

Multiannual financial framework for the years 2014-2020

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Following the adoption of its proposal for a Council Regulation laying down the multiannual financial framework for the years 2014-2020 ("MFF Regulation"), the Commission submitted proposals for all the legislative acts concerning the multiannual programmes for that period. **Two of these proposals imply amendments to the proposal for a MFF Regulation.**

It is also necessary to update the multiannual financial framework table included in the annex to the MFF Regulation to take into account the following elements:

- allocations for the Republic of Croatia are to be added to the Commission's proposal for EU-27 based on the Act of Accession signed on 9 December 2011.
- the availability of new data for regional GDP and national GNI results in changes to the regional and national eligibility under the Union's cohesion policy and therefore in a recalculation of the regional and national allocations.
- the most recent macro-economic forecasts and projections should be taken into account to calculate the maximum national allocations for Member States subject to capped cohesion envelopes as well as to express the ceilings of the MFF table for the period 2014-2020 as a percentage of EU-28 GNI.

The proposed changes to the financial framework are as follows:

(1) Horizontal “Asylum and migration” Regulation: on 15 November 2011, the Commission presented a proposal for a Regulation of the European Parliament and of the Council laying down general provisions on the Asylum and Migration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management ([Horizontal Regulation](#)) as well as:

- a proposal for a Regulation of the European Parliament and of the Council establishing the [Asylum and Migration Fund](#);
- a proposal for a Regulation of the European Parliament and of the Council establishing, as part of the Internal Security Fund, [the instrument for financial support for police cooperation, preventing and combating crime, and crisis management](#); and
- a proposal for a Regulation of the European Parliament and of the Council establishing, as part of the Internal Security Fund, [the instrument for financial support for external borders and visa](#).

These three specific Regulations provide that the provisions of the Horizontal Regulation shall apply to them.

In the Horizontal Regulation, the Commission announced that it will amend its proposal for a MFF Regulation to **extend the provisions of Article 7 to the programmes implemented under shared management under the Asylum and Migration Fund and Internal Security Fund**. This is part of the Commission's endeavour to harmonise rules applicable to shared management. Accordingly, whilst every effort should be made to ensure that the national programmes under both Funds are adopted in 2014, a transfer to subsequent years of allocations not used in 2014 should be possible so as to avoid the loss of related commitment appropriations.

(2) Horizontal “Cohesion” Regulation: on 6 October 2011, the Commission presented a proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the

European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural and Rural Development Fund and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006 ("[CSF Regulation](#)"). Article 21 of the CSF Regulation provides for rules on conditionality linked to the coordination of the Member States' economic policies, including the possible suspension of commitments and payments for programmes supported from the Funds covered by the Common Strategic Framework.

Article 21(8), last paragraph, of that Regulation provides that, when the conditions for lifting a suspension of commitments or payments are met, the Council shall, at the same time, decide, on a proposal of the Commission, **to re-budget the suspended commitments**.

Consequently, Article 8 of the MFF has to be amended accordingly to allow for the transfer and re-budgeting of suspended commitments.

The Commission also proposes:

- to amend Article 11 of its proposal for a MFF Regulation by splitting it into two Articles, so as to distinguish the case of the accession of a new Member State to the Union from that of the **reunification of Cyprus**;
- other minor amendments for clarification purposes.

BUDGETARY IMPACT:

(1) Incorporating the allocations for Croatia in the MFF table: the specific allocations for Croatia need to be added to the Commission's proposals for the following funds:

- 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.

These allocations are calculated on the basis of the same methodology applied for the EU-27, subject to the transitional provisions laid down in the Act of Accession whether in regard to cohesion or the common agricultural policy (progressive approach with a two-fold adjustment of allocations from 2014-2015).

Besides benefiting from these pre-allocated amounts, Croatia shall also fully participate in all other internal policies. **Therefore all the non pre-allocated envelopes need to be adjusted accordingly.** The same approach as for the 2013 amounts for the closure of the Accession negotiations has been applied – i. e. the amounts are calculated in proportion to the share of Croatia in the GDP and the population of EU-27, resulting in an increase of all the proposed non pre-allocated envelopes by 0.62%

As regards adjustments to Heading 5 (Administration), for the Commission, the net reinforcement will amount to **384 additional full time equivalent units**, mostly in the form of posts to be added to the establishment plan with their phasing in to be completed by 2014. The other Institutions will need additional resources mainly for linguistic and legal expenditure, equipment and operating expenditure, communication activities and IT management tasks, requiring a net reinforcement of some 274 additional full time equivalent units. The additional cost over the period 2014-2020 for all institutions is estimated at **EUR 536 million** (2011 prices).

The total allocation for Croatia thus amounts to **EUR 13.741 billion in commitment appropriations** and EUR 9.956 billion in payment appropriations.

(2) Updating of the ceiling for Smart and Inclusive Growth and the subceiling for Economic, social and territorial cohesion: following the publication of regional GDP data for 2009, regional education and labour market data for 2010, and of GNI data for 2010, **these Commission proposals now need to be updated:** The three-year average determining eligibility shifts to 2007-2009 for regional GDP and to 2008-2010 for GNI. Furthermore, the maximum envelopes for those Member States subject to a cap of 2.5% of national GDP are now calculated on the basis of the Spring 2012 forecast and updated medium-term projections.

The following changes result in the overall allocation for the EU-27: **-EUR 5.506 billion** in commitment appropriations over the 2014-2020 period.

(3) Updating of the global ceilings for payment appropriations: the annual global ceilings for payments need to be updated on the basis of the most recent information available:

- the budget execution for the year 2011;
- the adopted budget for the year 2012;
- the draft budget for the year 2013 and the accompanying revised payment schedules.

(4) Updating of the overall annual ceilings for commitments and payments expressed as a percentage of EU-GNI: the overall annual ceilings for commitments and payments of the MFF table, according to the changes outlined above, need to be expressed in terms of a percentage of EU-28 GNI, calculated on the basis of the Commission's Spring 2012 macro-economic forecast and updated medium-term projections.