INTERNAL AND EXTERNAL COMMON CHALLENGES: DEFENCE AND MIGRATION IN THE NEXT MFF

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Internal and External Common Challenges: Defence and migration in the next MFF

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In the Multiannual Financial Framework (MFF) for the period 2021-2027, the budget allocated to migration fell under Heading 4: “Migration and Border Management”, while security and defence were covered by Heading 5. With budgets of €22.7 billion and €13.2 billion, respectively (in 2018 prices), these areas represented relatively modest European investments compared to other expenditure priorities. Nevertheless, they reflected the growing significance of these two issues in the EU’s strategic agenda.

With respect to migration, the crises affecting Syria, Afghanistan, and the Sahel region during the 2010s led to a significant surge in the number of asylum seekers arriving in Europe. Frontline countries like Greece and Italy faced intense pressure, often without the means to adequately respond to it. Due to the limited EU funds allocated to migration and asylum in the 2014-2020 period, the Union had to rely heavily on the flexibility provisions of the 2014-2020 MFF to support needs[1]. In addition, new instruments were introduced, partially outside the MFF, to finance cooperation with third countries in the area of migration - the EU Emergency Trust Fund for Africa, the EU Trust Fund for Syria (MADAD Fund), and the Facility for Refugees in Turkey.

Drawing lessons from this experience, the current MFF has increased the amount of EU funds earmarked to migration and border management. Changes have been introduced to adjust the allocation of funds to evolving needs. Following the expansion of Frontex’ mandate and functions (in 2016 and 2019), more resources have been allocated to the EU´s border agency. However, EU expenditure on migration and border management remains a very small share of the overall MFF, accounting only for 2.1%, while the issue is at the top of the EU´s agenda.

1 According to d’Alfonso (2019), over the 2015-2018 period the Flexibility Instrument and the Contingency margin provided 4.3 billion euros to reinforce the EU´s migration and asylum funds and agencies.

In the area of defence, Article 41(2) of the Treaty on European Union restricts the use of the EU budget for military expenditure, requiring unanimous agreement among Member States for any exceptions. However, Russia's annexation of Crimea in 2014 and the election of Donald Trump in 2016 served as wake-up calls, prompting EU Member States to reconsider dedicating European funds more directly to defence and security initiatives within the MFF 2021-2027.

As a result, a distinct Heading 5: Security and Defence was introduced in the 2021-2027 MFF. Despite this development, the allocation of €13.2 billion (in 2018 prices) made it the smallest of the seven MFF headings, representing just 1.2% of the total MFF budget[2]. However, a Security and Defence pillar was added to the Horizon Europe program as part of the latest MFF. It has around €1.6 billion allocated to Cluster 3 – Civil Security for Society but additional fundings are also available in Cluster 4 – Digital, Industry and Space for dual-use projects.The war in Ukraine has heightened Europeans' awareness of the need to invest more in their defence. This was reflected in the Versailles Declaration of March 2022, followed by a series of initiatives aimed at both supporting Ukraine and strengthening European cooperation and the defence industry. In this context, both national military expenditures and the EU budget have been adjusted to meet the increased financing requirements. As a reminder, in February 2022, only five EU countries met the NATO target of spending 2% of GDP on defence, a commitment made in 2014. Today, that number has increased to around twenty. At the European budget level, additional resources have been allocated to finance joint procurements (ASAP/EDIRPA) and the strengthening of the European Defence and Technological Industrial Bases (EDIP).

Before the 1st July 2025, the Commission shall present a proposal for a new MFF for 2028-2034. Developments in the international situation in the context of the war in Ukraine and the increase in international tensions are further amplifying the challenges facing Europeans in terms of managing illegal migratory flows and ensuring their defence and security. This note proposes to take stock of what already exists in these two areas, based on recent initiatives. In order to anticipate the financial requirements that could be presented as part of the next MFF exercise, it identifies the main challenges facing Europeans. Finally, it describes the implications that this could/should have on the resources that will be dedicated to defence and security in Europe for the period 2028-2034.

2 Mazur S. (2021), Security and defence, Heading 5 of the 2021-2027 MFF, Briefing, European Parliamentary Research Service - https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2021)690545

1/ Common Defence and the future Multiannual Financial Framework

Current state of EU initiatives in the field of defence and security in Europe.

The Treaty of Rome contained no provisions related to defence. On the contrary, it explicitly provided an exception for military equipment as part of its provisions for creating a common market (Article 223). This exception has been systematically included in all subsequent treaties, now codified in Article 346 TFEU (Treaty on the Functioning of the European Union).

