

The EU's 2020 budget: Response to the coronavirus pandemic

SUMMARY

Acting within the limits of its powers, the European Union (EU) responded immediately at the start of the novel coronavirus (Covid-19) outbreak to help repatriate people, coordinate measures to limit the spread of the virus, distribute medical equipment and promote the necessary research. The European Commission has put forward a range of measures, adjusted some of its policies and mobilised EU funds to assist EU citizens and mitigate the socio-economic impact of the pandemic. Financial support is also proposed for third countries.

At the time of writing, a package of €40.4 billion to support healthcare systems and lessen the economic impact of the pandemic in Member States and third countries is proposed under the EU budget. This includes funds redirected within programmes and additional budgetary support. An initial aid package of €232 million was followed by a proposal to mobilise a further €128.6 million for civil protection in the EU and abroad. The Coronavirus Response Investment Initiative has opened up €8 billion in liquidity for Member States, supplemented by €29 billion in EU structural funding, to be redirected to healthcare investments to fight the coronavirus, and to provide support for the labour market and business, particularly SMEs, in all affected sectors. The emergency support instrument and the Union's civil protection mechanism will provide further €3 billion in order to meet the needs of European health systems in the fight against the coronavirus pandemic, making extensive use of the flexibilities embedded in the EU budget.

A further contribution from the EU budget will be included in the EU's global response for partner countries, which will provide financial support of more than €15.6 billion to help them deal with the impact of the coronavirus.

From the start of the crisis, the European Parliament has been calling for bold and ambitious financial aid and for an ambitious future budget to make the EU stronger. Now is the time to mobilise funds and think ahead how best to shape a strong long-term budget for the EU.



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An unprecedented situation

In the current coronavirus pandemic, the EU is making major efforts to assist and bring relief to those affected, as well as to sustain the economy, through major and innovative measures. These concern public health, transport, monetary and macro-economic measures, the EU State aid framework and measures to ensure the continued flow of goods and functioning of the internal market.

The EU reacted immediately to protect human health by means of relief measures, organising and coordinating with Member States. Through the [civil protection mechanism](#) (rescEU), the EU budget helped to finance the [repatriation](#) of citizens and the provision of medical and [protective equipment](#). Research to combat the coronavirus is also being stepped up within the EU's research programme.

On 13 March 2020, the Commission President, Ursula von der Leyen, [promised](#) that the European Commission was ready to do whatever was necessary to support Europeans and the European economy, and presented a package of emergency [measures](#) to counter the economic impact of the coronavirus pandemic. The Coronavirus Response Investment Initiative will allow Member States redirect EU cohesion funds towards coronavirus-related expenditure, enabling investments totalling €37 billion and supporting the labour market and companies, particularly small and medium-sized enterprises (SMEs), in all sectors affected. Through the activation of the Emergency Support Instrument and the reinforcement of the Union's civil protection mechanism, an additional €3 billion will support Member States' healthcare systems. The EU will also support partner countries with €15.6 billion through the planned EU global response.

The EU's budget response

When it comes to public health, the EU can act under [Article 168](#) of the Treaty on the Functioning of the European Union (TFEU) to complement national policies and support coordination between Member States in cases of serious cross-border threats. In the current pandemic, the EU is mobilising funds beyond the [EU health programme](#), proposing the financing of measures in a variety of policy areas.

An immediate aid package for citizens and research

On 24 February 2020, the European Commission announced an [aid package](#) of €232 million to:

- lend support to the World Health Organization (WHO) to enhance health emergency preparedness and response (€114 million). For this purpose, on 2 March 2020, the Commission submitted a request to the budgetary authority to mobilise the emergency aid reserve for €30 million in commitment appropriations (budgetary transfer request No DEC 2/2020). The aim here is to strengthen epidemic preparedness and response through the WHO Strategic Preparedness and Response Plan (SPRP), for Africa and Asia, depending on where the need is greatest;
- assist the Institut Pasteur de Dakar (Senegal) with rapid diagnosis and epidemiological surveillance (€15 million);
- reinforce urgent research in diagnosis, therapeutics and prevention (€100 million). Some €90 million will be disbursed through a partnership with the pharmaceutical industry, with the remaining €10 million intended to boost [research](#) into coronavirus under Horizon 2020, the EU's research and innovation programme, to improve the public health response and the clinical care of patients infected with the virus. In January 2020 the Commission launched a request for expressions of interest on Covid-19; it has since selected 18 [research](#) projects, involving 140 research teams in the EU and beyond;
- provide a further €3 million through the [EU civil protection mechanism](#) to co-finance [repatriation flights](#) for EU citizens in the Chinese city of Wuhan, where the coronavirus outbreak originated.

