

A GUIDE TO THE MULTIANNUAL FINANCIAL FRAMEWORK 2028-2034

The new EU budget programmes for
the battery sector



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A guide to the Multiannual Financial Framework 2028-2034: the new EU budget programmes for the battery sector

This document provides a general overview of the next EU long-term budget, comparing its structure and allocations with the current one, and offering a specific perspective on topics relevant to BEPA members and the R&I battery sector. Two brief sections on the European Competitiveness Fund and Horizon Europe have been included to provide additional context. The final section outlines the expected next steps for the new Multiannual Financial Framework (MFF).

INTRODUCTION

There have been six multiannual financial frameworks (MFFs) to date. The European long-term budget is established for at least five years (currently seven), with the aim of ensuring that the EU's expenditure develops in an orderly manner and remains within the limits of its own resources. The MFF Regulation sets expenditure ceilings for broad categories of spending, known as headings. In the wake of the COVID-19 outbreak, on 27 May 2020, the European Commission proposed a recovery plan (NextGenerationEU) that included revised proposals for the MFF 2021-2027 and own resources, and the setting up of a recovery instrument worth €750 billion (in 2018 prices). The current package was adopted on 16 December 2020 following interinstitutional negotiations between the European Commission, the Council of the EU (Council) and the European Parliament.

The EU budget is mainly used for investment and complements national budgets. Its main goal is to boost growth and competitiveness at a broader EU level. It is only used when it is more effective to run initiatives at the EU level rather than at the local, regional or national level.

EXECUTIVE SUMMARY

On 16 July, the Commission presented its proposal for a new EU budget covering the 2028–2034 period. Almost **€2 trillion**, or 1.26% of the average EU's gross national income (1.12% currently), will support Europe's ambitions and enable the Union to overcome the increasing challenges in security, defence, competitiveness, migration, energy and climate.

The key features of the new EU budget are: greater **flexibility** across the budget, allowing Europe to act quickly when needed; **simpler**, more streamlined and harmonised EU financial programmes (from 52 to 16) to ensure easier access to funding; and a boost to Europe's **competitiveness** to secure supply chains, scale up innovation, and lead in clean and smart technologies.

The **European Competitiveness Fund (ECF)** is where the R&I battery sector should focus its interest, given its strategic relevance in the coming years and the significant funding allocated to it (€409 billion, including the Horizon Europe allocation).

The Fund will direct its support towards four policy priorities, with the first two being of particular interest to the battery sector:

- Clean Transition and Industrial Decarbonisation €67.4 billion
- Resilience and Security, Defence Industry and Space €130.7 billion
- Digital Leadership €54.8 billion
- Health, Biotech, Agriculture and bioeconomy €22.6 billion

Horizon Europe will remain a standalone programme, but aligned with the policy priorities of the European Competitiveness Fund. The proposed budget for the EU's research framework will be almost doubled (€175 billion) compared to the current MFF (€93.5 billion). The new Horizon Europe structure will consist of four pillars: Excellent Science, Competitiveness and Society, Innovation, and the European Research Area. Pillar 2 on Competitiveness, which includes the European Partnerships and collaborative research, will be shaped by the policy priorities mentioned above.

Other relevant programmes for the battery sector include the **Connecting Europe Facility**, which aims to interconnect Europe through both transport and energy corridors. The budget allocated to the energy strand will increase fivefold to nearly €30 billion, making it an important source of funding for battery energy storage systems.

Last but not least, the **Innovation Fund** will be part of the European Competitiveness Fund and retain its current allocation of approximately €41 billion.

CURRENT MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027

This section summarises the structure (headings) and appropriations of the current MFF.

1. Single Market, Innovation and Digital

This heading allocates the investment in areas such as research and innovation, digital transformation, strategic infrastructure, and the Single Market. Programmes funded under this section: **Horizon Europe**, InvestEU, the Single Market Programme, EU Space Programme.

2. Cohesion, Resilience and Values

The main programmes under this spending category aim to strengthen the cohesion among EU Member States: Recovery and Resilience Facility and REACT-EU under NextGenerationEU, the European Social Fund+, Erasmus+ and RescEU. This heading constitutes the largest section of the budget in terms of spending (60%) and aims at reducing disparities in EU regions, within and across Member States, and promoting sustainable territorial development.