As early as 1996, the European Commission highlighted the fragmentation of defence markets in Europe, emphasizing the lack of competitiveness of European defence industries compared to their American counterparts. In 2004, the Commission published a Green Paper proposing the application of standard public procurement rules to the European defence equipment market. This proposal materialized through the adoption of the 2009 Defence Package, which sought to foster greater integration of the European defence market, enhancing competition and facilitating access for European suppliers to national public procurement markets. However, without direct competences in defence or dedicated financial resources, the Commission's role remained limited to advocacy for market integration.

Following the European elections of May 2019, the newly elected European Parliament reaffirmed its commitment to dedicating financial resources to new policy priorities, including defence and security. In line with this, the Multiannual Financial Framework (MFF) 2021-2027 became the first framework to explicitly allocate financial resources to European defence and security. Heading 5 consists of two pillars: security and defence:

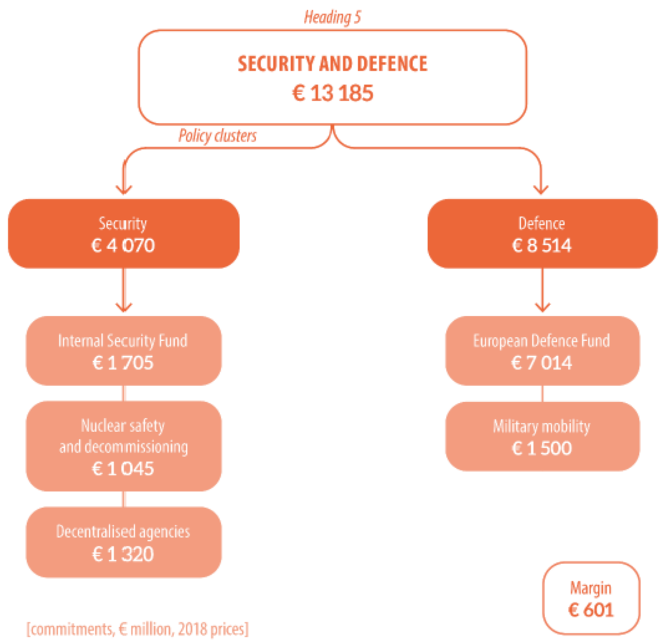
- "Security" includes the continuation of the Internal Security Fund, funding for nuclear decommissioning and funding for three EU decentralised agencies in the area of security
- "Defence" is more innovative, introducing the European Defence Fund (EDF) and a Military Mobility Programme.

Initially, the European Commission proposed a budget of €24 billion for Heading 5. However, following negotiations, this was reduced to €13 billion. The defence pillar projects—namely, the European Defence Fund and the Military Mobility Programme—were the most affected by these cuts. The EDF was allocated a budget of €7 billion, significantly lower than the €13 billion initially proposed, while the Military Mobility Programme received only

€1.5 billion. The EDF aims to finance collaborative R&D projects in the field of defence.

To circumvent the limitations imposed by the Treaties, which prevent European funding from being allocated directly to defence spending, the main aim of the E-uropean Defence Fund (EDF) is to strengthen the European defence industry by fostering cooperation. Specifically, it seeks to finance cooperative industrial programs that involve at least three companies from three different European countries. **-> FIGURE 1**

Figure 1 – Structure of funding dedicated to Heading 5: Security and defence for 2021-2027



Source: EPRS, 2021.

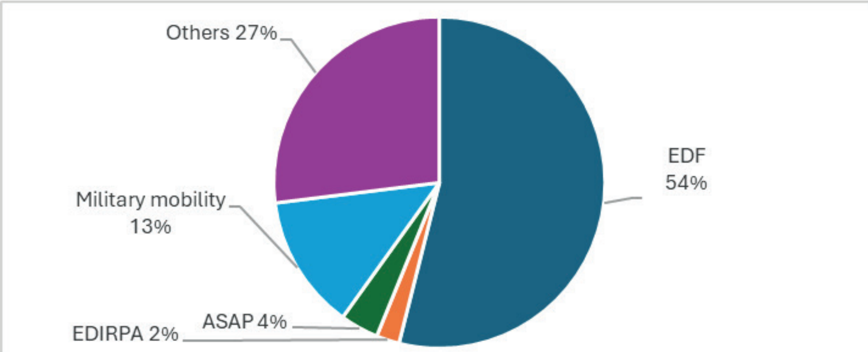
As the war in Ukraine, which began on 24 February 2022 signed the return of high-intensity warfare to Europe and, significantly increased the European institutions' and members' focus on defence issues. The conflict underscored the urgent need for Europe to support Ukraine by supplying the equipment necessary to resist Russian forces and to strengthen its own defence capabilities, arms production capacities and industrial readiness.

The Versailles Declaration marks a pivotal moment in this shift. Adopted by the leaders of the European Union (EU) during an informal summit held on 10–11 March 2022 in Versailles, France, this document outlines critical challenges exacerbated by the war, including security, energy, and defence. Among its recommendations are calls to enhance European sovereignty by increasing investments in defence, developing European strategic capabilities, and reducing dependency on external suppliers. This is to be achieved by intensifying cooperation between Member States, particularly in the area of defence and security.