The Coronavirus Response Investment Initiative

On 13 March 2020, following the [video-conference](#) of EU Heads of State or Government on 10 March, the President of the European Commission, Ursula von der Leyen, presented the [European coordinated response on coronavirus](#), including measures for the supply of protective equipment and medicines across the EU, the temporary adjustment of European rules on [airport](#) slot allocation, and other [transport-related](#) measures to ensure the continued flow of goods and functioning of the internal market, using the flexibility of the Stability and Growth Pact and the EU State aid rules, and the provision of €1 billion in liquidity from the EU budget as a guarantee to the European Investment Fund (EIF) to support SMEs, through the [COSME](#) and [Innovfin](#) programmes.

The measures [include](#) the €37 billion Coronavirus Response Investment Initiative ([CRII](#)), aimed at supporting healthcare systems, SMEs, the labour market and other vulnerable sections of EU economies.

The [proposal](#) is designed to promote investment by means of existing liquidity of €8 billion available under the structural funds. In 2019, the EU Member States received advanced pre-financing payments that were not all used. The unused pre-financing was to be returned by June 2020. Instead, the Member States will be [able](#) to use this amount to address the coronavirus crisis, replacing national co-financing that they would normally have had to provide themselves, and return it only at the closure of the programmes. The [proposal](#) will facilitate an acceleration of the European structural and investment funds implementation by frontloading payment appropriations. Supplemented by €29 billion in EU-co-financing, this liquidity brings the total investment up to €37 billion.

The Commission is proposing to channel the funding towards healthcare expenditure, made eligible as of 1 February 2020. This expenditure can be used to cover three priority areas:

- coronavirus-related health expenditure: hospital equipment, ventilators, masks, etc.;
- support for SMEs' working capital; and
- support for national short-term employment schemes.

Even though this proposal requires a modification of the [Common Provisions Regulation](#) for the structural funds, the Commission is proposing maximum flexibility in implementation. The [national operational programmes](#) are to be adapted, where necessary, at a later stage. The Commission has invited the Member States to use the possibilities provided under Article 67 of the Common Provisions Regulation to speed up the declaration of expenditure.

The Commission has also suggested making use of two EU funds from which support could be drawn to mitigate the consequences of the pandemic:

- the European Globalisation Adjustment Fund ([EGF](#)), which provides support for people losing their jobs as a result of major structural changes in world trade patterns due to globalisation. This could also cover self-employed workers. An amount of €179.3 million is currently available;
- the [European Union Solidarity Fund \(EUSF\)](#), where €1 150.5 million is currently available. This fund assists in major disasters caused by natural events such as floods, storms, earthquakes, volcanic eruptions, forest fires and droughts. The [Commission proposed](#) (voted by Parliament on 26 March) to enlarge its scope to include public health emergencies and to increase advance payments to Member States up to 25 % of the expected EUSF contribution, with a maximum of €100 million (from the current 10 % or €30 million). The Commission [estimates](#) that, after the latter fund's mobilisation for requests that are already in the pipeline, Member States should still have access to additional support of approximately €800 million. Since its creation in 2002, it has [assisted](#) in 87 disasters channelling €5.5 billion to 24 European countries.

Reinforcing the EU's civil protection mechanism

On 27 March 2020, the Commission presented an amendment to this year's budget, [Draft amending budget \(DAB\) No 1/2020](#), proposing additional funding of €128.6 million (in commitment appropriations) for measures addressing the consequences of the coronavirus crisis. The proposal requires the approval of the budgetary authority (Parliament and Council). The proposed funding will:

- reinforce the Union civil protection mechanism (UCPM) and its strand for action inside the EU, to help Member States purchase Covid-19 medical equipment through joint procurement, with 90 % co-financing from the EU budget. The proposed amount is €80 million in commitments, of which €10 million is redeployed within the existing UCPM/rescEU budget for prevention and preparedness within the Union;
- provide a further €45 million for the Union civil protection mechanism for action in third countries, to support further requests for repatriations relating to the coronavirus pandemic and be able to respond to other crises that might occur in the course of the year. The proposal draws €145 million from the margin of €248.4 million under heading 4 of the EU's 2020 budget 'Global Europe', €45 million of which has been earmarked to finance repatriation flights. However, to allow swift provision of these funds, the Commission is proposing to transfer the sum of €45 million temporarily from the Humanitarian Aid Instrument, to be reinstated at a later stage;
- reinforce the capacity of the European Centre for Disease Prevention and Control (ECDC) with €3.6 million, with funds available under the programme financing actions for the eradication of animal diseases. The agency will provide models for assessing and comparing intervention strategies in fighting the coronavirus pandemic and also develop and advise on interventions in hospitals and the community.

