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**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)**

{SWD(2023) 218 final}

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# 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 Regulation[i]. This third[ii] edition forecast the revenue and expenditure [iii] stemming from the Multiannual Financial Framework (MFF) 2021-2027 and NextGenerationEU[iv] over the period 2024-2028[v].

Payments from the EU budget follow commitments. The estimates for payments presented in this report are based on the commitment appropriations included in the financial programming accompanying the Draft Budget 2024 (DB 2024)[vi], which incorporates the programme-specific adjustments under Article 5 of the MFF Regulation[vii] as well as re-use of decommitments under Article 15(3)[viii] of the Financial Regulation. As regards revenue, the forecast is based on the revenue system of the Own Resources Decision[ix]. 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[x] ('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.

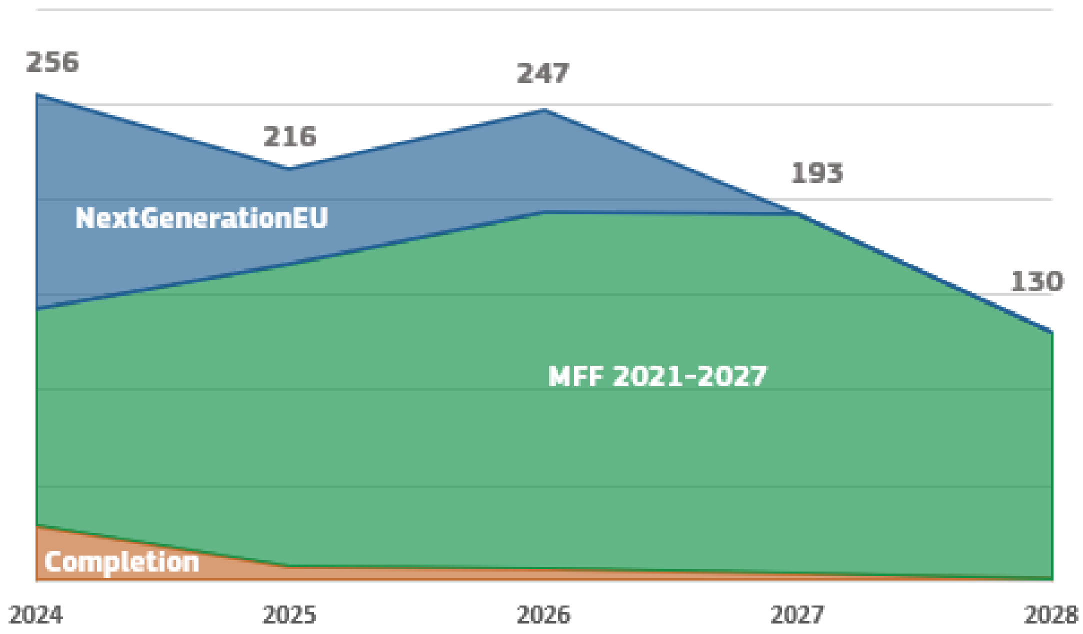
This forecast estimates the outstanding payments resulting from commitments made in programmes from the MFF 2021-2027 and earlier, while payments related to post-2027 MFF programmes are outside of the scope of this forecast. The report does not project scenarios for the financing costs of NextGenerationEU and considers the amounts as per financial programming.

# 2. Forecast of outflows of the EU budget 2024-2028

Over the period 2024-2028, payments are estimated at EUR 1 042 billion, including EUR 824 billion under the MFF payment ceiling and EUR 216 billion from NextGenerationEU non-repayable support.

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 2025-2027. The programme-specific adjustments are expected to result in an automatic upward adjustment of the MFF ceilings for commitments and payments of EUR 12.6 billion in the period 2022-2027[xi]. The exact annual adjustment will depend on the revenue from competition fines in the previous year for an overall amount of EUR 11 billion (in 2018 prices) by 2027.

