



Procedure file

Basic information	
ACI - Interinstitutional agreement procedure	2004/2099(ACI)
Procedure completed	
Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013	
Amended by 2011/2080(ACI)	
Repealed by 2011/2152(ACI)	
Amended by 2013/2055(ACI)	
Subject	
8.40.10 Interinstitutional relations, subsidiarity, proportionality, comitology	
8.70 Budget of the Union	
8.70.40 Basic budgetary texts	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		20/09/2004
		PPE-DE BÖGE Reimer	
	Committee for opinion	Rapporteur for opinion	Appointed
	PETI Petitions	The committee decided not to give an opinion.	
	REGI Regional Development		06/10/2004
		PSE KREHL Constanze	
	AFCO Constitutional Affairs	The committee decided not to give an opinion.	
	DEVE Development		25/01/2006
		PSE KINNOCK Glenys	
	CULT Culture and Education		22/09/2004
		PPE-DE HIERONYMI Ruth	
	AFET Foreign Affairs		13/09/2004
		PPE-DE VON WOGAU Karl	
	PECH Fisheries		15/02/2006
		PSE MIGUÉLEZ RAMOS Rosa	
AGRI Agriculture and Rural Development		05/10/2004	
	PSE BOURZAI Bernadette		
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
EMPL Employment and Social Affairs	The committee decided not to give an opinion.		
ITRE Industry, Research and Energy	The committee decided not to give an opinion.		
JURI Legal Affairs	The committee decided not to give an opinion.		
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.		

	CONT Budgetary Control		22/09/2004
		ALDE MULDER Jan	
	LIBE Civil Liberties, Justice and Home Affairs		25/10/2004
		ALDE DEPREZ Gérard	
	INTA International Trade	The committee decided not to give an opinion.	
	IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	TRAN Transport and Tourism	The committee decided not to give an opinion.	
FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.		
Council of the European Union	Council configuration	Meeting	Date
	General Affairs	2727	15/05/2006
	General Affairs	2711	27/02/2006
European Commission	Commission DG	Commissioner	
	Budget		

Key events			
27/10/2005	Committee referral announced in Parliament		
31/01/2006	Non-legislative basic document published	COM(2006)0036	Summary
27/02/2006	Debate in Council	2711	Summary
24/04/2006	Vote in committee		Summary
27/04/2006	Committee report tabled for plenary	A6-0150/2006	
17/05/2006	Results of vote in Parliament		
17/05/2006	Debate in Parliament		
17/05/2006	Decision by Parliament	T6-0210/2006	Summary
17/05/2006	End of procedure in Parliament		
14/06/2006	Final act published in Official Journal		

Technical information	
Procedure reference	2004/2099(ACI)
Procedure type	ACI - Interinstitutional agreement procedure
Procedure subtype	Interinstitutional agreement
	Amended by 2011/2080(ACI) Repealed by 2011/2152(ACI) Amended by 2013/2055(ACI)
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/22765

Documentation gateway					
Supplementary non-legislative basic document		COM(2004)0498	14/07/2004	EC	Summary
Committee opinion	CONT	PE362.492	05/10/2005	EP	
Amendments tabled in committee		PE367.848	10/01/2006	EP	
Non-legislative basic document		COM(2006)0036	01/02/2006	EC	Summary
Document attached to the procedure		COM(2006)0075	15/02/2006	EC	Summary
Committee opinion	AGRI	PE353.717	23/02/2006	EP	
Committee opinion	LIBE	PE370.105	24/02/2006	EP	
Amendments tabled in committee		PE370.174	28/02/2006	EP	
Committee opinion	CULT	PE371.743	21/03/2006	EP	
Committee opinion	AFET	PE369.895	22/03/2006	EP	
Committee opinion	REGI	PE367.881	23/03/2006	EP	
Committee draft report		PE372.062	11/04/2006	EP	
Committee opinion	PECH	PE370.153	19/04/2006	EP	
Amendments tabled in committee		PE372.131	19/04/2006	EP	
Committee opinion	DEVE	PE357.951	24/04/2006	EP	
Committee report tabled for plenary, single reading		A6-0150/2006	27/04/2006	EP	
Text adopted by Parliament, single reading		T6-0210/2006	17/05/2006	EP	Summary
Commission response to text adopted in plenary		SP(2006)2902	22/06/2006	EC	
Follow-up document		COM(2006)0327	22/06/2006	EC	Summary
Follow-up document		COM(2007)0208	24/04/2007	EC	Summary
Follow-up document		COM(2010)0185	27/04/2010	EC	Summary

Final act
Interinstitutional agreement 2006/164 OJ C 139 14.06.2006, p. 0001-0017 Summary

Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013

PURPOSE : to renew the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure.