The Coronavirus Response Investment Initiative Plus

On 2 April, Ursula von der Leyen, President of the European Commission, presented a second set of measures to mobilise support in the fight against Covid-19 – the Coronavirus Response Investment Initiative Plus ([CRII+](#)) stating that, 'In this coronavirus crisis, only the strongest of responses will do. We must use every means at our disposal. Every available euro in the EU budget will be redirected to address it, every rule will be eased to enable the funding to flow rapidly and effectively'.

The Commission has proposed a new solidarity instrument, the European instrument for temporary support to mitigate unemployment risks in an emergency ([SURE](#)) so as to keep people in employment and businesses running. It will provide up to €100 billion in loans to ensure that workers receive an income and businesses keep their staff.

This involves further [amendments](#) to the Common Provisions Regulation for the structural funds, introducing flexibility to the rules governing the funds and simplifying administrative procedures. It allows Member States to transfer unspent resources between funds and between different categories of region, and exceptionally to ask for 100 % EU co-financing for measures taken under cohesion policy programmes. With this amended proposal the Commission is addressing some of the criticisms expressed concerning the first CRII proposal, notably limitations in the response to the regions most affected by the pandemic. More specifically, when it comes to the European Maritime and Fisheries Fund ([EMFF](#)), amendments aimed at securing a more flexible reallocation of financial resources within the operational programmes in each Member State will enable the provision of support for the temporary cessation of fishing activities. Lastly, CRII+ proposes modifications to the rules and the expenditure covered by the Fund for European Aid to the Most Deprived ([FEAD](#)) in response to challenges posed by the coronavirus pandemic. Also on 2 April, the European Commission presented a proposal to activate the Emergency Support Instrument ([ESI](#)).

The financing of the necessary measures requires a second amendment to the EU's 2020 budget ([DAB No 2/2020](#)), to cover the financing of the actions undertaken under the Emergency Support Instrument and the Union Civil Protection Mechanism (rescEU). This would mobilise an additional

€3 billion, increasing expenditure under heading 3 'Security and citizenship' by 42 %, to meet the needs of Member States' health systems in the fight against the coronavirus pandemic.

- €2.7 billion will finance the Emergency Support Instrument and will be dedicated to measures such as the stock-piling and distribution of essential resources and medical supplies across Europe, the transportation of patients and protective gear and the increase in or conversion of EU companies' capacities to produce urgently needed material and testing supplies.
- €300 million will be provided to purchase and reinforce the medical equipment reserve of the civil protection mechanism (rescEU) financed 100 % by the EU budget. Emergency supplies will be sent to all Member States to supplement national stocks.

The necessary funds can only be provided through the mobilisation of special instruments, as there are no margins available, nor possibilities for redeployment under the relevant heading 3 'Security and citizenship'. The Commission is proposing to mobilise:

- the global margin for commitments, with €2.0 billion, consuming in full the remaining envelope. The global margin for commitments is for policy objectives relating to growth and employment, in particular measures for youth employment, migration and security, and corresponds to the accumulation of previous years' unused margins under the commitment ceilings. To be able to use this instrument for the required expenditure, the Commission has presented in parallel a [modification](#) of the MFF Regulation, enlarging the instrument's scope;
- the flexibility instrument, allowing the funding of clearly identified needs, which could not be financed within the limits of the ceilings available for one or more other headings, mobilised for its remaining €243 million;
- the contingency margin, the last-resort instrument to react to unforeseen circumstances. It amounts to 0.03 % of the EU's gross national income (GNI) or €5.1 billion for the year 2020. The difficulty with its mobilisation, however, is that it has to be off-set from margins available in the current or following years. In this case, it is contributing with €714.6 million. This amount is offset by available margins under heading 5 'Administration'.

Supporting the EU's partner countries

On 8 April, Ursula von der Leyen, commenting that 'the virus knows no borders' and 'needs strong international cooperation', [presented](#) financial support of more than €15.6 billion for partner countries. Beyond the EU budget contribution, it includes €5.2 billion in loans from the European Investment Bank and a substantial contribution from the European Development Fund.

This new element in the EU's global response to the coronavirus pandemic will help partner countries deal with the humanitarian, health, social and economic consequences. Existing funds and programmes under heading 4 'Global Europe' will be reoriented to tackle coronavirus. The proposed EU package will cover direct bilateral support to countries, as well as funding to international organisations such as the WHO and other UN agencies. Resources will involve budgetary guarantees to mobilise additional private resources.

To ensure a coordinated global response, EU institutions, Member States and financial institutions, in particular the European Investment Bank and the European Bank for Reconstruction and Development, will work together under a ['Team Europe'](#) approach. The response will be promoted in partnership with the United Nations and international financial institutions, as well as the G7 and G20.