**Chart 1 – Payments forecast by category**



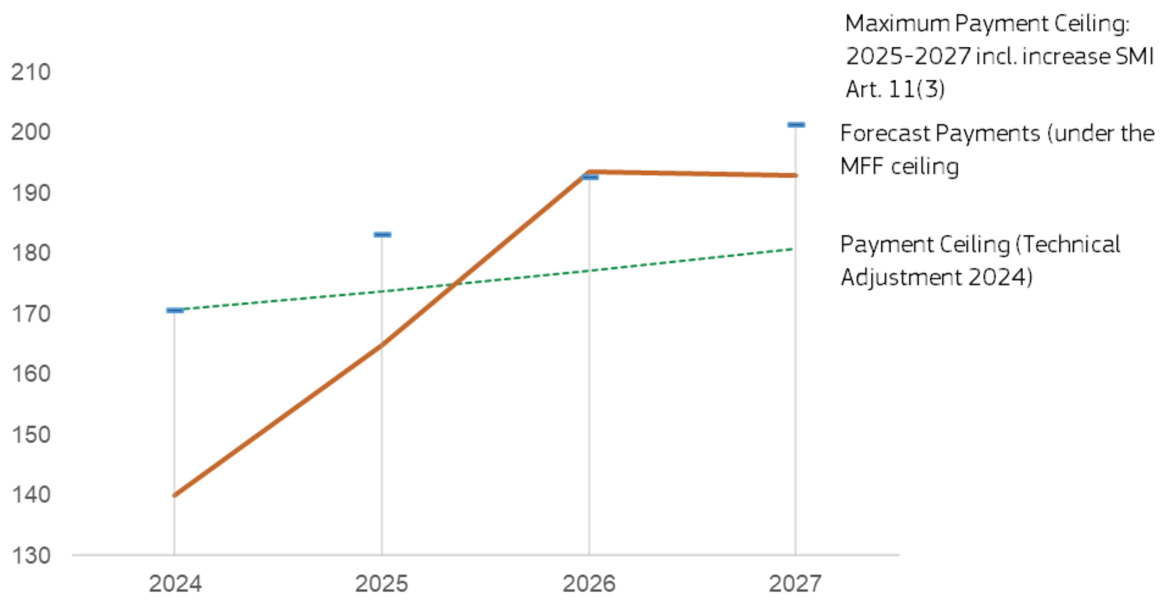

Payments from the EU budget are not uniformly distributed across the period 2024-2028. The forecast depends on the evolution of: 1) the payments from spending programmes financed by the MFF 2021-2027 (75% of the total payments), 2) the disbursements from NextGenerationEU (21% of the payments), and 3) the payments stemming from outstanding commitments of the MFF 2014-2020 and earlier (4% of the payments). The estimated annual average of the outflows of the EU budget is EUR 208 billion, with EUR 43 billion financed by borrowing on the capital markets for NextGenerationEU programmes. The forecast for 2028 correspond 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 decline in 2025 and to increase in 2026. The projections for the payments from MFF 2021-2027 show a gradual increase in years 2025-2026 and smaller in the next one, whereas NextGenerationEU payments are expected to decline in 2025 and 2026 compared to 2024. With the finalisation of NextGenerationEU implementation in 2026, the bulk of payments in the last two forecast years correspond to the 2021-2027 MFF programmes.

In relation to the expenditure under the MFF 2021-2027 and its predecessors, the annual average payments forecast is EUR 165 billion, with years 2024, 2025 and 2028 below this figure and years 2026 and 2027 above this figure. Albeit more accentuated given more important implementation delays, this pattern was observed in previous MFFs 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 in the second half of the MFF.

The forecast margin for 2024-2027 defined as the difference between the forecast payments under the MFF ceiling and the payment ceiling set in the technical annual adjustment for 2024 (TAJU 2024) is estimated at EUR 11 billion. In 2024 and 2025, the annual margin is projected at EUR 31 billion and EUR 9 billion respectively, while the forecast margins for 2026 and 2027 are negative, with the payments exceeding the ceiling by an estimated amount of EUR 16 billion and EUR 12 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 of the Single Margin Instrument under Article 11(1)(b) of the MFF Regulation, as of 2022 the unspent amounts in a year increase the future annual ceilings. Therefore, the positive margins prior to 2024 increase the ceilings in 2025-2027 within the limits set by Article 11(3) of the MFF Regulation. Considering these adjustments as well as the future programme-specific adjustment of Article 5 of the MFF Regulation (which will increase the payment ceilings by an additional EUR 7.7 billion), the MFF 2021-2027 payment ceiling is expected to cater for the total expected payments. However, in 2026 the maximum payment ceiling could be exceeded by EUR 0.8 billion, which would need to be paid under the payment ceiling of 2027. This is mostly driven by the forecast payments pattern for cohesion programmes which will accelerate in that year and the peak reached in the European Agricultural Fund for Rural Development (EAFRD) due to the overlap between the finalisation of the programmes from 2014-2022 and the cruising speed of the current MFF. An acceleration in payments of cohesion programmes beyond the central forecast scenario assumed in this report could lead to a larger breach of the maximum payment ceiling in that year (see sections 2.1 and 2.3).

**Chart 2 - Payments forecast vs. MFF payment ceiling for the period 2024-2027**




## 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 programmes by the end of 2022, the implementation of the 2021-2027 cohesion programmes started last 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 first interim payments will be disbursed, though at slower pace than in the previous programming period, which is explained mainly by the delayed programming as well as national authorities' efforts to finalise the 2014-2020 programmes and to speed up the implementation of NextGenerationEU. Compared to the previous programming period, the accumulation of delays represents a one-year implementation gap.

