



European
Commission

Long-term forecast of future inflows and outflows of the EU Budget 2025-2029

#EUBUDGET

2023 INTEGRATED FINANCIAL AND
ACCOUNTABILITY REPORTING

Budget

The European Commission is not liable for any consequence stemming from the reuse of this publication.

Luxembourg: Publications Office of the European Union, 2024

© European Union, 2024



The reuse policy of European Commission documents is implemented based on Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Except otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC-BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

All photos © European Union, unless otherwise stated.

Print	ISBN 978-92-68-14534-0	doi:10.2761/066644	KV-02-24-430-EN-C
PDF	ISBN 978-92-68-14533-3	doi:10.2761/230406	KV-02-24-430-EN-N



Brussels, 26.6.2024
COM(2024) 276 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

Long-term forecast of future inflows and outflows of the EU budget (2025-2029)

{SWD(2024) 163 final}

Table of Contents

1. INTRODUCTION	1
2. FORECAST OF OUTFLOWS OF THE EU BUDGET 2025-2029	2
2.1. Payments in relation to the commitments of the 2021-2027 MFF	3
2.2. Payments for the completion of outstanding commitments	5
2.3. Decommitments	6
2.4. NextGenerationEU	7
2.5. Evolution of the level of outstanding commitments	8
3. FORECAST OF INFLOWS OF THE EU BUDGET 2025-2029	9
4. CONCLUSIONS	11
ANNEX II – RESULTS OF THE FORECAST	13
Table 1.1 – Long-term forecast of future outflows over 2025-2029 for the MFF	13
Table 1.2 – Payments in relation to the commitments of the 2021-2027 MFF	14
Table 1.3 – Payments for the completion of pre-2021 commitments	15
Table 2 – Forecast decommitments 2025-2027	16
Table 3 – Long-term forecast of outflows for NextGenerationEU	16
Table 4 – Change in the total outstanding commitments from 2025 to 2027	17
Table 5 – Long-term forecast of future inflows of the EU budget over 2025-2029	18

1. Introduction

This report projects the inflows and outflows of the EU budget for the next five years in accordance with Article 247(1)(c) of the Financial Regulationⁱ. This fourthⁱⁱ edition forecasts the revenue and expenditure stemming from the Multiannual Financial Framework (MFF) 2021-2027ⁱⁱⁱ and NextGenerationEU^{iv} over the period 2025-2029^v. For 2028-2029, the forecast only includes expenditures related to the MFF 2021-2027 as the next MFF has not yet been established.

Payments from the EU budget follow commitments. The estimates for payments presented in this report are based on the revised expenditure ceilings (technical adjustment of the MFF for 2025)^{vi} and the commitment appropriations included in the financial programming accompanying the draft budget for 2025^{vii}, which incorporates the programme-specific adjustments under Article 5 of the MFF Regulation^{viii} (MFFR)^x as well as re-use of decommitments under Article 15(3)^x of the Financial Regulation.

The impact of the MFF mid-term revision is included. The agreement recognised the importance of the priorities set out by the Commission in its proposal, which led to a net reinforcement of the expenditure ceiling for commitments of EUR 3.4 billion (in current prices)^{xi}, together with changes to the overall allocations under Article 5 MFFR and Article 15(3) of the Financial Regulation^{xii} as well as reinforcements to special instruments over and above the expenditure ceilings.

Furthermore, two additional special instruments^{xiii} have been established: the Ukraine Reserve, outside the expenditure ceilings, with non-repayable support up to EUR 17 billion, complemented by a budgetary cover for loans for up to EUR 33 billion; and the EURI Instrument, over and above the ceilings of the MFF, which will provide a sustainable solution for the financing of the NextGenerationEU financing costs. Under the third step of the EURI Instrument, an amount equivalent to decommitments of appropriations, other than external assigned revenue, made since the beginning of the current MFF should be drawn on first. Amounts of decommitments made available again in accordance with existing relevant provisions should not be taken into account.

In addition, the Strategic Technologies for Europe Platform (STEP) Regulation^{xiv} provides several flexibilities for priorities dedicated to STEP in the cohesion programmes. The STEP priorities can benefit from 100% EU co-financing and additional pre-financing, which will help speed up project implementation in the current programming period. Following the adoption of the STEP Regulation, an exceptional one-off pre-financing amounting to 30% of the overall JTF allocation (EUR 5.9 billion) was paid to the Member States in March 2024. Furthermore, the deadline for the submission of the final application for an interim payment for the final accounting year of the 2014-2020 period has been extended until 31 July 2025. Amounts from resources other than REACT-EU reimbursed by the Commission as interim payments in 2025 to the 2014-2020 programmes shall not exceed 1 % of the total financial appropriations to the programme concerned by Fund, REACT-EU resources excluded.

Furthermore, the mid-term revision included an increase in the maximum amount for the annual adjustment carried out in the framework of the Single Margin Instrument and referred to in Article 11(3) MFFR for the year 2026 by the amount equivalent to the unused portion of the maximum amount for year 2025.

As regards revenue, the forecast is based on the revenue system of the Own Resources Decision^{xv}. The revenue projections also consider the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community^{xvi} ('Withdrawal Agreement').

Together with the MFF estimates, this forecast projects payments on all programmes under NextGenerationEU. This expenditure, additional to the spending under the MFF, is financed by revenue proceeds from borrowing operations on the capital markets.

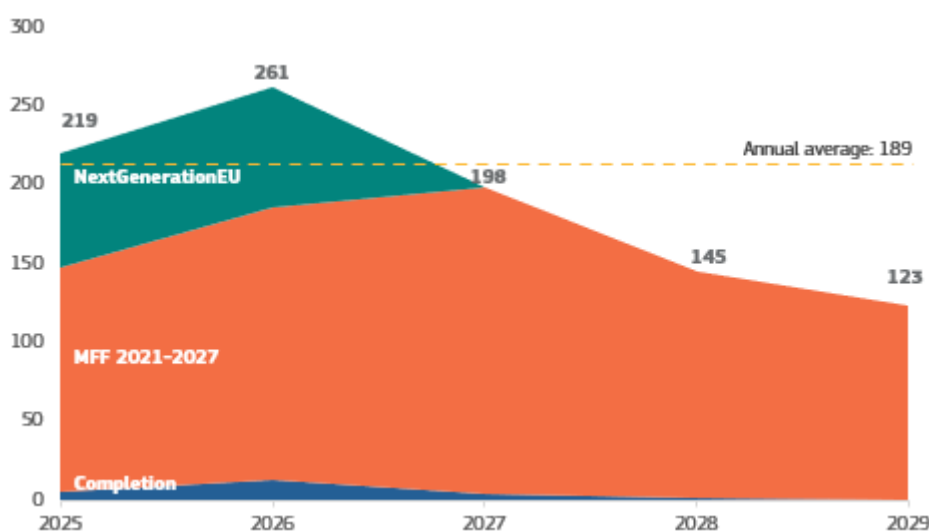
This forecast estimates the outstanding payments resulting from commitments made in programmes from the MFF 2021-2027 and earlier, while payments related to post-2027 MFF programmes are outside of the scope of this forecast.

2. Forecast of outflows of the EU budget 2025-2029

Over the period 2025-2029, payments are estimated at EUR 947 billion, including EUR 799 billion under the MFF payment ceiling and EUR 148 billion from NextGenerationEU non-repayable support^{xvii}.

The forecast includes the future programme-specific adjustments based on Article 5 of the MFF Regulation and the re-use of decommitments under Article 15(3) of the Financial Regulation for the years 2026-2027. The programme-specific adjustments are expected to result in an automatic upward adjustment of the MFF ceilings for commitments and payments of EUR 11.6 billion^{xviii} in the period 2022-2027. The exact annual adjustment will depend on the revenue from competition fines in the previous year for an overall amount of EUR 10 155 million (in 2018 prices) by 2027. It also includes estimated payments under the Ukraine Reserve in 2025.