3. Natural Resources and Environment

Part of the programmes under this spending category support Europe's farming, agricultural and fisheries sectors and seek to make them more competitive and sustainable. Other programmes are dedicated exclusively to the EU's environmental and climate objectives. The main programme in this section is the Common Agricultural Policy (CAP), but there are others like the LIFE programme and the Just Transition Fund.

4. Migration and Border Management

Programmes under this heading tackle the challenges linked to migration and the management of borders. The main programmes are the Asylum and Migration Fund and the Integrated Border Management Fund.

5. Security and Defence

This heading includes programmes that strengthen the security and safety of European citizens, improving Europe’s defence capacities, and providing the tools to respond to crises. Some examples of programmes under this heading: the Internal Security Fund, financial support to help decommissioning certain nuclear power plants, and the European Defence Fund.

6. Neighbourhood and the World

Programmes under this heading invest in the EU’s external action in its neighbourhood, in developing countries and the rest of the world. Most instruments that fund the EU’s external action were merged into a Neighbourhood, Development and International Cooperation Instrument (NDICI), including the European Neighbourhood, Africa and the Western Balkans. An instrument for pre-accession helps the candidate countries on their path to fulfilling the accession criteria.

7. European Public Administration

This heading covers mainly the administrative expenditure of all EU institutions, as well as the pensions of the retired EU officials.

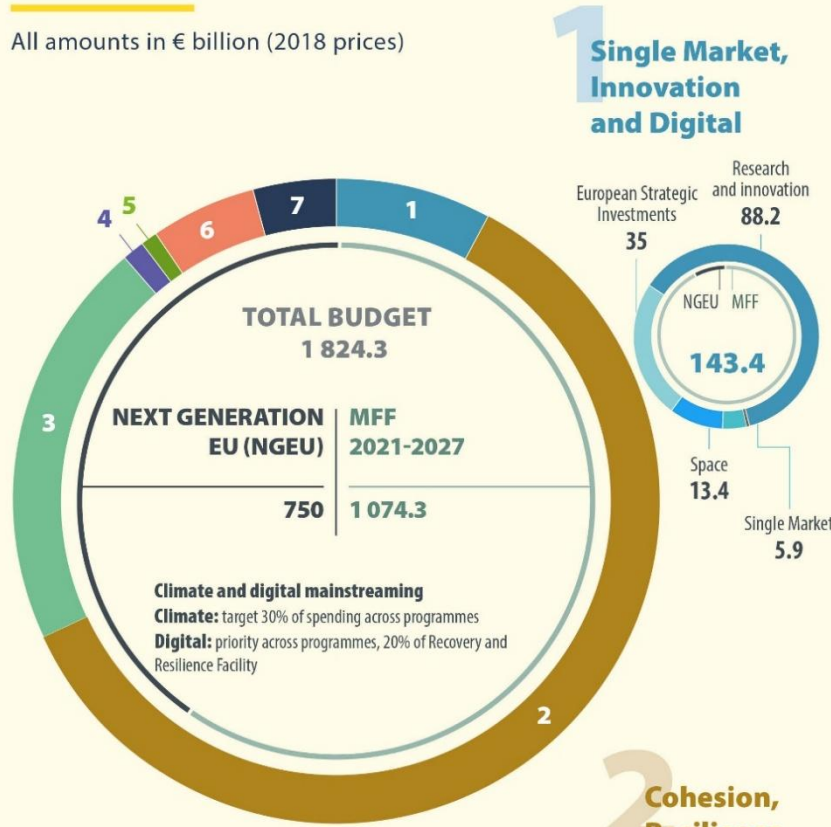
The allocations for each heading are collected in the table below. A more detailed and visual infographic on the MFF (*Figure 1*) can be found in the next pages.¹⁻³

<i>Allocations per heading (in € billion)</i>	MFF	NGEU	TOTAL	% MFF
1. Single Market, Innovation and Digital	149.5	11.5	161.0	8%
2. Cohesion, Resilience and Values	426.7	776.5	1 203.2	60%
3. Natural Resources and Environment	401.0	18.9	419.9	21%
4. Migration and Border Management	25.7	-	25.7	1%
5. Security and Defence	14.9	-	14.9	1%
6. Neighbourhood and the World	110.6	-	110.6	5%
7. European Public Administration	82.5	-	82.5	4%
TOTAL	1 210.9	806.9	2 017.8	
TOTAL expressed in 2018 prices	1 074.3	750.0	1 824.3	

