



MFF 2014-2020

Mid-term

review / revision

**Presentation of Commission proposals
to Coreper**

21 September 2016

MID-TERM REVIEW PACKAGE

PACKAGE

- Mid-term review Communication (and Staff working document)
- Proposal for a revision of MFF regulation and IIA (for flexibility);
- A proposal for simplifying financial rules under the Financial Regulation and relevant basic acts (omnibus);

LINKED PROPOSALS (i.a.):

- Proposal for doubling the size of EFSI;
- Proposal for the European Fund for Sustainable Development Fund (under the External Investment Plan)
- WIFI4EU

Main objectives of the package

- Allocate funds to priorities**
- Increase flexibility and agility**
- Simplify spending rules**
- Within the agreed MFF ceilings**

Overall financial package

| | | |
|--|-------------------|------------------------------------|
| Mid-term review/revision | 6.3 BN EUR | Total 12.8 BN EUR |
| Technical adjustment of cohesion policy envelopes - <i>with focus on migration, youth employment and investment</i> | 4.6 BN EUR | |
| Draft budget 2017 - <i>additional spending on migration</i> | 1.8 BN EUR | |



European
Commission

**Mid-term Review
6.3 BN EUR**

**Jobs and growth
2.4 BN EUR**

**Migration
3.9 BN EUR**

- Highly oversubscribed programmes:**
- COSME
200 Mio EUR
 - Horizon 2020
400 Mio EUR
 - CEF-transport
400 Mio EUR
 - Erasmus+
200 Mio EUR