The EU's contribution builds on existing instruments and facilities such as the European Fund for Sustainable Development (EFSD) and the External Lending Mandate of the EIB. Accelerating Macro-Financial Assistance for the Western Balkans and Neighbourhood countries is also envisaged, complementing rapid support from the IMF.

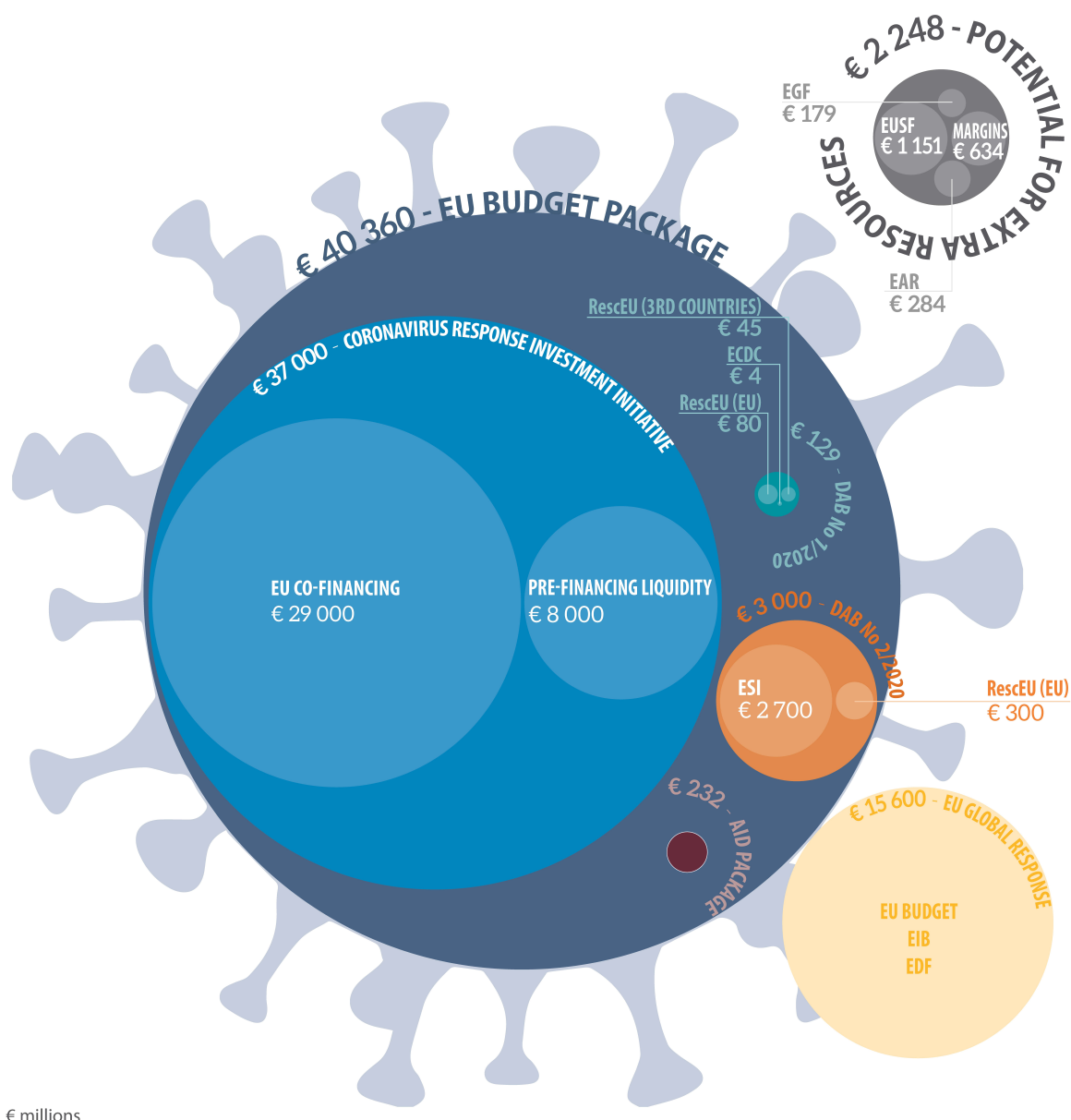
The funds will be allocated to three different objectives:

- €502 million for urgent emergency response ;
- €2.8 billion to support research, health and water systems;
- €12.8 billion to address the economic and social consequences.

The aid will focus on the countries most affected, that need health care and protection, such as countries in Africa, the European Neighbourhood, the Western Balkans, the Middle East and North Africa, parts of Asia, Latin America and the Caribbean.

The Commission notes that the funds redeployed concern programmes that cannot be implemented as planned due to the coronavirus pandemic. This reorientation will be limited within the current allocations for each country.

