

Revision of the Multiannual Financial Framework (Article 19, MFF Regulation)

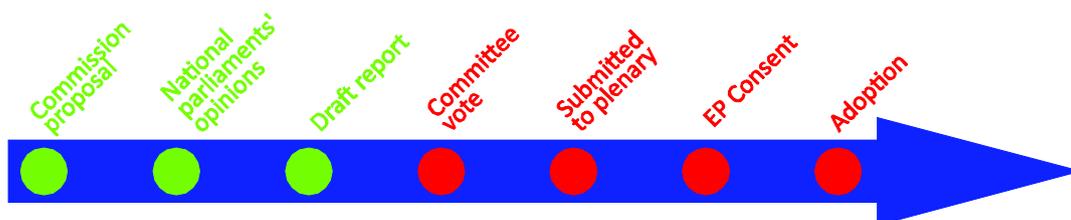
Transfer of unused allocations for 2014

SUMMARY

As a consequence of the late agreement on the overall 2014-20 Multiannual Financial Framework (MFF), the various legal acts setting out the provisions for implementing the funds throughout that period were adopted much later than planned. As a result, the funds allocated for 2014, amounting to some €21 billion – equivalent to almost 15% of the 2014 budget, were not able to be used that year, and this revision of the MFF is intended to ensure that the programmes can be fully implemented in 2015. The legal instruments concerned are the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD); the European Maritime and Fisheries Fund (EMFF), the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF). The revision of the MFF and the adoption of Draft Amending Budget No 2 are a necessary condition for re-programming these 2014 commitments to subsequent years.

Council Regulation amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020

<i>Committee responsible:</i>	Budgets (BUDG)	COM(2015)15
<i>Rapporteurs:</i>	Jan Olbrycht (EPP, Poland) Isabelle Thomas (S&D, France)	of 20.01.2015 <i>procedure ref.:</i> 2015/0010(APP)
<i>Next steps expected:</i>	BUDG vote on 1 April 2015 Vote in plenary on 15 April 2105	Consent procedure



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Introduction

Article 19 of [Council Regulation No 1311/2013](#) of 2 December 2013 laying down the multiannual financial framework for the years 2014-20 (MFF Regulation) provides for a revision of the multiannual financial framework (MFF) in case of late adoption of rules or programmes under shared management:

1. *In the event of the adoption after 1 January 2014 of new rules or programmes under shared management for the Structural Funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund, the Asylum and Migration Fund and the Internal Security Fund, the MFF shall be revised in order to transfer to subsequent years, in excess of the corresponding expenditure ceilings, allocations not used in 2014.*
2. *The revision concerning the transfer of unused allocation for the year 2014 shall be adopted before 1 May 2015.*

As a consequence of the late agreement on the 2014-20 MFF, the various legal acts laying down provisions for implementing the funds were adopted later than initially planned: in December 2013 for the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Agricultural Fund for Rural Development (EAFRD), and as late as May 2014 for the European Maritime and Fisheries Fund (EMFF), the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF).

Current situation

The allocations that could not be committed in 2014 nor carried over to 2015 are very significant – totalling [over €21 billion in current prices](#): €11.2 billion for the Structural Funds and the Cohesion Fund, €9.4 billion for the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, and €442 million for the Asylum, Migration and Integration Fund and the Internal Security Fund.

The table below provides detailed allocations by programme.

Overview of programme allocations (2014)

(in euros, current prices)

Fund	2014 allocation	Adopted 2014	Carry-over	To be transferred (Art. 19 MFFR)
European Social Fund	11 445 812 597	7 698 837 340	1 981 018 368	1 765 956 889
Youth Employment Initiative	1 804 053 600	1 574 353 825	132 290 556	97 409 219
Fund for European Aid to the most Deprived	512 987 948	500 784 056	12 203 892	0
Cohesion Fund	7 936 079 979	5 348 080 397	761 296 791	1 826 702 791
European Regional Development Fund - less and more developed regions, transition, sparsely populated	24 102 682 025	11 387 760 510	5 542 236 124	7 172 685 391
European Regional Development Fund - Territorial Cooperation	462 198 719	101 623 065	50 624 280	309 951 374