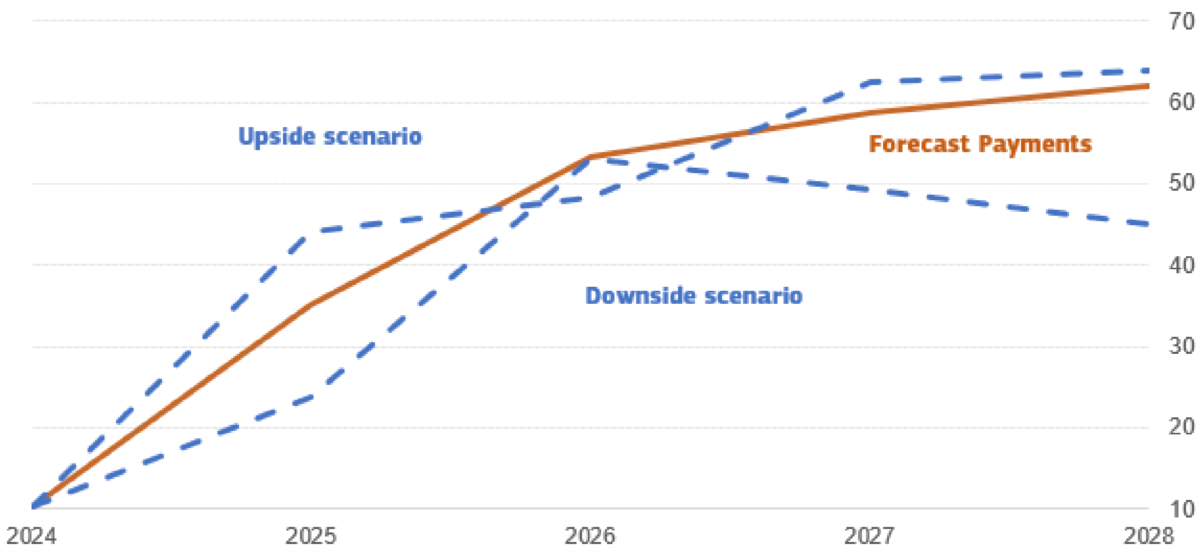
As in the previous report, this forecast proposes **three scenarios** for the implementation of cohesion programmes. Taking into account the latest information available on implementation, it is assumed that Member States will speed up implementation in 2025 and 2026, although to a different extent, to catch-up the accumulated delays and thus mitigate the risk of decommitments. The **central scenario** assumes that Member States will accelerate implementation in 2025, reaching the implementation pace of the MFF 2014-2020 in the years 2026 and 2027 and the full cruising speed from 2028 onwards. The **upside scenario** projects the implementation in 2025 and 2026 as in the MFF 2014-2020 and the full cruising speed in the following years. The **downside scenario assumes** that Member States do not manage to close the one-year delay during the forecast period.

**These three scenarios assume that** Member States will use all the available possibilities to avoid decommitments given the higher risks compared to last year's report. The forecast projects that from 2025 onwards, the deadline for the 2022 commitments, 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 amount of decommitments in this same year and as a result only 20% of the expected decommitments materialises. The remaining 80% is assumed to be recovered as internal assigned revenue in equal amounts in the next two years.

The forecast payments for the 2021-2027 cohesion policy programmes under the **central scenario** amount to EUR 220 billion for the period 2024-2028, while last year's forecast for the period 2023-2027 was EUR 177 billion. If this central scenario is projected for the years 2023-2027 to provide an equivalent comparison with last year's forecast, payments would amount to EUR 165 billion, confirming delayed implementation. The year 2026 shows the impact of the late submission of payment claims.

Despite these assumptions, the three forecast scenarios show that substantial decommitments could occur as of 2025 unless Member States undertake additional efforts to catch up with the one-year implementation gap [see section 2.3 on decommitments]. To avoid this risk, Member States would need to further increase efforts to implement in the next years at a much faster pace than in the period 2014-2020.

**Chart 3 - Payments forecast for Heading 2a (2021-2027 MFF commitments), and upside and downside scenarios**



## 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 163 billion over 2024-2027, reflecting the most recent financial programming.

Following the submission and approval of all the CAP Strategic Plans, the implementation of Pillar II under the 2023-2027 CAP the EAFRD - started on time. The transitional provisions extending the 2014-2020 programmes allowed the continuation of the implementation in 2021 and 2022.

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 to 2021 and 2022 (see Point 2.2. Payments on pre-2021 commitments) that will be completed by 2026. This forecast also considers the transfers between pillars of the Common Agricultural Policy communicated by Member States[xii], which resulted in a net transfer of EUR 4.8 billion from Pillar I (EAGF) to Pillar II (EAFRD) for the years 2024-2027.

With the 2014-2022 EAFRD programmes continuing their course and the implementation of the new CAP plans timely starting, the payments are projected to run steadily in the coming years, peaking in 2026. This is due to the overlap of outstanding payments 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 are planned for the Just Transition Fund in the budget 2023 and in the Draft Budget 2024 as priority is given to the use of NextGenerationEU funding available until 2026. The assumption under this forecast is that payments will start in 2025 to avoid decommitments from 2022 commitments.

## Other programmes and headings

The payment forecast is increased compared to last year, notably in Heading 1 – Single Market, Innovation and Digital –, Heading 5 – Security and Defence –, and Heading 6 – Neighbourhood and the World. This is due to the improved implementation forecast, even though the speed of implementation has slightly decreased. Catch-up is expected in 2026.

# 2.2. Payments for the completion of pre-2021 commitments

The payments of pre-2021 commitments (RAL for *reste à liquider*) is forecast at EUR 47.8 billion for the period 2024-2028.

## Heading 2a – Cohesion policy

Most payments on pre-2021 commitments (37%) relate to the cohesion policy programmes, which are running at cruising speed. The payment projections are based on the latest Member States' forecast (January 2023) and information on the implementation on the ground. With the Cohesion's Action for Refugees in Europe (CARE), and SAFE[xiii], Member States are expected to speed up implementation of the funds under the 2014-2020 period.

The last accounting year for the European Structural and Investment (ESI) funds ends in June 2024, with most payments projected by end-2023. Limited payments are expected after 2024, 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 most of the interim payments to be paid in 2025.