Figure 1 –EU budget and coronavirus-related measures



€ millions

Abbreviations: DAB = Draft Amending Budget; EUSF = EU Solidarity Fund; ESI = Emergency Support Instrument; EGF = European Globalisation Adjustment Fund; EAR = Emergency Aid Reserve; ECDC = European Centre for Disease Prevention and Control; EIB = European Investment Bank; EDF = European Development Fund

Source: EPRS.

Note: The graphic does not include the SURE instrument providing support in the form of EU loans nor the liquidity measures for SMEs through EIF and EIB.

The use of budgetary margins

The financing needed to tackle various challenges in 2020 had already used up the margins under three expenditure ceilings. The 2020 EU budget initially adopted had a total budgetary margin of close to €1.5 billion.

After this second amendment to the 2020 budget, submitted for the budgetary authority's approval, the remaining commitments margin stands at €633.6 million. However, €514 million fall under heading 2 'Sustainable growth: natural resources', of which €477.0 million under the European Agricultural Guarantee Fund (EAGF) margin. Under common agricultural policy [legislation](#), a reserve for potential crises in agricultural markets of €400 million (in 2011 prices) is set aside. Together with the amounts generated by financial discipline, funds available in the EAGF budget at the end of the financial year, including those of the crisis reserve, have to be reimbursed to farmers. €103.4 million remains as a margin under heading 4 'Global Europe' (see Table 1).

Table 1 – Margins available under the 2020 budget (amounts in € million)

Heading	2020 budget	2020 budget after DAB 1/2020 and 2/2020
1a. Competitiveness for growth and jobs	0	0
1b. Economic, social and territorial cohesion	0	0
2. Sustainable growth: natural resources	514.0	514.0
3. Security and citizenship	0	0
4. Global Europe	248.4	103.4
5. Administration	729.9	16.2
TOTAL	1 492.3	633.6

Source: EPRS based on European Parliament, [2020 budgetary procedure: joint text](#), European Commission, [Draft Amending Budget No 1/2020](#) and [Draft Amending Budget No 2/2020](#).

The crucial role of special instruments

The [current multiannual financial framework](#) (MFF) covering the 2014-2020 period, decided in 2013, was reinforced with flexibilities to compensate for the decreasing overall level of expenditure. This increased flexibility was a specific request of the [European Parliament](#) during the negotiations.

The instruments allowing for a more flexible EU budget have proven invaluable. They are mobilised every year in order to respond to events that could not have been predicted when the 2014-2020 MFF was agreed: the migration and security crisis, high youth unemployment rates, and a lack of investment in the EU. For the [2014-2020](#) period, the two flexibility tools using the margins, the contingency margin and the global margin for commitments, and the flexibility instrument, which has broad scope, have provided additional financing of [€16.6 billion](#) in commitment appropriations to date (Figure 2). The flexibility instrument has been mobilised every year. This confirms that the current long-term budget has been called upon regularly either to increase the funding for existing priorities or to finance new ones (Figure 3). It also demonstrates the importance of the EU budget's agility when it comes to supporting the EU's citizens and economy in difficult times.

Figure 2 – 2014-2020: Mobilisation of the three special flexibility instruments (€ billion)

