European Council

Brussels, 1 February 2024

The European Council paid homage to former Commission President Jacques Delors, who passed away on 27 December 2023. He was a driving force behind the European project, and played a key role in building the European Union as we know it today.

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MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027

The European Council reached agreement on the revision of the Multiannual Financial Framework (MFF) 2021-2027 as outlined herewith. All figures, unless otherwise specified, are in current prices.

Support for Ukraine

1. The European Council underlines the need to ensure, together with partners, stable, predictable and sustainable financial support for Ukraine for the period 2024-2027. To contribute to the recovery, reconstruction and modernisation of the country, foster social cohesion and progressive integration into the Union, with a view to possible future Union membership, a Ukraine Facility for the period 2024-2027 will be set up.

2. For the period 2024-2027, the sum of the overall resources made available from the Facility will not exceed EUR 50 billion, of which:

   i) EUR 33 billion in the form of loans guaranteed by extending until 2027 the existing Union budget guarantee, over and above the ceilings, for financial assistance to Ukraine available until the end of 2027.

   ii) EUR 17 billion in the form of non-repayable support, under a new thematic instrument the Ukraine Reserve, set up over and above the ceilings of the MFF 2021-27. Potential revenues could be generated under the relevant Union legal acts, concerning the use of extraordinary revenues held by private entities stemming directly from the immobilised Central Bank of Russia assets.

3. In order to optimise the use of the available amounts, unused commitment and payment appropriations under this instrument will be automatically carried over to the following year. The portion of the annual amount stemming from the previous year will be drawn on first.

4. The European Council stresses the need to foster Ukraine's ownership of its recovery and reconstruction efforts by means of a Plan to be prepared by the Ukrainian Government that will set out the reform and investment agenda of Ukraine on its path towards EU accession. The widest possible participation in the overall Ukraine recovery and reconstruction effort from donors outside the European Union will be strongly encouraged even before the adoption of the Plan.

5. A precondition for the support for Ukraine under the Facility shall be that Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities. In implementing the Facility, the Commission and Ukraine shall take all the appropriate measures to protect the financial interests of the Union, in particular regarding the prevention, detection and correction of fraud, corruption, conflicts of interests and irregularities.

6. The Council will play a key role in the governance of the Ukraine Facility. In this sense, a Council Implementing Decision shall be adopted by qualified majority for the adoption and amendments of the Ukraine Plan and for the approval and the suspension of payments based on the relevant assessments and proposals by the Commission.

7. On the basis of the Commission annual report on the implementation of the Ukraine Facility, the European Council will hold a debate each year on the implementation of the Facility with a view to providing guidance. If needed, in two years the European Council will invite the Commission to make a proposal for review in the context of the new MFF.

Headings 4 and 6 - Migration and the External dimension

8. Migration is a European challenge that requires a European response.

9. In order to provide for sufficient funding to support Member States in managing urgent challenges and needs related to migration and border management in frontline Member States, as well as in those affected by the wars in Ukraine and the Middle East, and for the implementation of the New Pact on Migration and Asylum once adopted, including new border procedures, Heading 4 will be reinforced by EUR 2 billion.

10. The European Council recalls the potential use of cohesion policy funds for addressing the migration challenges and needs. To that end, it invites the Commission to assist Member States to exploit this possibility.

11. In order to allow the Union to provide the necessary support in a context of extraordinary geopolitical tension, the priorities of Heading 6 will be reinforced by EUR 7,6 billion. This will help to maintain effective migration cooperation with third countries, including the support for Syrian refugees in Türkiye and the broader region, as well as the continuation of actions previously undertaken through the EU Trust Fund for Africa. It will also help to support the Western Balkans, the Southern neighbourhood and Africa, including partnerships and funding for the migration routes. Sufficient funding for the NDICI-cushion should be ensured.

Strategic Technologies For Europe Platform (STEP)

12. The European Union needs to ensure its sovereignty and competitiveness in strategic sectors by strengthening its resilience and productivity, mobilising financing, reducing its strategic dependencies, investing in the skills of the future and making its economic, industrial and technological base fit for the green and digital transitions, safeguarding cohesion and the level playing field in the Single Market. The European Council welcomes the leveraging of existing EU funding instruments to quickly deploy financial support for investments in critical technologies.

    For this purpose, the use of available funding will be facilitated and synergies among funding instruments be created to scale up the support for critical technologies. To that end, for STEP priorities under the 2021-2027 programming period, a 100 % co-financing rate and a 30 % pre-financing will apply.

13. In order to boost the defence investment capacity, additional EUR 1,5 billion will be allocated to the European Defence Fund (EDF) in Heading 5.

14. Finally, to ease the administrative pressure on the Member States to enable them to reprogramme towards STEP objectives and ensure an orderly closure of the programmes, the deadline for the submission of the final application for an interim payment and related documents in the 2014-2020 programming period should be extended by 12 months and a co-financing rate of 100 % will be applied to the expenditure declared in the final accounting year.