Chart 1 - Payments forecast by category



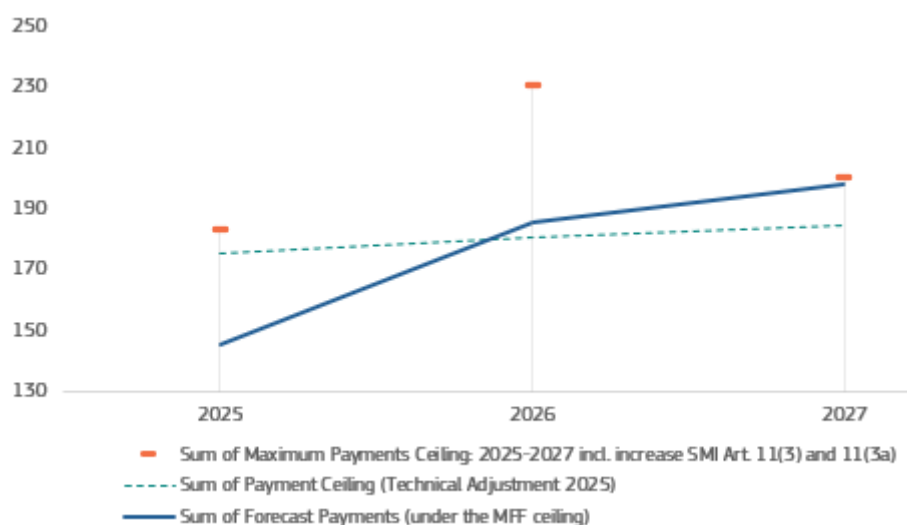
Payments from the EU budget are not uniformly distributed across the period 2025-2029. The forecast depends on the evolution of: 1) the payments from spending programmes financed by the MFF 2021-2027 (82% of the total payments), 2) the disbursements from NextGenerationEU (16% of the payments), and 3) the payments stemming from outstanding commitments of the MFF 2014-2020 and earlier (2% of the payments). The estimated annual average of the outflows of the EU budget is EUR 189 billion, with EUR 74 billion on average for 2025-26 financed by borrowing on the capital markets for NextGenerationEU programmes. The forecast for 2028-29 corresponds to the outstanding payments resulting from commitments made in programmes from the MFF 2021-2027 and earlier, while payments related to post-2027 MFF programmes are outside of the scope of this forecast.

Overall payments are expected to increase in 2025 and 2026 compared to 2024. The projections for the payments from MFF 2021-2027 show a gradual increase in years 2025-2026 as programmes reach cruising speed. NextGenerationEU payments are expected to accelerate as well in 2025 and 2026, compared to 2024. With the finalisation of NextGenerationEU implementation in 2026, the bulk of payments in 2026-27 correspond to the 2021-2027 MFF programmes.

In relation to the expenditure under the MFF 2021-2027 and its predecessors, the average annual forecast for payments is EUR 160 billion. In 2025, EUR 153 billion are estimated, followed by increases in subsequent years, with a slight peak in 2027. Albeit currently more accentuated due to significant implementation delays, this pattern was observed in previous MFFs as well due to the progressive reduction of payments and closure of the previous programming period and the phase-in of new programmes reaching their cruising speed only from the second half of the MFF or after.

The forecast for the unallocated margin under the payment ceilings for 2025-2027 defined as the difference between the forecast payments under the MFF ceiling and the payment ceiling set in the annual technical adjustment is estimated at EUR 13 billion. The existence of positive or negative margins are the consequence of a stable payment ceiling in real terms and the variable path of the programmes under the EU budget, mainly driven by the implementation of cohesion policy. Pursuant to the automatic adjustment mechanism carried out in the framework of the Single Margin Instrument and referred to in Article 11(1)(b) MFFR, the unspent amounts in a year will increase the future annual ceilings. Therefore, the positive margins prior to 2025 increase the ceilings in 2025-2027 within the limits set by Article 11(3) MFFR. Furthermore, as per Article 11(3a) of the Multiannual Financial Framework Regulation, the unused margin from 2025 is to be transferred to 2026. Considering these adjustments as well as the future programme-specific adjustment of Article 5 MFFR (which will increase the payment ceilings by an additional EUR 5 billion), the MFF 2021-2027 payment ceiling is expected to cater for the total expected payments. Particularly as a result of the mid-term revision of the MFF, there appears to be no risk of an abnormal backlog during the remainder of the MFF at current implementation forecast.

Chart 2 - Payments forecast vs. MFF payment ceiling for the period 2025-2027



2.1. Payments in relation to the commitments of the 2021-2027 MFF

Cohesion and the Common Agricultural Policy (CAP) represent more than half of the projected payments stemming from the 2021-2027 MFF. The implementation of these two policies largely drives the estimates of the long-term payment forecast.

Heading 2a - Cohesion policy

After the approval of all the cohesion programmes by the end of 2022, the implementation of the 2021-2027 programmes started in this year with the disbursement of the pre-financing for 2021 and 2022, as well as the additional pre-financing for FAST-CARE. In 2023 and 2024, further pre-financing and interim payments are being

disbursed, though at slower pace than in the previous programming period. The budget demand of the draft budget for 2025, which is still below the central scenario proposed in the forecast of last year, shows that the implementation of cohesion policy is delayed compared to the historic benchmark of the period 2014-2020. The three cohesion funds under heading 2a (the European Regional Development Fund, the Cohesion Fund, and the European Social Fund Plus) accumulate delays compared to the historical profile and the forecasts proposed last year^{xix}. It is expected that by the end of 2025 the payments stemming from cohesion policy would be below the previous MFF (21% in the previous MFF compared to the current rate of 14%), which reflects the delayed approval of the plans, national authorities' efforts to finalise the 2014-2020 programmes, and the implementation of NextGenerationEU.

Considering the latest information on implementation, it is assumed that Member States will speed up implementation in 2026 compared to 2025 to catch up and thus reduce the risk of decommitments. It is assumed that the submission of payment claims would reach the historical profile in 2027 and the cruising speed in 2028 and 2029. This forecast also considers the impact of STEP equivalent to an uptake of 2.5%. EUR 2.7 billion (30% of the total STEP programmed amounts) in pre-financing is estimated to be paid in 2025. The forecast assumes that STEP will have an impact on ERDF, ESF+ and CF, and a full implementation of the total funding programmed for STEP in a shorter time-span of five years (from 2026 to 2030) compared to the historical profile for these funds.

This forecast assumes that Member States will use all the available possibilities to avoid decommitments, given protracted delays when compared to last year's report. The forecast projects that Member States will submit substantial payment claims by the end of the year to be processed in the following one. This submission of payment claims would reduce the risk of decommitments. The forecast payments for the 2021-2027 cohesion policy programmes under the scenario proposed in this forecast amount to EUR 278 billion for the period 2025-2029, while last year's forecast for the period 2024-2028 was estimated at EUR 220 billion. Comparing the same period, i.e. for the years 2024-2028, this year's forecast estimates payments amounting to EUR 216 billion, confirming the delay in implementation, despite the mitigating impact of STEP.

The current forecast implies substantial decommitments as of 2027, unless Member States undertake additional efforts to catch up with the implementation gap see section 2.3 on decommitments also considering the impact of STEP implementation. To avoid this risk, Member States need to implement in the next years at a much faster pace than in the period 2014-2020.

Heading 3 - Common Agricultural Policy (CAP) and Just Transition Fund

The payments forecast for the Pillar I of the CAP, market-related expenditure and direct payments, amounts to EUR 122 billion over 2025-2027, reflecting the most recent financial programming.