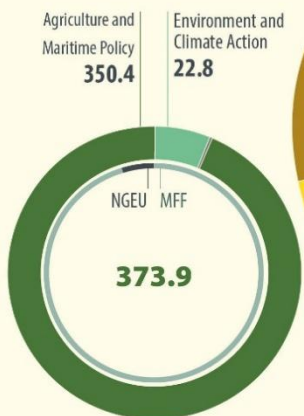
Multiannual financial framework 2021-2027 and Next Generation EU

EU expenditure for 2021-2027

All amounts in € billion (2018 prices)



3 Natural Resources and Environment





Main programmes and funds under the multiannual financial framework

All amounts in € billion (2018 prices)

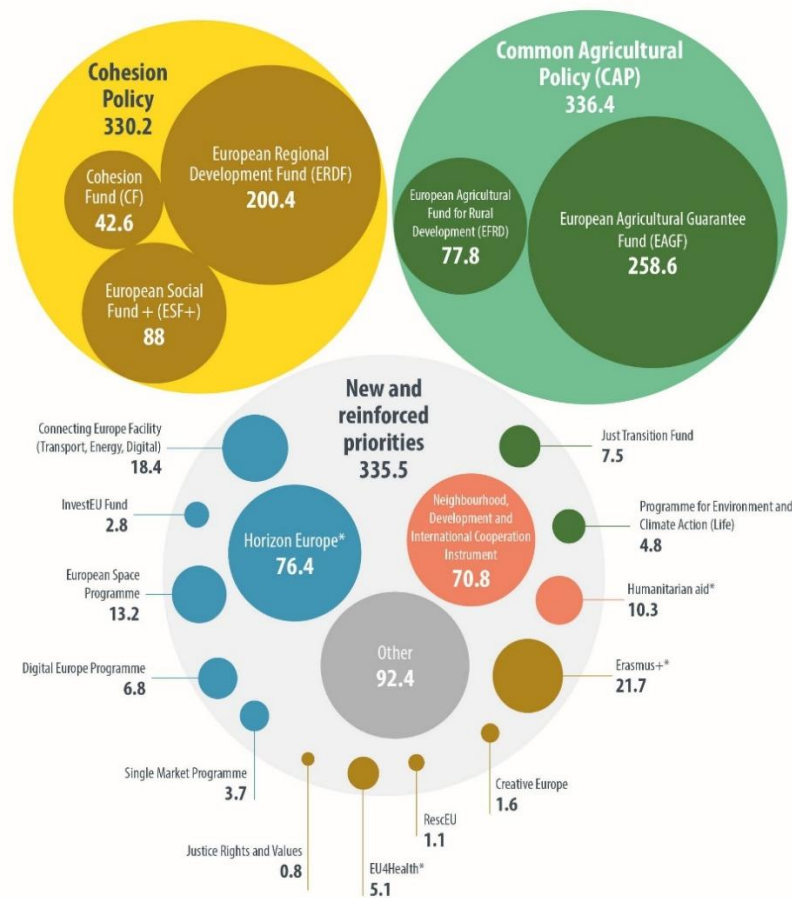


Figure 1. Infographic by the Council on the Multiannual Financial Framework 2021-2027 and Next Generation EU.

THE NEW MULTIANNUAL FINANCIAL FRAMEWORK 2028-2034

This section summarises the structure (headings) and appropriations of the next MFF as proposed by the European Commission. It is noteworthy that negotiations with the Member States and the European Parliament could modify the Commission's proposal. You will find more information on the upcoming steps in the last section of the document.

From 7 to 4 headings, from 52 to 16 programmes: The proposed 2028-2034 MFF will be structured around three headings related to the Union's major sectors of activity supported by the Union budget and focused on delivering on shared policy priorities. A fourth heading covers expenditure for European public administration.⁴⁻⁶

Total budget: €2 trillion. 1.26% of gross national income (1.1% for the previous MFF). The overall total and the figures below are expressed in 2025 prices.

