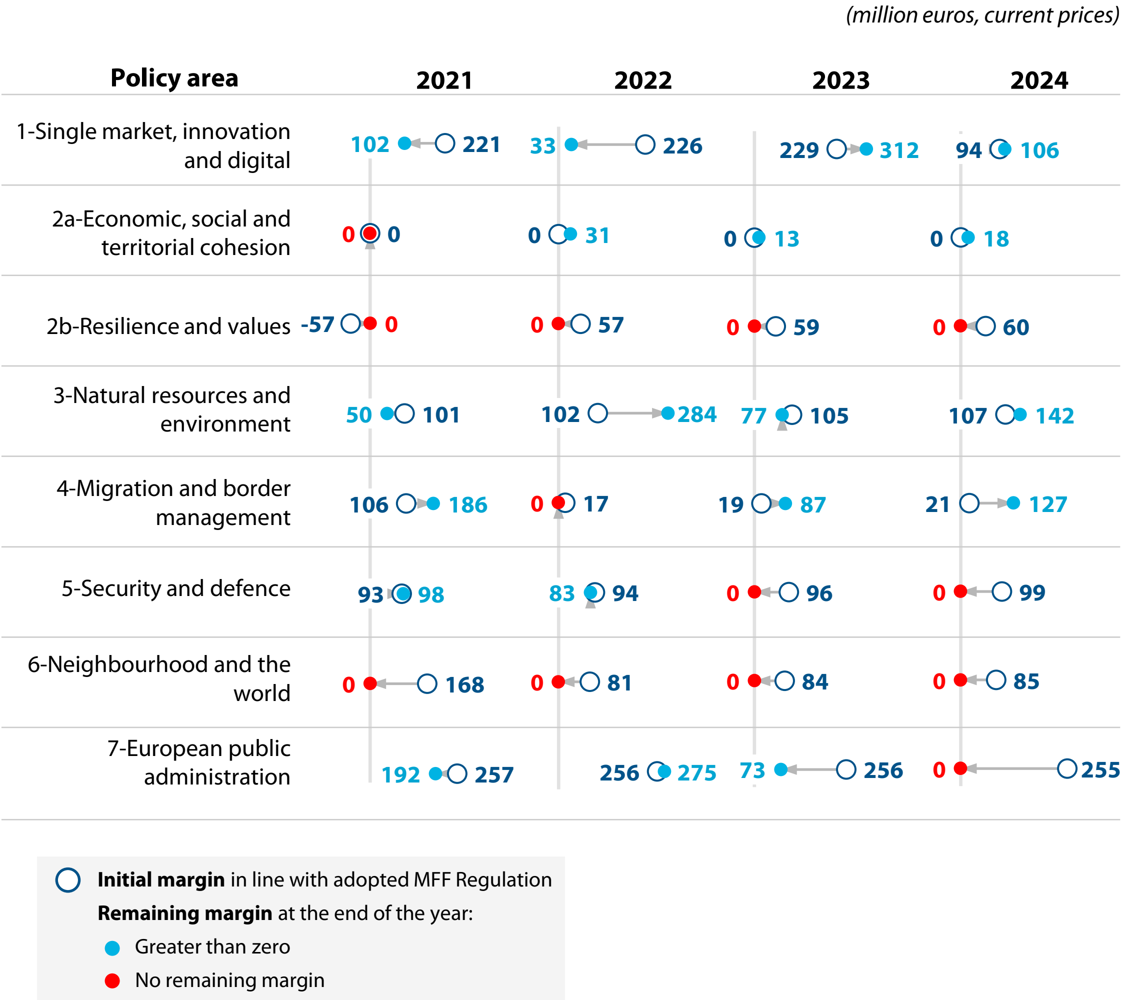
Figure 2 | From 2021 to 2024, margins and non-thematic special instruments increasingly accommodated emerging needs

Note: The figure shows the total margins actually available in 2021-2024. Total available amounts in 2024 reflect the MFF mid-term revision changes.

Source: ECA, based on the 2021-2027 MFF Regulation, budgetary documents and Commission data.

03 **Margins** were exhausted in specific MFF policy areas with increased emerging needs, while other areas had less demand, with outstanding margins feeding into the SMI. ***Figure 3*** shows that **margins** under MFF headings 2b, 5 and 6 (resilience and values, security and defence, and external action) were consistently depleted.