PROPOSED ACT : Renewal of the Interinstitutional Agreement.

CONTENT : The purpose of this Interinstitutional Agreement is to provide a set of agreed rules concerning the management of the multiannual financial framework and the sequence of operations as

regards the annual budgetary procedure.

Agenda 2000 successfully fulfilled its main purposes as regards financial discipline, the orderly evolution of expenditure and interinstitutional collaboration during the budgetary procedure. The Budget of the European Union has been adopted on time each year, and the two arms of the budgetary authority have jointly adjusted Agenda 2000 to face supplementary financial requirements linked to the enlargement to ten new

member States. The Interinstitutional agreement therefore proposes to maintain unchanged the main features of the financial framework:

- expenditure is broken down by broad categories of expenditure called headings for each year of the 2007-2013 period;
- maximum amounts called ceilings are established in the financial framework table for the period 2007-2013 in terms of appropriations for commitments and for each heading;
- overall annual amounts are expressed both for commitment appropriations and payment appropriations;
- the annual ceiling for payment appropriations must respect the own resources ceiling currently established at 1.24 % of the EU gross national income (GNI).

The Interinstitutional Agreement also provides for the consolidation of all the joint declarations and interinstitutional agreements concluded on budgetary matters since 1982. In particular, it aims to incorporate the Interinstitutional Agreement of 7 November 2002 on the creation of the European Union Solidarity Fund (EUSF), agreed upon during the current period of the financial perspective. It is proposed that the EUSF develops into a European Solidarity and Rapid Reaction instrument.

In the perspective of future institutional developments, it is proposed to replace the term 'financial perspective' with 'multiannual financial framework', also referred to as the 'financial framework'.

On the question of the flexibility instrument, the Commission states that the actual use of the instrument of flexibility reveals a departure from its original purposes which risks weakening the credibility of the system and undermining the interinstitutional collaboration on budgetary matters. The

Commission considers that more transparent instruments fully integrated in the financial framework would reinforce budgetary discipline.

The Commission proposes certain measures to address future challenges and find the proper balance between budgetary discipline and efficient resources allocation:

- the procedure to revise expenditure ceilings should be given its original role as the main instrument to allow adjustments to the financial framework when substantial and lasting changes in political priorities occur. The Commission proposes a regular review of needs, e.g. in the form of a dialogue meeting between Parliament, Council and the Commission ahead of the presentation of each preliminary draft budget;
- the intensive use of the flexibility instrument during Agenda 2000 shows its creation was justified. However, this instrument does no longer fulfil its original purposes and, to a large extent, has been used as an indirect means to raise the ceiling for external actions. Such a departure from its original purposes risks weakening the credibility of the system and undermining the interinstitutional collaboration on budgetary matters.

Therefore the Commission proposes a new reallocation flexibility, replacing the existing 'flexibility instrument', which would allow the budgetary authority on a Commission proposal to re-allocate appropriations between expenditure headings within certain limits and within the overall ceilings.

- the creation of a growth adjustment fund is proposed to adjust the financial framework to economic environment. The growth adjustment fund can be mobilized up to EUR 1 billion within the "competitiveness for growth and employment" expenditure heading (1a). This amount may be increased by unused appropriations from the Structural instruments, when the situation allows, in application of the N+2 rule, up to a maximum of EUR 1 billion per year;

- the proposed new classification of expenditure is also going to enhance flexibility and the effective allocation of resources by avoiding unnecessary ringfencing. The structure of expenditure in Agenda 2000 is to a large extent the legacy of the establishment of the first financial perspective and its successors. It is structured in 8 expenditure headings, which become 11 when taking sub-headings into account. Ring fencing of resources in a large number of headings and sub-headings makes the system

rigid and can prevent proper adjustment and a more effective use of resources to achieve the Union's policy goals, thus hindering the ultimate goal to have budgetary means at the service of a policy objective.

For the 2007-2013 financial framework, the Commission proposes five main expenditure headings which appear in the financial framework table. The European Solidarity and Rapid Reaction Instrument will be included within the financial framework for budgetary discipline and transparency purposes.