In July 2022, five months after Russia invaded Ukraine and recognizing the European defence investment gaps both in capabilities and industries, the European Commission proposed a regulation establishing the European Defence Industry Reinforcement through Common Procurement Act (EDIRPA). The European Parliament adopted the EDIRPA regulation on 18 May 2023, and it came into effect on 27 October 2023, remaining valid until the end of 2025. Subsequently, the regulation was formally endorsed by the EU Council on 9 October 2023. On 15 March 2024, the European Commission adopted the EDIRPA work programme and launched corresponding calls for proposals, allocating a total budget of €310 million. This funding aims to support joint procurement initiatives in key areas such as munitions, air and missile defence, and the replacement of outdated systems.

Meanwhile, on 20 March 2023, one year after the outbreak of war, the EU Council approved a common approach to supplying one million artillery shells to Ukraine over a twelve-month period. On 3 May 2023, the European Commission proposed the Act in Support of Ammunition Production (ASAP) to boost the production of ammunition and missiles within the EU. The European Parliament adopted the ASAP legislative proposal during its plenary session under the urgent procedure. This initiative has a budget of €500 million. The ASAP regulation was adopted the European Parliament and of the Council on 20.07.2023 and is effective from 25.07.2023 until 30.06.2025.

After revision of the MFF in February 2024 a total budget of Heading 5 has amounts €14.473 billion, allocated as follows: **-> GRAPH**



In addition to this budget and to consolidate the initiatives introduced before and after the war in Ukraine, in March 2024, the European Commission presented the first European Defence Industrial Strategy (EDIS) and the European Defence Industry Programme (EDIP). EDIP aims to support the production and supply of armaments in Europe. The EDIP proposal allocates a budget of €1.5 billion for the 2021–2027 MFF, further strengthening the resources dedicated to European defence. Additionally, the European Peace Facility budget provides for partial reimbursement of arms transfers to third countries by the EU. The initial budget of the EPF (in March 2021) was €5.7 billion, now after three top-ups resulting mainly from Russia's aggression against Ukraine, it is €17 billion (including 11.1 for the military support to Ukraine). Moreover, budgets from other headings, particularly those related to dual-use technologies or space, also contribute to Europe's defence and security efforts.

On 5 September 2024, the European Economic and Social Committee (EESC) adopted an opinion on the EDIP, recommending an increase in the allocated budget to ensure the objectives set by the initiative are met. These developments highlight the EU's commitment to fostering a robust and integrated approach to defence and security.

The appointment of a Commissioner dedicated to Defence and Space underscores the strategic importance that the next Commission intends to assign to this area. This Commissioner will oversee the implementation of the European Defence Industry Programme (EDIP) and the consolidation of various instruments into the European Defence Industrial Strategy (EDIS). These measures are expected to significantly enhance the shared resources devoted to defence across Europe.

External and internal relevant factors to developments in the EU defence and security

The renewed focus on reinvesting in defence in Europe is driven by several key factors:

- **Historical Underinvestment**: Europe has significant ground to make up due to decades of chronic underinvestment in defence. For over 30 years, following the end of the Cold War, Europeans reaped the benefits of the so-called "peace dividend," drastically reducing military spending. In 2014, after Russia's annexation of Crimea, NATO member states committed to increasing their defence spending to 2% of GDP. However, by the time the war in Ukraine broke out in February 2022, only five European countries had met this target. In a joint declaration issued in April 2024, the President of the European Commission and the High Representative estimated that, had Member States honored their commitments, approximately €1,100 billion could have been allocated to European defence;

- **Strategic Autonomy and Dependency Reduction**: This underinvestment has created critical dependencies, underscoring the urgent need to strengthen Europe's strategic autonomy. During his European Parliament hearing on 7 November, the Commissioner-designate for Defence and Space stressed that the EU must urgently prepare for potential military aggression. At the same time, strengthening strategic autonomy remains a medium- to long-term priority, particularly as the United States is expected to increasingly shift its focus to the strategic challenge posed by China. This shift may result in a diminished U.S. presence and commitment within NATO;

- **The need to reduce Defence Market Fragmentation**: Addressing the fragmentation of the European defence market is another crucial priority for Member States and European institutions. A 2023 European Parliament report estimated that market fragmentation costs Europe over €100 billion annually. This issue, compounded by insufficient production capacity, is evidenced by the fact that 75% of defence purchases made by EU Member States between the start of Russia's aggression in Ukraine and June 2023 were sourced from non-EU countries.