1. Europe's social model and quality of life: €1 trillion

- National and Regional Partnership Plans: €865 billion
- Repayment of NextGenerationEU: €168 billion

2. Competitiveness, prosperity and security: €590 billion

- European Competitiveness Fund: €450.6 billion
 - o Horizon Europe: €175 billion (+84%)
 - o Innovation Fund €41.2 billion
 - o Clean Transition and Industrial Decarbonisation: €67.4 billion
 - o Resilience and Security, Defence Industry and Space: €130.7 billion
 - o Digital Leadership: €54.8 billion
 - o Health, Biotech, Agriculture and bioeconomy: €22.6 billion
- Connecting Europe Facility: €81.4 billion
 - o CEF-E: €29.9 billion
 - o CEF-T: €51.5 billion (of which military mobility: €17.6 billion)
- Erasmus+ and AgoraEU
- Justice, Union Civil Protection Mechanism & Health Response
- Single Market Programme, Euratom and ITER, Nuclear decommissioning, Pericles

3. Global Europe: €215 billion

- Global Europe Instrument: €200 billion
- Common Foreign and Security Policy, Overseas countries and Territories

4. Administration: €118 billion

- Expenditures for the European Public Administration. Stable share around 6% of the MFF.

Beyond these four headings, the MFF includes a Flexibility Instrument of €15.7 billion and a reserve of €100 billion to support Ukraine. Additional revenue will be generated through the new own resources: EU Emissions Trading System (ETS), Carbon Border Adjustment Mechanism (CBAM), the Corporate Resource for Europe (a tax on companies operating in the EU with an annual turnover of at least €100 million), a tobacco tax, and a non-collected e-waste tax. These new own resources are

aimed at repaying the post-COVID-19 common debt and creating a more sustainable budget that does not depend solely on Member States' contributions.

To better visualise the differences in budget headings between the current and next MFF, a Sankey diagram is provided below (*Figure 2*). Most of the “new funds” from the budget increase, from €1.2 trillion to €2 trillion, are channelled into the heading *Competitiveness, Prosperity and Security*. The allocation for repayment of the NGEU loan (€168 billion) has been excluded from the diagram.