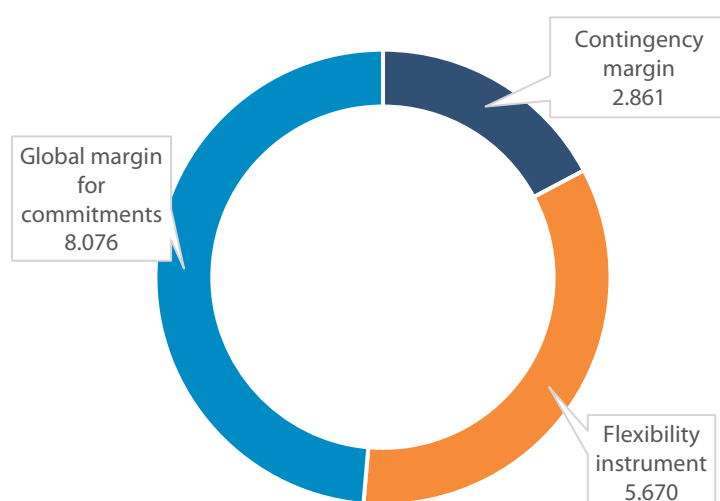
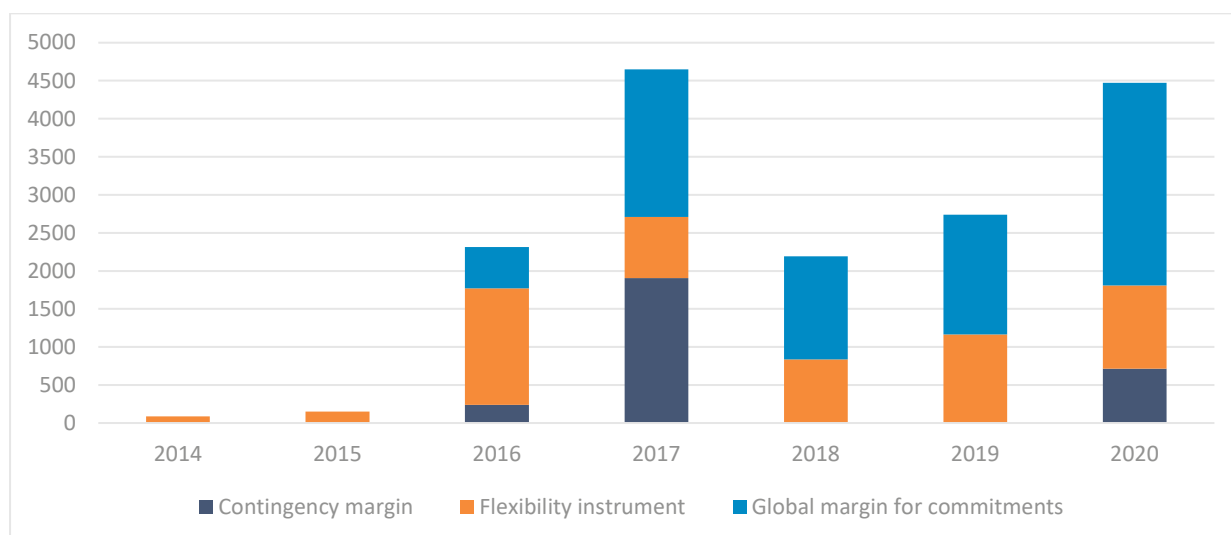


Figure 3 – Annual use of the three instruments in the 2014-2020 period (€ million)



The special flexibility instruments are mobilised in line with their respective [scope, conditions and mechanisms](#).¹ In this final year of the 2014-2020 financial period, possibilities have become scarcer.² The EU [2020 budget](#), as amended by DAB Nos 1 and 2, both still to be approved by the budgetary authority, will provide a total of €4 471 million in flexibilities: almost €1.1 billion through the flexibility instrument, €2.7 billion through the global margin for commitments and €714.6 million through the contingency margin (Table 2).

The unprecedented financing needs related to the coronavirus pandemic have led the Commission to propose to mobilise, for a third time in the current financial period, the contingency margin (for commitments), for €714 million. The two previous cases, in 2016 (for €240 million) and in 2017 (for €1.9 billion) aimed to tackle the migration, humanitarian and refugee challenges. The Commission has further proposed to remove the limitations in the scope of the global margin for commitments and the scope of the EU solidarity fund has now been extended to cover health emergencies.

The emergency aid reserve, designed to finance humanitarian assistance, civilian crisis management and protection operations in non-EU countries, in order to respond quickly to unforeseen events, will be used to strengthen epidemic preparedness and response through the WHO's Strategic Preparedness and Response Plan (SPRP) following the coronavirus outbreak. The first aid package

proposed to mobilise this instrument for €30 million. In order to allow for swift deployment of the aid, DAB No 1/2020 proposes to channel a further €45 million through the advance use of the emergency aid reserve. There may be scope to consider the limitations of each instrument and seek ways to allow for rapid decision-making and delivery of financial assistance in crisis situations in the forthcoming MFF.

Table 2 – Use of special instruments in the 2020 budget (amounts in € million)

Special instruments	Available flexibilities Technical adjustment 4/2020	Flexibilities in adopted 2020 budget	Flexibilities in DAB 1/2020	Flexibilities in DAB 2/2020	Total flexibilities used	Remaining flexibilities
Contingency margin	5 096.8	0		714.6	714.6	633.6
Global margin for commitments	2 662.0	269.6	350.0	2 042.4	2 662.0	0
Flexibility Instrument	1 094.4	778.1	73.3	243.0	1 094.4	0
European Globalisation and Adjustment Fund	179.3	0	0	0	0	179.3
European Solidarity Fund	1 150.5	0	0	0	0	1 150.5
Emergency aid reserve	404.1	120			120.0	284.1
TOTAL	10 587.1	1 167.7	423.3	3 000.0	4 591.0	2 247.5

Source: EPRS based on European Commission, [Technical adjustment in respect of special instruments for 2020](#) and European Parliament, [2020 budgetary procedure: joint text](#) and European Commission, Draft Amending Budgets [No 1/2020](#) and [No 2/2020](#).

