



MFF 2014-2020

Mid-term review/revision

European Economic and Social Committee
ECO - Study Group
04 November 2016



THE ORIGIN OF THE REVIEW / REVISION

Article 2 of MFF regulation:

"By the end of 2016, the Commission shall present a review of the functioning of the MFF..."

"This compulsory review shall be accompanied, as appropriate, by a legislative proposal for the revision of this regulation."

Commission commitment as part of the 2013 MFF deal:

"...the Commission confirms its intention to submit legislative proposals for a revision of the MFF regulation."



THE REVIEW

Implementation of current MFF since 2014:

- => BFOR: high performance/added value
- => Promote economic recovery - EFSI
- => Respond to refugee crisis

Key message: used all the existing flexibility to respond to these challenges: redeployments, margins, special instruments

BUT MORE NEEDS TO BE DONE



MTR PROPOSALS: 3 MAIN OBJECTIVES

(1) funding priorities: jobs and growth, migration and security

(2) Increase flexibility and agility of the budget

(3) Simplify financial rules

Adjustment of
cohesion policy
envelopes

DB 2017:
reinforcements for
migration

EFSI 2

MTR PACKAGE

Simplification
(Omnibus
proposal)

External investment
fund + Partnership
framework process

Top-ups jobs &
growth, migration
& security

Flexibility (MFF
Regulation)

Overall financial package

Mid-term review/revision	6.3 BN EUR	Total 12.8 BN EUR
Technical adjustment of cohesion policy envelopes - <i>with focus on migration, youth employment and investment</i>	4.6 BN EUR	
Draft budget 2017 - <i>additional spending on migration</i>	1.8 BN EUR	

FUNDING PRIORITIES



**TOTAL PACKAGE
approx. 13 BN EUR**

**Mid-term Review
6.3 BN EUR**

**DB 2017 1.8 bn EUR
Technical adjustment
4.6 bnEUR**

**Jobs and growth
2.4 BN EUR**

**Migration
3.9 BN EUR**

**Highly
oversubscribed,
well-performing
programmes:**

- COSME
200 Mio EUR
- Horizon 2020
400 Mio EUR
- CEF-transport
400 Mio EUR
- Erasmus+
200 Mio EUR

**YEI
1 BN EUR**

**EFSI 2.0
150 Mio
EUR**

**WIFI4EU
50 Mio
EUR**

**Internal EU
2.55 BN EUR
(Frontex, EBCG
etc.)**

**External EU
1.4 BN EUR**

**External
Investment
Plan
250 Mio EUR**

**Migration
Compacts
750 Mio
EUR**

**ELM
and
MFA
385
Mio
EUR**



JOBS AND GROWTH: HIGHLY OVERSUBSCRIBED PROGRAMMES

+ EUR 1.2 bn

- **H2020: EUR 0.4 bn** to increase the proportion of financed excellent projects
- **COSME: EUR 0.2 bn** to reinforce FIs
- **Erasmus+: EUR 0.2 bn** to support transnational mobility activities, skills development, employability of students
- **CEF-T: EUR 0.4 bn** – together with a transfer of EUR 1 bn from FIs to grants → total reinforcement of EUR 1.4 bn



JOBS AND GROWTH: YEI

+ EUR 1 bn to be matched by ESF EUR 1 bn
(incl. from the TA)

- To date: over 1.4 million young people supported
- First evaluation: significantly improved opportunities for young people who completed a YEI intervention in finding employment or continued
- Report on implementation shows progress (but money alone is not sufficient)