- Consequence for the Regulation on budgetary discipline: the experience with the 2000-2006 financial perspective has shown that there is no longer any need for maintaining the agricultural guideline foreseen in Council Regulation no. 2040/2000 on budgetary discipline, since agriculture expenditure is already constrained by ceilings agreed till 2013. The other provisions concerning budget discipline for agriculture will be overtaken and reinforced by the proposed new Regulation on the financing of the common agricultural policy (Please see CNS/2004/0164). The Commission considers that Council Regulation 2040/2000/EC should be repealed.

- Guidelines on interinstitutional collaboration for the budgetary procedure: provisions included in Part II aim at improving the annual budgetary procedure. Most of these provisions result from budgetary practice or previous agreements and declarations. They have been updated in relation with the new financial regulation.

- Annex III provides an update of the classification of expenditure between compulsory and non-compulsory expenditure for the new structure by heading. A provision is maintained so that the two arms of the budgetary authority determine the classification of new budget items within the annual conciliation procedure.

- The principle whereby the institutions undertake to comply during the budgetary procedure with the reference amounts adopted in the legislative codecision procedure, is maintained. However, the codecision procedure has been regularly extended since 1995 and the strict provisions as regards reference amounts impose increasing constraints for budgetary policy. The Commission therefore proposes that the budgetary authority and the Commission, when drawing up its preliminary draft budget, are given a margin of manoeuvre through the possibility to depart from these amounts by a limited margin (5%).

Interinstitutional agreement on budgetary discipline and sound financial management for the

PURPOSE: to present a revised version of the Interinstitutional agreement on budgetary discipline and the improvement of the budgetary procedure in light of the discussions on the 2007-2013 financial perspectives.

CONTENT: in 2004, the Commission presented a proposal on the renewal of the Interinstitutional agreement (IIA) on budgetary discipline and the improvement of the budgetary procedure for the period 2007-2013 (please refer to the summary dated 14/07/2004). Since then, the European Parliament has adopted a resolution on policy challenges and budgetary means of the enlarged Union 2007-2013 (see INI/2004/2209 dated 08/06/2005), followed by a political agreement by the Council on 1 December 2005 on the financial perspectives. In parallel, the European Parliament adopted a resolution on the European Council's position on the Financial Perspective and the renewal of the Interinstitutional agreement (see RSP/2006/2502).

The enclosed draft IIA is intended as a working paper for the last phase of the negotiations between the European Parliament, the Council and the Commission taking into account in particular the conclusions of the European Council of 15-16 December 2005.

The purpose of this IIA is to provide a set of agreed rules concerning the multiannual financial framework and the sequence of operations as regards the annual budgetary procedure.

Maintaining the fundamentals : given that the Budget of the European Union has been adopted on time each year, it is proposed that the IIA maintains its main features :

- expenditure is broken down by broad categories of expenditure called headings; for each year of the 2007-2013 period;
- maximum amounts called ceilings are established in the financial framework table for the period 2007-2013 in terms of appropriations for commitments and for each heading; expenditure levels are based on the assumption that Bulgaria and Romania join the EU on 1 January 2007; in case of their accession at a later date, the expenditure ceilings may have to be revised accordingly;
- overall annual amounts are expressed both for commitment appropriations and payment appropriations;
- the annual ceiling for payment appropriations must respect the own resources ceiling currently established at 1,24% of the EU gross national income (GNI).
- the present Interinstitutional Agreement proposes to replace the term 'financial perspective' with 'multiannual financial framework', also referred to as the 'financial framework';
- it proposes to insert a new provision whereby in 2008/2009 the Commission will present to the European Parliament and Council a wide-ranging review covering all aspects of EU spending and resources.

Simplification, consolidation: the present IIA provides for the renewal of the Interinstitutional Agreement of 6 May 1999 in the light of experience acquired with its implementation but also for the consolidation of all the joint declarations and interinstitutional agreements concluded on budgetary matters since 1982. It also proposes the simplification of the framework wherever justified and possible on the following issues:

- incorporating the Interinstitutional Agreement of 7 November 2002 on the creation of the European Union Solidarity Fund (EUSF), agreed upon during the current period of the financial perspective as a separate supplementary interinstitutional agreement. It is proposed that the EUSF maintains the current rules for its mobilisation whereby, when the Fund is mobilised, corresponding expenditure be 'entered in the budget over and above the relevant headings' in the financial framework;

- simplification of the method for the technical adjustment, by extending the predetermined 2% annual inflation rate used for structural funds and agriculture, to the rest of expenditure;

- the provisioning of the guarantee fund for loans to third countries is rationalised so that there is no longer any need for a 'reserve' to this end. The related (reduced) expenditure to be budgeted becomes part of the instruments available for the Union's external policy.

