



A predictable and agile EU-budget

Informal ECOFIN, April 22, 2016

Presidency note

Introduction

Since the start of the Multiannual Financial Framework (MFF) in 2014, unforeseen events have raised questions about the predictability and agility of the EU budget.

As regards predictability, significant progress has been made. The Council has agreed to shift the payments resulting from the annual GNI rebalancing exercise to Spring, the Commission intends to streamline and rationalize the submission of draft amending budgets and Eurostat is exploring possibilities to harmonize the timetable for major revisions of GNI-data. This work should be taken forward without delay.

However, questions about how well the MFF can be adapted to unforeseen events remain. With the upcoming mid-term review in 2016, a reflection upon the agility of the current MFF thus seems timely.

Against this backdrop, Jorge Núñez Ferrer of CEPS has provided an analysis of possible actions to improve the capacity to respond to unforeseen events for the remainder of the MFF period (2016-20).

An agile budget

In the previous three years, the EU budget has successfully incorporated various expenditures that were not foreseen. A few examples are: 2.8 billion contingency margin mainly for additional payments for cohesion policy in 2014, 8 billion commitments for the new European Fund for Strategic Investments (EFSI) and around 5 billion additional commitments for the migration crisis in 2015 and 2016 thus far.

Further budgetary challenges will need to be addressed, mainly as a consequence of the large and unprecedented inflow of migrants. For example, the budgetary implications of the recent EU agreement with Turkey, need to be incorporated.

However, the scope for incorporating these additional commitments within the current MFF is limited. In 2016 the flexibility instrument has been fully deployed and



the margins under the relevant expenditure headings have been fully depleted. Similar challenges are to be expected in the remainder of the MFF period.



Conclusion and questions for discussion

On previous occasions Ministers have briefly touched upon the issue of financing migration related expenditure during Ecofin breakfast sessions. Therefore, the informal Ecofin seems the right moment to look ahead and reflect upon the adequacy of the current MFF in a more comprehensive way.



During the lunch discussion, Ministers could focus on the following questions:

1. What is your view on how well the MFF can deal with unforeseen challenges of today and tomorrow?
2. How can we increase the agility of the MFF, also taking into account the options presented by CEPS in the background analysis?
3. Do you have views on further improvements to the predictability of the EU budget cycle?