JOBS AND GROWTH



EFSI

EIB Group figures

As of 19/07/2016

Of which
EUR 10.9bn
signed



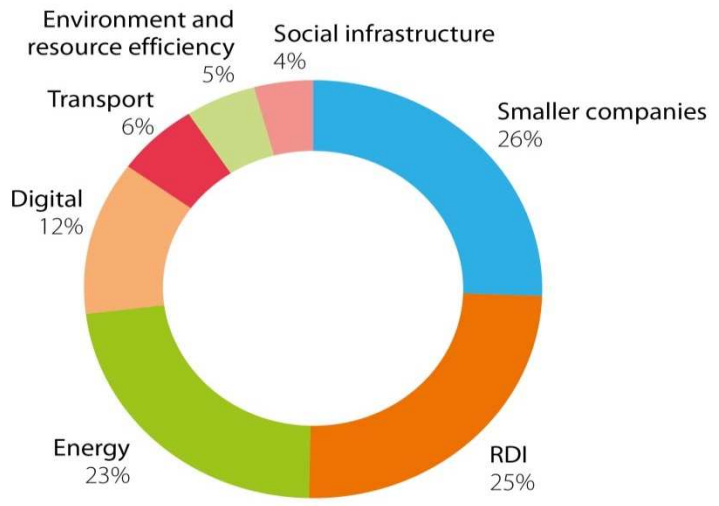
EUR 20.4 bn

EUR 115.7 bn

*EIB-approved: EUR 13.6bn
EIF-approved: EUR 6.8bn



EFSI investment by sector



289 approved transactions in 26 of 28 EU countries





