



EU enlargement and the post-2027 Multi-Annual Financial Framework

KEY FINDINGS

The entry of new members into the Union poses different challenges if they take place at the start, in the middle or the end of an MFF. If the accession treaty is ratified well before a new MFF begins, the extra costs can be included in the next MFF. If ratification happens in the middle, the MFF must be adjusted to account for the extra expenditure. When a small country joins in the final year of an MFF (e.g., Croatia), budget margins may suffice to cover the enlargement-related costs but this is not possible if there is a legal requirement to amend the MFF.

Current estimates suggest that the cost of integrating all potential candidates, excluding Turkey, would be manageable, ranging from €15.7 billion to €26 billion per year. This range reflects different assumptions and methodological choices. At its maximum, this cost represents 0.2% of the EU's GDP and could be easily covered within the existing margin of the Own Resources ceiling.

Support to the Western Balkans has risen by 40% with the Facility's adoption. Maintaining this level in the next MFF and extending similar support to Moldova and Georgia is advisable. Strict policy conditionality should apply to funds for central governments but be relaxed for civil society and some EU-priority projects, like transnational infrastructure. Ukraine will continue to need significant support; assuming a peace agreement by 2028, it will require less short-term macroeconomic aid and more support to post-war reconstruction. The Ukraine Facility's Pillars 1 and 3 could be merged to fund central government reforms, while Pillar 2, aimed at de-risking private investment, should see increased funding.

The entry of Ukraine in the Common Agricultural Policy (CAP) poses significant challenges. Although accession may not be imminent, the EU should begin planning for this eventuality. A choice has to be made between significantly increasing the CAP budget, reducing all national allocations or granting less funding per hectare to Ukraine. Temporary phase-in periods may ease adjustments but they do not resolve the long-term issue.

It is preferable to avoid including a clause in the MFF regulation that mandates a revision for any enlargement. If the prospect of large countries acceding becomes more realistic, it may be wise to consider approving a 5-year MFF or establishing specific 'accession-related' reserves beyond the MFF to cover the costs of accession.



The interaction between accession negotiations and MFF negotiations

The impact of enlargements on the EU budget is uncertain until the conclusion of the accession negotiations. The Commission usually initiates preparations before this moment but it is difficult to make precise estimates as the Accession Treaty may contain budgetary clauses¹ or transitional arrangements² phasing in the access to EU funds.

Accessions pose different challenges if they take place at the start, in the middle or the end of MFFs. If the Treaty is ratified well before the start of a new MFF (e.g. Bulgaria and Romania), extra spending needs can be incorporated in the MFF preparation. If ratified in the middle of an MFF (as in 1995 and 2004), the MFF will have to be adjusted to incorporate the extra expenditure needed. If there is the accession of a small country during the last year of a MFF (e.g. Croatia), budget margins may suffice to cover extra expenses for the last year but this is not possible if a legal requirement mandates amending the MFF³.

The budgetary costs of future enlargements

Estimating the net EU budget impact of accessions is challenging. There is a numerical formula to calculate the cohesion funding a country should receive—mainly based on GDP per capita and population⁴—but this approach does not apply to the Common Agricultural Policy (CAP), where national allocations are established in the regulation and stem from historical decisions⁵. The effect on non-allocated spending is also hard to predict. In past enlargements, this spending was increased in proportion to the candidates' GDP and population, but there is no legal requirement to do so⁶.

Several studies have been published estimating the net budgetary costs of integrating all or some candidate countries into the EU if they were to join today⁷. The estimates vary due to differences in scope and methodological approaches, especially in how additional CAP expenditure is calculated (see annex I). These studies suggest that incorporating all current candidate and potential candidate countries, excluding Turkey, would cost between €15.7 billion and €26 billion per year. This represents 0.2% of the EU's GDP at maximum. Payments resulting from these extra-costs could be covered with today's margin within the Own Resource ceiling⁸.

Several caveats should be considered when interpreting these estimates. They are 'static' estimates, assuming candidate countries join the EU today. They do not account for dynamic factors like future changes in income per capita in both candidate countries and Member States, which will influence eligibility for EU cohesion policy funds⁹. They do not factor in potential changes to EU cohesion or CAP regulations after 2027, which could alter eligibility for funding. In Ukraine's case, there is significant uncertainty regarding the country's future territory, population, and GDP at the time of accession.

