

Basic information	
<p><b>2008/2332(ACI)</b></p> <p>ACI - Interinstitutional agreement procedure</p> <p>Financial framework 2007-2013: European Economic Recovery Plan (amend. Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management)</p> <p><b>Subject</b></p> <p>5.03 Global economy and globalisation 8.40.10 Interinstitutional relations, subsidiarity, proportionality, comitology 8.70.03 Budgetary control and discharge, implementation of the budget</p>	Procedure completed

Key players				
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	<b>BUDG</b> Budgets		BÖGE Reimer (PPE-DE)	20/09/2004
Council of the European Union	<b>Council configuration</b>		<b>Meetings</b>	<b>Date</b>
	General Affairs		2938	2009-04-27
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Budget		GRYBAUSKAITĖ Dalia	

Key events			
Date	Event	Reference	Summary
15/01/2009	Committee referral announced in Parliament		
08/04/2009	Non-legislative basic document published	COM(2009)0171 	Summary
27/04/2009	Vote in committee		Summary
27/04/2009	Act adopted by Council after consultation of Parliament		
29/04/2009	Committee report tabled for plenary	A6-0278/2009	
06/05/2009	Decision by Parliament	T6-0354/2009	Summary
06/05/2009	Debate in Parliament		
06/05/2009	End of procedure in Parliament		
29/05/2009	Final act published in Official Journal		

Technical information	
Procedure reference	2008/2332(ACI)
Procedure type	ACI - Interinstitutional agreement procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/71396

Documentation gateway				
<b>European Parliament</b>				
Document type	Committee	Reference	Date	Summary
Committee draft report		<a href="#">PE423.868</a>	21/04/2009	
Committee report tabled for plenary, single reading		<a href="#">A6-0278/2009</a>	29/04/2009	
Text adopted by Parliament, single reading		<a href="#">T6-0354/2009</a>	06/05/2009	<a href="#">Summary</a>
<b>European Commission</b>				
Document type	Reference	Date	Summary	
Supplementary non-legislative basic document	<a href="#">COM(2008)0859</a> 	10/12/2008	<a href="#">Summary</a>	
Non-legislative basic document	<a href="#">COM(2009)0171</a> 	08/04/2009	<a href="#">Summary</a>	

Final act	
<a href="#">Decision 2009/0407</a> <a href="#">OJ L 132 29.05.2009, p. 0008</a>	<a href="#">Summary</a>

## Financial framework 2007-2013: European Economic Recovery Plan (amend. Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management)

2008/2332(ACI) - 06/05/2009 - Final act

**PURPOSE:** to amend the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (2007 to 2013) in order to take account of the European Economic Recovery Plan.

**LEGISLATIVE ACT:** Decision 2009/407/EC of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (2007-2013).

**CONTENT:** the Council and the European Parliament adopted a decision adjusting the EU's multiannual financial framework via an amendment to the agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (IIA). This adjustment aims to finance the [European Economic Recovery Plan](#) which is proposed as a reaction to the serious ongoing economic downturn.

At the trilogue meeting of 2 April 2009, the Parliament, the Council and the Commission agreed on the financing, in the framework of the European Economic Recovery Plan for modernisation of infrastructures and energy solidarity, of projects in the field of energy and broadband Internet, as well as for strengthening operations related to the 'new challenges' defined in the context of the assessment of the 2003 mid-term reform of the common agricultural policy (Health Check).

The financing requires, as a first step, a revision of the multiannual financial framework 2007-2013 in accordance with points 21, 22, and 23 of the Interinstitutional Agreement, so as to raise the ceiling for the year 2009 for commitment appropriations **under subheading 1a** by an **amount of EUR 2 000 000 000** in current prices. Thus, increase of the ceiling for subheading 1a will be fully offset by decreasing the ceiling for commitment appropriations under heading 2 for the year 2009 by the same amount.

