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NOTE

From: Presidency
To: Delegations

Subject: Multiannual Financial Framework 2028-2034
- revised possible elements for a future draft Negotiating Box (Heading 1)

1. The purpose of presenting the possible elements for a future draft Negotiating Box is to identify and confirm the issues which will need to be addressed in the course of the negotiation on the Multiannual Financial Framework (MFF), and where appropriate, facilitate the discussion on options and solutions on individual issues. The presentation of the possible elements for a future draft Negotiating Box does not aim at any concluding debates or compromises at this stage.
2. The possible elements for a draft future Negotiating Box are drawn up and developed under the responsibility of the Presidency. It is therefore not binding on any delegation. The Presidency continues to be guided by the principle that nothing is agreed until everything is agreed.
3. Delegations will find in Annex the first possible elements for a future draft Negotiating Box elaborated by the Presidency in relation to Heading 1.

Part II: Heading 1 – Economic, social and territorial cohesion, agriculture, rural and maritime, prosperity and security

1. The objective of this Heading is to deliver EU added value by fostering cohesion, upwards convergence, economic growth, competitiveness, resilience and security, by supporting investments and reforms for an inclusive, sustainable, prosperous, autonomous and secure Europe. Expenditure under this Heading will aim at reducing economic, social and territorial disparities, foster the attractiveness and development of rural areas, support resilient, competitive and sustainable EU agricultural and fisheries' sectors, as well as boost the blue economy, invest in people, reinforce the Union's defence capabilities, bolster security and migration management and protect the Union's external borders, while ensuring the good functioning of the single market across the Union. This heading will also cover the repayment of NextGenerationEU (NGEU).
2. Farming and fisheries are strategic sectors for the Union, ensuring safe, high-quality food for the EU and playing a key role in global food security. Stabilising farmers' incomes, attracting a future generation of farmers, guaranteeing food security within the Union and supporting the transition towards an economically, environmentally, socially resilient, sustainable and market-oriented agricultural sector with a level playing field remain fundamental priorities for the Common Agricultural Policy financed by the EU budget. In the same spirit, the EU budget will continue to finance a resilient Common Fisheries Policy.
3. Promoting an overall harmonious development of the Union and reducing disparities by supporting a strengthening of its economic, social and territorial cohesion remain the cornerstone of Cohesion policy. The EU budget will continue to provide financing for investments and structural adjustments in all categories of regions, according to their specific challenges, with particular attention paid to less developed regions.

4. Coordinated action at EU level in relation to effective control of external borders is essential for ensuring more efficient migration management and a high level of internal security in the Union while safeguarding the principle of free movement of persons and goods within the Union. The EU budget will continue to support the strengthening of the internal security and the implementation, strengthening and development of the common migration and asylum policy and of the European integrated border management and European visa policy.
5. The level of commitments for this Heading will not exceed:

HEADING 1 - ECONOMIC, SOCIAL AND TERRITORIAL COHESION, AGRICULTURE, RURAL AND MARITIME PROSPERITY AND SECURITY						
(Million euros, 2025 prices)						
2028	2029	2030	2031	2032	2033	2034
X	X	X	X	X	X	X

European Fund for Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime, Prosperity and Security

6. The European Fund for Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime, Prosperity and Security will be established to contribute to the following policy objectives:
- To reduce regional imbalances in the Union and the backwardness of the least favoured regions and promote European territorial cooperation, including supporting projects in the area of environment and trans-European networks;

- To support quality employment, education and skills and social inclusion and to contribute to a socially fair transition towards climate neutrality;
 - To support the implementation of the Common Agricultural Policy of the Union;
 - To support the implementation of the Common Fisheries Policy of the Union;
 - To protect and strengthen democracy in the Union and uphold Union values;
7. The Fund will mainly be delivered through nationally pre-allocated financial envelopes and implemented under shared management.
8. The financial envelope under the European Fund for Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime, Prosperity and Security will amount to a total of EUR [X] million and will be allocated as follows:
- i) EUR [X] million to the National and Regional Partnership Plans, of which:
 - a) At least EUR [X] million for less developed regions;
 - b) At least EUR [X] million for Common Agricultural Policy income support;
 - c) At least EUR [X] million for Common Fisheries Policy interventions;
 - d) At least EUR [X] million for migration, border and visa management and internal security measures.
 - ii) EUR [X] million to the Interreg Plan
 - iii) EUR [X] million to the EU Facility
- Up to [0.5] % of the global amount will be allocated to technical assistance at the initiative of the Commission.