### Other programmes and headings

Most of the outstanding payments for the rest of the budget are equally divided by Heading 1 – Single Market, Innovation and Digital – and Heading 6 – Neighbourhood and the World. While completion under Heading 1 is now expected earlier than in previous estimations, the projects under Heading 6 are now expected to be more backloaded towards 2025-2027.

## 2.3. Decommitments

The de-commitments' forecast stemming from the programmes of the current and prior MFFs over 2024-2027 stands at EUR 8.1 billion, increasing compared to last year's forecast projections for the years 2023-2027 and showing substantial changes in the composition. The increase is mostly driven by the cohesion programmes under the current MFF.

### Heading 2a – Cohesion policy

The amounts at risk of de-commitments for the completion of the programmes 2014-2020 is reduced compared to the previous forecast due to the substantial flexibilities facilitating the full absorption of Cohesion Funds and minimising the risk of decommitments at closure of the programmes.

By contrast, cohesion programmes for the period 2021-2027 are forecast to face important risks from 2025 when the decommitment targets for the commitments made in 2022 and 2023 apply. It is estimated that the rate of submission of payment claims will trail behind that of 2014-2020 due to the delay in the approval of the programmes and the low uptake in the budget 2023 and the Draft Budget 2024. The de-commitment risk could only decrease if implementation accelerates in 2025 and 2026 beyond the central scenario. However, if this acceleration does not materialise and the implementation pattern remains close to the downside scenario, the amounts at risk of decommitment would be substantially larger. Under this scenario, in which Member States are unable to catch-up with the one-year delay, an important share of the re-programmed 2021 commitments could be lost. Furthermore, if decommitments were not reduced as described in point 2.1 and assumed for the three scenarios, the projected amount of decommitments for Cohesion policy programmes would multiply by 5 [see Table 2].

### Heading 3 - Common Agricultural Policy and Just Transition Fund

The forecast for decommitments of the programmes 2014-2022 of the EAFRD is in line with the results of last year. They are expected at closure of the programmes in 2026, improving the 2007-2013 outcome significantly. If any, decommitments for the 2023-2027 CAP Strategic Plans would be assumed at closure (i.e., towards 2029-2030), which are outside the scope of this report.

As in the case of the Cohesion Funds, the delay in the approval of the relevant legal acts and programmes of the Just Transition Fund together with the deferral in the implementation put important amounts at risk of decommitments as of 2025 due to the time limit for the commitments made in years 2022 and 2023. Following the same assumptions as for the other Cohesion programmes described in point 2.1 Member States need to speed up the implementation in 2025 and 2026 to avoid decommitments that could occur as of 2025.

### Other programmes and headings

For the programmes directly managed by the Commission, the decommitments' 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. 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 is a temporary emergency instrument for crisis response, recovery, and resilience measures. The non-repayable part of NextGenerationEU constitutes external assigned revenue and is used to speedily support reform and investment priorities – in particular through the **Recovery and Resilience Facility (RRF)**– and to reinforce 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 2024.

The centrepiece of NextGenerationEU is the **RRF,** which accounts for 80% of the non-repayable allocations[xiv] NextGenerationEU outflows are largely determined by the pace of disbursements for the RRF. The Facility entered the implementation phase, progressing according to the timeline of reforms and investments set by the Member States in their plans.

As of May 2023, all 27 Member States have adopted national Recovery and Resilience Plans (RRPs). Twenty-two RRPs were adopted in 2021, triggering pre-financing payments and the signature of the financing and loan agreements, and the remaining five in 2022. Some plans were amended in 2023 to take the updated allocation into account (in accordance with Article 11 of the RRF Regulation). In total, EUR 153.4 billion was disbursed (EUR 106.3 billion in non-repayable support and EUR 47.1 billion in repayable support from loans) out of around EUR 500 billion in committed RRF grants and loans. This includes EUR 56.5 billion in pre-financing. Depending on the progress in implementation of the national RRPs, RRF annual grant disbursements are expected to reach a level of EUR 96 billion in 2024, after which it is forecast to decline to EUR 39 billion in 2025 before increasing again to around EUR 47 billion in 2026. Compared to last year's forecast, the profile for disbursements is a bit less frontloaded as some implementation delays occurred related to complex investments and reforms. There are no decommitments estimated in this forecast.

As stipulated in the RRF Regulation, the national RRPs will be modified over the course of 2023 to take the updated maximum financial contribution into account. The update of the plans will also include the dedicated REPowerEU chapters, with the objective to become more energy independent from Russia and hence foster the energy transition towards sustainable renewable energy sources.

Member States by far and large prioritised the RRPs on using non-repayable support to finance investments and reforms. Taking the level and speed of loan commitments into account, this implies that EUR 225 billion of loan support is available for Member States for commitment in 2023. 10 Member States have expressed an interest in (additional) RRF loans for a total of around EUR 145 billion, in line with Article 14(6) of the amended RRF Regulation. Member States have until 31 august 2023 to request such loan support. [xv]

**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 and ESF). REACT-EU commitments took place over 2021-2022. Interim and final payments 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 under ESF are advanced to 2023 to cater for the increased payment needs following additional resources transferred from ERDF to ESF in 2022 but also in line with the short-term nature of the ESF measures. The REACT-EU payments under ERDF are expected to increase in 2024 compared to last year's forecast as due to the impact of higher energy costs and raw materials shortages.