**YEI
1 BN EUR**

**EFSI 2.0
150 Mio
EUR**

**WIFI4EU
50 Mio
EUR**

**Internal EU
2.55 BN EUR
(EBCG etc.)**

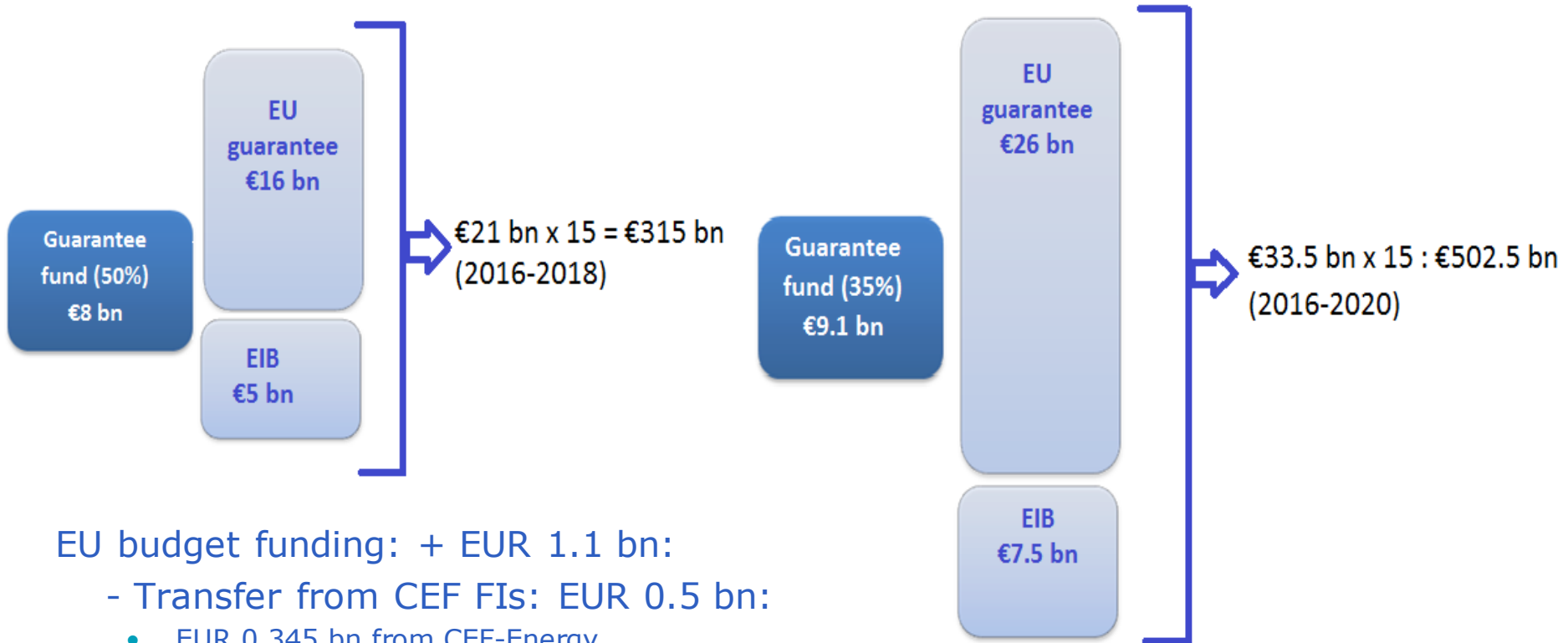
**External EU
1.4 BN EUR**

**External
Investment
Plan
250 Mio EUR**

**Migration
Compacts
750 Mio
EUR**

**ELM
and
MFA
385
Mio
EUR**

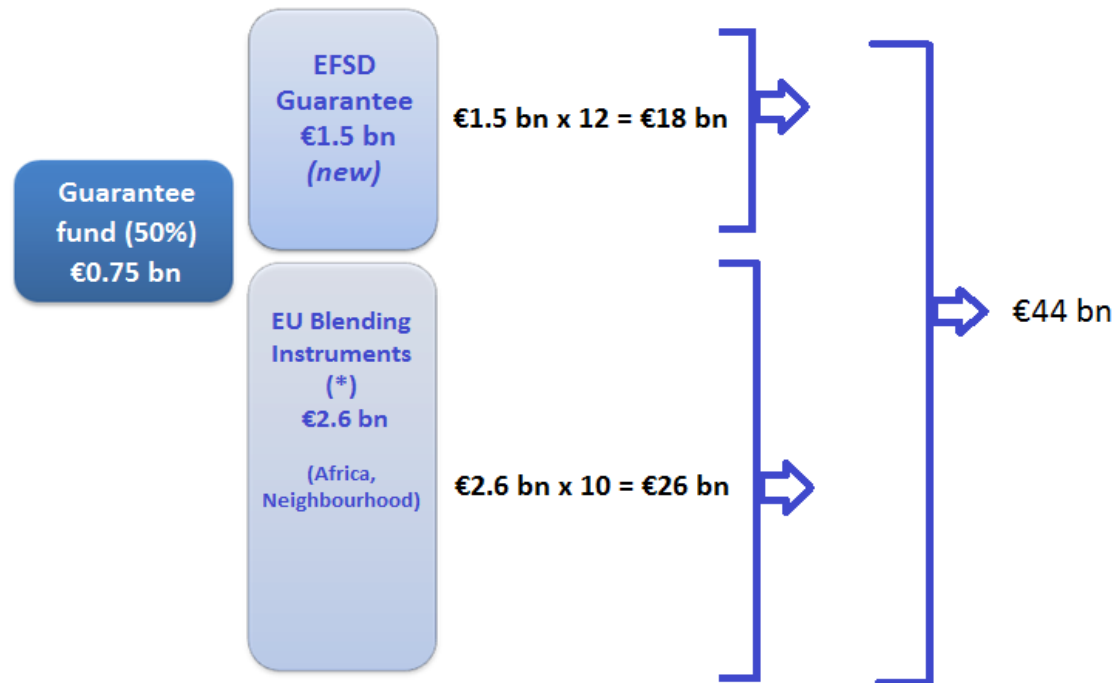
EFSI 2



EU budget funding: + EUR 1.1 bn:

- Transfer from CEF FIs: EUR 0.5 bn:
 - EUR 0.345 bn from CEF-Energy
 - EUR 0.155 bn from CEF-Transport
- EFSI Reflows: EUR 0.45 bn
- Unallocated margins: EUR 0.15 bn

EFSD



EU budget funding: + EUR 3.35 bn

- EDF: EUR 2 bn
- EU budget: EUR 1.35 bn
 - ENI: EUR 0.94 bn
 - DCI: EUR 0.16 bn
 - Margins: EUR 0.25 bn