These internal European challenges are exacerbated by an increasingly unstable international context. The geopolitical environment is growing more volatile, with rising conflicts worldwide—including the persistent Russian threat to Europe—heightening uncertainty and insecurity at all levels. For instance, tensions between China and the United States are polarizing global relations and trade flows, undermining supply chain security and increasing the risk of sanctions or shortages.

Additionally, globalization, with its amplified interdependencies, and the rise of information technologies have heightened Europe's vulnerability to hybrid threats such as cyberattacks and disinformation. The Covid-19 pandemic further exposed risks to supply chain security, while Donald Trump's election in 2016 and the war in Ukraine starting in 2022 underscored the need for Europeans to enhance their strategic autonomy. Looking ahead, the continuation of the war in Ukraine, coupled with taking office by Trump in January 2025 and his threats to cease support for Ukraine and partially or fully disengage from NATO, are likely to drive Europe's defence efforts even further in the coming years.

The recent escalation of the war in Ukraine and Russian threats have further reinforced European fears. They should initiate, more than ever, States to pursue the strategic agenda around the initiatives taken following the war in Ukraine but also the Strategic Compass for Security and Defence or cooperation between the EU and NATO. Adopted in March 2022, the Strategic Compass sets the strategic orientations for defence and security in Europe up to 2030 by defining a common vision and concrete strategic objectives. It aims to strengthen capacities in areas such as military mobility and combating cyberattacks and hybrid threats. Among other initiatives, it proposes increasing collaborations with partner organizations like NATO and third countries, as well as accelerating innovation and research through the European Defence Fund (EDF).

More recently, the European Union's strategic agenda for the period 2024–2029 was adopted by the European Council on June 27, 2024. It defines security and defence priorities aimed at strengthening the EU's resilience and strategic autonomy, providing it with the necessary means to meet current and future security challenges. In this regard, Ursula von der Leyen emphasized in her speech to the European Parliament on July 18, 2024, the need to build a genuine European Defence Union—a priority task she specifies in the mission letter addressed to the new Commissioner for Defence and Space. While reaffirming the importance of cooperation with NATO, she also insisted on the need for the EU to strengthen its own defence capabilities. The European Defence Industry Strategy (EDIS) and the European Defence Investment Program (EDIP) reflect this commitment. They will therefore inevitably have budgetary implications in the next MFF.

Priorities and Challenges for the next MFF

In February, in a resolution on the implementation of the Common Security and Defence Policy, Members of the European Parliament (MEPs) emphasized the importance of securing adequate financial resources for the various defence instruments in the future. In a joint communication issued in early March 2024, the European Commission and the High Representative highlighted that "even the Member States with the largest defence budgets are increasingly faced with difficulties in investing at the required levels on an individual basis, exposing the EU to widening capability and industrial gaps and growing strategic dependencies."

According to the slogan now quite widely share, the EU budget must help Member States to spend more, better, and together on their defence. This means that these funds must be added to—not replace—national budgets, which are increasing and thus augment the overall financial effort. They can help achieve the collective objective of allocating 20% of EU military spending to investments. This European funding is directed toward collaborations (industrial ones, for example) and jointly approved actions (such as joint purchases), thereby reducing the fragmentation of demand and of the European defence equipment market, with positive repercussions on costs, interoperability, and industry consolidation. In fact, programs financed or subsidized by the EU impose rules for cooperation between Member States and require companies to form partnerships. These are therefore important levers to encourage cooperation and cost sharing.

These statements underscore that defence remains a top priority for Europeans. EDIS reinforces this by underlining the need for an ambitious defence budget in the next MFF, including sufficient funding to replace both the European Defence Fund (EDF) and the European Defence Industry Programme (EDIP). Furthermore, the next MFF will need to support various objectives, supposed to facilitate the move towards a true European Defence Union. These include (1) increasing the purchases of European equipment from European companies (it will however be a question of determining the level of this European preference - as a reminder, today, according to EDIS defence companies in Europe only capture barely 20/25% of orders from member states[3]), (2) supporting the commitment made by the States, within the framework of PESCO (Permanent Structured Cooperation to dedicate at least 20% of their total defence spending on investment, (3) dedicating 35% of their investments on cooperative projects. Additionally, it will be necessary to determine what portion of funding will be grants to projects or objectives, and what portion will be co-financing. As part of the ongoing negotiations for the 2028-2034 MFF, several proposals have been put forward to bolster the EU's defence efforts:

- **Boosting the EU's Budget**: This would allow for greater support to the European Defence Technological and Industrial Base (EDTIB);

- **Creating or increasing Own Resources**: Generating additional revenue streams to finance defence initiatives;

- **Using Frozen Russian Assets**: Leveraging assets frozen under European sanctions against Russia;

- **Creating a Common European Debt**: Issuing Eurobonds, with a €100 billion proposal put forward by Estonian Prime Minister Kaja Kallas and the future European External Action Service (EEAS) after a first proposal from the commissioner Thierry Breton;

- **Reforming the European Investment Bank (EIB) Statutes**: Enabling the EIB to play a more direct role in financing defence. While the EIB has significantly increased support for dual-use technologies and SMEs in the security and defence sectors, its lending policy still excludes the financing of munitions, weapons, and infrastructure intended solely for military or police use;

- **Reallocating Horizontal Funds**: Redirecting funds from programs such as EU Invest, the Cohesion Fund, or the European Social Fund (ESF) to finance EDTIB and dual-use projects.