Figure 3 | Available margins were consistently depleted for policy areas linked to resilience, defence and external action



Source: ECA, based on Commission data: The EU's 2021-2027 long-term budget and NextGenerationEU – Facts and figures, DG BUDG, 2021 (for initial annual margins); technical update of the financial programming for 2026-2027 following the adoption of the 2025 budget (for updated margins in 2021-2024 and indicative margins in 2025-2027).

04 Under MFF heading 5, margins were depleted in 2023-2024 due to the creation of the European Defence Industry Reinforcement through common Procurement Act (EDIRPA) in response to Russia's war of aggression against Ukraine. Under heading 6, EU external action programmes needed reinforcement due to a shift in political priorities requiring higher funding to support Syrian refugees in Türkiye and neighbouring countries for 2021-2024. Significant use of margins under other headings was due to increased borrowing costs for the EURI (heading 2b), support for reception systems for people fleeing Ukraine (heading 4), and the impact of inflation on administrative expenditure (heading 7).

05 The **SMI** was mobilised only in 2023 and 2024. However, each time it was used, the amounts were significant, averaging around €200 million. Sixty percent of the total SMI amount was mobilised to address increases in programmed expenditure as compared to initial estimates caused by the spike in inflation: (i) the expenditure for interest costs for the funds borrowed on the capital markets to finance the EURI; and (ii) the administrative expenditure of the EU institutions. Other instances of mobilisation were linked to political agreements to reinforce migration and humanitarian aid actions.

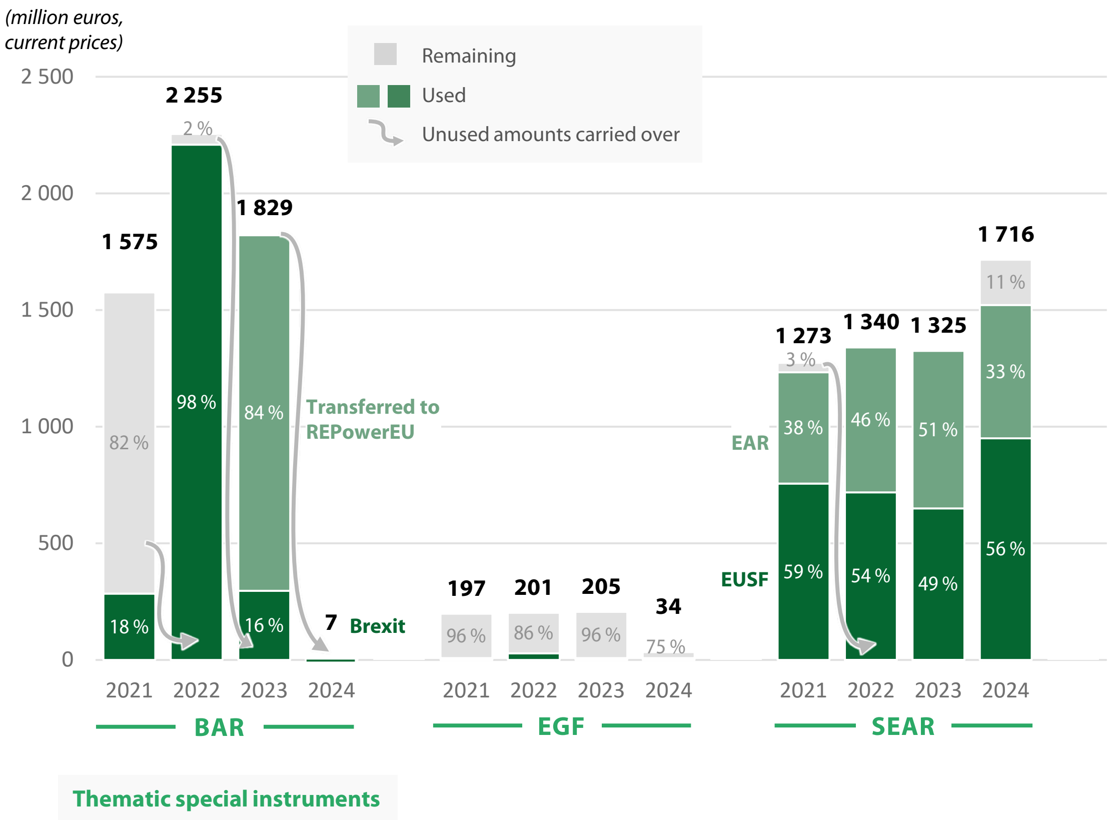
06 Demand for **FLEX** was not linear. It was moderately used in 2021 and 2022, with funding carried over to subsequent years. Demand then increased significantly in 2023 and 2024, although FLEX was never fully exhausted.