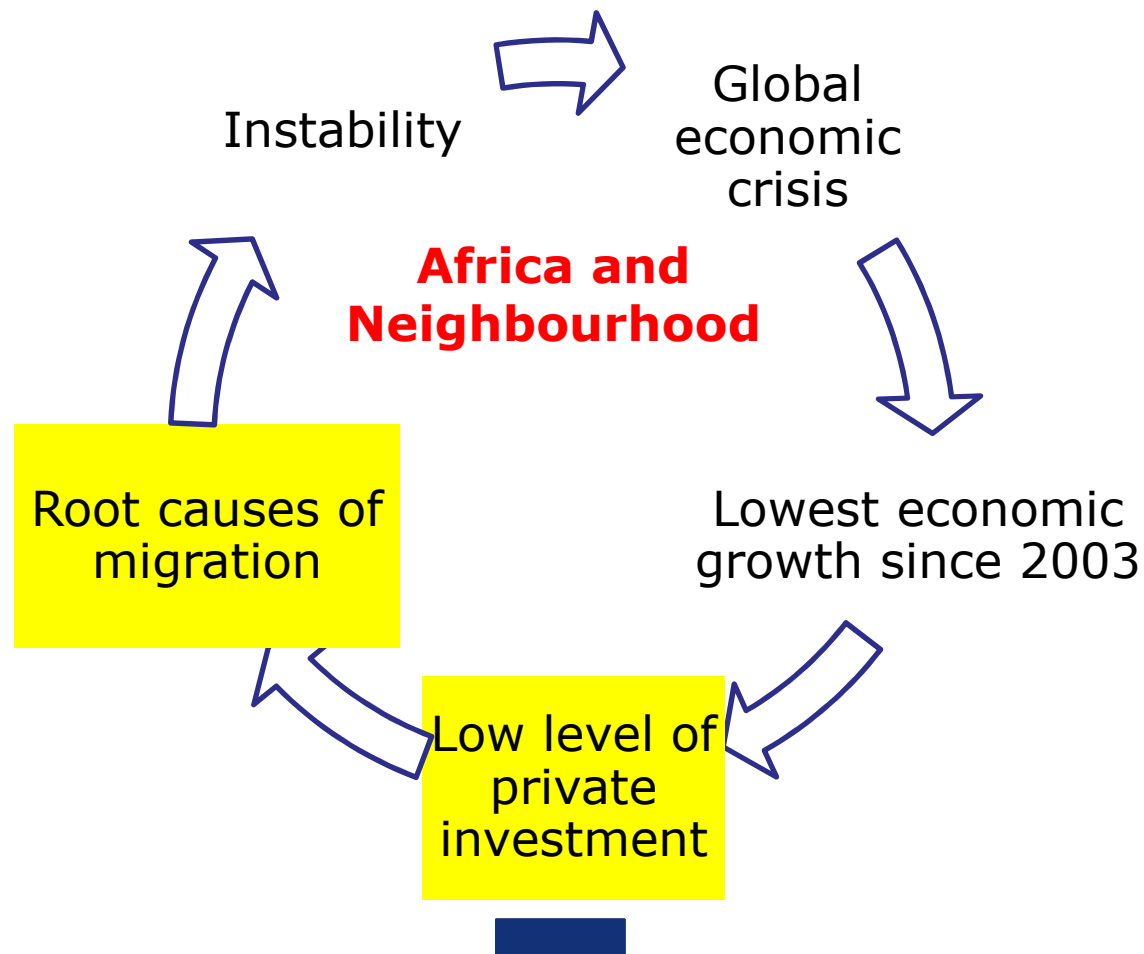
EXTERNAL MIGRATION: PARTNERSHIP FRAMEWORK PROCESS

+ EUR 750 mi

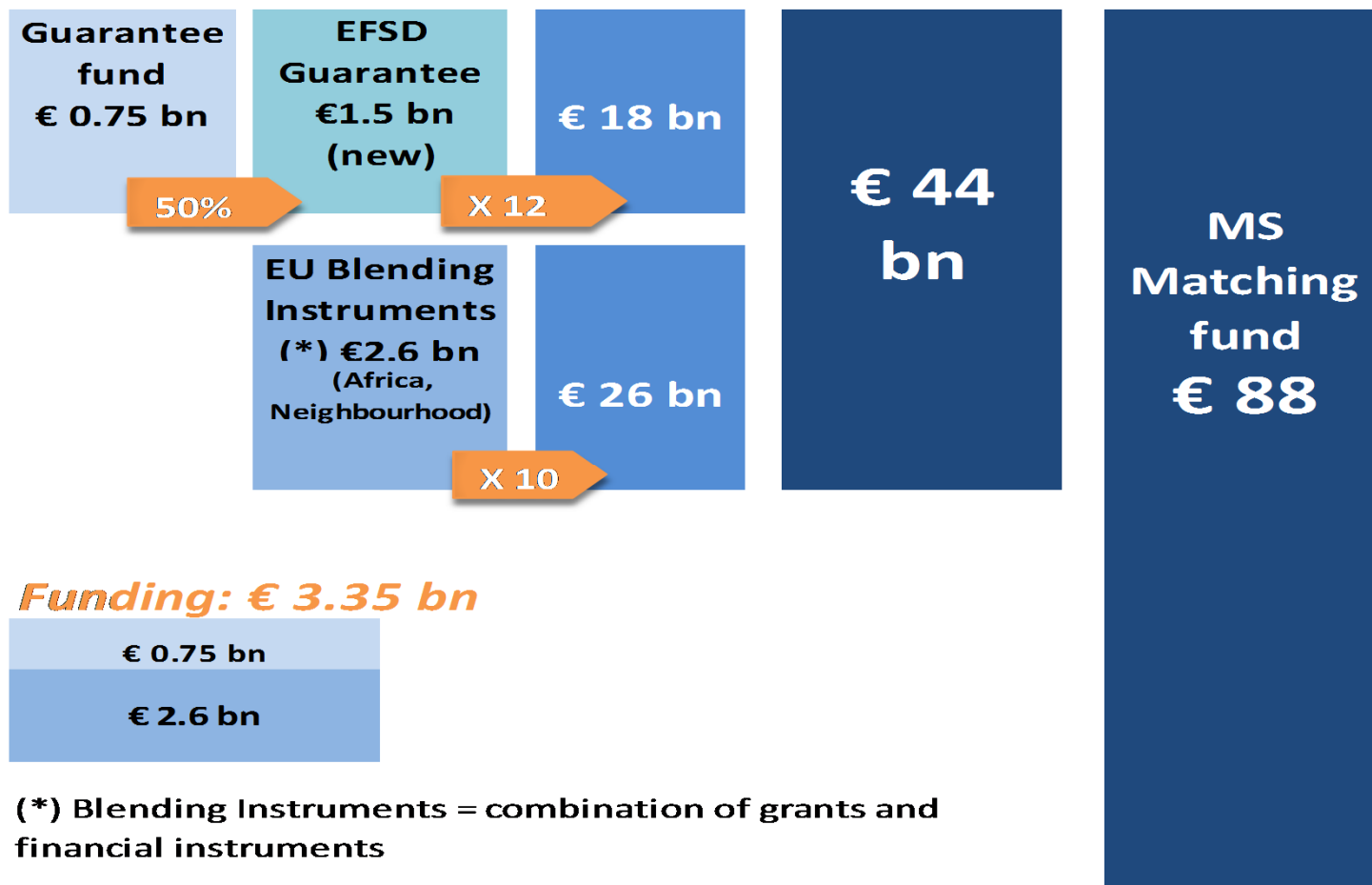
Coherent approach vis-à-vis partner countries + more efficient and coordinated deployment of the different programmes and funding sources:

- MFF programmes
- EDF
- Trust Funds
- Facility for Refugees in TK

ADDRESSING THE ROOT CAUSES OF MIGRATION: EXTERNAL INVESTMENT PLAN



THE EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT





MACRO-FINANCIAL ASSISTANCE

+ EUR 270 Million

- Increasing demand linked to macroeconomic and financial instability
- Current lending capacity: ~ EUR 500 mi /year
- Proposed increased lending capacity: ~ EUR 2 bn / year
- **Guarantee Fund: 9% provisioning of the annual volume with a two-year lag → EUR 135 mi in both 2019 and 2020**

MTR PROPOSALS FINANCING

Financing proposed by the MTR	
	Additional commitments 2017-2020
Heading 1a	EUR 1.4 bn
Horizon 2020	EUR 0.4 bn
CEF transport	EUR 0.4 bn
ERASMUS+	EUR 0.2 bn
Wifi4EU	EUR 0.05 bn
COSME	EUR 0.2 bn
EFSI 2	EUR 0.15 bn
Heading 1b	EUR 1 bn
YEI	EUR 1 bn
Heading 3	EUR 2.55 bn
	EUR 2.55 bn
Heading 4	EUR 1.4 bn
MFA/ELM	EUR 0.385 bn
EFSD	EUR 0.25 bn
Partnership framework process	EUR 0.75 bn
TOTAL	EUR 6.3 bn

**Included in the
financial programming
-DB 2017**

MTR PROPOSALS FINANCING

Financial Progamring – DB 2017

mil EUR, current prices	2014	2015	2016*	2017	2018	2019	2020	2014-20
H1a	76.0	114.3	0.0	81.0	85.0	435.4	504.8	1 296.5
H1b	0.0	0.3	5.9	13.2	0.0	0.0	0.0	19.3
H2	112.1	814.9	1 777.8	639.3	67.8	77.1	84.1	3 573.0
H3	7.0	0.0	0.0	0.0	-849.6	-662.7	-496.0	-2 001.3
H4	10.0	38.1	0.0	0.0	373.5	402.5	421.3	1 245.5
H5	316.5	415.5	532.0	81.9	751.9	821.3	973.7	3 892.9
total	521.5	1 383.1	2 315.6	815.4	428.6	1 073.6	1 488.0	8 026.0
of which still available*			1 871.0	815.4	428.6	1 073.6	1 488.0	5 676.7

* 2016 margins lowered by EUR 445 million, which is foreseen for financing EFSI I in 2018 via GMC