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3 According to Bruegel's July 2024 analysis, the reliance on providers from outside the EU given by the European Commission in EDIS is overstated: https://www.bruegel.org/analysis/what-role-do-imports-play-european-defence.

However, EDIRPA and ASAP will expire at the end of 2025, the EDF with the end of the current MFF. **The European Defence Fund** (EDF) is expected to remain a key tool, with discussions centered on whether its resources should be increased. The European Defence Industrial Programme, which aims to ensure long-term industrial readiness in the defence sector by succeeding emergency measures like EDIRPA and ASAP (set to conclude in 2025), will also require dedicated resources—potentially exceeding the €1.5 billion already allocated.

EDIS should receive €1.5 billion from the EU budget until the next MFF. These funds are sourced from the EDF as part of the additional allocation secured during the mid-term review of the current MFF. However, no budget is guaranteed for the future at this stage. The upcoming MFF will therefore need to allocate sufficient funding to ensure the continuation of both the EDF and the European Defence Industry Programme (EDIP). A working document prepared by the European Commission staff and published last July outlines various EDIP proposals, including the **extension of EDIRPA and ASAP**[4].

4 Staff Working Document for a European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products, accompanying the document, Proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industry Programme and a framework of measures. to ensure the timely availability and supply of defence products ('EDIP'), Document C(2024) 4822 final Brussels 8.7.2024 - https://defence-industry-space.ec.europa.eu/commission-staff-working-document-edip_en

Extending EDIRPA and ASAP would require mobilizing additional resources from the EU budget. The principle of those initiatives relies on leveraging the European budget to incentivize Member States to jointly procure defence equipment and to replenish depleted stockpiles. To strengthen industrial capacities in the sector, it will also be necessary to gradually expand the scope of joint procurements to include a broader range of equipment, beyond just urgent or critical defence products.

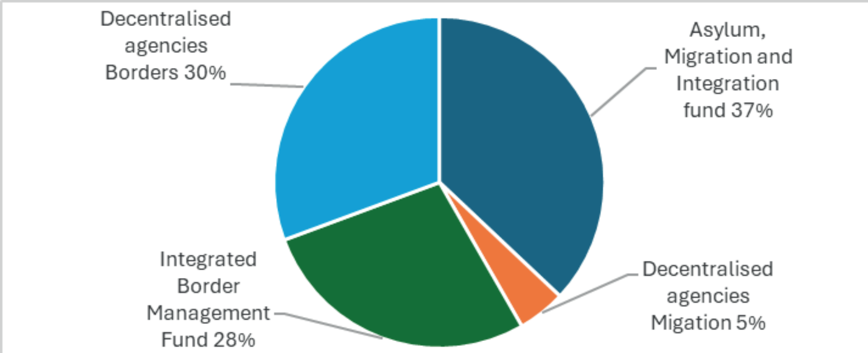
Until now, European defence industries have been structured for peacetime production, manufacturing equipment only after demand is established and orders are placed. The war in Ukraine has demonstrated the risks of this reactive approach during crises. ASAP is the first instrument at the EU level designed to help Member States and defence companies scale up production capabilities during wartime. Discontinuing this preparatory and anticipatory dimension would be detrimental. Incorporating this approach into the EU budget may allow a more effective and coordinated response to crises compared to national-level efforts.

Today, more than half of EU credits under **Heading 5** are allocated to the **European Defence Fund** and are therefore used to finance or co-finance cooperative R&D projects. This effort must be continued and even strengthened, as it contributes to (1) technologically strengthening the industry, and (2) decompartmentalizing the industrial fabric through the partnerships that companies, both large and small, must establish to access funding. However, this R&D—whose first deliverables are now arriving—will need to be exploited downstream to produce military equipment and capabilities that meet the needs of Member States. To achieve this, the EU will have to equip itself with instruments designed to encourage this exploitation within a multinational collaborative framework (to avoid each Member State launching separate programs based on jointly developed technologies, etc.). Recent initiatives (ASAP, EDIRPA, EDIP) can contribute to this objective by ensuring the financing of subsequent phases of a project having benefited from EDF, the EU subsidy of the production of equipment using the results of projects initially financed by EDF or by financially supporting member states which join forces to jointly purchase equipment produced by European industry.