Flexibility: flexibility within the agreed multiannual financial framework is the essential corollary to financial discipline. If properly designed, it contributes to enhancing effective resources allocation while allowing responding to unforeseen needs or new priorities. Several parameters influence the degree of flexibility of the financial framework: the length of the period covered by the financial perspective; the number of expenditure headings; the margins available within each expenditure ceiling; the margin below the own resources ceiling; the share of EU spending pre-determined by 'amounts of reference' in co-decided legislation; preallocated multiannual programmes; the general attitude towards using the revision procedure.

On 15-16 December 2005, the European Council reached a political agreement which entails expenditure ceilings significantly lower than those proposed by the Commission. Tighter expenditure ceilings entail more rigidity in the financial framework and risks undermining the Union's ability to address future challenges and hinder rather than encouraging effective resource allocation. That is why the Commission proposes the following measures to address future challenges and find the proper balance between budgetary discipline and efficient resources allocation:

- the revision of the multiannual financial framework remains the main instrument to respond to significant changes of permanent character in the EU policies in a fast developing context;
- the mobilisation of some flexibility instruments within the limits of the agreed financial framework, in view of facilitating the deployment or redeployment of financial resources within the expenditure ceilings. These include the following:
 1. the Emergency Aid reserve within Heading 4 to respond to emergency situations in third countries. Its amount and mobilisation procedure remain unchanged;
 2. a new European Globalisation Adjustment Fund intended to provide additional support for workers who suffer the consequences of major structural changes in world trade patterns, to assist them with their reintegration into the labour market;
 3. the possibility for the budgetary authority based on a Commission proposal, in the framework of the annual budgetary procedure, to depart by up to 10% from the so-called 'reference amounts' concerning multiannual programmes adopted under the co-decision procedure (except for cohesion programmes).
- the mobilisation of other instruments above the agreed expenditure ceilings within certain limits. These instruments, to be used in the framework of the annual budget procedure according to the relevant provisions defined in the enclosed draft IIA, include:
 1. the European Union Solidarity Fund, with unchanged amount and mobilisation procedure;

2. the Flexibility Instrument, whose maximum annual amount is increased to EUR 700 million, with the possibility to cover requirements of multiannual nature. The mobilisation procedure remains unchanged.

Consequence for the Regulation on budgetary discipline : the experience with the 2000-2006 financial perspective has shown that there is no longer any need for maintaining the agricultural guideline foreseen in Council Regulation 2040/2000/EC on budgetary discipline, since agriculture expenditure is already constrained by ceilings agreed till 2013. With the shift from market intervention towards direct payments to farmers and rural development measures agriculture expenditure has also become more predictable. Under these conditions, the Commission considers that Council Regulation 2040/2000/EC should be repealed. The Commission will accordingly propose separately the appropriate legal act in due time.

Guidelines on interinstitutional collaboration for the budgetary procedure: provisions included in Part II aim at improving the annual budgetary procedure. Most of these provisions result from budgetary practice or previous agreements and declarations. They have been updated in relation with the new financial regulation:

- structure and classification of expenditure: Annex III provides an update of the classification of expenditure between compulsory and non-compulsory expenditure for the new structure by heading;
- financial provisions in legislative instruments: the principle set out in the Joint Declaration of 6 March 1995 whereby the institutions undertake to comply during the budgetary procedure with the reference amounts adopted in the legislative codecision procedure, is maintained. However, the codecision procedure has been regularly extended since 1995 and the strict provisions as regards reference amounts impose increasing constraints for budgetary policy. The Commission proposes that the budgetary authority and the Commission, in the course of the annual budgetary procedure, can depart from these amounts by a limited margin (10%).

Conclusion: the IIA has proved an efficient tool to frame the annual budgetary practice within an agreed multiannual financial framework. Its renewal should be taken as an opportunity to update and simplify the various existing agreements and joint declarations concerning budgetary matters. Finally, this agreement should aim at finding the proper balance between budgetary discipline and efficient resources allocation.

Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013

This Commission working document concerns the contributions to the interinstitutional negotiations on the proposal for renewal of the IIA on budgetary discipline and improvement of the budgetary procedure. On 1 February 2006, the Commission approved a working document on a modified Interinstitutional Agreement (IIA) proposal. This proposal was accompanied by a letter from President Barroso which notably comments on some issues which are not included in the proposal for an IIA but are of importance for the forthcoming negotiations.

