

Preparation of the post-electoral revision of the MFF 2014-2020: Parliament's input ahead of the Commission's proposal

2015/2353(INI) - 06/07/2016 - Text adopted by Parliament, single reading

The European Parliament adopted by 451 votes to 193 with 65 abstentions, a resolution on the preparation of the post-electoral revision of the MFF 2014-2020: Parliament's input ahead of the Commission's proposal.

Parliament recalled that in accordance with [the MFF Regulation](#), the Commission must present a **compulsory review of the functioning of the MFF** before the end of 2016, taking full account of the economic situation at that time as well as of the latest macroeconomic projections, and that this review must be accompanied by a legislative proposal for the revision of the MFF Regulation.

The resolution aims to analyse the purely budgetary aspects of the functioning of the MFF and **make policy recommendations** prior to the Commission proposal to review the EU MFF for the period 2014-2020.

1) Assessing the first years: Members considered that a review of the MFF in 2016 should **take stock of a number of serious crises and new political initiatives**, together with their respective budgetary consequences, which were not anticipated at the time of the MFF's adoption. In this context, they recalled the main events and challenges:

- **the migration and refugee crisis**, which has led to a major financial response on the EU's part and, hence, has had a significant impact on the EU budget, notably on headings 3 (Security and Citizenship) and 4 (Global Europe);
- **low level of investment:** the new Commission in 2014 proposed an investment plan for Europe and the establishment of [EFSI](#) with the aim of mobilising EUR 315 billion in new investment in the real economy, the guarantee provided by the Union for EFSI being covered by a Guarantee Fund of EUR 8 billion constituted in the EU budget;
- **youth unemployment**, which represents one of the most pressing and serious problems that the EU is currently facing (4.4 million young persons under 25 were unemployed across the Union in February 2016);
- **internal security:** more European action, and therefore more funding, will be needed in this area to provide an adequate response to the threats that materialized in France and Belgium;
- **environmental challenges:** following the COP 21 climate agreement reached in Paris in 2015, Parliament points to the significant need of financing for climate action, biodiversity protection and the sustainable use of natural resources, which will be further heightened by the effects of the ongoing global warming;
- **crises in the agricultural sector**, most notably in the dairy, pig meat, beef and fruits and vegetables sectors, and the long-term negative effects on European farmers of the losses caused by the Russian embargo on agricultural products;
- **economic, social and territorial cohesion:** Members called for a clear earmarking of resources for the climate-related actions and for the social objectives, especially to fight the increased poverty, including child poverty, inequalities and social exclusion, and to stimulate employment;
- **growing pressure on development and neighbourhood policies:** upward pressure on global needs for humanitarian aid and disaster risk reduction stem from the effects of conflicts and wars;
- **gender mainstreaming** should take place across policy areas;

- **payments backlog:** Members noted the build-up over the previous (2007-2013) MFF of a backlog of unpaid bills, which has spilled over into the current (2014-2020) MFF, reaching an unprecedented peak of EUR 24.7 billion at the end of 2014.

Recourse to the MFF's flexibility mechanisms: stressing that over the past two years, the MFF has essentially been pushed to its limits, Parliament observed that, in order to finance the additional pressing needs, **an unprecedented recourse to the MFF's flexibility mechanisms and special instruments was deemed necessary**, as the MFF ceilings proved to be too tight in some headings.

The special instruments were mobilised to tackle the refugee and migration crisis, the payments shortage problem, and the financing of the EFSI Guarantee Fund.

With regard to the migration crisis, the EU has had to set up ad hoc, 'satellite' instruments, jointly financed by the Member States, the EU budget and the European Development Fund, namely the EU trust funds (the Madad Trust Fund and the EU Emergency Trust Fund for Africa, with an estimated initial budgetary impact of EUR 570 million and EUR 405 million respectively), and the Refugee Facility for Turkey, for which EUR 1 billion is to be funded from the EU budget.

Parliament highlighted that the **multiplication of such instruments creates a problem of accountability and democratic control** in the EU which needs to be addressed; deplores, furthermore, the fact that Member States have failed by far to deliver their expected contributions to the trust funds, thus undermining the success of those funds. It suggested examining other possibilities regarding flexibility for emerging problems.