These instruments, born in the context of the urgency of aid to Ukraine, will have to be adapted and strengthened to meet longer-term needs and nourish the competitiveness of the industry over a broader spectrum of capacities. In that perspective EDIP for example proposes the creation of a dedicated fund to facilitate access to larger financing for SMEs and mid-cap companies. This **Fund to Accelerate defence Supply chains Transformation** (FAST) could be established with EU budget contributions, leveraging those funds to attract additional financing from Member States or private investors. Moreover, EDIP plans to allocate funds specifically to strengthen Ukraine's defence industrial capabilities.

Both Member States and the Commission have expressed their intention to establish **European Common Defence Interest Projects** (ECDIPs), modeled after the Important Projects of Common European Interest (IPCEIs). While IPCEIs are not directly financed by the EU budget but through contributions from Member States or private investors under European Commission coordination, it remains unclear if ECDIPs will follow the same funding model. Budgetary constraints in certain Member States may limit the push for European funding for these projects.

Similarly, the **European Peace Facility** (EPF), currently funded outside the EU budget through direct contributions from Member States, faces calls from some Member States for increased funding. Initially designed to support Africa, the EPF has been heavily utilized for Ukraine. If funding increases are approved, the key question will be whether they rely solely on Member State contributions; And this, all the more so because even if the war in Ukraine ends, other candidate countries could find themselves threatened by Russia and in turn need support. Furthermore, EDIS plans to strengthen the Ukrainian defence industry, which will require European investments. **The Permanent Structured Cooperation (PESCO)** will also raise the question of their financing. This initiative launched in December 2017 is a cooperation framework for the development of joint projects. Currently, 25 of the 27 member states participate and more than 60 projects have been approved.



2/ Migration and border protection in the future Multiannual Financial Framework

Current state of the EU migration and border protection policy, including the effectiveness of key institutions

The current Multiannual Financial Framework (MFF) has established for the first time a specific heading (heading 4) dedicated to Migration and Border Management. With a total allocation of €22.7 billion, this heading finances the activities of key EU agencies, such as the European Border and Coast Guard Agency (Frontex) and the European Union Agency for Asylum (EUAA) (formerly the European Asylum Support Office, EASO). It also supports two funding instruments: the Asylum, Migration and Integration Fund (AMIF) and the Integrated Border Management Fund (IBMF).

Distribution of MFF 2021-2027 Heading 4
-> GRAPH

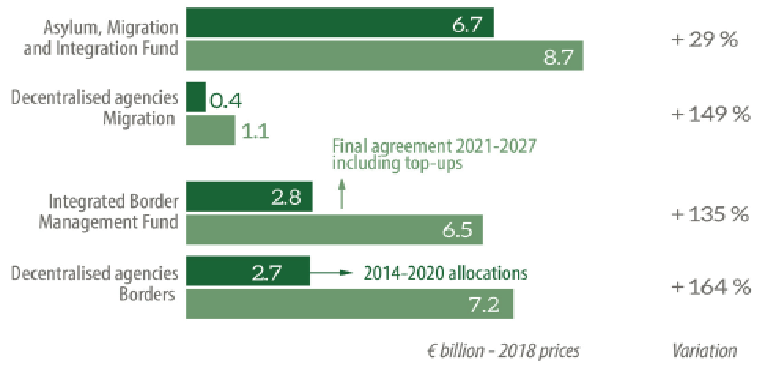
Despite these investments, spending on migration and border management remains a relatively small share of the overall EU budget, accounting for 2.1% (excluding resources from the Next Generation EU recovery instrument). However, these allocations mark a significant increase in relative terms compared to the funding available in the 2014–2020 period, reflecting the growing importance of these policy areas[5]. **-> FIGURE 4**

The funds allocated to Heading 4 are divided into two main pillars:

- Migration, which represents 43% of the funds under this heading in the 2021-2027 MFF. This pillar adopts a comprehensive approach to migration management, encompassing the

5 D'Alfonso A. (2021), Migration and border management, Heading 4 of the 2021-2027 MFF, Briefing, European Parliamentary Research Service - https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690544/EPRS_BRI(2021)690544_EN.pdf

Figure 4 – Components of Heading 4: Final agreement, including top-ups, and 2014-2020 allocations (€ billion, rounded, 2018 prices, EU-27)



Source: EPRS, based on: annexes to the European Parliament resolution on the MFF of 14 November 2018; and the Commission's MFF in figures.

