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NOTE

From:	Presidency
To:	Friends of the Presidency group (MFF Review/Revision)
Subject:	Multiannual Financial Framework (MFF) 2014-2020 Review/Revision - Presidency compromise proposal

1. In accordance with Article 2 of the MFF Regulation¹, the Commission adopted on 14 September 2016 a Communication on the review/revision of the MFF. This Communication was accompanied by several legislative proposals.
2. On the same day, COREPER tasked the Friends of the Presidency group (MFF Review/Revision)² to review the Communication of the Commission, as well as the accompanying proposal for amending Council Regulation No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, as amended by Council Regulation No 2015/623 of 21 April 2015 (*MFF Regulation*); proposal for amending the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (*IIA on budgetary matters*), and proposal for amending Decision No 2015/435 of the European Parliament and of the Council of 17 December 2014 on the mobilisation of the Contingency Margin (*Contingency margin Decision*).

¹ Council Regulation (EU, EURATOM) n°1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020.

² ST 12081/16

3. Following the examination carried out at expert level of the Commission Communication and above-mentioned proposals, and on the basis of the guidance given by both the General Affairs Council and COREPER, the Presidency has prepared a compromise proposal package in Annex.
4. The Presidency underlines that the MFF Review/Revision and the approval of the Draft General Budget 2017 are two distinct procedures.
5. The Presidency recalls that, in line with Article 2 of the MFF Regulation, pre-allocated national envelopes shall not be reduced through this Review/Revision.

I. MFF Regulation/Flexibility

Emergency Aid Reserve: the Presidency proposes that the annual amount of the Reserve is fixed at EUR 400 million (2011 prices) and may be used up to year n+1 in accordance with the Financial Regulation¹.

Flexibility Instrument: the Presidency proposes that there shall be a ceiling on the annual amount available for the Flexibility Instrument of EUR 750 million (2011 prices)².

Global Margin for Commitments and Global Margin for Payments: the Presidency proposes to accept the Commission proposals on these points.

European Union Crisis Reserve: the Presidency proposes to accept the Commission proposal on this point, with the addition that the annual amount available for this instrument shall not exceed EUR 750 million³.

Special Instruments: the Presidency proposes that, without prejudice to Article 3, paragraph 2 of the MFF Regulation, payment appropriations for the Emergency Aid Reserve and the European Union Solidarity Fund may be entered in the budget over and above the payment ceilings of the MFF.

¹ *It is understood that the increased annual amount will apply only as from the financial year in which the amended MFF Regulation enters into force.*

² *It is understood that the increased annual amount will apply only as from the financial year in which the amended MFF Regulation enters into force.*

³ *It is understood that, with an entry into force of the amended MFF Regulation in the year N, the reserve would be entered for the first time in the budget for the year N+1, with de-commitments stemming from the year N-1.*

II. Proposed reinforcements (top-ups)

	Commission Proposal	Presidency Compromise
	<i>Commitment appropriations, MEUR</i>	<i>Commitment appropriations, MEUR</i>
Heading 1a*		
Horizon 2020	400	300
CEF Transport	400	250**
Erasmus+	200	150
COSME	200	150
Wifi4EU	50	35
EFSI	150	0**
Total Heading 1a	1400	885
Heading 1b (YEI)	1000	750
Heading 3	2549	2549
Heading 4	1385	1385
Total H1a, 1b, 3, 4	6334	5569

* The amounts proposed by the Presidency are financed through unallocated margins of Heading 1a.

** In addition to this amount financed through unallocated margins of Heading 1a, the Presidency proposes redeployments from CEF Financial Instrument in favour CEF Transport amounting to EUR 50 millions, and redeployments from CEF Financial Instrument in favour of EFSI amounting to EUR 150 millions.

III. Offsetting of the Contingency Margin mobilised in 2014

The Presidency proposes that the sum of EUR 2 818 233 715 will be offset against the margin under the payment ceiling for the year 2017.

As regards the amount of EUR 350 million resulting from the mobilization of other special instruments, the offsetting of the relevant amount will be decided having regard to the overall final agreement on the special instruments.