**EUR 5.7 bn
unallocated**

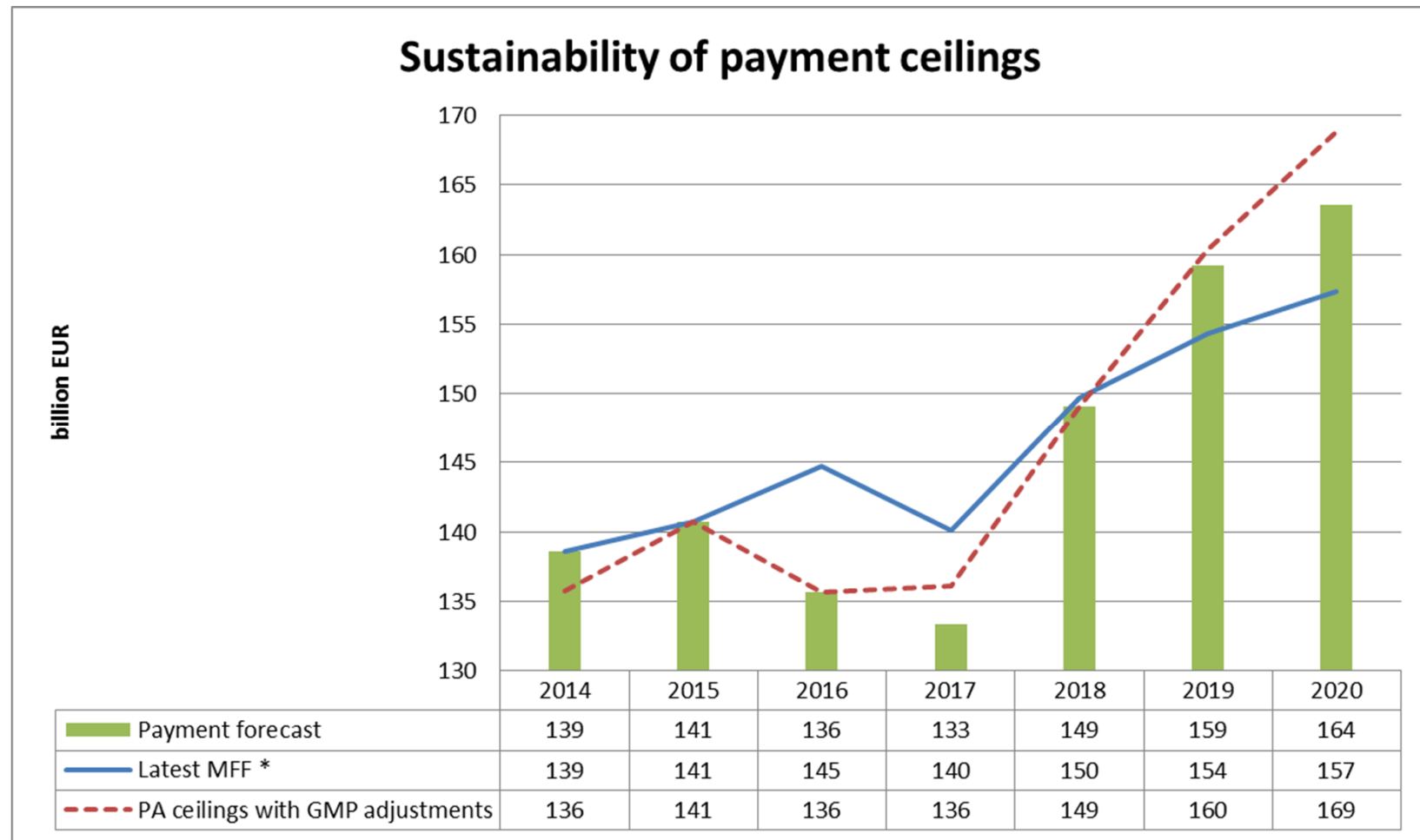


**EUR 3.8 bn for
MTR proposals**



**EUR 1.9 bn margins
left unallocated**

CURRENT PAYMENTS FORECAST





INCREASED FLEXIBILITY → MFF REVISION

- ▶ **Doubling the size** of the existing flexibility instruments
 - ▶ **FLEX:** from ~ 0.5 bn / year to EUR 1 bn / year - 2011 prices
 - ▶ **EAR:** from ~ EUR 0.3 bn / year to EUR 0.5 bn / year - 2011 prices
- **Additional budgetary availabilities under these instruments = EUR 3.5 bn**

- ▶ **Extending the Global margin for commitments** in time and scope

- ▶ **Creating a new European Union Crisis Reserve** financed from de-committed appropriations
 - ▶ **Potential of ~ EUR 3 bn to EUR 4 bn / year → PA over and above the ceilings**

ISSUES BRIDGING TO THE NEXT MFF

- Duration: 5 years, 5+5 years or 7 years?
- Reset Priorities: Defence, Security, Migration
- Post-Cotonou relations to ACP countries / budgetisation EDF

SUMMARY

- 1. Extensive use of the current MFF:** allocate the unallocated margins (remaining margins about EUR 2 bn)
- 2. Increase the flexibility of the budget to face unforeseen needs**
- 3. Maximise use of Payment Appropriations to avoid backlog**



Timing