In order to keep an appropriate relationship between commitments and payments, the annual ceilings for payment appropriations will be adjusted. The adjustment will be neutral.

Annex I to the IIA is therefore amended accordingly.

## **Financial framework 2007-2013: European Economic Recovery Plan (amend. Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management)**

2008/2332(ACI) - 10/12/2008 - Supplementary non-legislative basic document

**PURPOSE:** to revise the multiannual financial framework (2007- 2013) in order to take account of the **European Economic Recovery Plan**.

**PROPOSED ACT:** Decision of the European Parliament and of the Council (Interinstitutional Agreement).

**BACKGROUND:** this Communication contains a proposal for the revision of the multiannual financial framework in accordance with Points 21 to 23 of the Interinstitutional Agreement (IIA) of 17 May 2006 on budgetary discipline and sound financial management.

Point 21 of the IIA provides that, in the event of unforeseen circumstances, the Commission may propose the revision of the financial framework in compliance with the own resources ceiling. According to Point 22, any decision to revise the financial framework by up to 0.03% of the European Union GNI needs to be **taken jointly** by both arms of the budgetary authority. Any revision above 0.03% of the European Union GNI will be taken jointly by both arms of the budgetary authority, with the Council acting unanimously. A number of specific conditions need to be respected by the institutions.

The Commission proposed a [European Economic Recovery Plan](#) which aims at using and coordinating all tools at the disposal of the European Union and its Member States to respond to the looming recession of the European economy as a consequence of the financial crisis. The Plan foresees a co-ordinated fiscal stimulus of about EUR 200 billion, or 1.5% of GDP, with around EUR 170 billion provided by actions in the Member States' own budgets, and around EUR 30 billion as action at the level and within the budget of the European Union and from the European Investment Bank. A crisis of this scale of the global financial markets and economy would represent an unforeseen circumstance within the meaning of Point 21 of the IIA.

**CONTENT:** as part of the EU's contribution to this stimulus, the Plan proposes, *inter alia*, to improve energy interconnections and broadband infrastructure by mobilising a further **EUR 5 billion for the years 2009 and 2010**.

The Commission examined the scope for reallocating expenditure between the programmes covered by Heading 1, with particular reference to any expected under-utilisation of appropriations. It appears that the programmes have all been adopted with their respective envelopes without possibility at this stage to redeploy or re-profile significantly the envelopes within the annual ceilings. According to the latest financial programming, the margins available under the ceilings of heading 1 A for the years 2009 to 2013 amount to a total of EUR 684 million. The Commission concludes that the margins of heading 1A cannot be used to contribute to the financing of the additional activities foreseen in the European Economic Recovery Plan.

**Changes to budget ceilings to finance the European Economic Recovery Plan:** the Commission considers that EUR 5 billion can be made available to heading 1A "Competitiveness for Growth and Employment" by using the margins of heading 2 "Preservation and Management of Natural Resources". The margins available or foreseen for heading 2 are EUR 3.6 billion in 2008 and EUR 3.85 billion in 2009.

Consequently, **the Commission proposes to increase the annual ceilings for commitment appropriations under heading 1A by EUR 3 billion for 2009 and by EUR 2 billion for 2010**. This increase will be offset by a decrease of the annual ceilings for commitment appropriations under heading 2 by EUR 3.5 billion for 2008 and EUR 1.5 billion for 2009. This decision shall not prejudice the funding of required Common Agricultural Policy (CAP) expenditure. With this solution, the proposed revision remains **neutral in budget terms** as regards the **level of payments**.