Enlargement and the next MFF: policy recommendations

Despite huge uncertainty, all seems to indicate that most candidates will not be ready to join the Union during the next MFF, with the possible exception of one or two small countries¹⁰. In these circumstances, the next MFF will play a crucial role in sustaining the efforts of candidate countries towards accession. While most accessions are likely to occur post-2034, it is also wise to begin reflections on how to accommodate the Common Agricultural Policy and Cohesion Policy to the entry of new members.

Pre-accession support

The adoption of the Reform and Growth Facility for the Western Balkans in 2024 has increased EU budgetary support for the six Balkan countries by 40%¹¹. The Commission has proposed the adoption of a similar Facility to support Moldova¹². It is advisable to keep the same levels of support to the Balkans in the next

MFF and provide similar support to Moldova and Georgia, conditioned to reforms. This would result in roughly EUR 19.5bn EUR for the Western Balkans, Moldova and Georgia compared to 15.5bn today (see Annex II). A focus on Ukraine and other new spending priorities risk reducing the level of support to these countries.

There is a need to re-think the design of the future pre-accession instrument. Currently, the Union combines support from the Pre-Accession Programme (IPA III) with assistance from the new 'Facilities'¹³. IPA III provides mostly unconditional grants¹⁴ while the Facilities offer highly conditional loans, grants, and guarantees tied to reform implementation. Moving forward, it would be beneficial to create a single EU instrument that integrates the strengths of both approaches. In particular, support for civil society should remain independent of government reform progress. In a more competitive geopolitical landscape, imposing strict policy conditionality on certain projects of EU interest, such as transnational infrastructure, is also unwise as it could render EU funds less attractive compared to those from countries like China, which come with few strings attached.

Support to Ukraine

Ukraine will continue to require substantial support in the next MFF. Providing there is a sustainable peace agreement by 2028, Ukraine will need less short-term macroeconomic support and more support for post-war reconstruction. The Ukraine facility is organised in three pillars. In the post-2027 period, it would be wise to merge Pillar 1 and Pillar 3 into a single pillar providing support to the central government in exchange of reforms and keep Pillar 2 to de-risk private investment. The amounts for pillar 2 should be significantly increased and those for the new pillar 1 decreased.

The reconstruction needs are enormous; given its size the EU budget can only cover a small part of it. It is important that the Union coordinates all donor efforts to ensure that reconstruction aligns with pre-accession requirements; achieving this with limited EU funds presents a significant challenge. To be able to lead the efforts, the Union should apply a 'Teams Europe' approach, ensuring good coordination between EU and national governments as well as among all European public investment banks.

Common Agricultural Policy (CAP) and Cohesion policy

New accessions will not have a significant impact on the EU cohesion policy: the automatic capping rule (which limits cohesion funds to 2.5% of a country's national GDP) will prevent new Members to receive a major amount of funds. The so-called 'statistical effect' -regions being upgraded of category as a result of a lower average EU GDP – will not be pronounced but may spark existing demands for reviewing the current allocation system and reduce the dominance of the GDP criteria.

The participation of Ukraine in the Common Agricultural Policy (CAP) poses significant challenges. If there is a decision to limit the overall budget, a choice must be made between reducing national allocations for all countries or providing less funding per hectare to new Member States. The latter option, used in the 2004 enlargement, was resented as unfair by new members and has proved to be unsustainable over time¹⁵. Temporary phase-in periods may ease adjustments but they do not resolve the long-term issue. Imposing compulsory capping of direct payments would prevent large Ukrainian agro-holdings from benefiting from EU funds, but it won't solve the budget issue unless the criteria for allocating CAP funds among Member States is also changed.

Other horizontal issues

Given the uncertainty surrounding new accessions, it is wise to reserve sufficient margins in key areas to cover the costs of one or two small countries joining the Union during the next MFF. To avoid amending the MFF, it is preferable not to include a clause in the MFF Regulation that requires revision for any enlargement. An option could be to make amendments mandatory once a certain threshold for additional expenditure needs is reached. While all seems to indicate that only one or two small countries will be ready to accede during the next MFF, the accession of a bigger country before 2034 cannot be totally excluded. If

this prospect becomes more realistic, it may be advisable to explore the possibility to approve a 5-year MFF. Another alternative would be to estimate the 'accession-related' costs and set up a special reserve over and above the MFF to cover these costs. This reserve would be mobilised through qualified majority voting in the Council, through a procedure detailed in the Inter-Institutional Agreement (IIA), building on the example of the 'Agenda 2000' agreement¹⁶.

Ensuring respect for rule of law and democratic principles before accession is crucial but some rule of law reforms require a long time to be implemented. To ensure full implementation, one can imagine the introduction of a "post-accession rule of law mechanism". It would be similar to the "Cooperation and Verification Mechanism" imposed on Bulgaria and Romania but linked to the disbursement of EU funds.