Following the submission and approval of all the CAP Strategic Plans, the implementation of Pillar II – the European Agricultural Fund for Rural Development (EAFRD) – under the 2023-2027 CAP started on time. The transitional provisions extending the 2014-2020 programmes up to 2022 allowed the continuation of their implementation under the n+3 rule.

The forecast of payments stemming from the MFF 2021-2027 includes the payments from the 2023-2027 CAP Plans as well as those linked to the extension of the rural development programmes to 2021 and 2022 (see point 2.2. Payments on pre-2021 commitments) that will be completed by 2026 with limited payments expected for 2027. This forecast also considers the transfers between pillars of the Common Agricultural Policy communicated by Member States^{xx}, which resulted in a net transfer of EUR 3.7 billion from Pillar I (EAGF) to Pillar II (EAFRD) for the years 2025-2027.

With the 2014-2022 rural development programmes approaching their closure and implementation of the new CAP plans running, the payments are projected to run steadily in the coming years, peaking in 2026. This is due to the

overlap of payments on outstanding commitments from the programmes 2014-2020 and the transitional period years 2021-2022, both working under N+3 decommitment rule, together with the phasing-in of the 2023-2027 CAP Plans-which follow a N+2 decommitment rule.

No payments under the MFF ceilings, except for limited amounts for administrative expenditure, are planned for the Just Transition Fund in the budget 2024 and in the draft budget 2025 as priority is given to the use of NextGenerationEU funding available until 2026. The payment of the pre-financing related to STEP under NextGenerationEU has already taken place in 2024 and additional payments are expected for 2025 also from NextGenerationEU funding. The forecast of this year proposes Member States' full use of the funding under NextGeneration EU until 2026. From 2027 Member States will then focus on the use of MFF funding.

Other programmes and headings

The payment forecast is increased compared to last year, notably in heading 1 – Single Market, Innovation and Digital and heading 5 – Security and Defence. Under heading 1, flagship programmes are catching up and expected to reach cruising speed. Under heading 5, the reinforcements stemming from the mid-term revision are expected to lead to additional payments. Catch-up is expected as of 2026-27.

The update of the European Recovery Instrument (EURI) interest line reflects the draft budget for 2025. The line caters for the increased cost of funding to finance the corresponding borrowing and lending activities. The increased cost of funding is due to the substantially higher interest rates leading to cost overruns, which will mainly depend on the profile of disbursements. Hence, the forecast of the cost overrun for 2026 and 2027 is not stable enough to be included directly in the financial programming, and is not reflected in this report.

The Ukraine Reserve is a thematic special instrument which serves to mobilise the support other than in the form of loans of the Ukraine Facility. Such non-repayable support concerns all three pillars of the Ukraine Facility and the support expenditure for a total amount of up to EUR 17 billion for the period 2024-2027. The commitment appropriations and corresponding payment appropriations from the Ukraine Reserve are mobilised annually by the European Parliament and the Council in the framework of the annual budgetary procedure, taking into consideration that the annual maximum amount for support other than in the form of loans is of EUR 5 billion. As the amounts for payments are subject to annual decisions by Parliament and Council in the context of the annual budgetary procedure, in line with the Ukraine Facility Regulation^{xxi}, and there is insufficient information about implementation pattern of this recently adopted instrument, no forecast is provided for payments.

2.2. Payments for the completion of outstanding commitments

The payments of outstanding commitments (RAL for *reste à liquider*) is forecast at EUR 24 billion for the period 2025-2029.

Heading 2a – Cohesion policy

Most payments on pre-2021 commitments relate to the cohesion policy programmes, which are close to their closure. The payment projections are based on the latest Member States' forecast (January 2024) and information on the implementation on the ground.

Following the changes proposed in STEP, the deadline for submitting the final application for an interim payment for the final accounting year was extended by 12 months to 31 July 2025. Nevertheless, limited payments are expected in 2025 and afterwards, considering the retention rate and pre-financing clearance.

Heading 3 - Common Agricultural Policy

As in the previous forecast, the completion of the 2014-2022 operational rural development programmes is expected for 2026 with very limited payments for 2027. Most of the interim payments are to be paid in 2025, and a larger amount of payments in 2026 is expected due to the EAFRD's expected payments at closure.

Other programmes and headings

Most of the outstanding payments for the rest of the budget are divided between Heading 1 – Single Market, Innovation and Digital – and Heading 6 – Neighbourhood and the World. Completion under Heading 1 is now expected earlier than in previous estimations, based on the latest information about implementation on the ground.

2.3. Decommitments

The de-commitments' forecast stemming from the programmes of the current and prior MFFs over 2025-2027 stands at EUR 8.8 billion, increasing compared to last year's forecast projections for the years 2024-2027. The increase is mostly driven by the cohesion programmes under the current MFF and the EAFRD. Most of these decommitments^{xxii} are eligible for the EURI Instrument to cover the cost overruns above the budget availabilities.

Heading 2a – Cohesion policy

The amounts at risk of de-commitments for the completion of the programmes 2014-2020 is increased compared to the previous report following the forecasts provided by Member States.

Cohesion programmes for the period 2021-2027 are forecast to face important risks from 2027 when the decommitment targets for the commitments made in 2023 apply. It is estimated that the rate of submission of payment claims will still trail behind that of 2014-2020 due to the delay in the approval of the programmes and the low uptake in the budgets 2023, 2024, and draft budget 2025. The de-commitment risk could only decrease if implementation accelerates in 2026 and 2027 beyond the scenario proposed in this forecast. However, if this acceleration does not materialise and the implementation pace remains relatively flat, the amounts at risk of decommitment would be substantially larger even after considering the expected impact of STEP on cohesion policy.

Heading 3 - Common Agricultural Policy and Just Transition Fund

The forecast for decommitments of the programmes 2014-2022 of the EAFRD increases compared with the forecasts of last year, reaching the historical profile of the period 2007-13 and these are expected at closure of the programmes in 2026. The increase in the expected amount of decommitments results from the recent implementation and the forecast from Member States. If any, decommitments for the 2023-2027 CAP Strategic Plans would be assumed at closure (i.e. in 2030), and are hence outside the scope of this report.

As for the Just Transition Fund, payments from NextGeneration EU funding were made in 2024 including exceptional STEP pre-financing, the regular annual pre-financing and limited interim payments while additional payments are planned for 2024 and 2025 further minimising the decommitment risk.

Other programmes and headings

For the programmes directly managed by the Commission, the decommitment forecast is built on the most recent project-level information. As in the previous report, the projections for the decommitments related to the MFF 2021-2027 programmes are based on the decommitment rates of the predecessor programmes. This year, the forecast includes information from the implementation profile for the MFF 2021-27 thus far. The exact year of decommitment would depend on the closure of individual projects and actions that cannot be forecast with precision.

2.4. NextGenerationEU

NextGenerationEU^{xxiii} is a temporary emergency instrument for crisis response, recovery, and resilience measures following the COVID-19 crisis. The non-repayable support component of NextGenerationEU constitutes external assigned revenue to fund reform and investment priorities – in particular through the Recovery and Resilience Facility (RRF) – and through reinforcing a number of key programmes for the recovery. To present the impact of NextGenerationEU in a transparent manner, the estimates of the expected implementation of the external assigned revenue are drawn separately for each programme (see Table 3). The forecast is established based on the annual commitment instalments provided in the financial programming accompanying the draft budget 2025.

The centrepiece of NextGenerationEU is the Recovery and Resilience Facility (RRF), which accounts for 80% of the non-repayable allocations^{xxiv}. NextGenerationEU outflows are largely determined by the pace of disbursements for the RRF. The RRF is halfway through its implementation phase, and progresses commensurate to the achievement of milestones and targets linked to reforms and investments by the Member States.