Member States can use funding under REACT-EU to address refugee flows following the Russian invasion of 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[xvi]. Some limited closure payments under both the ESF and ERDF are expected by the end of 2025.

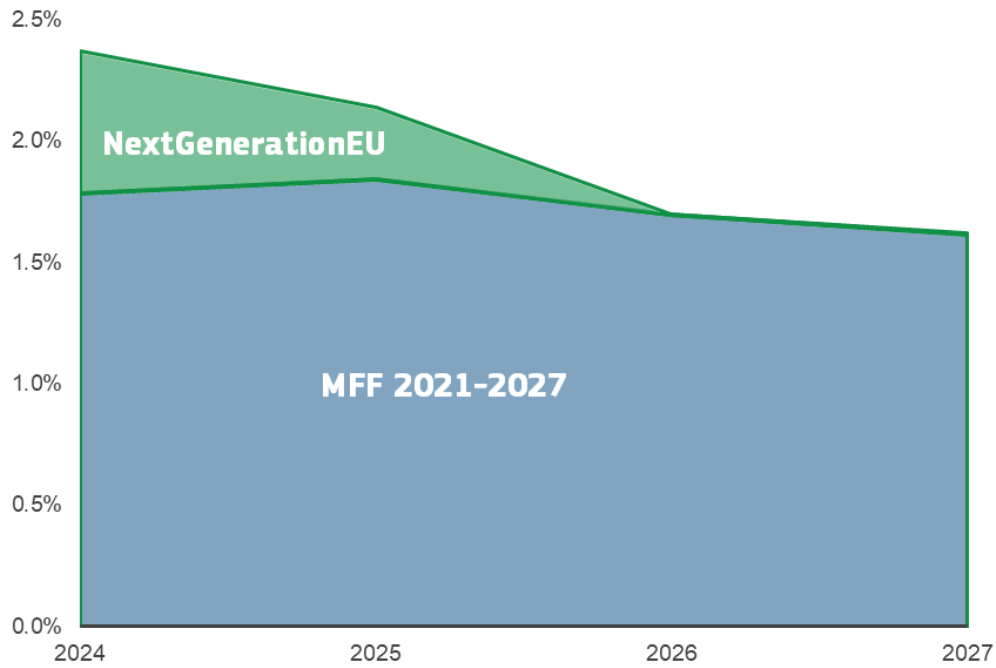
The other five programmes supported through NextGenerationEU take up the remaining 8% of the non-repayable allocation. The forecast of payments considers the experience with predecessor programmes, taking into account the shorter cycle of commitments and the focus on immediate recovery needs. The **Just Transition Fund (JTF)** has been affected by the delays in the adoption of the MFF and the programme-specific legislation. By end of 2022, all JTF submitted programmes were adopted (all Member States, except for Bulgaria, which has not yet submitted its JTF programme). 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 increase gradually over the period 2024-2027, from EUR 274 billion to EUR 322 billion. 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.

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 1.8% to 1.6% in 2027, which is explained by the increase in the RAL that it is compensated by the growth of the EU-27 GNI. The projections for the year 2028 are not considered since this forecast does not project new commitments post-2027.

**Chart 4 – Evolution of the level of outstanding commitments (RAL) over 2024-2027, measured in percentage of the Union's Gross National Income**




# 3. Forecast of inflows of the EU budget 2024-2027

The EU budget is financed by own resources and other revenue. In addition, the Union is empowered to borrow funds to finance NextGenerationEU. 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[xvii] 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.

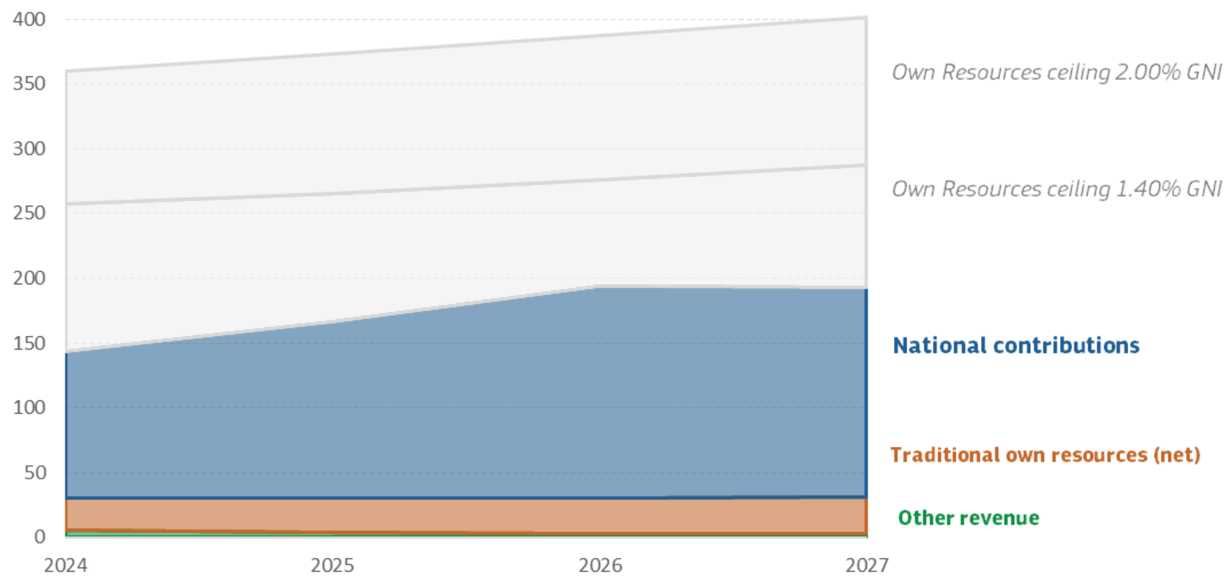
The own resources needed to finance the budget is determined by total expenditure less 'other revenue'. Accordingly, the forecast of the EU budget revenue for 2024-2027 is based on the principle that expenditure must be matched by revenue; therefore, total revenue equals total expenditure.

