

Interinstitutional Agreement on cooperation in budgetary matters and on sound financial management 2014-2020

2011/2152(ACI) - 02/12/2013 - Final act

PURPOSE: to conclude an Interinstitutional Agreement (IIA) on budgetary discipline, on cooperation in budgetary matters and on sound financial management in continuation with the IIA of the preceding financial framework.

LEGISLATIVE ACT: 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.

CONTENT: with this IIA, the European Parliament, the Council and the European Commission intend to implement rules to apply budgetary discipline and improve the functioning of the annual budgetary procedure and cooperation between the institutions on budgetary matters as well as to ensure sound financial management.

Budgetary discipline in this Agreement covers all expenditure.

The Agreement is in three parts:

- complementary provisions related to the multiannual financial framework (MFF) and provisions on special instruments not included in the MFF;
- provisions on interinstitutional cooperation during the budgetary procedure;
- provisions related to the sound financial management of Union funds.

Part I:

Financial framework: a certain number of principles are established to support the implementation of the MFF. The principles highlighted include the following:

- the principle of transparency of the amounts;
- the maintenance of sufficient margins beneath the ceilings for the various headings of the MFF, except in the sub-heading 'Economic, social and territorial cohesion';
- the updating in 2017 of the forecasts for payment appropriations after 2020, taking into account all relevant information, including the real implementation of budget appropriations for commitments and budget appropriations for payments, as well as the implementation forecasts.

Special instruments not included in the MFF:

- **Emergency Aid Reserve:** when the Commission considers that the Emergency Aid Reserve needs to be called on, it shall present to the European Parliament and the Council a proposal for a

transfer from the Reserve to the corresponding budgetary lines – a procedure applying to the mobilisation of this reserve;

- **European Union Solidarity Fund:** when the conditions for mobilising the European Union Solidarity Fund as set out in the relevant basic act are met, the Commission shall make a proposal to mobilise this Fund. Where there is scope for reallocating appropriations under the heading requiring additional expenditure, the Commission shall take that into account when making the necessary proposal. The decision to mobilise the Solidarity Fund shall be taken jointly by the European Parliament and the Council;
- **Flexibility Instrument:** the mobilisation of the Flexibility Instrument shall be proposed after the Commission has examined all possibilities for re-allocating appropriations under the heading requiring additional expenditure;
- **European Globalisation Adjustment Fund (EGAF):** when the conditions for mobilising the EGAF are met, the Commission shall make a proposal to mobilise it. The decision to mobilise the Globalisation Adjustment Fund shall be taken jointly by the European Parliament and the Council;
- **Contingency Margin:** the mobilisation of the Contingency Margin, or part thereof, shall be proposed by the Commission after a thorough analysis of all other financial possibilities. Such a proposal may only be made in relation to a draft amending or annual budget, for the adoption of which such a proposal would be necessary. The Commission shall accompany the proposal for the mobilisation of the Contingency Margin with a proposal for the reallocation, within the existing budget, of a significant amount, as far as supported by the Commission's analysis.

Part II:

Improvement of interinstitutional cooperation in budgetary matters: a series of rules intended to facilitate interinstitutional cooperation during the budgetary procedure are fixed in the AII Annex. The key applicable rules concern:

- budgetary transparency;
- the incorporation of financial provisions in legislative acts;
- the specific rules relating to fisheries agreements so that the European Parliament is regularly informed about the preparation and conduct of the negotiations, including their budgetary implications
- the specific rules applicable to the expenditure for crises in the agricultural sector;
- the rules relating to the financing of the common foreign and security policy (CFSP) so that the total amount of CFSP operating expenditure shall be entered entirely in one budget chapter, entitled CFSP. This type of expenditure should be the subject of an agreement between the institutions – moreover, an informal dialogue should be established with the European Parliament on the files relating to development policy, whatever the source of their financing (including the European Development Fund (EDF));
- the rules relating to interinstitutional cooperation on the budgetary procedure on administrative expenditure.

Part III:

Sound financial management of EU funds: this part is devoted to the healthy management of the European Funds. Among other rules, the IIA sets out that the Commission should ensure that the European Parliament, the Council and the Court of Auditors, at their request, receive any information and documentation related to Union funds spent through international organisations.

As well as transparency on the expenditure of granted funds, it is expected that the Commission will submit twice a year, a complete financial programming for headings 1 (except the sub-heading for 'Economic, social and territorial cohesion'), 2 (for 'environment' and 'fisheries' only), 3 and 4 of the MFF.

These measures also apply to the management of agencies and the European schools.

Annex: the Annex sets out the details of interinstitutional cooperation during the budgetary procedure. The rules relating to the calendar and the budgetary priority procedures are specified, with the establishment of the budget (including the draft budget) relating to the conciliation procedure, the adoption of amending budgets and the management of the 'Reste à liquider'(the RAL).

ENTRY INTO FORCE: 23.12.2013.