As of May 2024, all 27 Member States have updated their national Recovery and Resilience Plans (RRPs) to take the update of the RRF allocation into account. Almost all Member States have included dedicated REPowerEU Chapters to their national RRP, following the Commission's REPowerEU plan to become more energy independent and foster the energy transition towards sustainable renewable energy sources. In addition to that, REPowerEU chapters submitted by Ireland and Germany are currently under the Commission's assessment with a view to be adopted in the following months. In total, EUR 232 billion was disbursed (EUR 148 billion in non-repayable support and EUR 84 billion in the form of loans) out of around EUR 648 billion in committed RRF non-repayable and loan support for both the RRF and REPowerEU. This includes EUR 56.5 billion in pre-financing for RRF and EUR 10.5 billion in pre-financing for REPowerEU (both for repayable and non-repayable support). The present forecast is based on the disbursement planning of the individual RRP, including amendments already approved. Depending on the progress in implementation of the national RRP, RRF annual non-repayable support is expected to reach a level of EUR 65 billion in 2025, and around EUR 70 billion in 2026^{xxv}. Compared to last year's forecast, the profile for disbursements is somewhat backloaded based on the updated RRP. Based on the current Member State plans, there are no decommitments estimated in this forecast.

Member States by far and large prioritised using non-repayable support to finance investments and reforms rather than loan support. In line with Article 14(6) of the amended RRF Regulation, in total 13 Member States have requested loans and additional loan support is committed for a total of EUR 291 billion.

REACT-EU is the second largest instrument of NextGenerationEU, representing 12% of the non-repayable support and distributing additional resources in 2021 and 2022 through some of the existing cohesion policy funds (ERDF, ESF, and FEAD). REACT-EU commitments took place over 2021-2022. Member States can use funding under REACT-EU to address refugee flows following the Russian war of aggression against Ukraine. To alleviate the pressure on national budgets and allow faster and easier implementation of measures related to the integration of third country nationals, the Commission proposed increased pre-financing and simplified cost options in 2022^{xxvi}. Interim and final payments in the current forecast are concentrated over 2022-2024, in line with REACT-EU objectives to speed up

the delivery by using already existing programmes and providing full flexibility of the implementation rules. Compared to last year’s forecast, REACT-EU payments are expected to increase in 2024 in view of the extension of the deadline to submit payment requests as agreed in the STEP Regulation. Some final closure payments under both the ESF and ERDF are expected by the end of 2025.

The other five programmes supported through NextGenerationEU take up the remaining 8% of the non-repayable allocation. The forecast of payments considers the experience with predecessor programmes, taking into account the shorter cycle of commitments and the focus on immediate recovery needs. The Just Transition Fund (JTF) has been affected by the delays in the adoption of the MFF and the programme-specific legislation. All JTF programmes were adopted by end of 2022, except for the one for Bulgaria, which was adopted in 2023. The implementation phase started directly after the adoption of the programmes, with all disbursements projected over 2023-2026. For InvestEU, the forecast reflects the expected provisioning schedule of the budgetary guarantee, expenditure for the advisory hub and support expenses.

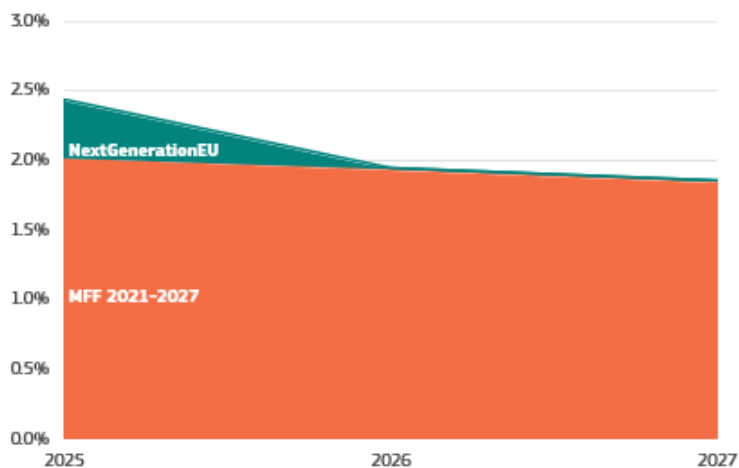
2.5. Evolution of the level of outstanding commitments

The total RAL from the 2021-2027 and previous MFFs is expected to decrease gradually over the period 2025-2027, from EUR 474 billion to EUR 365 billion. Compared to last year’s forecast (EUR 322 billion), this represents an increase of EUR 43 billion. This year, the RAL also includes the Ukraine Facility. With cohesion accounting for a large share, the implementation of this policy under the N+3 decommitment rule will determine the overall evolution in the stock of outstanding commitments, with the backload of payments towards the end of the MFF and after (see point 2.1). As for NextGenerationEU, the RAL will be progressively settled until the end of 2026 when all the payments will need to be completed, except for very small amounts linked to administrative expenditure.

The forecast for the evolution of RAL stemming from the 2021-2027 and previous MFFs (excluding NextGenerationEU) as a share of the EU-27 GNI would decline from 2.4% to 1.85% in 2027, which is explained by the increase in the RAL that it is compensated by the growth of the EU-27 GNI. The RAL reflects the state of implementation of the budget to-date, including delays in cohesion policy and agriculture, which are estimated to persist until the end of the programming period.

The projections for the post-2027 MFF are not considered. Since the MFF 2021-27 will conclude in 2027, the forecast data for 2028-29 only refers to commitments made in the period 2021-27. The rate of absorption of the RAL would be influenced by the successor MFF. Hence, the RAL forecast is only done until the end of 2027.

Chart 3 – Evolution of the level of outstanding commitments (RAL) over 2025-2027, measured in percentage of the Union’s Gross National Income



3. Forecast of inflows of the EU budget 2025-2029

The EU budget is financed by own resources and other revenue. In addition, the Union is empowered to borrow funds to finance NextGenerationEU, which are channelled into the budget through external assigned revenue. The Commission mobilises the funds through operations on international capital markets, in line with the financing needs of NextGenerationEU's spending programmes (see point 2.4). To this end, the Commission follows a diversified funding strategy^{xxvii} and, as part of this strategy, publishes annual borrowing decisions and six-monthly funding plans. The present forecast focuses on the revenue necessary to finance the budget expenditure within the MFF (excluding the non-repayable support from NextGenerationEU).

The own resources needed to finance the budget is determined by total expenditure less 'other revenue'. Accordingly, the forecast of the EU budget revenue for 2025-2029 is based on the principle that expenditure must be matched by revenue; therefore, total revenue equals total expenditure.

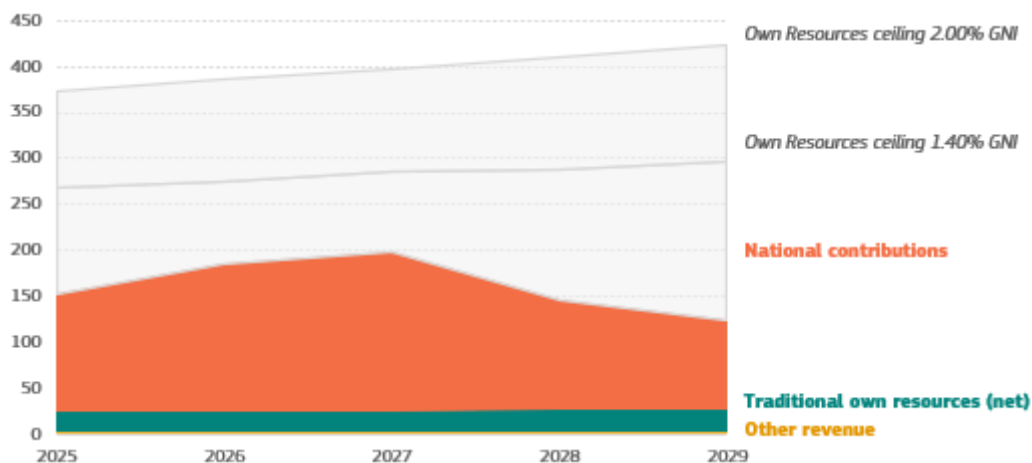
Since 2021, in line with the Withdrawal Agreement (part V), the United Kingdom contributes to the EU budget in relation to outstanding commitments of previous financial frameworks. This includes the RAL at the end of 2020, as well as pensions and other liabilities laid down in the financial settlement. The United Kingdom's contribution constitutes 'other revenue' of the EU budget and is not part of the Union's own resources. It will progressively phase-out as the outstanding commitments will be settled.