The Commission proposes the following changes to the financial framework (commitments only):

### **Heading 1a – Competitiveness for growth and employment**

- 2007 : EUR 0
- 2008 : EUR 0
- 2009 : + EUR 3 billion
- 2010 : + EUR 2 billion
- 2011 : EUR 0
- 2012 : EUR 0

- 2013 : EUR 0
- Total 2007-2013 : + EUR 5 billion

#### Heading 2 - Conservation and management of natural resource

- 2007 : EUR 0
- 2008 : - EUR 3.5 billion
- 2009 : - EUR 1.5 billion
- 2010 : EUR 0
- 2011 : EUR 0
- 2012 : EUR 0
- 2013 : EUR 0
- Total 2007-2013 : - EUR 5 billion

#### TOTAL change in commitment appropriations

- 2007 : EUR 0
- 2008 : - EUR 3.5 billion
- 2009 : + EUR 1.5 billion
- 2010 : + EUR 2 billion
- 2011 : EUR 0
- 2012 : EUR 0
- 2013 : EUR 0
- Total 2007-2013 : EUR 0

#### TOTAL change in payment appropriations

- 2007 : EUR 0
- 2008 : - EUR 3.5 billion
- 2009 : - EUR 1.110 billion
- 2010 : + EUR 1.070 billion
- 2011 : + EUR 1.590 billion
- 2012 : + EUR 1.450 billion
- 2013 : + EUR 500 million
- Total 2007-2013 : EUR 0

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**OVERVIEW OF THE PROPOSED REVISION OF THE FINANCIAL FRAMEWORK 2007-2013:** in accordance with the above-mentioned, the revised financial framework as proposed by the Commission following raising the ceiling of heading 1a of the financial perspectives (and the corresponding reduction of Heading 2) is presented below. The formal decision on the revision of the financial framework must refer to the basic table agreed in the IIA, which is expressed in constant 2004 prices. The amounts in current values are thus to be converted into 2004 prices by means of a fixed deflator of 2% a year:

- 2007 : EUR 117.277 billion (EUR 124.457 billion - 2009 prices)
- 2008 : EUR 119.450 billion (EUR 129.297 billion - 2009 prices)
- 2009 : EUR 124.729 billion (EUR 137.711 billion - 2009 prices)
- 2010 : EUR 125.638 billion (EUR 141.489 billion - 2009 prices)
- 2011 : EUR 124.167 billion (EUR 142.629 billion - 2009 prices)
- 2012 : EUR 125.643 billion (EUR 147.210 billion - 2009 prices)
- 2013 : EUR 127.167 billion (EUR 151.976 billion - 2009 prices)
- Total : EUR 864.071 billion (EUR 974.769 billion - 2009 prices)

## Financial framework 2007-2013: European Economic Recovery Plan (amend. Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management)

2008/2332(ACI) - 08/04/2009 - Non-legislative basic document

**PURPOSE:** to amend the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework.

**PROPOSED ACT:** Decision of the European Parliament and of the Council.

**BACKGROUND:** in its proposal of 10 December 2008 concerning the revision of the financial framework for "Financing trans-European energy interconnections and broadband infrastructure projects in the context of the European Economic Recovery Plan", the Commission proposed to increase the financial framework's annual ceilings for commitment appropriations under heading 1A by EUR 3 000 million for 2009 and by EUR 2 000

million for 2010. This increase was to be offset by decreasing the annual ceilings for commitment appropriations under heading 2 by EUR 3 500 million for 2008 and by EUR 1 500 million for 2009, in accordance with point 23, second paragraph, of the Interinstitutional Agreement on budgetary discipline and sound financial management of 17 May 2006 (IIA).

CONTENT: in the light of first discussions of the above proposal with the budgetary authority, the Commission submitted a package of proposals on 28 January 2009 with a view to establishing the legal basis for the investments concerned (see [CNS/2009/0011](#) and [COD/2009/0010](#)). These proposals implied a first adjustment of the Commission's proposal for revision of the MFF. The amount of the increase of the ceilings for heading 1A for financing projects in the field of energy would be limited to EUR 3 500 million. And EUR 1 500 million would be made available within heading 2 for developing broadband internet in rural areas and strengthening operations related to the "new challenges" defined in the context of the assessment of the 2003 mid-term reform of the Common Agricultural Policy ("Health Check") and be implemented by the European Agricultural Fund for Rural Development.