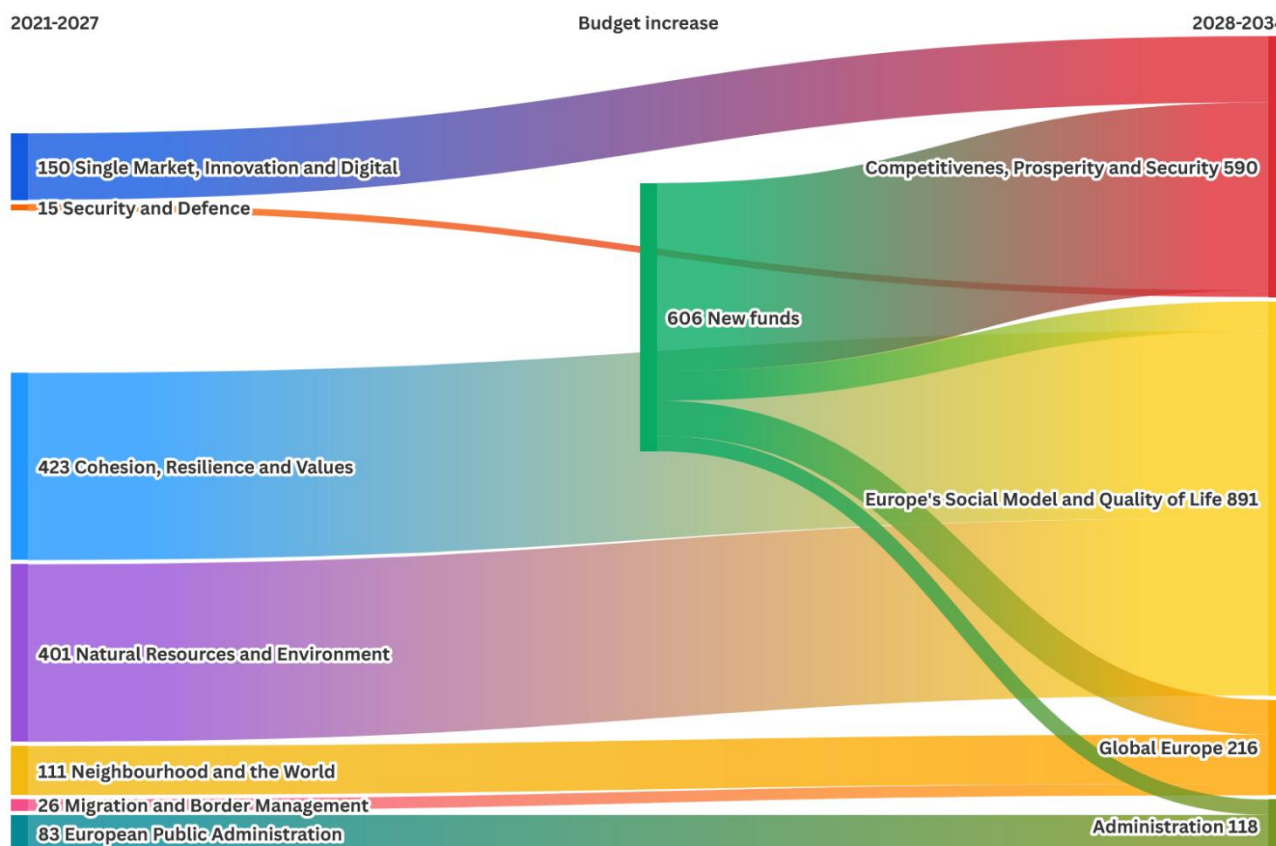


Figure 2. Sankey diagram showing the tentative cash flow from the 2021–2027 MFF headings to the 2028–2034 MFF. The repayment of NGEU has been subtracted from the allocation under the heading “Europe’s Social Model and Quality of Life.” Nominal amounts in current prices (2018 and 2025), EUR billion. The inflation variation from 2018 to 2025 has not been taken into account.

EUROPEAN COMPETITIVENESS FUND

This section summarises the budget allocations for the European Competitiveness Fund (ECF) while providing relevant context, and it does not aim to serve as a briefing on the Fund, which will be circulated in due course.

The European Competitiveness Fund (ECF) is the main pillar of the “**Competitiveness, prosperity and security**” heading of the budget. The ECF's general objective is to increase European competitiveness, notably in strategic sectors and technologies along the investment journey. **The ECF will be closely linked to the Framework Programme for Research and Innovation (Horizon Europe)** through the development of integrated work programmes and a single rulebook under the ECF Regulation.⁷

The ECF is designed to steer investments towards the EU's industrial and technological priorities, strengthening Europe's strategic autonomy and global competitiveness. It will operate under a **single rulebook and a single portal**, providing common rules for project promoters and simplifying access to funding. The ECF will support projects across the entire innovation cycle, from research and development to industrial scale-up, **ensuring that promising technologies can reach the market within Europe**. By leveraging private investment through the ECF InvestEU Instrument, the fund aims to unlock additional financing with greater impact on the EU budget, ensuring that public funds catalyse private capital to accelerate Europe's green and digital transitions while reinforcing its industrial base.

A **EUR 451 billion** to boost innovation

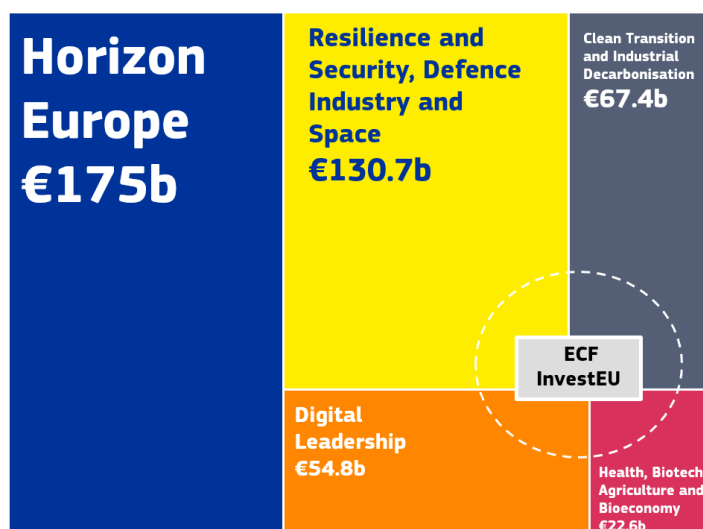


Figure 3. Structure and allocations for the European Competitiveness Fund. The Innovation Fund allocation (€41.2b) is included in the total amount of €451 billion.

