

Establishing an MFF contingency plan

The EU's next Multiannual Financial Framework (MFF) should start on 1 January 2021, but the negotiations have encountered delays in the European Council and Council. During the May plenary part-session, the European Parliament is expected to vote a report by its Committee on Budgets, asking the Commission to prepare urgently a legislative proposal for a contingency plan should the post-2020 MFF not be agreed on time. The objective would be to provide a safety net to protect beneficiaries of EU funds, while ensuring that the EU budget can keep contributing to the fight against the coronavirus pandemic and its socio-economic consequences.

Background

In May 2018, the European Commission [proposed](#) a 2021-2027 Multiannual Financial Framework (MFF) worth €1 134.6 billion (2018 prices), which corresponds to 1.11 % of EU-27 gross national income (GNI). Parliament, whose consent is required for the adoption of the MFF, has been ready to negotiate with the Council since November 2018, when its [interim report](#) estimated that the new MFF should be endowed with €1 324.1 billion (1.3 %) to meet EU policy objectives. The newly elected Parliament confirmed and updated its negotiating mandate in [October 2019](#). However, negotiations in the Council and the European Council have proved lengthy, including on account of the special legislative procedure that gives veto power to each Member State. EU leaders held their first substantive debate on the MFF only in [February 2020](#), but failed to find an agreement. Since then, the outbreak of the coronavirus pandemic and its massive socio-economic impact have complicated negotiations further. If the Council fails to adopt a new MFF Regulation by December 2020, [Article 312\(4\) of the Treaty on the Functioning of the European Union](#) (TFEU) extends the annual level of resources available in the final year of the current MFF in each major spending area, as well as other provisions applicable, until an agreement is reached. However, this provision alone cannot prevent disruption in the smooth functioning of the EU budget, including the shut-down of a number of programmes that implement the 2014-2020 MFF and expire at the end of 2020.

Committee on Budgets' legislative own-initiative report

Regretting the delays in the Council and European Council, in October 2019 [Parliament](#) urged the Commission to prepare a contingency plan should an extension of the 2014-2020 MFF prove necessary. On 4 May 2020, Parliament's Committee on Budgets (BUDG) adopted a [legislative own-initiative report](#) that further details the request, considering that the crisis triggered by the coronavirus pandemic makes it even more compelling to avoid any risks of discontinuity of EU funding programmes and a disorderly extension of the MFF. The text requires that, by 15 June 2020 at the latest, the Commission put forward legislative proposal(s) to extend or lift the time limits in all relevant expenditure programmes, and update, where legally necessary, financial envelopes, e.g. of programmes under shared management. In addition, those instruments relevant to the fight against the coronavirus pandemic and its consequences should be temporarily refocused towards these objectives, and adjusted to allow maximum flexibility. Likewise, the contingency plan should allow reinforcement of the existing measures and the launch of the most urgent new instruments necessary for the post-coronavirus recovery package. The report is the first in the current term based on [Article 225 TFEU](#), under which Parliament may, acting by a majority of its component members, request the Commission to submit legislative proposals on matters on which it considers that a Union act is required to implement the Treaties. In her [political guidelines](#) (from July 2019), Commission President Ursula von der Leyen committed to responding with a legislative act to such requests.

Legislative own-initiative report: [2020/2051\(INL\)](#); Committee responsible: BUDG; Co-rapporteurs: Jan Olbrycht (EPP, Poland) and Margarida Marques (S&D, Portugal); [Rule 47](#) of Parliament's Rules of Procedure.

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