



Council of the
European Union

Brussels, 27 October 2016
(OR. en)

13786/16

CADREFIN 98
POLGEN 128
FIN 708

NOTE

From: General Secretariat of the Council
To: Friends of the Presidency Group (MFF Review/Revision)
Subject: Multiannual Financial Framework (MFF) 2014-2020 Review/Revision
- *Resolution of the European Committee of the Regions*

Delegations will find attached the above mentioned resolution. Please note that other language versions should be available at:

<http://www.toad.cor.europa.eu/AgendaDocuments.aspx?pmi=RmFYXXWy9u8x66nPVi%2bMdb1yx2S68y6mDtmFpjfwh5s%3d&ViewDoc=true>

EUROPEAN UNION



Committee of the Regions

RESOL-VI/

119th plenary session, 10, 11 and 12 October 2016

**RESOLUTION
ON THE
MID-TERM REVIEW OF THE MULTIANNUAL FINANCIAL
FRAMEWORK**

**Resolution on the
Mid-term Review of the Multiannual Financial Framework**

THE EUROPEAN COMMITTEE OF THE REGIONS,

- having regard to the Communication from the European Commission to the European Parliament and the Council on the Mid-term review/revision of the Multiannual Financial Framework (MFF) 2014-2020, An EU budget focused on results (COM(2016) 603 final)¹ and its accompanying document;
 - having regard to its opinion on the mid-term revision of the MFF²;
1. takes note of the detailed proposal of the mid-term review of the MFF presented by the European Commission on 14 September 2016;
 2. supports linking negotiations on the mid-term review to the budgetary procedure for the EU Budget for 2017; this timeline will allow for a timely adoption of the mid-term review and leave room for discussions on the next MFF post-2020;
 3. regrets the lack of ambition of the European Commission in presenting only a **review of the MFF**, which has already reached its limits, instead of a full-scale revision allowing the European Union to address current challenges with which it is confronted and to ensure that the EU's budget concentrates on areas that lead to sustainable growth and job creation, with a strong European added value; expects the next MFF to make a significant step towards modernizing its budget and enabling it to address future challenges as well as tackle new priorities which have emerged;
 4. notes that this mid-term review reflects the European Commission's approach "**an EU budget focused on results**", but is concerned that the absorption rate of EU programmes has apparently been the main criterion for proposed changes in appropriations; and reiterates its offer to the European Institutions to play an active role in the process of assessing the efficiency and the effectiveness of all EU programmes;
 5. strongly rejects the impression given in the MFF communication that shared management programmes are not working, and stresses the fact that, despite the delays in adopting the new ESIF regulations and the very complex programming procedure, more than 200 000 projects have started and EUR 46 billion of ESIF funds have already been committed to co-finance projects worth EUR 68 billion;

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52016DC0603>

² [Opinion COR 9/2016](#)