Other miscellaneous revenue not forming part of the Union's own resources are assumed to remain nominally constant at the level of the 2025 draft budget.

Own resources – national contributions and customs duties – account for most of the revenue needed to finance budget expenditure. The projections are based on the Own Resources Decision in force^{xxviii}. They do not consider the Commission's proposals on new own resources of 20 June 2023^{xxix}. Mainly the spending cycle determines the development of national contributions over the forecast period. After the slow start of important spending programmes, increasing expenditure due to accelerated programme implementation will lead to increasing national contributions in 2025-2027. On average for the period 2025-2027, national contributions are projected at EUR 153 billion per year or 0.80% of the EU's Gross National Income.

For 2028 and 2029, the forecast is limited to expenditure resulting from the current MFF and does not include expenditure for the next MFF. Therefore, the corresponding forecast of revenue needs, in particular the GNI-based own resource, is incomplete.

Chart 4 - Revenue forecast for financing the MFF 2025-2029



In any given year, the total own resources collected by the Union may not exceed the own resources ceiling set in the Own Resources Decision of 1.4% of Gross National Income of the EU Member States, with an additional temporary increase of 0.6% of EU GNI for covering all liabilities of the Union from the borrowing on the capital markets to fund NextGenerationEU. While own resources are projected to grow in 2026 and 2027, the available margin under the own resources ceiling (so-called headroom) is expected to decline as payments and revenues are expected to increase in 2025 and 2026 compared to 2024, while the Union's Gross National Income is expected to only increase gradually over the same years^{xxx}. The margin under the permanent ceiling is set to decline from around EUR 115 billion in 2025 to around EUR 88 billion in 2027; the margin under the temporary ceiling for NextGenerationEU is increasing from EUR 105.4 billion to EUR 113.3 billion, based on the amounts programmed for NGEU borrowing costs. The uncertainties surrounding this forecast remain large, as the actual amounts depend on both the pace of NGEU disbursements and related borrowing operations, as well as interest rate developments.

4. Conclusions

The present forecast is drawn up in a context of high uncertainty. The initiatives put forward to support Member States, third countries and specific sectors accelerated payments for the outstanding and new programmes. Following the historic mid-term revision, the MFF and external financing instruments are making more funding available for Ukraine and the neighbouring partner countries as well as for migration and competitiveness.

The delayed implementation of 2021-2027 cohesion policy programmes increases the risks of decommitments. The national authorities' focus on finalising programmes from the previous MFF and NextGenerationEU, given their shorter timeframes, could have also contributed to the accumulation of delays, together with the late adoption of the relevant legal basic acts. To avoid the materialisation of these decommitments, Member States need to accelerate the implementation in 2026 and 2027 to avoid the loss of funds due to decommitment rules. For the completion of the programmes 2014-2020 of cohesion funds and 2014-2022 of EAFRD, the amounts at risk of decommitment increased compared to the previous forecast following the analysis of the implementation and the latest Member States' forecast.

The MFF payment ceiling remains sufficient to cover the projected payments until the end of the MFF. Payments are expected to run well below the MFF payment ceiling in 2024 and 2025, allowing to transfer unused amounts within certain limits towards the end of the period when credit needs will be higher. In particular, the amended Article 11(3a) MFFR will allow the transfer of the 2025 margin to 2026. Overall, the net margin over 2025-2027 including programme-specific adjustments is estimated at EUR 17.6 billion. Hence, there is space for increased acceleration

under the payment ceilings. If the acceleration does not materialise, substantial amounts of margins risk remaining unused at the end of the period.

NextGenerationEU's targeting investments and reforms continues supporting the EU economy and the transition to clean, green energy. For the years ahead, Member States will need to implement NextGenerationEU funds respecting the deadline for disbursements in 2026 and at the same time accelerate the implementation of cohesion funds to reduce decommitment risks.

While the RAL nominally increases at the end of the MFF compared to last year, when measured as a share of the EU Gross National Income the RAL is reduced, which shows that the nominal growth of the EU economy outweighs the accumulation of outstanding commitments from the EU budget. NextGenerationEU produces a temporary effect on the level of the EU outstanding commitments. As previously reported, the level of outstanding commitments has peaked at the end of 2023, with an overall value of EUR 543 billion, mainly driven by the impact of NextGenerationEU. This effect is shown to gradually decrease and return to levels comparable with the start of the MFF period by the end of 2027. Nevertheless, it reflects the state of implementation of the budget to-date, including delays in cohesion policy and agriculture, which are estimated to persist until the end of the programming period.

The own resources necessary to finance the budget alongside other revenue will follow the MFF expenditure cycle. Yet, the size of the available margin under the own resources ceiling will remain relatively stable as the increasing revenue needs match the projected nominal growth of the EU economy.

Annex II – Results of the forecast

All values are in billions of EUR, current prices, unless otherwise specified. Some totals may not tally due to rounding.

Table 1.1 – Long-term forecast of future outflows over 2025-2029 for the MFF

Year	2025	2026	2027	2028	2029	Total
Commitment Ceiling	190.5	180.5	186.2			557.2
Payment Ceiling	175.4	180.6	184.2			540.2
<i>In addition, adjustment for MFFR Article 5 (estimate for future years)</i>		1.8	3.2			4.9
Commitments (programmed)*	199.8	188.5	195.3			583.7
Forecast Payments**	152.7	185.6	197.7	144.7	123.3	804.1
<i>Of which Special Instruments***</i>	8.3	0.2	0.0			8.5

* In line with the draft budget for 2025, including the Ukraine Reserve allocation and appropriations stemming from Article 5 of the MFF Regulation and Article 15(3) of the Financial Regulation and Article 15(3) of the Financial Regulation. Unallocated margins are not included.

** Includes the estimated level of payments for the Ukraine Reserve in 2025 only.

*** The amounts for special instruments cover the Solidarity and Emergency Aid Reserve, the European Globalisation Adjustment Fund, the Brexit Adjustment Reserve, the Ukraine Reserve, the EURI Instrument, and the Flexibility Instrument. In the subsequent tables, the payments related to the mobilisations of the Flexibility Instrument and the EURI Instrument are included within the respective headings.