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 2024 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[xviii]. They do not consider the Commission's proposals on new own resources of 20 June 2023. On average for the period 2024-2027, national contributions are projected at EUR 144 billion per year or 0.76% of the EU's Gross National Income. Mainly the spending cycle and to a lesser extent the phasing out of the United Kingdom contribution determine the development of national contributions over the forecast period. Due to the delayed implementation of important spending programmes, national contributions remain at a comparatively low level in 2024. Increasing expenditure from accelerated programme implementation and the United Kingdom's declining contribution to the RAL will lead to increasing national contributions in 2025 and 2026. The contributions are forecast to remain largely stable in 2027.

**Chart 5 - Revenue forecast for financing the MFF 2024-2027**




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 1.40% 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 2025 and 2026, to then stabilise in 2027, the available margin under the own resources celling (so-called headroom) is expected to remain largely stable as the Union's Gross National Income is expected to increase gradually over the reference period[xix]. The headroom stands on average at EUR 207 billion over the period, of which EUR 113 billion for the increase of NextGenerationEU.

The EU budget provides for the payments of interests on the funds borrowed and allocated to non-repayable support under NextGenerationEU since borrowing started in 2021. The own resources necessary to finance those costs are counted within the temporary increase of 0.6% of EU GNI of the own resources ceiling. The planned costs follow a backloaded profile to reflect the progressive rollout of borrowing. At the same time, there are uncertainties related to the financing cost of NGEU in light of the rapid and substantial increase of interest rates on the financial markets since December 2021.

# 4. Conclusions

**The present forecast is drawn up in a context of high uncertainty due to the geopolitical and economic instability resulting from Russia's war of aggression against Ukraine.** The initiatives put forward to support Member States, third countries and specific sectors accelerated payments for the outstanding and new programmes, while external financing instruments are making more funding available for Ukraine and the neighbouring partner countries.

**The delayed implementation of 2021-2027 Cohesion Policy programmes and the Just Transition Fund increases the risks of decommitments**. The national authorities' focus on finalising programmes from the previous MFF and NextGenerationEU, given their shorter timeframes, might also contribute to these delays, together with the late approval of the relevant legal bases and programmes. Member States will need to substantially accelerate the implementation in 2025 and 2026 to avoid the loss of funds due to decommitments rules. For other funds, especially under Headings 1 and 6, the risks are reduced, reflecting the pressure on these programmes.

**The MFF payment ceiling remains sufficient to cover the projected payments except in 2026 where the forecast points to an over-run.** 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. Overall, the net margin over 2024-2027 including adjustments is estimated at EUR 18.5 billion, comprising the increase from the Single Margin Instrument as well as the automatic adjustment of the ceiling following the top-ups based on Article 5 MFFR amounting to EUR 7.7 billion between 2025-2027, as included in the TAJU 2024. Under the current assumptions, the estimated payment needs will exceed the MFF payment ceiling in 2026 and 2027. In 2026, even taking into account the maximum cap of EUR 13 billion (in 2018 prices) under the Single Margin Instrument 11(1)(b) and 11(3)[xx], payments would exceed the maximum payment ceiling. This is very much driven by the forecast evolution of cohesion policy payments and the underlying assumptions, which are subject to important uncertainties. While the risk appears smaller in 2027, the difference between the estimated payments level and the maximum payments ceiling remains tight. Importantly, due to the capping mechanism, it will not be possible to use in the second half of the MFF the estimated margin under the payment ceiling for 2024 and 2025 fully, which comes close to EUR 40 billion. Part of the margin might remain unused.

**NextGenerationEU's targeting investments and reforms continue supporting the EU economy and the transition to clean, green energy.** For the years ahead, Member States will need to implement NextGenerationEU funds prior to the deadline for disbursements scheduled for 2026 and at the same time accelerate the implementation of cohesion policy funds.

**The forecast RAL is in line with the expected evolution of the economic growth.** While the RAL nominally increases at the end of the MFF compared to 2023, when measured as a share of the EU Gross National Income (GNI) the RAL is reduced, which shows that the nominal growth of the EU economy outweights the accumulation of outstanding commitments from the EU budget. NextGenerationEU produces a temporary effect on the level of the EU outstanding commitments, which will peak at the end of 2023 and then gradually will return to levels comparable with the start of the MFF period by the end of 2027.