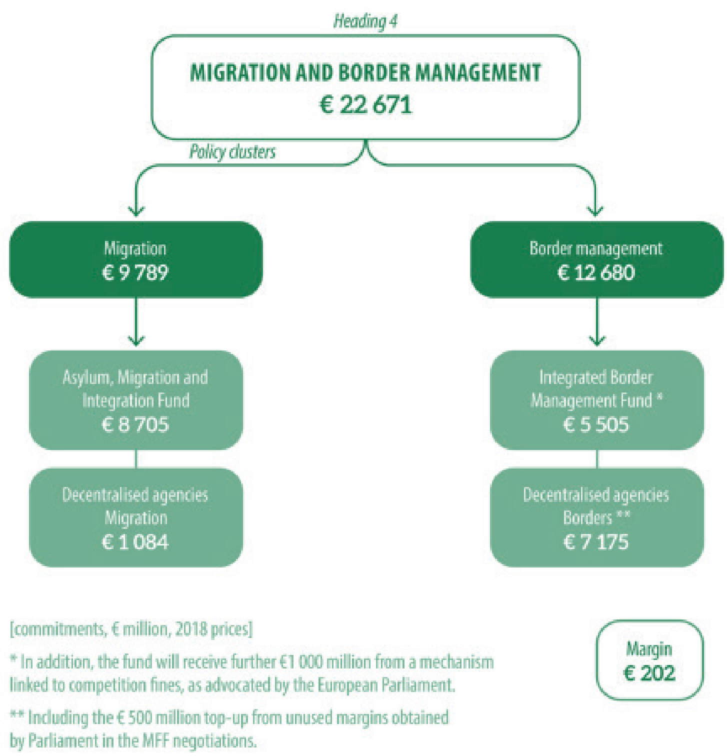
Asylum, Migration, and Integration Fund, as well as the budgets allocated to decentralized agencies responsible for migration management;

- Border Management, which accounts for 57% of the budget for Heading 4 of the 2021-2027 MFF. It focuses on reinforcing the management of external borders, including the Integrated Border Management Fund and the resources allocated to decentralized agencies responsible for border control. **-> FIGURE 3**

Around 70% of the budget for AMIF and BMVI is implemented through national programmes under shared management. During the 2014-2020 period, the allocations to Member States were pre-defined at the start of the programming period on the basis of outdated data on migration flows. To provide more flexibility to adapt to evolving circumstances, it was agreed that Member States would receive only part of their envelope at the start of the programming period and a second tranche would be allocated in 2024, based on the latest migration data. Another novelty introduced in 2021-2027 is the fact of reserving 30% of the AMIF funds to support "Thematic Facilities" implemented by the Commission. Thematic facility can be used for different purposes, such as providing reinforced support to countries most affected by a major refugee influx. It can be also used to finance measures linked to the implementation of the Migration and Asylum Pact, such as the relocation of migrants between Member States.

Since the start of the MFF, new crises have placed considerable additional strain on European funding for migration and border management. This started with the situations in Afghanistan and later with the war in Ukraine, which led to the historic activation of the Temporary Protection Directive and an urgent need to support millions of Ukrainians fleeing the conflict. In response to these situations, the Commission has made extensive use of the new flexibility introduced within the AMIF and BMVI funds. According to the Commission, almost three quarters of the funds available under the AMIF and BMVI

Figure 3 – Structure of Heading 4 in the 2021-2027 MFF



Source: EPRS, based on Commission's MFF in figures.

for 2021-2025 were already spent or allocated to actions by June 2023[6]. In particular, 400 million was provided through Emergency Assistance under the Thematic Facilities of the Asylum, Migration, and Integration Fund (AMIF) and the Border Management and Visa Instrument (BMVI) to support frontline Member States with the initial reception and early integration of Ukrainians entering the EU. Additionally, the AMIF Regulation was amended to enable extra funding from Member States and other public or private donors. After revision of the MFF in February 2024 a total budget of Heading 4 has amounts €24.743 billion.

6 European Commission (2023), Mid-term revision of the multiannual financial framework 2021-2027 {COM(2023) 336 final}, Brussels, 20.6.2023 SWD(2023) 336 final

External and internal relevant factors to developments in the EU migration policy

The reinforcement of migration policies and resources dedicated to migration and border management during the 2021-2027 period aimed to address the shortcomings of the previous MFF that were exposed during the 2015-2016 refugee crisis. That crisis profoundly polarized debates on migration across

Europe, intensifying divisions within the European Union (EU).

Recent developments illustrate this dynamic, including the adoption of the Pact on Migration and Asylum, which introduces accelerated border procedures and a solidarity mechanism for the distribution of asylum seekers among Member States. At the Brussels summit on 17-18 October 2024, EU leaders debated proposals to tighten migration policies further. Notably, these included the creation of "return hubs" in third countries to process asylum applications outside the EU—an initiative supported by some countries but criticized by others.