9. At least [14] % of the global amount under the Fund, including the National and Regional Partnership Plans, not counting the minimum amounts for Common Agricultural Policy and Common Fisheries Policy interventions and financing under the Social Climate Fund, will be dedicated to meeting the Union's social objectives.
10. [At least [X] % of the global amount under the National and Regional Partnership Plans, not counting the minimum amounts for Common Agricultural Policy and Common Fisheries Policy interventions and financing under the Social Climate Fund, will be dedicated to rural areas.]
11. Furthermore, the National and Regional Partnership Plans are expected to contribute with [43] % of the global amount to meeting the Union's climate and environmental objectives, not counting measures contributing to defence and security, [as well as migration, border and visa management and internal security].

National and Regional Partnership Plans

12. Member States will prepare National and Regional Partnership Plans to support the general objectives and, taking into account the specific challenges and needs of the Member State concerned and its regions, contribute in a comprehensive and adequate manner to the specific objectives of the Fund, taking into account the financial allocation of the Member State concerned and the principle of proportionality. The plans will set out reforms and investments and other interventions that effectively address all or a significant subset of country-specific recommendations under the European Semester, [the Rule of Law Report], CAP national recommendation, Digital Decade recommendations, National Energy and Climate Plans and relevant documents and strategies in the area of home affairs.

13. The National and Regional Partnership Plans will be prepared and implemented in accordance with the principles of partnership and multi-level governance including regional and local authorities, and in accordance with Member States' institutional, legal and financial framework. To this end, the design of the plan has to reflect the collaboration with regional and other public authorities.
14. The National and Regional Partnership Plans will be divided into chapters. Member States may include national, sectoral as well as regional and territorial chapters, ensuring multi-stakeholder involvement. A Member State may include multiple regional and territorial chapters. The National and Regional Partnership Plans may include a chapter regarding the Common Agricultural Policy to contribute the specific identity of the CAP.
15. Member States will in their programming ensure appropriate investments in all categories of regions, taking into account current investment levels.
16. The Plans will be assessed by the Commission within [four] months of the submission and approved by the Council. Amendments to the Plans will be assessed by the Commission within [three] months of the submission of the amended Plan and approved by the Council. The Commission may, in duly justified cases, propose to the Member State to amend existing measures or to introduce new measures.
17. Member States may set up managing authorities at regional level, ensuring direct involvement of regional authorities in the management and implementation of the plans. Regional managing authorities may interact directly with the Commission. Where a Member State identifies more than one managing authority, it will appoint a coordinating authority or set up a coordinating mechanism to ensure a coherent implementation of the plan. To the extent possible, to ensure continuity and cost-effectiveness, Member States should build upon the existing governance structures and institutions.

18. The disbursement of payments will be based on the fulfilment of the relevant milestones and targets or relevant outputs. Auditing will be conducted applying the single audit principle.
19. A flexibility amount corresponding to [25] % of the amount allocated to Member States under the National and Regional Partnership Plans will be made available for programming as follows:
 - i) [5] % to address urgent and specific needs as a response to a crisis situation before the mid-term review. Any remaining amount will be programmed during the mid-term review for evolving needs;
 - ii) [15] % following the mid-term review to cater for evolving needs;
 - iii) [5] % to address urgent and specific needs as a response to a crisis situation after the mid-term review as of 2031. Any remaining amount will be available for programming under the plan after June 2033.

The flexibility amount will not take into account the financial contribution to Interreg and ring-fenced support measures for agriculture.