2) Parliament's demands for the second half of the MFF: Parliament was convinced that a genuine mid-term revision of the MFF, is absolutely **indispensable** if the Union is to effectively confront a number of challenges while fulfilling its political objectives. Delivering on the **Europe 2020 strategy** remains the main priority to be supported by the EU budget. Parliament called on the Commission to provide the budgetary authority with all relevant information on possible budgetary implications resulting from the **UK referendum** of 23 June 2016.

-Commitments: while fully confirming the notion of large-scale political and financial support for EFSI, Members felt that the EU budget should not be financing new initiatives to the detriment of existing Union programmes and policies.

The resolution suggested:

- the same level in commitment appropriations for **Youth Employment Initiative** (YEI) until the end of the current MFF as the one allocated annually to the programme during the first two years of this period (6 billion EUR frontloaded in 2014-2015),
- that the overall budgetary allocation and pre-allocated national envelopes for the **Common Agricultural Policy**, including direct payment appropriations, remain untouched during the MFF revision;
- drawing up as soon as possible an updated projection of the budget required until the end of the current MFF, to meet all challenges in the fields relating to the **refugee and crisis** and reinforced action at EU level for **internal security** in the EU and for the fight against terrorism.
- increased financial support to the three European programmes that directly concern citizens – [Creative Europe](#), [Europe for Citizens](#) and [Erasmus+](#).

-Payments:Parliament stressed the need to act to prevent a new payment crisis occurring towards the end of the current MFF and that every effort should be made to **avoid building up a backlog of unpaid bills** like the one that was observed during the previous period. They considered moreover, that the mid-term review/revision of the MFF provides an excellent opportunity to take stock of payment implementation

and updated forecasts for the expected evolution of payments up to the end of the current MFF. **A joint payment plan** for 2016-2020 should be binding, developed and agreed between the three institutions.

-Flexibility provisions and special instruments: Parliament stressed its long-standing position that **flexibility should allow for a maximum use of the global MFF ceilings for commitments and payments**. Members believed, therefore, that the mid-term revision of the MFF Regulation should provide for the lifting of a number of constraints and limitations that were imposed by the Council on the flexibility provisions at the time of adoption of the MFF.

Members called for a substantial increase in its financial envelope up to an annual allocation of EUR 2 billion.

They pointed to the role of the **Emergency Aid Reserve** in providing a rapid response to specific aid requirements for third countries for unforeseen events. They called for a substantial increase in its financial envelope up to an **annual allocation of EUR 1 billion**.

-Simplification: Members believed that the mid-term review/revision provides for an excellent opportunity for the first-time assessment and evaluation of the functioning of the EU policies and programmes concerned, as well as the operation of the MFF flexibility provisions and special instruments. They invited the Commission to come up with concrete proposals to address the possible deficiencies and to **improve and rationalise the implementation environment for the remaining years of the current MFF**, in order to ensure the most efficient use of scarce financial resources and to reduce the administrative burden for the beneficiaries. Budgeting should be **performance based** with the budget focused on results.

-Environmental changes: Parliament stressed that any funding for the possible measures originating from COP 21 should be additional to the current spending on climate actions, and called on the Commission to present its implementation strategy and first evaluation of the possible impact of the COP 21 agreement on the EU budget in due time for the revision.

3) **The post-2020 MFF:** Parliament considered that the key priorities to be addressed must include: (i) adjustments to the **duration** of the MFF, (ii) a thorough reform of the **own resources** system, (iii) a greater emphasis on the **unity** of the budget, and (iv) more **budgetary flexibility**. It was, furthermore, convinced that the modalities of the **decision-making process** need to be reviewed in order to ensure democratic legitimacy.

It underlined that the Union should be able to react quickly to developing crises, such as the current migration crisis, the report called, in addition to the already existing MFF special instruments, for the establishment of a **permanent EU crisis reserve** within the Union budget in order to avoid ad hoc solutions like the setting-up of trust funds.