Several factors are contributing to increased migratory pressures in Europe, necessitating greater resources for effective management. These factors are expected to persist in the coming years and include:

- **Armed Conflicts and Political Instability:** the withdrawal of international forces from Afghanistan in 2021 and the return of the Taliban regime, and instability in the Sahel and sub-Saharan Africa—including armed conflict, terrorism, and coups in countries like Mali, Niger, and Burkina Faso—continue to drive displacement. The war in Ukraine alone has forced nearly 14% of the country's population to seek refuge in Europe, while escalating tensions in the Middle East could open new pathways for mass irregular migration to the EU in the years ahead;

- **Climate Change and Environmental Disasters**: Rising sea levels, natural disasters, and other climate-related events are increasingly forcing people to leave their homes;

- **Economic Crises and Structural Poverty**: Economic hardships, including the widening gap in living standards between developing countries and Europe, are fueling economic migration. The COVID-19 pandemic has exacerbated vulnerabilities in developing nations, and the high levels of debt in some of these countries may further hinder development and increase migratory pressures;

- **Political Repression and Human Rights Violations**: Authoritarian regimes in countries coupled with ongoing international tensions, are driving many individuals to seek safety and freedom in Europe;

- **Irregular migration is also being weaponized by neighboring countries** such as Turkey, Russia, and Belarus, which have deliberately encouraged irregular migration as a means of exerting political pressure or sowing division among EU Member States.

These factors are deeply interconnected, with their intensity varying by region and over time. Europe sits at the crossroads of these dynamics, making the management of migratory flows a highly complex and multidimensional challenge. Addressing this requires coordinated action, sufficient resources, and a long-term strategic approach.

Priorities and Challenges for the future MFF

In the development of common resources for migration and border management, several key projects stand out as requiring new or renewed investment. One significant example is Frontex, which has become the third-largest EU agency in terms of financial contributions. Its capabilities have been expanded and strengthened under its new mandate, with increased staff and budget allocations to enhance the surveillance of the EU's external borders. This includes the deployment of liaison officers in EU Member States and third countries to support border controls. Additionally, Frontex has introduced a digitized return file management system and a reintegration management system, and by 2023, the agency had facilitated nearly 40,000 returns.

However, some Member States are calling for a further revision of Frontex's mandate to allow the agency to carry out returns directly from third countries to other third countries, which is currently beyond its scope of authority.

Cooperation with third countries has also intensified in recent years, driven by the European Commission's strategy of developing non-binding partnerships. These partnerships aim to address the root causes of irregular migration, prevent departures, and strengthen border management. Notable examples include agreements with Tunisia (July 2023), Egypt (February 2024), and Lebanon (May 2024) as well as the joint declaration on migration signed with Mauritania in March 2024.

The most important initiative, however, has been the "Facility for Refugees in Turkey" . It was set up within the framework of the 2016 EU-Turkey Statement and it remains active. The Facility combines funds from the EU budget with EU Member States contributions and its goal is to provide support to the Turkish authorities for hosting Syrian refugees in Turkey. Between 2016 and 2019 the Facility provided 6 billion of support (3 bn from the Commission and 3 from the Member States). It was topped up with an additional €3 billion over 2021-2023, and in 2022, €1.2 billion more was allocated to support refugees and strengthen Turkish border management.

These initiatives are strongly backed by first-entry countries such as Spain, Italy, and Cyprus, which have consistently advocated for increased cooperation with partner countries. Financial packages are typically included to bolster the capacity of these partners to manage migration. For instance, under the EU-Tunisia partnership to combat irregular migration, the EU has provided several financial packages, including immediate aid of €105 million to strengthen Tunisia's border surveillance and combat smuggling networks, budgetary support of €150 million to stabilize Tunisia's economy, potential macro-financial assistance of €900 million, contingent on the conclusion of an agreement between Tunisia and the International Monetary Fund (IMF).

The implementation of the **Pact on Migration and Asylum** will also necessitate dedicated financial support. Adopted by the European Parliament and the Council, the Pact entered into force in June 2024 and is set to be fully implemented in June 2026. It aims to enhance the fight against irregular migration and expedite the deportation of unauthorized migrants. Among its key measures is the introduction of a new screening procedure at the EU's borders to accelerate the processing of asylum applications.

These efforts demonstrate the EU's commitment to addressing migration challenges through enhanced border management, cooperation with third countries, and the development of robust financial and operational frameworks to manage migratory pressures effectively.

Conclusion:

At the end of this paper, several questions may be asked:

How can the European Union better balance budgetary priorities in order to strengthen the means dedicated to defence and migration management in a context of increased geopolitical tensions and continued migratory pressures?

What innovative financial mechanisms, such as the use of frozen assets or the issuance of joint debts, could be implemented to strengthen European investments in defence and security?

What lessons learned from recent crises (war in Ukraine, management of Syrian refugees, etc.) should guide the design of EU budgetary instruments to ensure a flexible and effective response to future security and migration challenges?

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