20. In the event of a crisis situation, Member States may request to amend their National and Regional Partnership Plans to respond to the crisis. To ensure effective use of the funding, the following steps will be carried out [with the possibility of Member States requesting that multiple steps are taken at the same time]:
 - i) [Member States propose a reprogramming corresponding to [1] % of the amount allocated to Member States under the National and Regional Partnership Plans;]
 - ii) In case the request exceeds the first step, up to [2.5] % of the flexibility amount for addressing urgent and specific needs may be programmed;

- iii) For further needs linked to natural disasters, Member States may request support for Union Actions under the EU Facility, subject to the availability of funding;
 - iv) In case the needs exceed the above, Member States may receive additional support from the cushion under the EU Facility, subject to the availability of funding.
21. [In the event of the adoption of the Fund after [1 January 2028], appropriate measures should be taken to ensure income support to farmers for the year 2028.]

Social Climate Fund

22. Social Climate Plans under the Social Climate Fund [will] OR [may] be integrated as separate chapters of the National and Regional Partnership Plans as of 2028. [Member States may transfer amounts from their 2026 and 2027 allocations under the Social Climate Fund to their National and Regional Partnership Plan.]

[Catalyst Europe

23. An amount of EUR [X] million in loan support will be available to Member States to be implemented as part of their National and Regional Partnership Plans. The request for loan support will be linked to additional reforms, investments and other interventions. The request for loan support will be made by [31 January 2028].
24. Loan support will be distributed based on the principles of equal treatment, solidarity, proportionality and transparency. The share of loan support for the three biggest recipients will not be higher than [60] % of the total amount available for support.]

EU Facility

25. An EU facility will be established to increase flexibility and enable the EU budget to more effectively address unforeseen crises, as well as finance interventions complementing and reinforcing the National and Regional Partnership Plans. The EU facility, implemented under shared, direct or indirect management, will have two components:

- i) EUR [X] million for Union actions, including a Unity Safety Net responding to market disturbances and stabilising agricultural markets, actions related to migration, border management and internal security, environmental, nature and climate actions, Solidarity Actions in case of natural disasters and other Union actions. [At least EUR [X] million will be dedicated to Solidarity Actions.]
- ii) EUR [X] million for emerging challenges and priorities cushion.

26. Unused funding related to the Unity Safety Net, Solidarity Actions in case of natural disasters and the cushion will be carried over to the following year [and may be used until 2034].

27. *[p.m. Governance of the EU Facility]*

Budgetary commitments

28. The budgetary commitments of each National and Regional Partnership Plan will be done in annual instalments as follows:

- i) [15.8] % in 2028
- ii) [15.5] % in 2029
- iii) [15.1] % in 2030
- iv) [14.8] % in 2031
- v) [14.4] % in 2032
- vi) [12.8] % in 2033
- vii) [11.7] % in 2034

Categories of regions

29. For the National and Regional Partnership Plans, regions at NUTS2 level are classified based on each region's purchasing power standards (PPS), calculated using Union data for the period [2021-2023], as follows:
- i) 'Less developed region' whose GDP per capita is less than [75] % of the average GDP per capita of the EU-27;
 - ii) 'Transition regions' whose GDP per capita is between [75] % and [100] % of the average GDP per capita of the EU-27
 - iii) 'More developed regions' whose GDP per capita is above [100] % of the average GDP per capita of the EU-27.

Support under the Common Agricultural Policy

30. The Union budget will continue to provide income support to farmers and sustainable farming and food production as part of the Common Agricultural Policy , delivering on the objectives set out in the Treaties including by providing a fair standard of living for the agricultural community.
31. In order to maintain a prominent status for the Common Agricultural Policy for the European agricultural sector, the CAP regulation will lay out certain provisions specific to the Common Agricultural Policy. The CAP regulation will ensure a strong and integrated link to the National and Regional Partnership Plans.
32. The planned average aid per hectare for area-based income support for Common Agricultural Policy interventions will not be, in current prices, less than EUR [130] and not more than EUR [240] for each Member State.