Table 1.2 – Payments in relation to the commitments of the 2021-2027 MFF

MFF Heading	2025	2026	2027	2028	2029	Total
1 Single Market, Innovation and Digital	17.7	23.7	23.3	22.4	16.9	104.0
2 Cohesion, Resilience and Values	40.9	56.8	70.9	79.4	74.6	322.6
2.1 Economic, Social and territorial cohesion	29.6	45.9	58.2	71.8	72.2	277.8
2.2 Resilience and Values	11.3	10.9	12.6	7.6	2.4	44.8
3 Natural Resources and Environment	52.5	55.7	59.5	17.5	14.5	199.7
3.1 Market related expenditure and direct payments	40.6	40.5	40.5			121.7
3.2 Other programmes of Natural Resources and Environment	11.9	15.1	19.0	17.5	14.5	78.1
4 Migration and Border Management	3.0	3.5	4.0	4.3	3.5	18.2
5 Security and Defence	2.0	2.7	2.5	2.5	1.8	11.5
6 Neighbourhood and the World	12.7	17.6	19.8	17.3	11.6	79.0
7 European Public Administration	12.6	13.1	13.5			39.3
Special Instruments	5.6					5.6
Total	146.9	173.2	193.4	143.4	122.9	779.9

Table 1.3 – Payments for the completion of pre-2021 commitments

MFF Heading	2025	2026	2027	2028	2029	Total
1 Single Market, Innovation and Digital	2.7	2.2	1.2	0.6	0.2	7.0
2 Cohesion, Resilience and Values	0.7	1.7	0.7	0.0		3.1
2.1 Economic, Social and territorial cohesion	0.7	1.7	0.7			3.0
2.2 Resilience and Values	0.0	0.0	0.0	0.0		0.1
3 Natural Resources and Environment	0.2	6.0	0.3	0.1	0.1	6.7
3.1 Market related expenditure and direct payments						
3.2 Other programmes of Natural Resources and Environment	0.2	6.0	0.3	0.1	0.1	6.7
4 Migration and Border Management	0.3	0.2	0.1			0.5
5 Security and Defence	0.2	0.1	0.1	0.0		0.4
6 Neighbourhood and the World	1.7	2.1	2.0	0.6	0.1	6.5
Total	5.7	12.4	4.4	1.3	0.4	24.3

Table 2 – Forecast decommitments 2025-2027

MFF Heading	Completion	MFF	Total
1 Single Market, Innovation and Digital	0.5	0.7	1.1
2 Cohesion, Resilience and Values	1.2	3.1	4.3
2.1 Economic, Social and territorial cohesion	1.0	2.7	3.7
2.2 Resilience and Values	0.2	0.4	0.5
3 Natural Resources and Environment	2.7	0.1	2.7
3.2 Other programmes of Natural Resources and Environment	2.7	0.1	2.7
4 Migration and Border Management	0.3	0.1	0.4
5 Security and Defence		0.0	0.0
6 Neighbourhood and the World	0.1	0.1	0.2
Total	4.7	4.1	8.8

Table 3 – Long-term forecast of outflows for NextGenerationEU

Programme	2025	2026	2027	Total
Horizon Europe	0.7	0.2	0.0	0.9
InvestEU	1.0	1.2	0.0	2.2
European Regional Development Fund (ERDF)	2.0	0.0	0.0	2.0
European Social Fund (ESF)	0.4	0.0	0.0	0.4
European Recovery and Resilience Facility	64.9	70.1	0.0	135.0
Union Civil Protection Mechanism (RescEU)	0.2	0.5	0.0	0.7
European Agricultural Fund for Rural Development (EAFRD)	1.8	1.3	0.0	3.1
Just Transition Fund	1.3	2.6	0.0	3.9
Total	72.4	75.8	0.0	148.1

Table 4 – Change in the total outstanding commitments from 2025 to 2027

Source	RAL start-2025 (estimate)*	Commitments 2025-2027	Payments 2025-2027	Decommitments 2025-2027	RAL end- 2027
MFF	325.8	583.3	535.6	8.8	364.7
NGEU	148.0	0.1	148.1		
Total	473.9	583.4	683.8	8.8	364.7

* The RAL at the start of 2025 includes EUR 19.7 billion generated from external assigned revenues (excluding NextGenerationEU), which is not included in the table.

* Internal assigned revenues are not counted.

Table 5 – Long-term forecast of future inflows of the EU budget over 2025-2029

INFLOWS		2025	2026	2027	2028	2029	Total
Own Resources ceiling in % of EU Gross National Income		2,00%	2,00%	2,00%			n/a
of which temporary increase for NGEU		0,60%	0,60%	0,60%			n/a
Own Resources ceiling expressed in EUR billion*	a	368,5	381,4	394,2			n/a
of which temporary increase for NGEU	a'	110,5	114,4	118,3			n/a
Net amount of traditional own resources**	b	21,1	21,8	22,6	23,4	24,1	113,0
National contributions	c	127,3	159,8	171,4	118,2	96,4	673,0
of which VAT-based own resource	c'	24,4	25,2	26,1	26,9	27,8	130,4
Plastic-based own resource		7,1	7,1	7,1	7,0	7,0	35,3
GNI-based own resource***		95,8	127,4	138,2	84,2	61,6	507,2
Total own resources	d= b+c	148,4	181,6	194,0	141,5	120,5	786,0
of which own resources to finance NGEU liabilities****	d'	5,2	3,8	5,0			13,9
Other revenue (incl. provisional UK contribution)	e	4,3	4,0	3,8	3,2	2,9	18,1
TOTAL REVENUE	d+ e	152,7	185,6	197,7	144,7	123,3	804,1
Available margin under the Own Resources ceiling	a-d	220,1	199,8	200,2			n/a
of which margin under the temporary increase for NGEU	a'- d'	105,4	110,7	113,3			n/a

* Own Resources ceiling – calculated based on the Spring 2024 economic forecast for the Gross National Income of the EU27

** Traditional own resources are estimated on the basis of 25% retention rate for collection costs.

*** The amounts for the GNI-based own resource for 2028 and 2029 are underestimated as the forecast does not include expenditure for the next MFF. The additional expenditure for the next MFF would need to be covered by additional GNI-based contributions to ensure a balanced budget.

**** For 2026 and 2027 based on current financial programming.

ⁱ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p. 1.

ⁱⁱ COM(2021)343, 30.6.2021. This is the first edition of this report for the 2021-27 MFF period.

ⁱⁱⁱ Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L 433I, 22.12.2020, p. 11.

^{iv} Council Regulation (EU) 2020/2094 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis, OJ L 433I, 22.12.2020, p. 23 ('NextGenerationEU').

^v Unless otherwise specified, all amounts in the report are expressed in current prices.

^{vi} Communication from the Commission to the European Parliament and the Council, Technical adjustment of the multiannual financial framework for 2025 in accordance with Article 4 of Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027. COM(2024) 120 final

^{vii} Statement of estimates of the European Commission for the financial year 2025. SEC(2024) 250.

^{viii} Council Regulation (EU, Euratom) 2024/765 of 29 February 2024 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L, 2024/765, 29.02.2024.

^{ix} Article 5 of the MFF Regulation provides for the additional allocation in commitment and payment appropriations for a pre-defined list of programmes, for an amount equivalent to certain types of fines.

^x Article 15(3) of the Financial Regulation provides that commitment appropriations corresponding to the amount of de-commitments made in relation to research projects may be made available again.

^{xi} The impact of the mid-term revision is detailed in the draft budget for 2025.

^{xii} Joint declaration by the European Parliament, the Council and the Commission on the re-use of decommitted funds in relation to the research programme (C/2024/1972), OJ C, C/2024/1972, 29.02.2024.

^{xiii} Additional information about these instruments is available in the draft budget for 2025 and in the technical adjustment of the MFF for 2025.

^{xiv} Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP), and amending Directive 2003/87/EC and Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241, OJ L, 2024/795, 29.02.2024.

^{xv} Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom, OJ L 424, 15.12.2020, p. 1.

^{xvi} OJ C66 I, 19.2.2019, p.1.

^{xvii} The amount is complemented by EUR 20 billion REPowerEU grants financed under the Emissions Trading Scheme (ETS) and EUR 2.1 billion in transfers from the Brexit Adjustment Reserve (BAR).

^{xviii} The amount includes the reduction of EUR 1 billion included in the revised MFFR following the mid-term revision of the MFF.

^{xix} Report from the Commission to the European Parliament and the Council, Long-term forecast of future inflows and outflows of the EU budget (2024-2028). COM(2023) 390 final.

^{xx} Member States decided to transfer funds between direct payments and rural development. The result was set out in Commission Delegated Regulation 2023/813 of 8 February 2023.

^{xxi} Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility, OJ L, 2024/792, 29.2.2024.

^{xxii} Except for those re-used for the programmes of origin, as per applicable legislation (e.g. Horizon, NDICI). Potential decommitments stemming from programmes with automatic re-use provisions have been excluded from this amount.