The objective of the present Commission Working Document is to translate in a more formal way some of the issues referred to in the letter from President Barroso and to submit them to the Trilogue (Commission, European Parliament and the Council) as concrete elements for the negotiation. The issues are as follows:

- New financial instruments : for the future financial framework period, the Commission intends to increase the leverage of EU funds by improving synergies between the action of the EU budget and the activities of the European Investment Bank (EIB). It has notably already proposed the creation of a risk sharing finance facility to boost the financing of research and is working on a special instrument to mobilise funds for the implementation of TEN - Transport projects. The objective is to increase up to EUR 10 billion the EIB's capacity for research and development loans in the period 2007-2013.
- Financial Regulation: the Commission already proposed a major review of the Financial Regulation and of its implementing rules in force. The European Parliament and the Council are firmly committed to conclude the negotiations on the Financial Regulation in due time to allow for its entry into force on 1 January 2007.
- Certification by Member States: the Commission has undertaken very important reforms to improve the financial management of all Budget sectors. An appropriate follow-up of this action plan has to be ensured in particular in the field of national declarations and the definition of the level of risk to be tolerated. The European Parliament, the Council and the Commission agree on the importance of strengthening internal control without adding to the administrative burden for which the simplification of the underlying legislation is a prerequisite. In this context, priority will be given to managerial accountability under shared management in the form of national declarations. Member States will designate the bodies to be responsible for declarations before September 2006.
- Democratic scrutiny and coherence of external actions: the Commission is determined to promote policy coherence in Europe's external action and avoid the unnecessary multiplication and rigidity of external action instruments. The Commission agrees that the proposed rationalisation of instruments should not reduce the powers of either the legislative authority or the budgetary authority.
- Agencies: concerns have been expressed about the increase in the number of agencies, and the need to ensure that this does not result in the transfer of Community competencies to intergovernmental structures. The Commission also recognizes that possible difficulties could stem from the creation of new agencies during the financial framework 2007-2013, in particular when their financing would be under already tight ceilings. In order to respond to these concerns, the Commission proposes that, whenever it is envisaged to create a new agency, its financial impact be discussed by the Budgetary Authority during a trilogue, on the basis of a Commission analysis.
- Own resources: the draft IIA presented on 1 February by the Commission already includes a review clause. According to this provision, the Commission shall present a comprehensive White Paper covering all aspects of the EU budget, revenues and expenditure. This exercise, to be launched after final agreement has been reached among the Institutions on all elements of the next Financial Perspectives, will be the fruit of detailed preparation and wide consultation. In the context of the future revision of the own resources system, the institutions take note of the European Parliament intention to organise a conference of representatives of the European Parliament and the national parliaments.
- Financial programming: financial programming continues to have a crucial role for the annual budgetary procedure. The Commission intends to respect the commitments it has undertaken in the past concerning the information of the two arms of the budgetary authority (EP/Council) on Financial Programming. It is been formally proposed that the financial programming has to be updated by the Commission twice a year and considered, if necessary, at each trilogue meeting provided for in the Interinstitutional Agreement.

Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013

The Council was briefed by the presidency on progress in negotiations with the European Parliament on a proposal for renewal of an agreement between the EU institutions on budgetary discipline and improvement of the EU's annual budgetary procedure. It held a brief exchange of views and agreed to take stock at its meeting on 20 and 21 March 2006.

The Commission's proposal, whilst maintaining the main features of the current inter-institutional agreement (IIA), is aimed at updating and simplifying various agreements and joint declarations on budgetary matters. It takes account of the agreement reached by the European Council on 16 December on the EU's budgetary framework for the 2007-13 period.

At a meeting on 21 February, representatives of Parliament, Council and Commission examined the proposals and agreed to continue work with a view to reaching agreement on the IIA and the new budgetary framework in April.

A further "trilogue" meeting is scheduled for 21 March.

Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013

The committee adopted the report by Reimer BÖGE (EPP-ED, DE) on the Interinstitutional Agreement on budgetary discipline and sound financial management. MEPs broadly welcomed the agreement which, they said, "was the only possible compromise that Parliament could achieve with a view to guaranteeing the continuity of EU legislation". However, they also pinpointed a number of shortcomings which would have to be addressed in the future, notably in the course of the review of the EU budget set to take place in 2008-09.