The allocations for the Horizon Europe and the ECF policy windows are depicted in **Figure 3**. **The ECF will consolidate activities currently spread across up to 14 different budget lines:**

- Innovation Fund
- Digital Europe Programme and a €2 billion component of the Connecting Europe Facility (CEF) for digital projects
- European Defence Fund (EDF), Act in Support of Ammunition Production (ASAP), European Defence Industry Reinforcement through Common Procurement Act (EDIRPA), and European Defence Industry Programme (EDIP)
- EU4Health
- European Space Programme and IRIS²
- InvestEU

Horizon Europe will remain a standalone programme but tightly connected to the ECF policy windows (see **Figure 4** in the next section). The European Commission directorates responsible for research (DG RTD) and for industrial policy (DG GROW) will jointly manage the ECF. This reflects the close connection intended between the ECF and the Horizon Europe research programme. At the political level, ECF will be overseen by Ekaterina Zaharieva, the commissioner responsible for research, and Stéphane Séjourné, the commissioner responsible for industrial strategy.

The ECF Regulation⁷ presents relevant proposals for the battery sector. These provisions are the following:

Single Rulebook

- Third parties may make additional financial contributions to the ECF or its activities.
- Cumulative funding from other EU programmes.
- Competitiveness Seal to high-quality projects facilitating access to funding
- EU preferential conditions. Restrictions or incentives for Union entities.
- Union support may be provided in any form (grants, prizes, procurement, non-financial donations, budgetary guarantees, and financial instruments).
- Parts of the ECF may be implemented through Public-Private or Public-public Partnerships established under Horizon Europe.

ECF Toolbox

- **Single Market Value Chains Builder.** The work programmes may include dedicated value chains scaleup calls to support both project preparation and crowding in of additional public and private capital to integrate suppliers, manufacturers, and innovators from different Member States and diversify sources of supply.
- **EU Tech frontrunners.** The work programmes may launch two-stage bottom-up awards to support Europe's top tech companies working in industry-led consortia. These calls aim to strengthen their global competitiveness and that of their European SME suppliers by investing in new solutions and helping them find partners. Project preparation and the mobilisation of additional public and private investment may also be supported.
- **Production ramp-up actions.** Financial contributions may now cover actions that started prior to the date of the submission of the proposal for those actions.
- **Top Ups for IPCEIs.** The ECF may support projects directly participating in an IPCEI.
- **Accelerated and Targeted Actions for Competitiveness.** To enable EU support for urgent or imperative public interest actions that cannot be handled under normal budget rules, the work programmes may include specific award procedures that can apply certain exceptions or special rules during project selection and implementation.
- The **ECF InvestEU** Instrument shall address market failures or suboptimal investment situations:
 - It will serve as the Union's integrated platform for delivering targeted financial support to companies across all development phases startups, scaleups, including those actively pursuing manufacturing, industrial and market deployment.
 - The Commission will develop a Scaleup facility in cooperation with the European Investment Bank (EIB) and other financial institutions to provide a set of financing tools tailored for scaleups.
 - The budgetary guarantee and financial instruments (including when combined with grants) may be used to support other EU programmes, such as the EU ETS Innovation Fund, in line with their objectives.

- The ECF InvestEU Instrument will be implemented by the EIB, international financial institutions and the national promotional banks and institutions.

Project advisory, SME collaboration, skills development and access to funding

- The **Project Advisory** will be made available for repayable and non-repayable instruments, which will include investment advisory services, business coaching and acceleration services, cooperation with industrial alliances and European clusters, support the generation of project pipelines and the development of potential investment projects under the ECF InvestEU Instrument.
- An **EU for Business Network**, with particular emphasis on SMEs, startups and scaleups, will be established to help businesses become more competitive and innovative.
- Each policy window will support dedicated, sector-specific actions targeting startups and SMEs to foster innovation, business acceleration, commercialisation and scaling-up.
- The ECF will finance activities in support of skills development.
- **Beneficiary Service Desk.** Maintains and expands a single electronic portal to make it easier for participants to access EU funding, regardless of how the budget is managed. This includes providing advisory services and business acceleration support.

Specific activities of interest to BEPA members to be supported under each policy window:

- **Clean transition and industrial decarbonisation**
 - Energy storage, energy efficiency and demand-response.
 - Electrification of energy-intensive industries and cities (energy, transport, buildings).
 - Safe transport and mobility, including vehicles and infrastructures.
 - Scaling up the manufacturing capacity of net-zero technologies and their supply chain.
- **Digital leadership**
 - Support for cross-sectoral digital technologies and applications.
 - Employment of digital solutions across economic sectors, through research, innovation and deployment, to boost their productivity and competitiveness, with a focus on more complex technologies.
- **Resilience and security, defence industry and space**
 - Support for the strengthening of the EU capacity in exploration, extraction, processing, recycling and purchasing of raw materials.
 - Support to Defence R&D, Innovation and Technological Superiority, including spin-in actions to adapt civilian technologies for defence.
 - Military Logistics Enablement and Support: activities related to the enhancement of military mobility capabilities and/or supporting dual use of civilian-military assets, including infrastructure and superstructures resilience.