Conclusions

The cost of incorporating all candidates except Turkey into the Union is manageable and can be accommodated within the existing Own Resources ceiling. Instead of focusing on the additional financial costs of accessions, the next MFF should prioritize providing adequate support to candidate countries in their accession efforts. While Ukraine's accession does not seem imminent, it is advisable to start considering how to adjust the Common Agricultural Policy for its potential entry. Given the uncertainty surrounding new accessions, it is wise to reserve sufficient margins in key areas to cover the costs of one or two small countries joining the Union. It is also recommended to prepare the MFF and IIA regulations for the (unlikely) eventuality of a large country joining before 2034.

ANNEX

Table 1: Different estimates of the budgetary costs of future enlargements (under the hypothesis of enlargement occurring today), EUR bn

	Coverage	Extra EU spending needs	Methodological choices to calculate CAP costs
Emerson (2022)	Ukraine	18.8	Allocations to current EU27 Member States remain unchanged, Ukraine obtains an allocation equivalent in aid intensity (CAP funds per hectare) to the average aid intensity of the allocations for Poland and Romania.
Darvas, Dabrowski et al (2024)	Ukraine	19.6	Allocations to the current 27 EU members remain unchanged, Ukraine obtains an allocation equivalent in aid intensity (CAP funds per hectare) to the average aid intensity of allocations for post-2004 Member States.
Lindler et al (2023)	Ukraine, Moldova and Western Balkans	19	Allocations to the current 27 EU members remain unchanged, candidate countries obtain an allocation equivalent in aid intensity (CAP funds per hectare) to the average aid intensity of allocations for post-2004 Member States.
Rubio et al (forthcoming)	Ukraine, Moldova, Georgia and Western Balkans	15.7	CAP pillar 1 budget is maintained at the same level as today, candidate countries obtain an allocation equivalent in aid intensity (CAP funds per hectare) to the average aid intensity of allocations for post-2004 Member States.
Darvas and Lopez (forthcoming)	Ukraine, Moldova, Georgia and Western Balkans	26	Allocations to the current 27 EU members remain unchanged, candidate countries obtain an allocation equivalent in aid intensity (CAP funds per hectare) to the average aid intensity of allocations for post-2004 Member States.

Sources: see endnote 9

Table 2: Support to Western Balkans, Moldova and Georgia in the next MFF: an estimate (only non-repayable support)

	Current MFF	Next MFF
Western Balkans	14.2 ¹	16
Moldova	0.68 ²	1.5 ⁴
Georgia	0.60 ³	2 ⁵
TOTAL	15.5	19.5

Source: own elaboration

Notes: the estimates are made under the assumption that the Western Balkans receive the same level of support than they receive today (combining IPA III grants+ Facility), the Moldova Facility is adopted and maintained with similar annual amounts in the next MFF and Georgia receives a similar level of support than Moldova.

¹ [Todorovic and Milinkovic \(2024\)](#) estimate that the Western Balkans receive approximately EUR 12.2 billion out of the total IPA programme during 2021-27. We add to this estimate the 2 bn EUR of grants from the Western Balkans Facility (WBGF).

² Moldova is not eligible to IPA III support. During 2021-2024, the country received [€260 million from the NDICI programme](#). To this amount, we add the EUR 420 million of funds from the NDICI instruments earmarked to Moldova for 2025-2027 according to the [Commission's communication on a Moldova Growth Plan](#).

³ As Moldova, Georgia does not receive IPA III funds. During 2021-2024, the country received [€340 million from the NDICI programme](#). We assume that Georgia will receive the same annual amount of NDICI funds between 2025-2027.

⁴ Assuming that Moldova receives a similar level of aid intensity than the one granted under the proposed Moldova Facility and that one-third of the Facility's support is in form of non-repayable support.

