



## Press Release

Luxembourg, 10 July 2018

### New EU Budget: increased flexibility welcomed but greater emphasis on value added still needed, say Auditors

The European Commission's proposed EU Budget for the period from 2021 to 2027 still needs a greater emphasis on value added, according to a new Briefing Paper from the European Court of Auditors. The auditors welcome the increased flexibility of the Multiannual Financial Framework (MFF) to deal with unforeseen events. However, they warn that changes in priorities among spending areas are not clearly explained in the proposal or supported by the published results of the Commission's assessment of EU spending programmes' value added.

*"EU value added was identified as one of the guiding principles for the Commission's reform of spending", said Jan Gregor, the Member of the European Court of Auditors responsible for the Briefing Paper. "But the Commission's proposals are not clearly explained or justified by the Commission's assessment of the EU value added of spending programmes."*

The Commission proposes changes to both the priorities and the structure of the Budget. Funding is reduced by €63 billion for only one heading – "Natural Resources and Environment". This includes a 15 % cut in EU funding for the Common Agricultural Policy. At the same time, the Commission proposes to raise the level of co-financing provided by Member States for rural development programmes.

Elsewhere, the Commission proposes to increase overall funding by €115 billion including €52 billion from new funds. Increases of more than 10 % are proposed for "Neighbourhood and the World" (+13 %), "Single Market Innovation and Digital" – the heading which covers research spending (+43 %) – and "Migration and Border Management" together with "Security and Defence" (+359 %).

The auditors also draw attention to issues with the timing of the proposed budget. The strategic frameworks and objectives for EU action are overlapping and unsynchronised, they say. The Europe 2020 strategy will end before the start of the new MFF period, and no new set of strategic EU goals has yet been decided. In effect, the long-term EU Budget proposal has become

*The purpose of this press release is to give the main messages of the briefing paper by the European Court of Auditors. The full paper is on [www.eca.europa.eu](http://www.eca.europa.eu).*

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a vehicle for shaping the EU's political objectives after 2020 rather than simply reflecting them. This is not the customary or logical sequence of events, say the auditors.

The Commission aims to have the legislation adopted by spring 2019. This is welcome as it would help the Commission and Member States to launch new programmes without delays.

The auditors welcome the significant increase in the budget's flexibility to deal with unforeseen events, but they also identify a number of challenges to be faced before the start of the new MFF:

- a comprehensive financial plan needs to be developed to accompany the proposal for the 2021-2027 MFF;
- the debate on the MFF proposal has begun before the EU has clearly stated its strategic objectives for the period after 2020;
- EU spending programmes will need strong and mutually consistent performance frameworks aligned with the EU's strategic objectives and the 2021-2027 MFF;
- the Commission's proposed new and revised funding schemes will need to ensure a consistently high level of public accountability and transparency;
- the European Court of Auditors should be mandated to audit all EU bodies, including the European Defence Agency and the proposed European Monetary Fund, and invited to audit all bodies created outside the EU legal order to implement EU policies.

#### **Note to Editors**

The auditors calculate that, in current prices, the Commission's proposed MFF for 2021-2027 represents an 18 % increase on 2014-2020 –from €1.08 trillion to €1.28 trillion. However, allowance needs to be made for inflation, the impact of Brexit (reduced contributions from and payments to the United Kingdom) and the inclusion of the European Development Fund in the EU Budget. On this basis, say the auditors, the real increase is 5 % – from €1.08 trillion to €1.13 trillion. However, as a proportion of Gross National Income, the Commission estimates that it represents a decrease from 1.16 % to 1.11 %.

A Briefing Paper is not an audit report, but a review based on publicly available information and the auditors' work in the policy area.

The ECA's briefing paper "The Commission's proposal for the 2021-2027 Multiannual Financial Framework" is available on the ECA website ([eca.europa.eu](http://eca.europa.eu)) in English.