^{xxiii} The cut-off date for NextGenerationEU figures is 16 May 2024.

^{xxiv} Given its demand-driven delivery mechanism, no forecast is available for the loan component of the Recovery and Resilience Facility (similarly to other loan-based instruments implemented outside the budget).

^{xxv} RRF non-repayable support financed through NGEU credits, excluding ETS and BAR. Including REPowerEU ETS and BAR financed additional grants, disbursements are expected to reach EUR 69.4 billion in 2025 and EUR 74.6 billion in 2026.

^{xxvi} COM(2022) 145 final, 23.3.2022.

^{xxvii} COM(2021) 250 final, 14.4.2021.

^{xxviii} Council Decision (EU, Euratom) 2020/2053 of 14 December 2020, OJ L 424/1, 15.12.2020

^{xxix} COM(2023) 330 final, 20.06.2023.

^{xxx} European Commission, European Economic Forecast Spring 2024



Brussels, 26.6.2024
SWD(2024) 163 final

COMMISSION STAFF WORKING DOCUMENT

Accompanying the document

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

Long-term forecast of future inflows and outflows of the EU budget (2025-2029)

{COM(2024) 276 final}

Table of Contents

1. INTRODUCTION	3
2. FORECAST ASSUMPTIONS BY MAIN SPENDING ELEMENTS	3
2.1. 2014-2020 European Structural and Investment (ESI) Funds and 2021-2027 cohesion policy funds	3
2.2. Rural Development	4
2.3. Direct payments and market measures under the Common Agricultural Policy	4
2.4. Other programmes and funds	4
2.5. Administration	5
2.6. Special Instruments	5
3. ASSUMPTIONS FOR FORECASTING REVENUE	6
3.1. Applicable legislation	6
3.2. Traditional own resources	6
3.3. National contributions	6
3.4. Other revenue	7

1. Introduction

This document accompanies the report from the Commission on the long-term forecast of future inflows and outflows of the EU budget over 2025–2029 and provides additional technical information on the assumptions used for establishing the forecast results.

2. Forecast assumptions by main spending elements

2.1. 2014–2020 European Structural and Investment (ESI) Funds and 2021–2027 cohesion policy funds

The completion of the legislative process for the Common Provisions Regulation and all linked sectoral basic acts, and the priority given by Member States to the implementation of the Recovery and Resilience Facility (RRF) – for which the timespan for commitments and payments is shorter than for cohesion policy – delayed the adoption of 2021–2027 operational programmes. In 2021, the first year of implementation, not a single national programme was adopted and 100% of the commitment appropriations allocated for cohesion policy were reprogrammed in equal proportions to the years 2022 to 2025 in accordance with Article 7 of the MFF Regulation¹.

The forecast for the 2021–2027 cohesion policy funds follows the profile of submission of interim payment claims as a share of the overall envelope observed in 2014–2020 programming period with certain adjustments. Firstly, the re-programming under Article 7 of the MFF Regulation would lead to a full year delay compared to the previous period implementation pace. Furthermore, the payments planned in the budget 2024 and the draft budget 2025 are considered in the forecast, confirming the delay in implementation compared to the programmes 2014–2020. According to the central scenario considered in this forecast, Member States are expected to speed up implementation in 2026 and reach the historical profile in 2027, followed by full cruising speed afterwards. This includes the effect of STEP, including EUR 5.9 billion from NextGenerationEU under the Just Transition Fund.

It is assumed that Member States will use all the available administrative possibilities to avoid decommitments given the more elevated risks than in the past. Therefore, it is assumed that from 2025 Member States will submit payment claims by the end of the year that would reduce the amount of decommitments to one fifth of the projected results following each of the scenarios. The remaining amounts representing four fifths of the projected decommitments would give rise to recoveries as internal assigned revenue in the following year and used as payment appropriations equally in this same year and the following one. Excluding this administrative possibility of over-submitting payment claims would multiply the decommitments by five.

The forecast for payments in relation to the 2014–2020 programming period is based on the information provided by Member States in January 2024 forecasts. The payments in 2025 reflect the draft budget proposal. For the subsequent years, a key determining factor for implementation are the proposed measures accelerating implementation and facilitating full absorption, under the CARE, FAST-CARE and SAFE initiatives as well as the earlier Coronavirus Response Investment Initiatives (CRII and CRII+). The end of the last accounting year is on 30 June 2024 and the final application for an interim payment should be submitted by 31 July 2025 following STEP. Closure payments are expected to be limited afterwards.

2.2. Rural Development

The submission of payment claims of the European Agricultural Fund for Rural Development under the new CAP started in 2023, the first year of implementation, one year earlier than the historical implementation profile of the 2014-2022 period. The EAFRD pre-financing under the new CAP applied to 2023-2027 envelopes started in 2023. The payment pattern for the period 2025-2029 is based on the historical data adapted to a shorter period compared to the previous programmes and to the N+2 automatic de-commitment rule.

As regards the forecast for the completion of the 2014-2022 programmes, in 2025 the level of payments is smaller than in last year's forecast. Closure and a small share of interim payments are expected in 2026, respecting the applicable N+3 de-commitment rule.

Even if all EAFRD commitments over 2014-2022 correspond to the previous programming period, this forecast splits the payments related to commitments prior to and after 2020 to differentiate payments according to the relevant MFF periods and ceilings. To that end, the forecast assumes that as of 2024 all payments would be counted against budgetary commitments made in 2021-2022.

2.3. Direct payments and market measures under the Common Agricultural Policy

Most of the appropriations for the European Agricultural Guarantee Fund (EAGF) are non-differentiated, i.e., both commitments and payments match in the same annual budget. The bulk of appropriations are direct payments to farmers, which are usually reimbursed to Member States during the first months of the following budget year. The commitments on which the payment forecast is based aligns with the financial programming accompanying the draft budget for 2025. Member States communicatedⁱⁱ the transfers between pillars of the Common Agricultural Policy, which resulted in a net transfer of EUR 3.7 billion from pillar I (EAGF) to pillar II (EAFRD) in the period 2025-2027, which was considered for the payment estimations.

2.4. Other programmes and funds

For all other spending items (e.g., research and innovation, large scale infrastructure projects, internal and external policies), the forecasts for payments on the commitments authorised in the current financial framework are based on the draft budget for 2025 and the accompanying payment schedules of the individual budget lines, as provided in Working Document XIII accompanying the Draft Budget. The expected average pattern of implementation for the next two commitment tranches (2023 and 2024) is extrapolated to the commitments for the years 2025 to 2029.

These commitments are expected to follow the financial programming accompanying the draft budget for 2025 including, where relevant, the additional top-ups stemming from the programme specific adjustment mechanism of Article 5 of the MFF Regulation. For Horizon Europe, the European Parliament and the Council agreed to make available again over the MFF period an amount of EUR 500 millionⁱⁱⁱ in 2018 prices in appropriations resulting from total or partial non-implementation of research programmes, in accordance with Article 15(3) of the Financial Regulation. In the context of the mid-term revision, this amount has been increased by EUR 100 million^{iv} in 2018 prices.

As for Heading 6 - Neighbourhood and the World, the war in Ukraine is associated with a greater level of uncertainty. The mid-term revision of the MFF has provided substantial, additional firepower to address external action, both within heading 6 and in the form of the Ukraine Facility, financed for its non-repayable support component by a new special instrument – the Ukraine Reserve. In 2021-23, there has been positive progress on the programming of the external action instruments and the kick-off of implementation. Yet, it is still premature to

assess fully the long-term budgetary effects of the novel architecture of the instruments (mostly the Neighbourhood, Development and International Cooperation Instrument - Global Europe) in respect of the potential re-use of de-commitments, carry-over provisions and of the mobilisation of the emerging challenges and priorities cushion post-2024, notably given the substantial changes brought on by the mid-term revision. At this stage, no de-commitments for the programmes having the possibility to re-use them are forecast since the effect over time would be neutral.

