

# First summary on the outcome of the negotiations between Parliament and Council on the IIA/FF 2007 - 2013

## Summary

In the negotiations with the Council, the European Parliament achieved a sustainable multi-annual financial framework better reflecting the political requirements, providing for the necessary flexibility for the Union to act throughout the duration of the financial framework and putting in place reforms to improve the quality of implementation and sound financial management.

With this agreement, European policy will underpin the often formulated drive for more prosperity, solidarity and security in a much clearer and credible way, and strengthen the confidence of the citizens in the future of Europe.

## Outcome of the negotiations

The negotiating team has agreed a package with the Austrian Presidency, which is composed of the elements mentioned below. The negotiation group succeeded in

- significantly improving the matching of political priorities with a real European added value and financial needs,
- improving the budget structure through more flexibility, the use of new financial instruments and achieving a substantial review clause,
- putting in place the necessary reforms (Financial Regulation, certification, financing of agencies),
- safeguarding the Parliament's rights, in particular with regard to external programmes and CFSP.

The Negotiating team considers this agreement the best Parliament could achieve under these circumstances, and has presented the results to the coordinators of political groups.

### 1. Matching political priorities and financial needs

An **increase of € 4.0 billion** of "fresh money", divided as indicated in the table below, including additional envelopes **for programmes with a real European added value**.

**Ring-fencing for EIB reserves** of € 2.5 billion to reinforce its activities in favour of R&D (+ 1.0 bn), TENs (+0.5 bn) and SMEs (CIP-program) (+1.0 bn)

**Emergency aid reserve** (up to € 0.2 bn/year) **and Solidarity Instrument** (up to € 1.0 bn/year) are financed **outside the financial framework** with appropriations that the Member States should provide when necessary.

### 2. Improving the budget structure through more flexibility

The **mechanism of flexibility** has been confirmed, maintaining the same amount than in the current period: 200 million per year, with a carry-over mechanism valid for 2 years if not used, and the new possibility to use several years for the same purpose.

The Commission committed itself to presenting an **evaluation of the functioning of the IIA/FP by the end of 2009 (review)**, if necessary with proposals for modifications, to allow the newly elected EP to assess the situation.

### 3. Improving the quality of implementation of the budget and the access to Community programmes

Furthermore, an agreement was reached to add a third part **on Sound Financial management** to the **Interinstitutional agreement**, which comprises the following aspects:

- improving the execution of EU-programmes and the EU-budget by establishing **additional principles** (proportionality of administrative cost, user-friendly procedures), to be respected in the **Financial Regulation**, and conducting a **genuine conciliation procedure** for the review of the regulation,
- reinforcing the **responsibility of Member States to improve the control on activities on shared management**, with the aim of achieving a positive declaration of assurance (DAS),
- involving the EP in the **wide ranging review** covering all aspects of EU spending,
- **guaranteeing the financing of new agencies**, possibly with fresh money,
- improving **financial programming**

### 4. Safeguarding Parliament's prerogatives on democratic decision making

It was also agreed:

- to improve **democratic decision-making in the external programmes**, with a **regular political dialog between Commission and Parliament on the strategy papers**,
- to further develop the role of the EP in CFSP (presentation of a future-oriented report).

<b>Outcome of the trilogue 04-04-06</b> <i>(€ million in 2004 prices)</i>	<b>Proposals for in-crease (above Council) in million €</b>
<b>Sub-Heading 1a - Competitiveness for growth and employment</b>	<b>2.100</b>
Trans-European Networks (TENs)	500
Life Long Learning (Erasmus Mundus - Leonardo)	800
7th Research framework programme	300
Competitiveness and innovation (CIP)	400
Social Policy Agenda (Progress)	100
<b>Sub-Heading 1b - Cohesion for growth and employment</b>	<b>300</b>
Structural Funds (Territorial co-operation)	300
<b>Heading 2 - Preservation and management of natural resources</b>	<b>100</b>
Reserve for future actions (Life + and Natura 2000)	100
<b>Sub-Heading 3b – Citizenship (Youth, Culture, Health and Consumers)</b>	<b>500</b>
Health & consumer protection	200
European Culture and Citizenship (Culture, Youth, Citizens for Europe)	300
<b>Heading 4 - The EU as a global partner</b>	<b>1.000</b>
European Neighbourhood & Partnership Instrument (ENPI)	200
CFSP	800
<b>TOTAL</b>	<b>4.000</b>