33. [A degressive scale for total annual area-based income support will be introduced in accordance with the following:
- i) For area-based income between EUR [20 000] and [50 000], the annual amount will be reduced by [25] %;
 - ii) For area-based income between EUR [50 000] and [75 000], the annual amount will be reduced by [50] %;
 - iii) For area-based income above EUR [75 000], the annual amount will be reduced by [75] %]

Capping of total annual area-based income support for large beneficiaries [on a voluntary basis] will be introduced at the level of EUR [100 000]

Horizontal conditions

34. Member States will put in place and maintain effective mechanisms to ensure the compliance of the measures supported by their Plans with the relevant provisions of the Charter of Fundamental Rights of the European Union and the respect of the principles of the rule of law throughout the implementation of the Fund. The Council will be involved as appropriate in the implementation of horizontal conditions, which shall be in full respect of the principles of objectivity, non-discrimination and equal treatment of Member States.

[Allocation methodology for the National and Regional Partnership Plans

35. The financial allocation for Member States under the National and Regional Partnership Plans will be determined using a general key and a home affairs key, to which the contribution from the social climate fund allocation for the relevant period will be added.

36. The general key will be determined for each Member State as follows:

- i) The average of Member State's share of total EU population (2024) and the Member State's share of total EU population at risk of poverty or social exclusion in rural areas (2024).
- ii) The average will be multiplied with the squared value of the inverse relative GNI per capita in each Member State compared to the EU average, measured in PPS (2023), after incorporating the following adjustments:
 - a) A Regional Prosperity Gap is calculated for all NUTS3 regions with a GDP per capita, measured in PPS (2021-2023), below [75] % of the EU average. The difference between the regions relative GDP per capita and the [75] % EU average will be aggregated by the region's population (2022) and divided by the total population of the Member State (2022).
 - b) An Agricultural Prosperity Gap is calculated by taking into account the gap between direct payments, at the 2027 level, per potentially eligible hectare (2022) and the [90] % of the EU average for each Member State. This will be multiplied by the potentially eligible hectares in the Member State (2022) and expressed in relation to the direct payments, at the 2027 level, for the Member State.

The initial key as determined above will be normalised to 100 %. A cap and safety net normalised to 100 %, will be applied iteratively until no Member State's allocation share is lower than [80] % or higher than [105] % of its 2021-2027 allocation share of relevant pre-allocated funds under shared management.

37. The home affairs key will be determined as follows:

- i) [45] % for border management with [90] % of the Member State's share of total EU sea borders and EU external land borders with neighbouring countries in continental Europe other than EU countries, Schengen countries and EFTA countries, and [10] % of the Member State's share of the EU total uniform visas applied for short stays (2024). Member States with an external direct border to Russia or Belarus will have a factor of [1.25] for those specific borders under the external borders.
- ii) [35] % for migration, integration and asylum based on the average of the Member State's share of the total asylum applicants in the EU (2022-2024), Member States' share of the total number of first instance positive decisions on asylum applications in the EU (2022-2024), the Member State's share of the total number of beneficiaries of temporary protection in the EU from non-EU countries (2022-2024), and the Member State's share of the total number of third country nationals returned following an order to leave (2022-2024).
- iii) [20] % for internal security with normalising [40] % of the Member State's share of EU population (2024); [45] % of the Member State's inverted GNI per capita measured in PPS (2023) compared to the EU average, and [15] % of Member State's share of EU surface area.

An amount of up to EUR [X] million for the Special Transit Scheme within the will be allocated under Lithuania's Plan for integrated border management and for the common policy on visas.

38. Member States will allocate a minimum amount to less developed regions, which will be determined by multiplying the population living in less developed regions (2021-2023) as a share of the Member State's total population (2021-2023) to the pre-allocated envelope for the National and Regional Partnership Plans, excluding the minimum amounts for Common Agricultural Policy and Common Fisheries Policy interventions.

A factor of [1.16] will be applied if a Member State's GNI per capita, measured in PPS (2021-2023), is below [75] % of the EU average.

A cap and safety net for less developed regions will be applied as follows:

For all Member States, the amount allocated to less developed regions will not be lower than [90] % or higher than [112.5] % of the 2021-2027 latest adopted allocations (June 2025) for less developed regions.

The minimum amounts for Common Agricultural Policy interventions per Member State will be based on the allocations for Common Agricultural Policy in 2027. The minimum amounts for the Common Fisheries Policy interventions will be based on the allocations under the European Maritime, Fisheries and Aquaculture Fund for the period 2021-2027.