**The own resources necessary to finance the budget will grow in line with the MFF expenditure**. 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 2024-2028 for the MFF

| Year | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| ***Commitment Ceiling*** | *186.0* | *187.9* | *179.7* | *185.4* | | ***738.9*** |
| ***Payment Ceiling*** | *170.5* | *173.7* | *177.1* | *180.7* | | ***702.0*** |
| *In addition, adjustment for MFFR Article 5 (estimate for future years)* | | *1.7* | *1.8* | *4.2* | | ***7.7*** |
| Commitments (programmed)* | *189.4* | *192.4* | *183.2* | *191.1* | | ***756.2*** |
| Forecast Payments* | *143.1* | *166.3* | *193.6* | *193.0* | *130.5* | ***826.4*** |
| *Of which Special Instruments*** | *3.2* | *1.4* | *0.1* | | | ***4.7*** |

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

| MFF Heading | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| **1 Single Market, Innovation and Digital** | 17.2 | 21.3 | 23.3 | 23.1 | 16.8 | **101.7** |
| **2 Cohesion, Resilience and Values** | 20.1 | 44.6 | 64.1 | 71.7 | 64.9 | **265.5** |
| 2.1 Economic, Social and territorial cohesion | 10.3 | 35.1 | 53.3 | 58.7 | 62.0 | **219.5** |
| 2.2 Resilience and Values | 9.8 | 9.5 | 10.8 | 13.1 | 2.9 | **46.0** |
| **3 Natural Resources and Environment** | 46.1 | 57.3 | 62.2 | 55.4 | 31.4 | **252.3** |
| 3.1 Market related expenditure and direct payments | 40.5 | 40.7 | 40.7 | 40.7 | | **162.5** |
| 3.2 Other programmes of Natural Resources and Environment | 5.6 | 16.6 | 21.5 | 14.7 | 31.4 | **89.8** |
| **4 Migration and Border Management** | 2.8 | 3.7 | 4.7 | 4.8 | 3.3 | **19.2** |
| **5 Security and Defence** | 1.8 | 2.5 | 2.9 | 2.6 | 2 | **11.8** |
| **6 Neighbourhood and the World** | 12.7 | 15.9 | 17.4 | 18.1 | 10.8 | **74.9** |
| **7 European Public Administration** | 11.9 | 12.5 | 12.9 | 13.2 | | **50.5** |
| **Special Instruments** | 1.4 | 1.1 | | | | **2.5** |
| **Total** | **114.1** | **158.8** | **187.6** | **188.9** | **129.2** | **778.6** |

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

| MFF Heading | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| **1 Single Market, Innovation and Digital** | *3.7* | *3.1* | *2.0* | *1.1* | *0.8* | ***10.7*** |
| **2 Cohesion, Resilience and Values** | *14.1* | *1.2* | *1.4* | *0.9* | | ***17.5*** |
| 2.1 Economic, Social and territorial cohesion | *13.9* | *1.1* | *1.4* | *0.8* | | ***17.1*** |
| 2.2 Resilience and Values | *0.2* | *0.1* | *0.1* | | | ***0.4*** |
| **3 Natural Resources and Environment** | *8.2* | *0.2* | *0.1* | *0.1* | *0.1* | ***8.8*** |
| 3.1 Market related expenditure and direct payments | *0.1* | | | | | *0.1* |
| 3.2 Other programmes of Natural Resources and Environment | *8.1* | *0.2* | *0.1* | *0.1* | *0.1* | ***8.7*** |
| **4 Migration and Border Management** | *0.4* | *0.1* | | | | ***1.6*** |
| **5 Security and Defence** | *0.2* | *0.2* | *0.1* | *0.1* | | ***0.5*** |
| **6 Neighbourhood and the World** | *2.4* | *2.6* | *2.4* | *1.9* | *0.3* | ***9.7*** |
| **Total** | ***29.0*** | ***7.5*** | ***6.1*** | ***4.0*** | ***1.3*** | ***47.8*** |

** The total commitments and estimated payments include appropriation stemming from Article 5 of the MFF Regulation and Article 15(3) of the Financial Regulation. Unallocated margins are not included.*

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

## Table 2 – Forecast decommitments 2024-2027

| MFF Heading | Completion | MFF | Total |
|---|---|---|---|
| **1 Single Market, Innovation and Digital** | *0.8* | *1.1* | ***2.0*** |
| **2 Cohesion, Resilience and Values** | *0.4* | *2.7* | ***3.1*** |
| **2.1 Economic, Social and territorial cohesion** | *0.2* | *2.2* | ***2.3*** |
| **2.2 Resilience and Values** | *0.2* | *0.5* | ***0.7*** |
| **3 Natural Resources and Environment** | *1.3* | *0.6* | ***1.9*** |
| **3.2 Other programmes of Natural Resources and Environment** | *1.3* | *0.6* | ***1.9*** |
| **4 Migration and Border Management** | *0.5* | *0.3* | ***0.8*** |
| **5 Security and Defence** | *0.1* | *0.0* | ***0.1*** |
| **6 Neighbourhood and the World** | *0.1* | *0.2* | ***0.3*** |
| **Total** | ***3.2*** | ***4.9*** | ***8.1*** |