- Notes: 1. Amounts represent commitment appropriations in € million in current prices.
 2. For some instruments the amount for the 2020 budget includes availabilities from previous years.
 3. The amount of contingency margin that can be mobilised is limited by the margins available under the commitment ceilings (see Table 1).
 3. Use of the contingency margin in previous years is off-set in 2020 with €966.5 million.
 4. The emergency aid reserve concerns non-EU countries. The amounts indicated as 'used' are subject to the approval of the budgetary authority (budgetary transfers 2 and 3).

Positions of Parliament and other stakeholders

During the plenary session debate on the MFF on 10 March 2020, Members of the European Parliament (MEPs) [stressed](#) that 'it is not possible to do more with less', and that the EU needed to be given the necessary resources to deal with the Union's challenges, including the coronavirus emergency. Members [criticised](#) the proposal on the future long-term budget (for 2021-2027) presented by the European Council President, Charles Michel, which included among a number of cuts, reductions in research programme funding. MEPs stressed the essential nature of an appropriate research budget, including to counter the coronavirus crisis. Welcoming the Commission's action on the pandemic, Parliament's rapporteur on Horizon Europe, Christian Ehler (EPP, Germany), [emphasised](#) the importance of research and development in tackling this global challenge, and supported Parliament's stance, arguing for €120 billion to be allocated for Horizon Europe. Furthermore, Parliament's [position](#), as expressed in its resolution of 14 March 2019, is that

'new political priorities and upcoming challenges for the EU should be financed by fresh appropriations and not by reducing the appropriations for existing programmes'.

On 13 March 2020, the Commission asked Parliament and Council to treat the two legislative proposals concerning the Coronavirus Response Investment Initiative and the extension of the scope of the EU Solidarity Fund urgently, within two weeks. The [European Parliament President](#), David Sassoli, welcomed the measures proposed by the Commission as a step in the right direction, highlighting that Europe needed to be united in this dramatic crisis, and assuring that Parliament would approve the proposals as soon as possible. Parliament's [Committee for Regional Development](#) undertook to adopt the new initiative as rapidly as possible so to allow its swift implementation. The [Budget Committee](#) chair, Johan Van Overtveldt (ECR, Belgium), and coordinators welcomed the measures announced and stated the committee's readiness to process the proposals quickly, while regretting that the funds were a mere 're-use' of existing funds. Considering these funds to be insufficient, the committee urged the Commission to propose the mobilisation of fresh appropriations that were available in the 2020 budget, through the budgetary margins and the flexibility instruments.

The [European Council President Charles Michel](#) emphasised the need to work together and act swiftly. Within a few days, Member States' ambassadors [approved](#) the two legislative proposals with no amendments on 18 March and Parliament [adopted](#) the emergency proposals at an extraordinary [plenary](#) session on 26 March. On the same day, ahead of the European Council's video-conference meeting, BUDG committee MEPs [called](#) for an ambitious budgetary and financial package to respond to the coronavirus outbreak, highlighting that the EU budget is 'part of the solution to overcome the public health and economic shock'. Beyond the mobilisation of all financial means available in the 2020 budget as an immediate response, MEPs suggested that the budgetary surplus of the 2019 budget be used in its entirety to facilitate coronavirus-related action.

In a statement of 20 March, the President of the European Committee of the Regions, Apostolos Tzitzikostas, [called](#) for an EU health emergency mechanism to improve support for regional and local leaders providing health services locally. In his view, this mechanism should be funded through existing national and regional resources, available EU structural and investment funds reoriented to the urgent need, and new resources of up to €10 billion, from this year's budgetary margins. In a draft opinion ([25 March 2020](#)), the European Economic and Social Committee's rapporteur meanwhile urged the Commission to seek further funding under the EU budget and supported enhanced flexibility in the forthcoming MFF to be able to counter shocks of this kind.

Analysts have highlighted the importance of [coordinating](#) measures against the coronavirus outbreak, and argue that the [EU's response](#) to the pandemic and its dramatic consequences should be to mobilise additional funds available under EU programmes and instruments. They have called for the allocation of [new funds](#) at EU level dedicated to addressing the consequences of the disease throughout the Union. Other [experts](#) make the same point, calling for [coordinated](#) and bold action. In this unprecedented situation, all European instruments, including the [EU budget](#), must be deployed in support of national and regional policies. Some have referred meanwhile, to the need for a more comprehensive [European catastrophe relief plan](#), through which 'the EU would take responsibility for a meaningful share of the overall emergency effort' and provide new funds to address the repercussions of the pandemic. The Treaties contain a solidarity clause ([Article 222, TFEU](#)) that invites the EU and its Member States to act jointly in a spirit of solidarity. Although it refers to a 'terrorist threat' or a 'natural or man-made disaster', it enables the Union to mobilise all the instruments at its disposal. This provision should be considered to enable the EU to offer further financial aid to the countries or regions worst affected by the coronavirus.