Following further discussions the European Parliament, the Council and the Commission have agreed at the trilogue meeting of 2 April 2009 to finance the package as follows:

1. The package, which aims at providing additional stimulus to the economy and improving energy security, amounts to EUR 5 000 million in current prices.

- a) **EUR 3 980 million will be made available for the financing of energy projects** under heading 1A of the financial framework: EUR 2 000 million in 2009 and EUR 1 980 million in 2010;
- b) in addition, **EUR 1 020 million** will be made available within heading 2 for developing **broadband internet in rural areas** and strengthening operations related to the "new challenges" defined in the context of the **Health Check**.

2. The financing of the total amount of EUR 5 000 million will be secured as soon as possible:

- a) the 2009 ceiling of heading 1 A will be increased by an amount of EUR 2 000 million, which will be offset by a decrease of the 2009 ceiling of heading 2 by the same amount in accordance with points 21 to 23 of the IIA. In addition, EUR 600 million will be added to rural development in the 2009 budget for financing broadband internet and strengthening operations related to the "new challenges". The multiannual framework will be revised and at the same time the 2009 budget amended accordingly on the basis of the present amended Commission proposal and a Preliminary Draft Amending Budget to the 2009 budget;
- b) the financing of the remaining amount (EUR 2 400 million) will be secured through a **compensation mechanism** at the conciliation of the 2010 budgetary procedure by using all budgetary means foreseen in its legal framework, to be completed, if needed, at the latest at the conciliation of the 2011 budgetary procedure:
  - the European Parliament, the Council and the Commission will examine all available sources that could provide for the compensation of funds;
  - before the use of the available amount within Heading 2 is considered, EUR 420 million will be committed for financing broadband internet and strengthening operations related to the "new challenges" defined in the context of the Health Check in 2010;
  - in order to compensate for the amount of EUR 1 980 million, the remaining margins under the 2009 ceilings and the 2010 available margins (with due respect to point 13 of the Interinstitutional Agreement) and, if necessary, all other financial availabilities will be used, including the 2011 available margins. The compensation mechanism will be without prejudice to the financial envelopes of the co-decided programmes and the annual budgetary procedure.

The overall ceiling of the 2007-2013 financial framework will not be exceeded.

The present amended proposal covers the revision of the 2007-2013 financial framework foreseen as part of the first step of the above financing agreement between the three institutions.

The current margin of heading 2 for the year 2009 amounts to EUR 3 517 million. Taking into account the EUR 600 million proposed to be used within heading 2 for broadband infrastructure and the "new challenges" under the Health check, coupled with the envisaged reduction of the ceiling of EUR 2 000 million, this leaves a **margin of more than EUR 900 million available under the ceiling for heading 2 in 2009**. This is considered as sufficient for coping with unexpected events in the agriculture sector. In any case, the Commission has undertaken to take all appropriate measures to ensure that decisions taken on CAP expenditure and its financing, including the agreement on the Health Check, are respected.

In terms of **payments appropriations**, the annual ceilings for payment appropriations need to be modified on the basis of the payment profiles foreseen for the additional commitments under heading 1A and the reduction of payments corresponding to the reduction of commitment appropriations for heading 2 in 2009 (EUR 2 000 million).

No increase of the payment ceilings is foreseen with regard to the EUR 1 020 million for developing broadband internet in rural areas and strengthening operations related to the Health Check's "new challenges".

**Revision of the financial framework:** the Commission proposes the following changes to the ceilings for commitment and payment appropriations in the financial framework. Amounts **are expressed in current prices**:

**Heading 1a – Competitiveness for growth and employment**

- 2007 : EUR 0
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- 2008 : EUR 0
- 2009 : + EUR 2 billion
- 2010 : EUR 0
- 2011 : EUR 0
- 2012 : EUR 0
- 2013 : EUR 0
- Total 2007-2013 : + EUR 2 billion.