⁵ Assuming that Georgia receives a level of aid intensity equivalent to Moldova. To calculate the aid intensity for Georgia, we multiply the annual support that Georgia receives today by 3.3, which is the rate at which Moldova's support will increase if the Facility for Moldova is adopted

- ¹ E.g. the 1994 Accession Treaties with Austria, Sweden and Finland included a commitment to create a new category of 'low density' regions covering some regions located in the north of Sweden and Finland.
- ² E.g. the 1984 and 2003 accession treaties included transitional periods to phase in access to CAP payments for the new Member States.
- ³ This was the case for the accession of Croatia, which took place at the very end of the 2007-2013 MFF (July 2013). As the II inter-institutional agreement for 2007-2013 included the obligation to amend the MFF in the event of enlargements, the Commission had to propose an amendment to the MFF to accommodate Croatia's extra expenditure needs.
- ⁴ The formula is detailed in the Annex XXVI of the Common Provisions Regulations.
- ⁵ CAP national allocations for 2023-2027 are fixed in current prices in the Annex V (pillar 1) and Annex XI of Regulation (EU) 2021/2115
- ⁶ The Brexit precedent can be invoked to argue that such expenditure should not necessarily be adjusted to gains or losses in EU's GDP or population. In effect, when the UK's departure from the Union did not result in a reduction in commitments to non-allocated spending proportional to the decline in EU's GDP or population.
- ⁷ Emerson, M. (2022), *The Potential Impact of Ukrainian Accession on the EU Budget and the Importance of Control Valves*, policy paper, International Centre for Defence and Security, September 2022; Lindler, J; et.al. (2023) *What does it cost? Financial implications of the next enlargement*, policy paper, Jacques Delors Center, December 2023; Rubio, E. et al (2024), *Adapting the EU budget to make it fit for the purpose of future enlargements*, study requested for the Budgetary committee of the European Parliament (forthcoming), Darvas, Z. and J. Mejino Lopez (2024), *The European Union enlargement's budget implications*, Analysis, Bruegel (forthcoming).
- ⁸ In 2024 the margin between the MFF ceiling for payment appropriations (0.96%) and the own resources ceiling for payment appropriations (2%) stands at EUR 183 398 million, or 1,04% of GNI. If we exclude from this 1.04% the 0.60 percentage points earmarked to finance the contingent liability stemming from NGEU, there is still 0.44% of EU GNI available to cover MFF payments.
- ⁹ For a detailed analysis of how enlargements combined with different macro-economic trends may affect national cohesion policy allocations in future MFFs see Nuñez Ferrer J., Schreiber M. T., Moreno, G (2024), *Furthering cohesion in an enlarged Europe: Impacts of enlargement on regional Cohesion Policy allocations*, CPMR Study, Conference of Peripheral Maritime Regions
- ¹⁰ Of the nine candidate countries, Montenegro is the most likely to join the EU in the near future. While Serbia has made substantial progress in technical negotiations, it still faces major political challenges. Other Balkan countries, like North Macedonia, have the potential to advance significantly over the next year, but it remains uncertain whether they will be ready to join the Union before 2034. Ukraine and Moldavia's accession process is expected to be complex and lengthy due to the war situation. Georgia is in a very early stage, and negotiations with Turkey have been stalled for many years.
- ¹¹ European Court of Auditors (2024), Opinion 1/2024 concerning the proposal for a regulation establishing the Reform and Growth Facility for the Western Balkans
- ¹² https://ec.europa.eu/commission/presscorner/detail/en/ip_24_5124
- ¹³ The Ukraine Facility, which offers support to Ukraine, and the Reform and Growth Facility for the Western Balkans, which assists the six Western Balkan countries. They were both established in 2024 and are designed to provide support from 2024 to 2027.
- ¹⁴ The IPA III programme does not have pre-allocated envelopes for beneficiaries and is designed to provide intensity of aid according to the performance of the candidate countries, including their commitment to fundamental reforms. However, according to the [mid-term evaluation of the programme](#), the performance-based approach is not systematically applied and IPA III national allocations appear to be largely path dependent from previous programming periods. In fact, the main beneficiary of IPA remains Turkey, despite the country's backsliding on the democratic reforms and the subsequent stalemate in its accession negotiations.
- ¹⁵ In the negotiations of the 2014–2020 and 2021–2027 MFF periods, newer member states strongly pushed for equalizing Pillar 1 payments per hectare across all member states ('external convergence' in CAP jargon). While a fully uniform payment per hectare has not yet been realized, the differences in CAP intensity have been reduced over time.
- ¹⁶ Following the approach outlined in the Commission's 'Agenda 2000' communication, the EU's Financial Perspective for 2000-2006 was structured in two parts: Table A outlined the adopted commitments for the then 15 Member States while Table B was indicative and provided estimated 'accession-related commitments' resulting from enlargement. These estimates in Table B formed the common negotiating position of the EU-15 during the accession talks. Table A also included a reserve of payment appropriations to cover accession-related costs under the Own Resource ceiling.
- The 2000-2006 Inter-Institutional Agreement (IIA) included detailed procedures for the use of this payment reserve as well as of the commitment reserves in table B.

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