07 Similarly to the SMI, the main purpose of FLEX mobilisation (45 %) was to address the increased EURI interest costs resulting from raising inflation. Additionally, 25 % of the funds were mobilised for humanitarian aid, and 14 % were used to address the COVID-19 crisis and natural disasters. The remaining amounts (16 %) were mobilised for new political priorities and MFF programme reinforcements.

The use of thematic special instruments

08 Analysis of thematic special instrument consumption showed that the **BAR** and **EGF** thematic special instruments were significantly underused, while the **SEAR**, comprising the EUSF and EAR, was fully used each year from 2021 to 2023 before changes were introduced in the MFF 2024 mid-term revision (see ***Figure 4***).

Figure 4 | BAR and EGF underused but high demand for SEAR in 2021-2024



Note: Total available amounts in 2024 reflect the MFF mid-term revision changes.
The BAR amount transferred to REPowerEU in 2023 includes amounts paid in pre-financing to member states in 2021 (€123 million) and 2022 (€335 million). These amounts are excluded from the available and used amounts in 2021 and 2022.

Source: ECA, based on the 2021-2027 MFF Regulation, budgetary documents and Commission data.

09 By 2023, the Commission had disbursed €2.8 billion in pre-financing to 17 member states that applied for BAR support, while ten member states did not apply. The Commission's progress report on BAR implementation in June 2024 flagged delays and mentioned reasons such as the requirement for member states to demonstrate a clear link to Brexit for supported measures. Additionally, national administration capacity was strained due to negotiations on Recovery and Resilience Facility national plans and cohesion policy programmes. Subsequently, an amendment to the BAR Regulation[1] allowed member states to transfer unused BAR funds to RePowerEU. In early 2023, 23 member states used this option, for a total amount of €2.1 billion.

10 Use of **EGF** was low despite its broadened scope in the 2021-2027 MFF, and the EGF amounts were reduced in the MFF mid-term revision.

[1] Article 4 of Regulation (EU) 2023/435.

11 Intensive demand for the **SEAR**, comprising the EUSF and EAR, highlighted increased needs linked to the purpose of these tools: occurrence and scale of natural disasters (EUSF), and humanitarian crisis in the EU neighbourhood and emergencies due to Russia's war of aggression against Ukraine (EAR).

Abbreviations

AMIF: Asylum, Migration and Integration Fund

ASAP: Act in Support of Ammunition Production

BAR: Brexit Adjustment Reserve

BMVI: Border Management and Visa Instrument

DG BUDG: European Commission Directorate-General for Budget

EAR: Emergency Aid Reserve

EDIRPA: European Defence Industry Reinforcement through common Procurement Act

EGF: European Globalisation Adjustment Fund

EP BUDG: European Parliament Committee on Budgets

ERDF: European Regional Development Fund

ESF: European Social Fund

ESF+: European Social Fund Plus

EURI: European Union Recovery Instrument

EUSF: European Union Solidarity Fund

FLEX: Flexibility Instrument

MFF: Multiannual financial framework

NDICI – Global Europe: Neighbourhood Development and International Cooperation Instrument – Global Europe

OECD: Organisation for Economic Co-operation and Development

PPPAs: Pilot projects and preparatory actions

SEAR: Solidarity and Emergency Aid Reserve

SMI: Single Margin Instrument

Glossary

Appropriation: Amount set aside in a budget for a specific purpose. The EU budget comprises commitment and payment appropriations.

Brexit Adjustment Reserve: Fund to help the member states, regions and industries most affected by the UK's withdrawal from the EU to deal with its adverse consequences.

Budget: Statement of projected revenue and expenditure covering a fixed period.

Budgetary authority: Term used to refer to the European Parliament and the Council of the European Union when exercising their decision-making powers on EU budgetary matters.