#### Heading 2 - Conservation and management of natural resource

- 2007 : EUR 0
- 2008 : EUR 0
- 2009 : - EUR 2 billion
- 2010 : EUR 0
- 2011 : EUR 0
- 2012 : EUR 0
- 2013 : EUR 0
- Total 2007-2013 : - EUR 2 billion.

**Total change in commitment appropriations 2007-2013 : EUR 0.**

#### Total change in payment appropriations

- 2007 : EUR 0
- 2008 : EUR 0
- 2009 : - EUR 1.924 billion
- 2010 : + EUR 650 million
- 2011 : + EUR 430 million
- 2012 : + EUR 569 million
- 2013 : + EUR 275 million
- Total 2007-2013 : EUR 0.

Overall, the revision shall be neutral in terms of the global ceilings for commitment and payment appropriations expressed in current prices.

## Financial framework 2007-2013: European Economic Recovery Plan (amend. Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management)

2008/2332(ACI) - 06/05/2009 - Text adopted by Parliament, single reading

The European Parliament adopted by 626 votes to 33, with 14 abstentions, a resolution approving the **conclusions of the Triologue of 2 April 2009** on the revision of the [Interinstitutional Agreement](#) of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (2007-2013).

To recall, the agreement reached on 2 April 2009 provides a **two-phase approach** on the financing, in the framework of the European Economic Recovery Plan for modernisation of infrastructures and energy solidarity, of projects in the field of energy and broadband internet, as well as for strengthening operations related to the "new challenges" defined in the context of the assessment of the 2003 mid-term reform of the Common Agricultural Policy ("Health Check"). An amount of EUR 5bn will be made available as follows:

- **Step 1: EUR 2.6 billion:** heading 1a ceiling should be **increased of EUR 2 billion in 2009 by decreasing the ceiling of Heading 2 by the same amount**; 600 million would be added to rural development from 2009 budget;
- **Step 2: EUR 2.4 billion:** the remaining 2.4 billion would be secured through a **compensation** at the conciliation of the 2010 and 2011 budgetary procedures by using all means foreseen in its legal framework and without prejudice to the financial envelopes of the co-decided programmes and the annual budgetary procedure.

As far as projects are concerned, the financing foresees the following breakdown: EUR 3.98 billion will be made available for the financing of energy projects under heading 1 a of the financial framework: EUR 2 billion in 2009 and EUR 1.98 billion in 2010; EUR 1.02 billion will be made available within heading 2 for developing broadband internet in rural areas and strengthening operations related to the 'new challenges' defined in the context of the Health Check". In order to keep an appropriate relationship between commitments and payments, the annual ceilings for payment appropriations will be adjusted. The adjustment will be neutral.

Parliament considers that this agreement is the result of successful interinstitutional cooperation and that the existing priorities of the European Parliament have been protected.

However, it makes a number of recommendations which can be summarised as follows:

- It recalls that, as stated in the Joint Declaration adopted by the European Parliament, the Council and the Commission during Trilogue, the **compensation mechanism will be without prejudice to the financial envelopes of the co-decided programmes and the annual budgetary procedure** and will be financed by using all budgetary means available in the budgetary legal framework;
- It reiterates that deficits and leftovers are still unresolved from the outcome of the negotiations of the IIA of 17 May 2006 and that these deficits should be addressed in the 2008-2009 mid-term review, as provided for in the IIA, as well as in the course of the annual budgetary procedures, if possible through more flexibility and in any case by all means foreseen by the IIA.

Parliament **cautions against the regular use of margins under heading 2 to finance other headings**, since this could jeopardise the interests of the agricultural sector, in light of unexpected decreases in market prices. It regrets that the agreement with the Council was reached only two months before the end of parliamentary term.

It should be noted that the Agreement sets out the new consolidated amounts for the Financial Framework 2007-2013, following the revision of the IIA.