## Table 3 – Long-term forecast of outflows for NextGenerationEU

| Programme | 2024 | 2025 | 2026 | 2027 | Total |
|---|---|---|---|---|---|
| **Horizon Europe** | *1.5* | *0.6* | *0.4* | *0.0* | ***2.5*** |
| **InvestEU** | *1.3* | *1.0* | *1.2* | *0.0* | ***3.5*** |
| **European Regional Development Fund (ERDF)** | *6.3* | *0.7* | *0.0* | *0.0* | ***7.0*** |
| **European Social Fund (ESF)** | *4.4* | *0.0* | *0.0* | *0.0* | ***4.4*** |
| **European Recovery and Resilience Facility** | *96.0* | *39.1* | *47.4* | *0.* | ***182.5*** |
| **Union Civil Protection Mechanism (RescEU)** | *0.4* | *0.3* | *0.3* | *0.0* | ***1.0*** |
| **European Agricultural Fund for Rural Development (EAFRD)** | *1.8* | *2.3* | *0.6* | *0.0* | ***4.7*** |
| **Just Transition Fund** | *1.2* | *5.5* | *3.6* | *0.0* | ***10.4*** |
| **Total** | ***112.9*** | ***49.6*** | ***53.5*** | ***0.0*** | ***216.0*** |

## Table 4 – Change in the total outstanding commitments from 2024 to 2027

| Source | RAL start-2024 (estimate)* | Commitments 2024-2027 | Payments 2024-2027 | Decommitments 2024-2027 | RAL end-2027 |
|---|---|---|---|---|---|
| **MFF** | 273.7 | 756.5 | 695.9 | 8.1 | 321.9 |
| **NGEU** | 216.8 | 0.1 | 216.0 | | 0.9 |
| **Total** | **490.6** | **756.6** | **911.9** | **8.1** | **322.9** |

** The RAL at the start of 2023 includes EUR 3.4 billion generated from third-country contributions to specific programmes of the 2014-2020 MFF, which is not included in the table.*

## Table 5 – Long-term forecast of future inflows of the EU budget over 2024-2027

| | | 2024 | 2025 | 2026 | 2027 | Total |
|---|---|---|---|---|---|---|
| ***Own Resources ceiling in % of EU Gross National Income*** | | ***2,00%*** | ***2,00%*** | ***2,00%*** | ***2,00%*** | ***n/a*** |
| ***of which temporary increase for NGEU*** | | *0,60%* | *0,60%* | *0,60%* | *0,60%* | *n/a* |
| ***Own Resources ceiling expressed in EUR billion**** | *a* | *353,9* | *369,1* | *383,9* | *398,5* | ***n/a*** |
| ***of which temporary increase for NGEU*** | *a'* | *106,2* | *110,7* | *115,2* | *119,6* | *n/a* |
| **Net amount of traditional own resources**** | *b* | *24,6* | *25,7* | *26,8* | *27,8* | *104,9* |
| **National contributions***** | *c* | *112,4* | *136,3* | *163,6* | *162,1* | *574,5* |
| **Total own resources** | *d =b+c* | *137,1* | *162,0* | *190,4* | *189,9* | *679,3* |
| ***of which own resources to finance NGEU liabilities*** | *d'* | *3,9* | *2,7* | *3,8* | *5,0* | *15,4* |
| **Other revenue (incl. provisional UK contribution)** | *e* | *6,0* | *4,3* | *3,2* | *3,0* | *16,6* |
| **TOTAL REVENUE** | ***d+e*** | ***143,1*** | ***166,3*** | ***193,6*** | ***193,0*** | ***695,9*** |
| ***Available margin under the Own Resources ceiling*** | *a-d* | 216,9 | 207,1 | 193,5 | 208,6 | ***n/a*** |
| ***of which margin under the temporary increase for NGEU*** | *a'-d'* | *102,3* | *108,0* | *111,4* | *114,6* | *n/a* |

** Own Resources ceiling - calculated on the basis of the Spring 2023 economic forecast for the Gross National Income of the EU27 for 2023-2027*

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

**** National contributions include the Gross National Income-based own resource, the reformed Value Added Tax-based own resource and the new own resource based on non-recycled plastic packaging waste.*

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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.

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. Draft Budget 2024, Statement of estimates SEC (2023) 250 - June 2023.

vii. 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.

viii. 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.

ix. 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.

x. OJ C66 I, 19.2.2019, p.1.

xi. COM(2021)365, 7.6.2021, COM(2022)2093, 7.6.2022 and COM (2023) 320 6.62023).

xii. 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.

xiii. Regulation (EU) 2022/562 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards Cohesion's Action for Refugees in Europe (CARE), Regulation (EU) 2022/613 of the European Parliament and of the Council of 12 April 2022 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards increased pre-financing from REACT-EU resources and the establishment of a unit cost and Regulation (EU) 2022/2039 amending Regulations (EU) No 1303/2013 and (EU) 2021/1060 as regards additional flexibility to address the consequences of the military aggression of the Russian Federation FAST (Flexible Assistance for Territories).

[xiv] 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).

[xv] Overview of Member States' intentions to request RRF loan support.pdf (europa.eu)

[xvi] COM(2022) 145 final, 23.3.2022.

[xvii] COM(2021) 250 final, 14.4.2021.

[xviii] Council Decision (EU, Euratom) 2020/2053 of 14 December 2020, OJ L 424/1, 15.12.2020

[xix] European Commission, European Economic Forecast Spring 2023.

[xx] The Single Margin Instrument 11(1)(b) leads directly to an adjustment of the MFF payment ceiling, which is carried out annually by the Commission in the technical adjustment, with the unused payment margin, subject to regulatory caps in 2025-2027