Next Generation-EU interest payments

15. In order to fulfil the legal obligation of the Union to meet in time and in full the NGEU interest payments, with a view to supplementing, if need be, the current provisions in Heading 2b), the following cascade mechanism will ensure that the necessary amounts are available for paying the costs of the interest and coupon payments due.

16. Step 1: the existing EURI budget line in Heading 2b) in the yearly budget will be used in full.

Step 2: if the NGEU interest payments cost cannot be met from the existing EURI budget line in Heading 2b), financing will be sought, in the framework of the annual budgetary procedure, to cover a substantial part of the necessary amounts, as far as possible, with a view to mobilising an amount equivalent to about 50 % of the NGEU interest payments cost overruns as a benchmark. To that effect, it will draw from room created by budgetary implementation of the programmes and reprioritisation, as well as non-thematic special instruments (the Flexibility Instrument and the Single Margin Instrument), in accordance with the applicable sectoral rules and other legal obligations, taking into account priorities and prudent budgeting. National envelopes of Member States which have been legally committed, in particular those under CAP and cohesion policy, will not be affected by the redeployments and reprioritisation referred to in this paragraph.

Step 3: a new instrument will be introduced over and above the MFF ceilings. This instrument will be exceptional and limited to address the situation where the borrowing operations for NGEU are still ongoing in evolving market circumstances.

This instrument will only be mobilised if further financing is needed after steps 1 and 2. Each year an amount up to the equivalent to the amount of decommitments from the previous years from Union programmes, which are not carried over under other specific applicable legislation, will be mobilised by this instrument first. Decommitments of appropriations corresponding to external assigned revenue will not be taken into account for the mobilisation of the instrument.

In the unexpected situation where an overrun is still outstanding, the Commission will propose to mobilise additional appropriations through the instrument as a backstop.

17. In the context of the annual budgetary procedure, the Council will, before adopting its position on the annual budget, assess whether the financing solution for the NGEU interest payments costs according to steps 1 to 3, and, if applicable, the mobilisation of the backstop, is appropriate.

If the Council considers that the mobilisation of the backstop is not appropriate, it will invite the Commission to reassess its proposal with the objective of increasing the amount mobilised in the annual budgetary procedure. The Council will pay particular attention to the level of decommitments mobilised in step 3 in case this level would reach EUR 5 billion in a year or above EUR 15 billion cumulatively over the years 2025-27.

18. If, exceptionally, one or more Member States consider that there are serious concerns with the mobilisation of the backstop, they may request the President of the European Council to refer the matter to the next European Council.

19. The new instrument is exceptional and limited to the duration of the current MFF. It is without prejudice to the next MFF.

20. The European Council recalls the commitment under the Treaties to ensure that the financial means are made available to allow the Union to fulfil its legal obligations in respect of third parties.

21. The ceiling for the global amount of the Flexibility Instrument will be increased by EUR 2 billion.

Special Instruments

Solidarity and Emergency Aid Reserve

22. The maximum amount of the Solidarity and Emergency Aid Reserve (SEAR) will be increased by EUR 1,5 billion.

23. In the light of the natural disasters which happened in the European territory and natural disasters and humanitarian crises in third countries and in order to avoid the existence of competing priorities, the existing Solidarity and Emergency Aid Reserve (SEAR) should be split into two separate instruments as follows:

i) the European Solidarity Reserve will have an amount of EUR 800 million per year increased by EUR 216 million per year (in 2018 prices) for assistance to respond to emergency situations covered by the European Union Solidarity Fund;

ii) the Emergency Aid Reserve will have an amount of EUR 400 million per year increased by EUR 108 million per year (in 2018 prices) for rapid responses to specific emergency needs within the Union or in third countries.

24. The annual amounts not used for the European Solidarity Reserve and for the Emergency Aid Reserve set to lapse according to the rules in force, will be made available for use in the Flexibility Instrument in the following year.

New Own Resources

25. As agreed in 2020, the Union will continue to work towards the introduction of New Own Resources. The proceeds of the New Own Resources introduced after 2023 will be used for the early repayment of NGEU borrowing.

Impact on payments

26. To provide for an adequate level of payment appropriations to match the increased level of commitment appropriations, the overall capping in payment appropriations of the Single Margin Instrument will be retained but adjusted by transferring the necessary cap of 2025 to allow the Union to cover the needs forecasted in 2026.

Elements that reduce the impact on national budgets

27. The European Council highlights the budgetary challenges that the Union and Member States are facing in a context of repeated crisis, geopolitical turbulences and uncertainty.

28. The priorities identified in this mid-term revision will be therefore partially financed as follows:

29. An amount of EUR 10,6 billion will be reassigned to the priorities mentioned above while not undermining any political priority within the current MFF:

    a) EUR 4,5 billion of which EUR 2,6 billion of reuse of decommitments within NDICI and IPA and EUR 1,9 billion freed up from the NDICI, as a result of the inclusion in the Ukraine Facility of the cost of financial supports to Ukraine decided in 2022, will support the new priorities funded by these programmes.

    b) EUR 2,1 billion will be redeployed from Horizon Europe for the period 2021-2027 and will be used to the benefit of the programs identified in this mid-term revision.

    c) EUR 0,6 billion will be redeployed from the Brexit Adjustment Reserve.

    d) The annual amount for the European Globalisation Adjustment Fund will be reduced to EUR 30 million (2018 prices) as of 2024, leading to overall savings of EUR 1,3 billion over the period 2021-2027, including amounts lapsed in 2021-2023.

    e) EUR 1,1 billion will be redeployed from the direct management components of CAP and Cohesion funds, without prejudice to the next MFF. Any national envelopes of Member States will not be affected.

    f) EUR 1 billion will be redeployed from the EU4Health programme.