Overall, reactions to the second set of measures presented by the Commission on 2 April 2020 have been positive. The Council [adopted](#) its position on the activation of €3 billion for emergency assistance on 14 April.

Parliament's Budget Committee has meanwhile asked to submit the relevant budgetary proposals directly to the forthcoming plenary session on 16-17 April 2020 using the urgent procedure (Rule 163 of the Rules of Procedure).

And the future budget?

In the [future EU budget](#) for 2021-2027, the Commission has proposed the merging of several EU programmes, including the [EU health programme](#), under the European Social Fund Plus (ESF+) of heading 2 'Cohesion and Values'. The proposed health funding, set at €413 million, was to be provided under a specific stand of the ESF+. Additional financing would be provided through other [financial instruments](#). These include, for instance, the [European Regional Development Fund](#), [Horizon Europe](#), [Digital Europe](#), the [InvestEU Fund](#) and the [Connecting Europe Facility](#).

The health strands will aim to support national efforts in several areas, including (i) crisis-preparedness and response in the EU to protect citizens against cross-border health threats, such as the coronavirus outbreak; and (ii) supporting integrated work to reinforce structural innovation in public health, such as European reference networks. However, Member States have not yet been able to reach a common position on the next MFF.

Parliament's overall [position](#) is that the 2021-2027 MFF should be set at €1 324.1 billion in 2018 prices, representing 1.3 % of EU-27 GNI, €190 billion above the Commission's proposal, to be able to fund new priorities properly while protecting existing priorities. In its [negotiating position on the MFF](#), Parliament supported maintaining the funding of the EU health programme at the current level. It also stressed the need to reinforce the special instruments and opposed any attempts to merge them. It supported a higher allocation for the flexibility instrument, the emergency aid reserve, the European Union solidarity fund, and the contingency margin, including the removal of the obligation for the latter to be off-set from existing margins. Allocating the appropriate budgetary envelopes to EU programmes and having a flexible long-term EU budget so that the Union is able to rise to unforeseen [challenges](#), are two important points for [Parliament](#).

The EU's long-term approach to financial planning is necessary to ensure predictability and stability for investments. Flexibility is also needed to ensure that the EU has the capacity to respond to pressing needs. Experts have [indicated](#) that [delays](#) in agreeing on the long-term 2021-2027 budget just intensify uncertainty and heighten risks when it comes to budgetary planning. Without an agreement on a new MFF, there is no way to finance new programmes, and none of the special instruments can be mobilised. This would jeopardise EU support in these particularly difficult circumstances.

Already in December 2018, the previous [Commission](#) had called for 'swift agreement on a long-term budget for Europe's priorities'. The new Commission President, Ursula von der Leyen, has recently [called](#) on EU leaders to move towards a deal. 'In these difficult times, we all sense that people and Member States are asking for more Europe', she told reporters, pointing to coronavirus and the situation on Europe's borders. 'Yet without a new budget, we will not be able to respond appropriately'. If an agreement is not found, the EU will need to [prolong](#) the current MFF by a year, to prevent EU spending programmes from facing widespread disruption.

With these risks in mind, [Parliament](#) is being proactive and has insisted that the Commission put forward an MFF contingency plan, to enable the current MFF to be extended, and to protect the beneficiaries of EU funding programmes, if there is no timely agreement on the next MFF. This is in line with [Article 312\(4\)](#) TFEU. Under the current situation, this is even more likely. On 26 March 2020, Parliament reiterated its [call](#) for an immediate contingency plan. It further underlined that the current crisis required the MFF proposal to be updated to take account of new challenges and needs. 'We need a strong and ambitious future EU budget' [underlined](#) the Chair of the Budget Committee, Johan van Overveldt.

The current coronavirus pandemic could have potentially devastating repercussions for the EU's life and economy and this must not be overlooked when deciding on the new MFF. On 28 March 2020, the Commission [announced](#) that to ensure recovery from the coronavirus crisis, it would propose changes to the MFF proposal. Ursula von der Leyen confirmed this [position](#) on 2 April, stating that she wanted to ensure that the EU's MFF for the 2021-2027 period would be a new 'Marshall Plan'. Stressing that the budget was the EU's most important instrument, she went on to emphasise that it was 'the best expression of solidarity and responsibility' among Member States and an 'outstanding tool' for 'investment and convergence'.

Meanwhile, the clock is ticking and time to reach an agreement on the new MFF is running out.

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ENDNOTES

¹ See the European Commission communication, Technical adjustment in respect of special instruments for 2020, [COM\(2020\) 173 final](#).

² For more on the scope and conditions for the mobilisation of special instruments, see: [Council Regulation](#) (EU, Euratom) No 1311/2013 of 2 December 2013, laying down the multiannual financial framework for the years 2014-2020, as updated on 14 July 2017.

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