Interinstitutional Agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters 2007-2013

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The Council decided to forward to the European Parliament its position regarding a new draft interinstitutional agreement between the European Parliament, Council and the Commission on cooperation in budgetary matters. It also decided to transmit for approval a draft Council Regulation laying down the multiannual financial framework for the years 2007-2013. Together, these texts seek to **take into account the wish expressed by the European Parliament to maintain a certain degree of flexibility in the management of the multiannual financial framework** by providing for contingency margin of 0.03% of Gross National Income which can be used, as a last resort, to fill spending gaps or needs in the EU budget if money cannot be found elsewhere.

Comprising three parts, the main aspects of the draft interinstitutional agreement may be summarised as follows:

- Part I: Complementary provisions related to the financial framework and special instruments,
- Part II: Improvement of interinstitutional collaboration during the budgetary procedure, and
- Part III: Sound financial management of EU funds.

Part I: the provisions contained in this part of the draft interinstitutional agreement (IIA) relate to complementary information to be provided relating to operations not included in the general budget of the EU and the foreseeable development of the various categories of the Union's own resources. They involve the requirement for the Commission to update the forecasts for payment appropriations after 2013.

The other element of this part of the IIA relates to the special budgetary instruments which are:

- the Emergency Aid Reserve,
- the European Union Solidarity Fund,
- the Flexibility Instrument,
- the European Globalisation Adjustment Fund, and
- the Contingency Margin.

It details in particular the procedures for mobilising these various instruments. As far as the **Contingency Margin** is concerned, it is stipulated that its mobilisation shall be proposed by the Commission only after a thorough analysis of all other financial possibilities. Its mobilisation would be accompanied by a proposal for reallocation, by a significant amount as supported by the analysis, within the existing budget. The Contingency Margin would be mobilised by the Council acting on qualified majority with the support

of the majority of Members of the European Parliament and three-fifths of votes cast. It is specified that the use of the Contingency Margin shall not lead to additional payment appropriations in **2011**.

Part II: this part of the IIA lays down the rules relating to interinstitutional collaboration during the budgetary procedure. An annex details the process, step by step, for the adoption of the budget (the relevant deadlines, budgetary priorities, rules to be followed in the event of budgetary conciliation…). The IIA also recalls the principle of the incorporation of financial provisions in legislative acts, as well as that the budgetary authority and the Commission undertake not to depart by more than 5% from any amount foreseen for acts adopted under the ordinary legislative procedure. For legislative acts concerning multiannual programmes not subject to the ordinary legislative procedure, it is foreseen that the Council can include a financial reference which will be taken as illustrating the will of the legislative authority and not affect the powers of the budgetary authority, as defined by the TFEU.

There are also provisions regarding the transparency of expenditures in relation to fisheries agreements and the common foreign and security policy (CFSP).

Part III: the third part of the IIA relates to the sound financial management of Union funds stressing, in particular, the rules regarding financial programming, the funding of agencies and new financial instruments of the Union (such as multiannual financial instruments designed to act as catalysts for public and private investors).