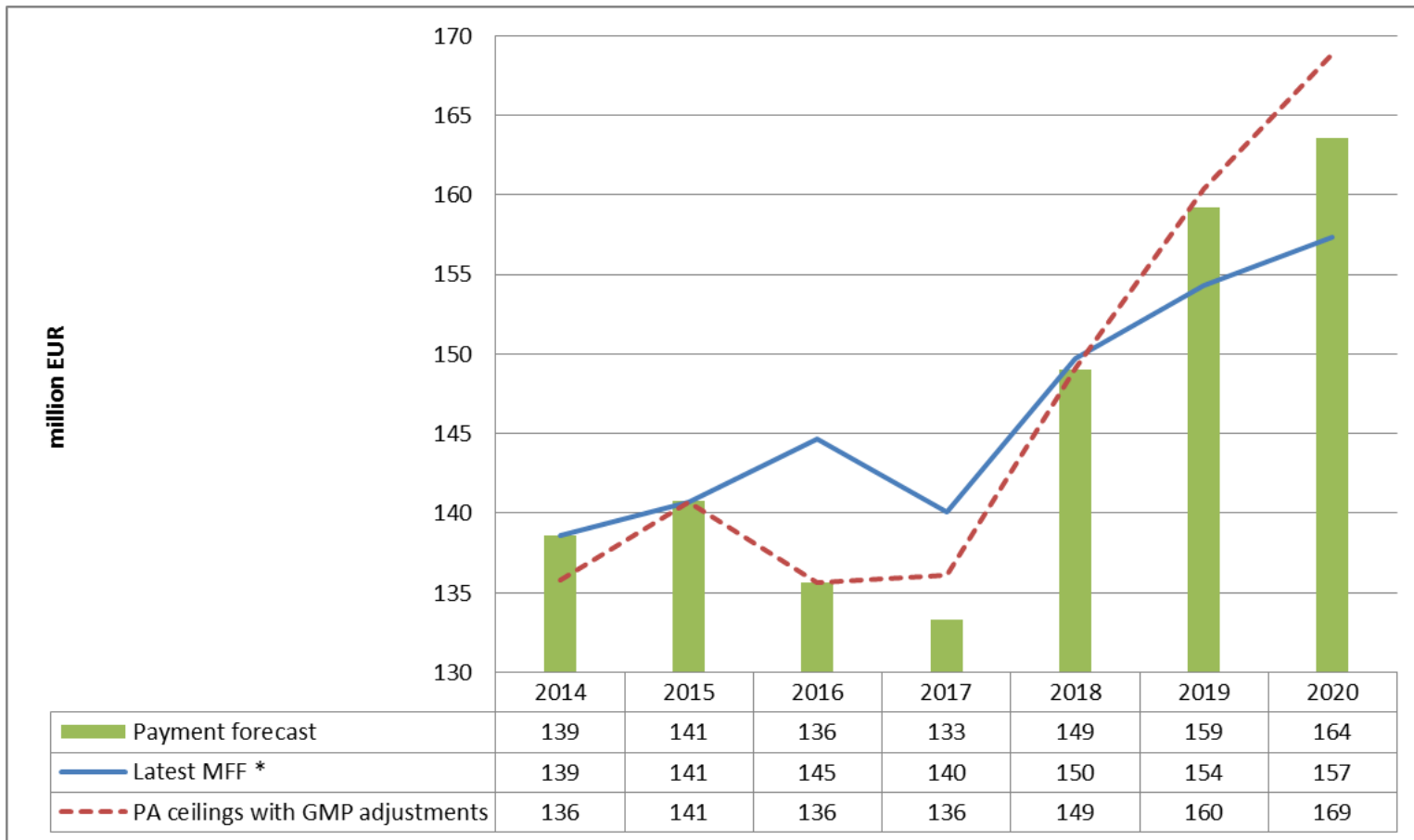
to finance:

- EFSD guarantee fund (EUR 0.75 bn)
 - EDF: EUR 0.4 bn
 - ENI: EUR 0.1 bn
 - Margins: EUR 0.25 bn)
- blending instruments (EUR 2,6 bn)

Increase flexibility and agility

- **Doubling the size** of the existing flexibility instrument and Emergency Aid Reserve
- Creating a **new European Union Crisis Reserve** financed **from de-committed appropriations**
- **Lifting the restrictions to the global margins for commitments and payments**
- More flexibility through simplification of financial rules; e.g. **"flexibility cushion"** for external action instruments.

CURRENT PAYMENT FORECASTS ...



PAYMENTS

- MTR proposal is within the MFF payment ceiling
- Payments for Special instruments are counted above the ceilings
- Global margin for payments used fully to provide the maximum flexibility required



Simplify spending rules

A simplified single EU financial rule book

replacing the Financial Regulation (FR) and its Rules of Application

Simplifications of 15 other

legislative acts (mostly European Structural and Investment Funds rules)

→ **increase the flexibility of the budget**

→ **simplify its implementation to optimise EU spending for 2018 onwards**



**Package of general and sectorial rules
Towards a single rule book**

25% less text

Simpler and more flexible financial rules - important elements of the package -

- 1. Simplification for recipients of EU funds**
 - 2. From multiple layers of controls to cross reliance on audit, assessment or authorisation, and harmonisation of reporting requirements**
 - 3. Allowing the application of only one set of rules to hybrid actions or in the case of combination of measures or instruments**
 - 4. More effective use of financial instruments**
 - 5. More flexible budget management**
 - 6. Focus on results and streamlining of reporting**
 - 7. Simpler and leaner EU administration**
 - 8. Providing possibility for citizen engagement**
- ⇒ **But no weakening of sound financial management!**

Issues bridging to the next MFF

- *Duration: 5 years, 5+5 years or 7 years?*
- *Reset Priorities: Defence, Security, Migration*
- *Post-Cotonou relations to ACP countries / budgetisation EDF*



European Commission

Timing

Budget 2017 Budgetary procedure ●

TA cohesion Reprogramming for 2017-2020 ●

MFFR Special procedure ●

Omnibus Ordinary procedure ●

EFSI 2 Ordinary procedure ●

EFSD Ordinary procedure ●


EIB ELM Ordinary procedure ●

2016

2017

● = Target date for adoption **2018**

2014 OWN RESOURCES DECISION RATIFIED

- 19/9 the last MS ratified  **entry into force 1/10 or 1/11** (notification pending)
- **Budgeting:** 2014-2016 impact in a single AB (to be presented asap), DB 2017 financing to be recalculated
- **Call for funds:** 2014-2016 impact in one single call **in January 2017;**
- **Stability and Growth Pact impact:** one off effect of 2014-2015 + level change for 2016 **counted in 2016;**
- **VAT/GNI balances:** new rules – call in January, **payment in June 2017;**