As set out in the Clean Industrial Deal, it will be essential to combine decarbonisation and economic growth, through affordable energy prices, support for EU-made clean products (via the **Industrial Decarbonisation Accelerator Act**, still to be published), high-quality jobs and reinforced financing, including through the Industrial Decarbonisation Bank.

The **Industrial Decarbonisation Bank (IDB)**, expected to be a €100 billion initiative, will fall under the governance of the ECF, as announced in the Clean Industrial Deal.⁸ However, the proposal is anticipated to be presented during the second quarter of 2026. The IDB is expected to draw its funding from four primary sources: Innovation Fund (€20 billion), InvestEU (€25 billion), additional ETS revenues (€25 billion) and co-financing from Member States (€30 billion). The IDB will provide funding based on the carbon emission reduction potential of projects, but its implementation is still uncertain. Once more information becomes available, we will duly inform BEPA members, paying special attention to its complementarity with the Innovation Fund (grants for net-zero projects and auctions for renewable hydrogen).⁹

HORIZON EUROPE

This section summarises the budget allocations for the HE while providing relevant context, and it does not aim to serve as a briefing on the HE, which will be circulated in due course.

The European Commission proposes to almost **double Horizon Europe’s funding** to €175 billion for the period 2028–2034, compared to the current programme (€93.5 billion).¹⁰⁻¹¹ During the 2021–2027 MFF negotiations, the Commission’s initial proposal of €120 billion was reduced to €88.5 billion, with a subsequent €5 billion top-up from NGEU funds. More information on the negotiations and approval procedure can be found in the next section of the document.

The Commission aims to promote simplicity and flexibility, enabling faster and more strategic EU spending through clearer rules and more transparent procedures for applicants and stakeholders. The tenth Framework Programme for Research and Innovation (FP10) will be **structured around four pillars** instead of the current three, with Pillar 2 managed by the ECF (**Figure 4**).

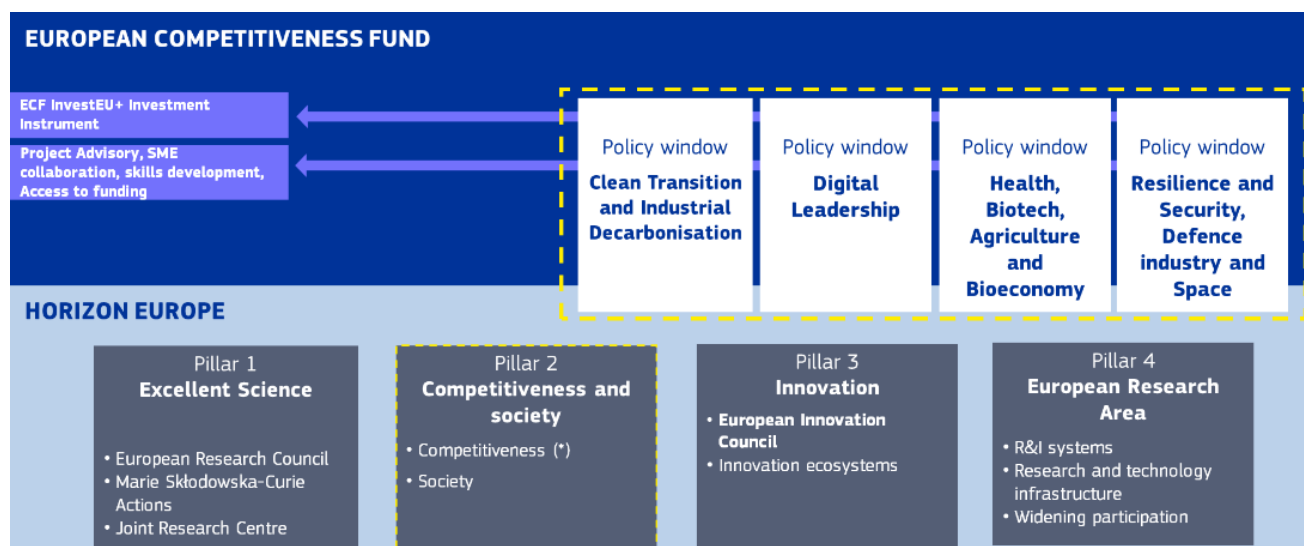


Figure 4. Structure of FP10 and its correlation with the ECF. Pillar 2, highlighted with a yellow dashed border, will be under the ECF.