Summary

30. The European Council agrees on reinforcing new priorities by EUR 64,6 billion (out of which EUR 33 billion loans and EUR 10,6 billion redeployments), as follows:

+	*EUR 50 billion for Ukraine (EUR 17 billion grants and EUR 33 billion loans)*
+	*EUR 2 billion for Migration and Border Management (Heading 4)*
+	*EUR 7,6 billion for Neighbourhood and the World (Heading 6)*
+	*EUR 1,5 billion to the European Defence Fund under the new instrument STEP (Strategic Technologies for Europe Platform)*
+	*EUR 2 billion for the Flexibility Instrument*
+	*EUR 1,5 billion for the Solidarity and Aid Reserve*

Table 1

amounts are in EUR bn

Mid-term revision by priority		
PRIORITIES		**PEC 4**
Ukraine	*Grants and provisioning*	17.0
	Loans	33.0
	Total Ukraine	**50.0**
Migration/ external challenges	**Heading 4**	
	Asylum, Migration and Integration Fund (AMIF)	0.8
	Border Management and Visa (BMVI)	1.0
	European Union Asylum Agency	0.2
	Total Heading 4	**2.0**
	Heading 6*	
	Syrian refugees (Syria, Jordan, Lebanon)	1.6
	Syrian refugees (Türkiye)	2.0
	Southern neighbourhood	2.0
	Western Balkans	2.0
	Total Heading 6	**7.6**
	Total Migration and the external dimension	**9.6**
STEP	*Innovation Fund*	
	Invest EU	
	European Innovation Council under Horizon Europe	
	European Defence Fund	1.5
	Total STEP	**1.5**
NGEU financing costs - a cascade mechanism		**0.0**
Administration		
Flexibility Instrument		**2.0**
Solidarity and Emergency Aid Reserve (SEAR)		**1.5**
TOTAL GRANTS		**31.6**
TOTAL LOANS		**33.0**
TOTAL PRIORITIES		**64.6**
REDEPLOYMENTS		
	Interest payments from national budgets (MFA+)	0.0
	Redeployments within Heading 4	0.0
	Redeployments within Heading 6	4.5
	European Globalisation Adjustment Fund for displaced workers	1.3
	Redeployments from Horizon Europe	2.1
	Brexit Adjustment Reserve	0.6
	Cohesion/CAP centrally managed programmes	1.1
	Redeployments from Heading 2 - EU4Health	1.0
TOTAL REDEPLOYMENTS		**10.6**
TOTAL FRESH MONEY		**21.0**

** As referred to in paragraph 10 of document 23/23.*

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UKRAINE

31. The European Council recalls its previous conclusions and reaffirms the European Union's unwavering commitment to continue to provide strong political, financial, economic, humanitarian, military and diplomatic support to Ukraine and its people for as long as it takes.

32. The European Council reiterates the determination of the European Union and Member States to continue providing timely, predictable and sustainable military support to Ukraine, notably through the European Peace Facility and the EU Military Assistance Mission, as well as through direct bilateral assistance by Member States, in line with Ukraine's needs. It will keep the issue under review.

33. The European Council reviewed work in the Council on military support for Ukraine under the European Peace Facility and the proposed increase of its overall financial ceiling. It invites the Council to reach agreement by early March 2024 to amend Council Decision (CFSP) 2021/509 on the basis of the proposal of the High Representative for a Ukraine Assistance Fund and the proposed key modalities, taking into account suggestions by the Member States.

34. The European Council also reiterates the urgent need to accelerate the delivery of ammunition and missiles, notably in view of the commitment to provide Ukraine with one million rounds of artillery ammunition. It welcomes progress achieved and calls on Member States to explore all options to meet Ukraine's needs and accelerate efforts to that end, including continued stock donations, redirection of existing orders and the placing of the necessary new orders, which will contribute to increasing European industry's production capacity.

35. Military support and security commitments will be provided in full respect of the security and defence policy of certain Member States and taking into account the security and defence interests of all Member States.

36. The European Council will revert to the matter of security and defence, including Europe's need to increase its overall defence readiness and further strengthen its defence technological and industrial base, at its next meeting in March 2024, with a view to agreeing on further steps to make the European defence industry more resilient, innovative and competitive.

37. The European Council welcomes the agreement reached on the Council Decision and Council Regulation concerning extraordinary revenues held by private entities stemming directly from Russia's immobilised assets to support Ukraine.

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39. The European Council recalls its December 2020 conclusions on the application of the conditionality mechanism.