The report welcomed the progress achieved under the three pillars of Parliament's negotiating position: matching political priorities and financial needs; modernising the budget structure and improving the quality of implementation of the EU budget. It stressed the main points of the agreement:

- four billion euros will be redistributed to a range of programmes;
- the EIB reserve will be substantially increased under a new EIB-EU budget co-financing scheme;
- non-programmed needs such as the Emergency Aid Reserve and the EU Solidarity Fund will be financed outside the financial framework by supplementary resources;
- the European Globalisation Adjustment Fund will be financed by re-use of cancelled appropriations, outside the financial framework;
- an overall amount of EUR 1.4 billion for flexibility will be maintained over the period, and the annual amount may be carried over in case of non-utilisation to the next two years;
- following the 2009 European elections, Parliament will have the chance to vote on the functioning of the Interinstitutional Agreement and the Financial Perspective on the basis of a report to be presented by the Commission, accompanied by proposals where necessary.

However, the committee commented on the outcome of the European Council of December 2005 and made clear its belief that national interests overrode common European objectives when the Member States adopted their position on the financial perspective. Among the shortcomings identified in the report was the system of own-resources, which MEPs said should be reformed urgently to "avoid the same painful experience of national bargaining for the next financial perspective". Lastly, the committee added that it still believed that the higher figures adopted in June 2005 offered the best way of funding Community policies.

Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013

INTERINSTITUTIONAL AGREEMENT ON THE FINANCIAL PERSPECTIVES 2007-2013

The new interinstitutional agreement (IIA) will enter into force on 1 January 2007, replacing an existing agreement dating from May 1999. It is based on the consensus reached by the European Council on 16 December 2005 on the EU's budgetary framework for the 2007-2013 period (see Council document 15915/05).

Main issues of the agreement are as follows:

Level of spending (IIA): Parliament and Council reached agreement on a budgetary framework providing for EU spending of up to EUR 864 billion over the 2007-13 period. Although the new overall ceiling is only EUR 2 billion higher than that in the European Council's December agreement, the agreement with Parliament in fact allows for an increase in expenditure of EUR 4 billion. This is achieved by removing from the financial framework a EUR 1.5 billion emergency aid reserve (see below) and establishing it outside the framework, and by reducing the heading for administrative expenditure by EUR 500 million.

- § 2007 : EUR 120,702 million;
- § 2008 : EUR 121,473 million;
- § 2009 : EUR 122,564 million;

- § 2010 : EUR 122,952 million;
- § 2011 : EUR 124,007 million;
- § 2012 : EUR 125,527 million;
- § 2013 : EUR 127,091 million.

Flexibility in the allocation of spending (IIA): four spending reserves outside the financial framework are provided for:

- § Flexibility instrument: with an annual ceiling of EUR 200 million, the instrument enables the financing of clearly identified expenditure that cannot be financed under the budget ceilings;
- § Solidarity fund: funded up to EUR 1 billion annually, the EU solidarity fund, created in 2002 in order to provide rapid assistance in the event of major disasters in the member states, is incorporated into the new IIA;
- § Globalisation fund: the Commission has made a proposal for the creation of a fund, as agreed by the European Council in December, to assist workers made redundant as a result of major structural changes in world trade as regards retraining and their efforts to find new jobs. The fund will be financed up to EUR 500 million annually through under-spends in the budget ceilings and/or decommitted funds;
- § Emergency aid reserve: the reserve, which allows rapid response to the needs of third countries following unforeseen events, will be financed up to EUR 221 million annually. It is essentially for humanitarian operations, though also civil crisis management and protection where required.

Review in 2008-09 (joint declaration): Parliament, Council and Commission agreed on a declaration on the subject of the review provided for by the European Council's agreement in December. This concerns essentially how the Parliament will be associated with the review.

Other issues:

- § Control of funds (IIA): Parliament, Council and Commission agreed on the importance of ensuring effective and integrated internal control of EU funds;
- § Implementation (IIA and joint declaration): the Parliament and the Council commit themselves to concluding negotiations, on the basis of a proposal from the Commission, so as to enable a new financial regulation to enter into force, if possible on 1 January 2007. The aim is to improve implementation of the budget, to ensure sound financial management and to increase the visibility of spending, whilst simplifying funding procedures and ensuring the protection of the EU's financial interests;
- § New financial instruments (joint declaration): the Commission is requested to make proposals, in cooperation with the European Investment Bank and in accordance with the European Council's December conclusions, to enable an increase in the EIB's capacity for research and development loans up to EUR 10 billion for the 2007-13 period. It is also requested to make proposals to reinforce instruments in favour of trans-European networks and small and medium-sized enterprises;
- § External relations (joint declaration): the three institutions acknowledge the need for rationalising the various instruments for external relations, without affecting the powers of Parliament or Council in either the legislative or budgetary fields.