Contingency Margin: EU special instrument from the 2014-2020 MFF allowing last-resort financing in response to unforeseen circumstances by allowing the inclusion in the budget of unused appropriations under one or more MFF headings from the current or future financial years.

Emergency Aid Reserve: Funds in the EU budget that are set aside to respond to unforeseen humanitarian and civil crises in or outside the EU.

EURI Instrument: EU special instrument that may be used to finance part of the costs of the payments due for funds borrowed on the capital markets to finance the European Union Recovery Instrument.

European Globalisation Adjustment Fund: Fund established to support displaced workers and self-employed persons whose activity has ceased as a result of globalisation and of technological and environmental changes.

European Regional Development Fund: EU fund that strengthens economic and social cohesion in the EU by financing investments to reduce imbalances between regions.

European Social Fund: EU fund for creating educational and employment opportunities and improving the situation of people at risk of poverty. Superseded by the European Social Fund Plus.

European Social Fund Plus: EU fund for employment, social, education and skills policies, including structural reforms in these areas. Preceded by the European Social Fund.

European Solidarity Reserve: EU special instrument that may be used to finance assistance in response to emergencies resulting from major disasters covered by the European Union Solidarity Fund.

European Union Recovery Instrument: Funding package to help EU member states recover from the economic and social impact of the COVID-19 pandemic, mainly through the Recovery and Resilience Facility. Also known as NextGenerationEU.

European Union Solidarity Fund: Fund that supports EU member states and accession countries in responding to natural disasters and public health emergencies.

Financial Regulation: Rules governing how the EU budget is set and used, and the associated processes such as internal control, reporting, audit and discharge.

Flexibility Instrument: Source of funding for specific unforeseen expenditure which cannot be covered by the EU's annual budget without exceeding the corresponding expenditure ceilings.

Global Margin for Commitments: EU special instrument from the 2014-2020 MFF allowing the inclusion in the budget of unused commitment appropriations from previous years.

Margin: Difference between the ceilings set out in the multiannual financial framework and planned expenditure.

Multiannual financial framework: The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for 7 years. It provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure.

Neighbourhood Development and International Cooperation Instrument – Global Europe: EU programme under the 2021-2027 multiannual financial framework that combines several external action instruments into one.

REPowerEU: EU initiative to end dependence on fossil fuels, diversify energy supplies and accelerate the clean energy transition.

Single Margin Instrument: EU special instrument allowing the inclusion in the budget of unused appropriations from previous years or, as a last resort, from current and future years.

Solidarity and Emergency Aid Reserve: EU special instrument for responding to emergency situations arising from major natural disasters, public health crises and armed conflict.

Special instrument: Tool allowing the EU to mobilise additional funds above its regular expenditure ceilings in response to unforeseen events such as crises and emergencies.

Ukraine Facility: EU instrument for providing support to Ukraine in the context of Russia's war of aggression.

Ukraine Reserve: EU special instrument that may be used to finance the Ukraine Facility.

Replies of the Commission

https://www.eca.europa.eu/en/publications/SR-2025-18

Timeline

https://www.eca.europa.eu/en/publications/SR-2025-18

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber V – Financing and administering the Union, headed by ECA Member Jan Gregor. The audit was led by ECA Member Jorg Kristijan Petrovič, supported by Martin Puc, Head of Private Office and Mirko Iaconisi, Private Office Attaché; Bogna Kuczyńska, Principal Manager; Ilze Ozola, Head of Task; Diana Voinea, Miguel Ferrão and Thomas Frappaz, Auditors. Jesús Nieto Muñoz provided graphical support.

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The EU uses long-term budgets, currently covering seven years, known as multiannual financial frameworks (MFFs). This audit focused on the flexibility tools that allow the EU budget to finance additional expenditure in the 2021-2027 MFF. We assessed whether these tools were well designed, and their use justified to avoid running them down excessively during the initial years of the MFF. We found that, despite intensive use, budget flexibility has allowed the EU to respond to a broad range of needs. However, the flexibility framework is too complex, with multiple, sometimes overlapping tools which lack clear prioritisation. We recommend that the Commission better support decision-making for the future design of the flexibility framework, propose its simplification, and improve procedures for examining the alternatives before proposing the use of flexibility tools.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.

EUROPEAN COURT OF AUDITORS

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