European Regional Development Fund - Territorial Cooperation contribution to IPA	12 013 672			12 013 672
European Regional Development Fund - Territorial Cooperation contribution to ENI	31 467 990			31 467 990
Sub-total Heading 1b	46 307 296 530	26 611 439 193	8 479 670 011	11 216 187 326
Rural Development	13 970 049 060	3 294 627 697	1 970 095 304	8 705 326 059
European Maritime and Fisheries Fund	788 060 689	19 167 006	28 169 090	740 724 593
Sub-total Heading 2	14 758 109 749	3 313 794 703	1 998 264 394	9 446 050 652
Asylum, Migration and Integration Fund	357 448 296	0	184 735 438	172 712 858
Internal Security Fund	331 555 208	0	61 948 970	269 606 238
Sub-total Heading 3	689 003 504	0	246 684 408	442 319 096
Total	61 754 409 783	29 925 233 896	10 724 618 813	21 104 557 074

Source: COM(2015)15, p.4

Allocations not used in 2014, or carried over, need to be transferred to subsequent years by means of a revision of the MFF in accordance with Article 19 of the MFF Regulation. The revision of the MFF ceilings has to be done in parallel to the adoption of the Amending Budget No 2/2015, as far as 2015 commitment appropriations are concerned. DAB 2/2015 would increase the level of commitment appropriations by €16.5 billion in the 2015 budget. The re-programming concerns all 28 Member States.

Only the commitment appropriations would be revised, with payments not dealt with at all by either the MFF revision as proposed, or by the accompanying Draft Amending Budget. This problem was acknowledged by the European Commission in [a draft declaration](#) for the Council minutes, provided to Coreper on 13 February 2015, in which it states that it 'is confident that payments on the re-profiled commitments could be managed within the current ceilings, taking into account the existing flexibility provisions of the MFF Regulation (notably the Global Margin for payments which ensures that no margins under the payment ceilings are lost)'

The changes the proposal would bring

Both the MFF revision and Amending Budget No 2 are necessary to start the commitment and payment of the budgetary resources within the initial pre-financing for the delayed programmes. In practice, the MFF revision will enable the uncommitted resources from 2014 to be preserved, in order to use them in 2015.

Parliament's starting position

The [European Parliament](#) has always been in favour of flexibility within the Multiannual Financial Framework. The use of Article 19 to revise the MFF is one of the tools which increase the Framework's flexibility. The position of the Committee on Budgets follows this line and therefore recommends Parliament consent to the revision. Concerns raised in the Committee were linked to the issue of payments being sufficient to cover the commitments, with payment appropriations possibly becoming scarce as the implementation of the programmes advances. Even though there is a global margin for payments and the European Commission has a certain confidence that it can manage the programmes within the existing ceilings, the problem of too low a level of payments may escalate as implementation of the programmes progresses.

Council

The Council must unanimously adopt the revision of the MFF Regulation once it has obtained the consent of the European Parliament.

Coreper [agreed 'in principle'](#) unanimously with the Commission proposal on 13 February 2015. Subsequently the ECOFIN Council [confirmed the agreement](#) without objection on 17 February. It should be noted that the Croatian, Greek, Italian, Romanian and Spanish delegations made [a unilateral statement](#) expressing their concern about the possible difficulties resulting from the transfer being only to 2015 instead of spreading commitments in equal proportions over further subsequent years, which could produce unused commitments in the 2014-20 period. These countries also regret that the revision leads to a reduction of the MFF in real terms (2011 prices) and call for more in-depth scrutiny.

The Council intends to formally adopt both the MFF revision, and its position on DAB 2/2015, on 21 April, following Parliament's consent to the former.

Legislative process

The Commission presented its proposal to amend the MFF Regulation on 20 January 2015. The Committee on Budgets rapporteurs Jan Olbrycht (EPP, Poland) and Isabelle Thomas (S&D, France) presented their Draft Recommendation to the Committee on the 26 February. The vote on the recommendation in the BUDG Committee is planned for 1 April, no amendments were tabled. The plenary vote is scheduled for 15 April. DAB 2/2015 is expected to be voted in BUDG on 16 April, and then in the April II plenary session (rapporteur: Eider Gardiazabal Rubial, S&D, Spain).

References

Legislative Observatory: [Procedure file 2015/0010\(APP\)](#)

[Council Regulation \(EU, Euratom\) No 1311/2013](#) of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020

Proposal for a Council Regulation amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020; [COM \(2015\)0015](#)