Allocation methodology for Interreg

39. For Interreg, the allocation to Member States will be determined as follows:
- i) [45,8] % based on the total population of all NUTS level 3 border regions and of other NUTS level 3 regions of which at least half of the regional population lives within [25] kilometres of the borders (2021);
 - ii) [30,5] % based on the population living within [25] kilometres of the borders (2021);
 - iii) [20] % based on the total population (2022-2024);
 - iv) [3,7] % weight based on the population of outermost regions (2022-2024).
40. The share of the cross-border cooperation corresponds to the sum of the weights of criteria (a) and (b). The share of the transnational cooperation corresponds to the weight of criterion (c). The share of the outermost regions' cooperation corresponds to the weight of criterion (d).

41. The allocation for Ireland under Interreg will provide financial support for the PEACE PLUS programme in support of peace and reconciliation and of the continuation of North-South cross-border cooperation.]

Pre-financing and co-financing

42. The Commission will pay pre-financing based on the support allocated to the National and Regional Partnership Plans. The pre-financing will be paid as follows:

- i) 2028: [4] %, [only paid if implementing decisions are adopted by the Council by 31 July 2028] OR [If implementing decisions are not adopted by the Council by 31 December 2028, this pre-financing will be added to the amount for 2029 and 2030.]
- ii) 2029: [3] %
- iii) 2030: [3] %

For Interreg, the pre-financing will be paid as follows:

- i) 2028: [4] %
- ii) 2029: [4] %
- iii) 2030: [4] %

43. The Union co-financing rate to the National and Regional Partnership Plans will not be higher than:

- i) [85] % for less developed regions
- ii) [60] % for transition regions
- iii) [40] % for more developed regions

Where it is not possible to determine the proportion of implementation in a given category of region, the Union co-financing rate will be calculated by using the population weighted average of the applicable contribution rates of the regions.

The Union co-financing rate for Interreg will not be higher than [80] %. For outermost regions and cross-border cooperation at external borders, the co-financing rate will not be higher than [85] %.

For interventions related to the Common Agriculture Policy, when financed from the minimum amounts for the Common Agricultural Policy, the Union co-financing rate will not be higher than:

- i) [100] % for the following measures: degressive area-based income support, coupled income support, crop specific payment for cotton and support for small farmers;
- ii) [70] % for other measures for agriculture;
- iii) [70] % for EU school scheme interventions;
- iv) [70] % for sectors under Common Organisation of the Markets.

For other Common Agricultural Policy interventions, the standard Union co-financing rates set out above will apply.

Decommitment rules

44. With the exception of some CAP interventions, the Commission will automatically decommit any portion of a budget commitment for a National and Regional Partnership Plan and the Interreg Plan chapter that has not been used for prefinancing or for which a payment application has not been submitted by [31 October] of the [year] following that of the budget commitment.

45. [Any decommitments as a result of non-fulfilment of the Charter and Rule of Law horizontal conditions for one year may be made available again by the budgetary authority for the use under other Union instruments or programmes implemented in direct or indirect management, in particular supporting Europe's democracy, civil society, Union values or fight against corruption.]

Support to the Turkish-Cypriot community

46. This Heading will also finance support to the Turkish-Cypriot community. The indicative financial envelope allocated to the programme will be EUR [X] million.

Repayment of NextGenerationEU

47. The repayment for funds borrowed on the capital markets to address the consequences of the COVID-19 crisis (NGEU), comprising the payment of principal, interest payments as well as associated costs, will be financed under this heading. The repayment will start in 2028 to ensure a steady and predictable reduction in liabilities until 31 December 2058. The total amount for 2028-2034 will be EUR [X] million used exclusively to cover repayments, interest payments and associated costs. Cost overruns or savings on interest payments and associated costs will reduce or increase the amount for payment of principal, respectively, ensuring a fixed annual amount for NGEU financing.

European Border and Coast Guard Agency

48. In view of supporting the shared responsibility of securing the external borders while safeguarding the free movement of persons within the Union, the actions under home affairs will be complemented by the actions carried out by a reinforced European Border and Coast Guard Agency (Frontex) with an allocation of EUR [X] million.