6. in this regard, warns that the possible suspension of the European Structural and Investment Funds for Spain and Portugal - or any other Member State - is detrimental to programme implementation. It points out that (a) the CoR is opposed to macroeconomic conditionality as it penalises cities and regions; (b) it would run counter to the cancellations of sanctions that have already taken place under the provisions of Regulation 1173/2011 on the effective enforcement of budgetary surveillance in the euro area; and (c) it violates the principle of proportionality set out in Article 5 TEU and its Protocol No 2. Therefore calls for any suspension that may be imposed to be set at zero, taking account of the economic and social circumstances, unemployment and the impact of suspension on their economies, as stipulated in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (Common Provisions Regulation);
7. is indeed concerned about a tendency of "**centralisation**" of the EU budget, which would clearly run against finding tailor made solutions to local and regional challenges, the reduction in the shared management of programmes would negatively affect the EU Treaty obligation of economic, social and territorial cohesion, and the principles of subsidiarity, partnership and multi-level governance;
8. regrets that the adjustments of cohesion policy envelopes are included in the mid-term review of the MFF and whilst they are obligatory according to Art. 7 of the MFF Regulation, these adjustments should not be further negotiated;
9. welcomes in principle the proposal for an **extension and reinforcement of the European Fund for Strategic Investment (EFSI)** which will be the subject of a separate CoR opinion; expects further improvements in the areas of additionality, geographical and sectorial coverage, as well as transparency, reiterates the request for a proper assessment of the EFSI results, in particular its synergies with ESIF funds and their contribution to territorial cohesion so far, and looks forwards to a close co-operation with the European Parliament in scrutinising EFSI implementation, in the hope that the regions will be more closely involved in governance with a view to ensuring effective integration with cohesion policy;
10. welcomes the increase in financial appropriations for **Horizon 2020** and the **Connecting Europe Facility (CEF) programmes**, but underlines that these increases do not compensate for the initial budgetary cuts to Horizon 2020 and CEF when creating the EFSI;
11. takes note of the European Commission proposal for a review of the financial regulation and its intention to simplify rules to address problems linked to administrative complexity and errors in Cohesion Policy, particularly with regard to implementing programmes under shared management and reinforced synergies between grants and financial instruments; will address the review in detail in a separate opinion;
12. welcomes the increase in budget appropriations for the **Youth Employment Initiative (YEI)** and for the **ERASMUS+ programme**, but is disappointed by the lack of initiatives to tackle long-term unemployment;

13. takes note of the flexibility measures proposed by the European Commission - in particular the creation of a **European Union Crisis Reserve** to reuse de-committed appropriations, the removal of annual caps for Global Margins for Payments, and the targeted use of the technical adjustment of Cohesion policy envelopes; acknowledges these as good steps forward in addressing current crises with a more flexible EU Budget;
14. regrets that no additional measures have been suggested by the European Commission in the mid-term review to address the various crises in the EU related to the Common Agricultural Policy, among which concentration of production, increased global competition, reduction of workforce and growing rural decline, which European farmers, consumers and local and regional authorities will be confronted with up until the end of the current programming period;
15. in light of the ambitious **global climate agreement reached in Paris in 2015**, recalls the target of **20% of EU spending** on climate-related projects and policies but underlines that this share represents a minimum and further efforts are probably necessary to ensure that it can be sustained until 2020;
16. welcomes a **detailed medium-term payments forecast**, addressing concerns over the payments backlog in the current MFF; is worried nevertheless about future payments, given persistent delays in the implementation of programs under shared management; highlights the responsibility of Member States and in the Council to make sufficient payment appropriations available in the annual budgets so that the EU has the means to address current challenges;
17. is concerned that, despite increases under Headings 3 and 4 to deal with the refugee and migration crisis, the creation of the European Union Crisis Reserve and a "**flexibility cushion**", the resources available in the current MFF are insufficient to address the growing demands on the EU budget in terms of the reception, distribution and integration of refugees and migrants or their protection in their areas of origin; recalls in this context that local and regional authorities have key responsibilities in receiving and integrating migrants and that therefore direct access by them to relevant EU funding opportunities would greatly help them to face these challenges; warns that more flexibility is not the solution to insufficient financial resources;
18. takes note of the proposal for the creation of a **European Fund for Sustainable Development**, and will address this in more detail in a separate opinion;
19. takes note that the potential withdrawal of the United Kingdom from the European Union could have an effect on the current Multiannual Financial Framework; is concerned about the consequences on the ongoing implementation of many EU programmes and suggests an early involvement of the CoR in further discussions on revising the current MFF;
20. welcomes the chapter "**Towards the next Multiannual Financial Framework**" as an initial contribution to a wider debate on the future of the EU budget; invites the EU institutions to an early dialogue with Europe's cities and regions on the scope, structure and instruments of the next MFF and will prepare in due course its proposals on the matter;

21. instructs the President to forward this resolution to the European Commission, the European Parliament, the Council and the President of the European Council.

Brussels, 12 October 2016

The President
of the
European Committee of the Regions

Markku Markkula