The forecast for payments completing activities before 2021 is based on the experience from past programming periods and the latest project information.

2.5. Administration

Administrative expenditure (Heading 7) is implemented as non-differentiated appropriations, i.e., commitments match payments in the same annual budget. The forecast translates the financial programming of commitment appropriations into payments.

Most of the EU-funded decentralised agencies (all of which are outside Heading 7) follows the same approach.

All administrative expenditure, and in particular under Heading 7, is and will be under pressure in 2024-2025 and going forward due to persistently high levels of inflation, even with strict reprioritisation.

2.6. Special Instruments

Special instruments fall under two categories:

- Thematic instruments – providing support in unforeseen events such as natural disasters, mass redundancies, humanitarian, and other crises. Due to their nature, forecasting over a longer time horizon is not possible, with the exception of the Brexit Adjustment Reserve for which expenditure is programmed over 2021-2023 and in 2025, in line with the relevant basic act^v, and taking into account the mid-term revision of the MFF. The present report thus includes the expenditure planned in the draft budget for 2025.
- Non-thematic instruments – allocating additional amounts for specific MFF programmes subject to specific conditions. Their mobilisation and the subsequent payment needs cannot be forecast. For the Flexibility Instrument, the payments stemming from past mobilisations are included in the overall payment as provided in the Communication on the technical adjustment of the MFF for 2025.

The expenditure covered by the mobilisation of special instruments is counted in addition to the MFF ceilings and is excluded for the purpose of establishing the margins for commitments and payments.

The Ukraine Reserve may be mobilised for the sole purpose of financing expenditure under the Ukraine Facility. Since the Ukraine Facility is subject to decisions by the European Parliament and Council in the framework of the annual budgetary procedure, no forecast is provided beyond the amounts proposed in the draft budget for 2025.

The EURI Instrument may be mobilised by the European Parliament and the Council in the framework of the annual budgetary procedure subject to the conditions laid out in the MFF Regulation. Given the substantial uncertainty related to the actual annual disbursement profiles, as well as to decisions to mobilise the instrument on an annual basis, no forecast is provided.

3. Assumptions for forecasting revenue

3.1. Applicable legislation

The revenue forecast presented in this report is based on the parameters of the Own Resources Decision 2020^{vi}, effective since 1 January 2021, for all years of the reporting period (2025-2029). The revenue projections are based on the Commission spring 2024 economic forecast and long-term growth projections.¹

3.2. Traditional own resources

Customs duties are projected to grow over the period 2026-2029 at the same rate as nominal Gross National Income (GNI) of each Member State starting from the level of gross customs duties projected for the Draft Budget 2025. 25% of the customs duties will be retained by Member States as collection costs.

3.3. National contributions

National contributions have for a long time included the GNI-based own resource and the Value Added Tax (VAT)-based own resource. The Own Resources Decision 2020 introduced a new own resource based on non-recycled plastic packaging waste. The parameters for the own resources specified in the Own Resources Decision determine the Member States' share in the total amount of national contributions that is needed to balance the EU budget.

Revenue from the VAT-based own resource is projected starting from the VAT bases of the individual Member States included in the Draft Budget 2025. The VAT bases are projected to grow over the period 2026-2029 at the same rate as GNI in current prices, capped at 50% of GNI. A uniform call rate of 0.30% applies.

The plastics own resource is projected starting from non-recycled plastic packing waste included in the Draft Budget 2025. The corresponding plastic packaging waste is projected to grow at the same rate as GNI in constant prices over 2026-2029. Recycling rates are projected to converge linearly towards the EU recycling target of 55%, which must be achieved by 2030. The increase of recycling rates is capped at 1 percentage points per year, and the recycling rate of Member States having already reached or surpassed the target is kept constant over the forecast period. A uniform call rate of EUR 0.80 per kilogram applies to the weight of non-recycled plastic packaging waste, i.e. the difference between the forecast plastic packaging waste and the recycled part. For some Member States, the resulting contribution is reduced by a fixed annual lump sum.

The GNI-based own resource for the EU-27 is calculated as the remaining difference between all other own resources and other revenue on the one hand and the forecast expenditure on the other.

¹ European Commission (2024), European Economic Forecast, Spring 2024, European Economy, Institutional Paper, 286.

3.4. Other revenue

Other revenue of the EU budget traditionally includes staff contributions, revenue accruing from the administrative operation of the institutions, contributions and refunds in connection with Union agreements and programmes, interest on late payments and fines, revenue from borrowing and lending operations, and miscellaneous revenue – as well as surpluses from previous years. Given their inherent volatility, most of these components are difficult to forecast. Therefore, the amount included in the Draft Budget 2025 (i.e., EUR 3 billion) is assumed to remain nominally constant over the forecast period.

Since 2021, in addition to the above-mentioned items, other revenue of the EU budget includes the United Kingdom's contribution related to outstanding commitments (RAL) for which the United Kingdom is liable, pension obligations and other components of the financial settlement, as laid down in the Withdrawal Agreement^{vii}. This is also reflected in the proposed financing of the Draft Budget 2025.

The contribution of the United Kingdom related to outstanding commitments on 31 December 2020 is determined by applying the United Kingdom's financing share to the forecast RAL payments for each year of the 2025-2029 period. The resulting annual contribution takes into account the payment modalities set out in Article 148 of the Withdrawal Agreement.

The forecast of other revenue includes the United Kingdom's contribution to pension liabilities for Members and EU high-level public office holders as specified in Article 142(5) of the Withdrawal Agreement. The United Kingdom contribution to staff pensions (an estimated EUR 303 million in the Draft Budget 2025) enters the EU budget as external assigned revenue and is therefore not part of the long-term forecast of other revenue.

ⁱ Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L 433I, 22.12.2020, p. 11. Amended by Council Regulation (EU, Euratom) 2024/765 of 29 February 2024 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L, 2024/765, 29.02.2024.

ⁱⁱ Member States decided to transfer funds between direct payments and rural development. The result was set out in Commission Delegated Regulation 2023/813 of 8 February 2023

ⁱⁱⁱ Joint declaration by the European Parliament, the Council and the Commission on the re-use of decommitted funds in relation to the research programme 2020/C 444 I/03, OJ C 444I, 22.12.2020, p. 3.

^{iv} Council Regulation (EU, Euratom) 2024/765 of 29 February 2024 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L, 2024/765, 29.02.2024.

^v Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve, OJ L 357, 8.10.2021, p. 1–26.

^{vi} Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union, OJ L 424/1, 15.12.2020.

^{vii} All components of the United Kingdom contribution are laid down in Article 148 of the Withdrawal Agreement. The forecast only includes components which are quantifiable at this stage, namely the provisional United Kingdom contribution to the financing of payments resulting from outstanding commitments prior to 2021 for which the United Kingdom is liable under Article 140 and pension liabilities specified under Article 142.5 of the Withdrawal Agreement as well as the amounts the Union owes to the United Kingdom under Article 145 (European Coal and Steel Community) and Article 146 (Union investment in the EIF).

GETTING IN TOUCH WITH THE EU

In person

All over the European Union there are hundreds of Europe Direct centres. You can find the address of the centre nearest you online (european-union.europa.eu/contact-eu/meet-us_en).

On the phone or in writing

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696,
- via the following form: european-union.europa.eu/contact-eu/write-us_en.

FINDING INFORMATION ABOUT THE EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website (europa.eu).

EU publications

You can view or order EU publications at op.europa.eu/en/publications. Multiple copies of free publications can be obtained by contacting Europe Direct or your local documentation centre (european-union.europa.eu/contact-eu/meet-us_en).

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex (eur-lex.europa.eu).

Open data from the EU

The portal data.europa.eu provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.