The budget for fundamental research under **Pillar 1** (ERC, MSCA and JRC) will go up from €25 billion to €44 billion compared to the current Horizon Europe.

Pillar 2 budget on collaborative research will increase from €53.5 billion to €75.8 billion (€68.2 billion for competitiveness and €7.6 billion for society). The funding for competitiveness will be managed

under the ECF and aligned with its priorities as detailed in the previous section: clean transition (€25.3 billion), life sciences (€19.6 billion), digital leadership (€16.8 billion), and resilience, security, defence and space (€6.4 billion). The Clean Transition priority will increase significantly (68%) compared to the current €15 billion allocated for climate, energy and mobility.

The budget for Innovation associated with **Pillar 3** will get the highest increase compared to the current FP9. The allocation will almost triple from €13.6 billion to €38.7 billion. This boost will be mostly directed to the European Innovation Council (EIC), which provides grant and equity funding to startups and researcher-led innovation projects.

The last Pillar funds a common European research policy and will have a budget of €16.2 billion compared to its current €3.4 billion. This increase is due to the funding of research infrastructure moving from Pillar 1 to **Pillar 4**, although the Widening programme will benefit from a meaningful boost from €3 billion to €5.4 billion.

The **European Partnerships**, including in the form of Joint Undertakings, will continue to serve as a key instrument of the FP10, working synergistically with the ECF. They are proposed to be radically simplified and streamlined in their operations and organisation to enhance efficiency. The Partnerships' legal basis can be found in Article 11 of the Horizon Europe Regulation.¹⁰

The Horizon Europe programme and the European Competitiveness Fund could finance **moonshot projects** managed through the Competitiveness Coordination Tool. The legal basis for these projects is not set out in the Horizon Europe Regulation itself but is instead referenced in its Explanatory Memorandum, as part of ensuring consistency with existing policy provisions. As described in this section, moonshot projects are expected to progress from research to demonstration and real-world deployment. They would be supported by pooled funding from the EU (Horizon Europe and ECF), national, regional, and private sources. Within Horizon, the moonshots could tap into the competitiveness component of Pillar 2, including potentially setting up dedicated European partnerships in some cases. The regulation does not include a dedicated budget for the moonshots, thus reflecting the Commission's ambition to make the future long-term EU budget more flexible. The regulation does not propose specific initiatives. However, it does suggest several possible indicative moonshots.

NEXT STEPS

The decision on the future long-term EU budget and revenue system will be discussed in parallel by Member States in the Council, and by the political groups in the European Parliament.

The timeline is uncertain as it depends on how the negotiations evolve, but the procedure is well established.¹² The Council identifies the points on which political direction and priority-setting from EU leaders are required. This provides political guidance on the main parts of the budget, enabling the Council to adopt its position, which is expected to happen at the end of this year. The European Parliament also adopts a position on the Commission's proposal. Once both institutions have set out their position, negotiations between Parliament and Council begin with the goal of reaching a common agreement. The **Council** must then approve the negotiated deal **by unanimity**, and the

Parliament gives its consent, without the right to amend the Council’s proposal, to conclude the decision-making process.

As mentioned, the timeline for the next MFF approval is uncertain, but the negotiations for the current budget can serve as a reference.¹³ The Commission presented its proposal in May 2018, and EU leaders agreed on their position in July 2019, which included the recovery plan for the COVID-19 pandemic. In November 2019, negotiators from the Council and the Parliament reached a provisional agreement. The following month, the European Parliament gave its consent, and the Council adopted the regulation laying down the MFF for 2021-2027.

It is worth noting that, if necessary, **the long-term budget can be revised** during its lifetime in response to unprecedented and unforeseen challenges. This was the case for the current MFF following Russia’s invasion of Ukraine, high inflation and interest rates, and challenges related to migration. As a result, the Commission proposed a budget revision in 2023, which the Council adopted after receiving the Parliament’s consent in 2024.

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