



Procedure file

| Basic information | | |
|--|--------------------------------|---------------------|
| BUD - Budgetary procedure | 2014/2037(BUD) | Procedure completed |
| Mobilisation of the Contingency Margin in 2014 | | |
| Amended by 2016/2233(BUD) | | |
| Subject 8.70.60 Previous annual budgets | | |

| Key players | | | | |
|---|---|---|------------|--|
| European Parliament | Committee responsible | Rapporteur | Appointed | |
| | BUDG Budgets | | 24/09/2014 | |
| | |  DEPREZ Gérard | | |
| | | Shadow rapporteur | | |
| | |  GARDIAZABAL RUBIAL Eider | | |
| | Former committee responsible | | | |
| | BUDG Budgets | | | |
| | Committee for opinion | Rapporteur for opinion | Appointed | |
| | AFET Foreign Affairs | 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. | | |
| | REGI Regional Development | The committee decided not to give an opinion. | | |
| | AGRI Agriculture and Rural Development | The committee decided not to give an opinion. | | |
| PECH Fisheries | The committee decided not to give an opinion. | | | |
| Former committee for opinion | | | | |
| AFET Foreign Affairs | | | | |
| CONT Budgetary Control | | | | |
| EMPL Employment and Social Affairs | | | | |
| ITRE Industry, Research and Energy | | | | |
| REGI Regional Development | | | | |
| AGRI Agriculture and Rural Development | | | | |
| PECH Fisheries | | | | |

Key events

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|------------|--|---|---------|
| 28/05/2014 | Non-legislative basic document published | COM(2014)0328 | Summary |
| 03/07/2014 | Committee referral announced in Parliament | | |
| 15/12/2014 | Vote in committee | | |
| 15/12/2014 | Budgetary report tabled for plenary | A8-0068/2014 | Summary |
| 16/12/2014 | Debate in Parliament |  | |
| 17/12/2014 | Results of vote in Parliament |  | |
| 17/12/2014 | Decision by Parliament | T8-0088/2014 | Summary |
| 18/12/2014 | Draft budget approved by Council | | |
| 18/12/2014 | End of procedure in Parliament | | |
| 17/03/2015 | Final act published in Official Journal | | |

Technical information

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|----------------------------|---|
| Procedure reference | 2014/2037(BUD) |
| Procedure type | BUD - Budgetary procedure |
| Procedure subtype | Mobilisation of funds |
| | Amended by 2016/2233(BUD) |
| Stage reached in procedure | Procedure completed |
| Committee dossier | BUDG/8/00485 |

Documentation gateway

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|--|------------------------------|------------|----|---------|
| Non-legislative basic document | COM(2014)0328 | 28/05/2014 | EC | Summary |
| Committee draft report | PE541.349 | 09/12/2014 | EP | |
| Amendments tabled in committee | PE544.389 | 12/12/2014 | EP | |
| Budgetary report tabled for plenary, 1st reading | A8-0068/2014 | 15/12/2014 | EP | Summary |
| Budgetary text adopted by Parliament | T8-0088/2014 | 17/12/2014 | EP | Summary |

Final act

[Decision 2015/435](#)
[OJ L 072 17.03.2015, p. 0004](#) Summary

PURPOSE: to mobilise the full amount of the Contingency Margin for 2014 of EUR 4 026,7 million to react to the budgetary impact of unforeseen circumstances.

CONTENT: Article 13 of [Council Regulation 1311/2013](#) laying down the multiannual financial framework for the years 2014-2020 established a Contingency Margin of up to 0.03% of the Gross National Income of the Union.

In accordance with Article 6 of this Regulation, the Commission calculated the absolute amount of this Contingency Margin for 2014.

After having examined all other financial possibilities to react to unforeseen circumstances that have arisen after the multiannual financial framework payment ceiling for 2014 was first established in February 2013, it appears necessary to mobilise the full amount of the Contingency Margin available to complement the payment appropriations in the general budget of the European Union for the financial year 2014, above the payment ceiling.

The Commission proposes that for the general budget of the European Union for the financial year 2014, the Contingency Margin shall be used to provide the sum of EUR 4 026 700 000 in payment appropriations over and above the payment ceiling of the multiannual financial framework (MFF).

That amount shall be used to complement payments in:

- sub-heading 1a (EUR 282 000 000) to cover the frontloading of programmes such as Horizon 2020, Erasmus+ and COSME;
- sub-heading 1b (EUR 3 394 700 000) to cover the frontloading of expenditure for the Youth Employment Initiative (YEI) and the corresponding backloading of the Cohesion Fund related part of the Connecting Europe Facility and the European Territorial Cooperation (ETC);
- heading 2 (EUR 100 000 000) to top-up of co-financing rates for rural development and fisheries;
- heading 4 (EUR 250 000 000) for the financial package for Ukraine.

Offsetting the contingency margin against the MFF ceilings: the [MFF Regulation](#) requires that amounts made available through the mobilisation of the Contingency Margin shall be fully offset against the margins for the current or future financial years.

Given the uncertainties related to the years 2015 and 2016 (i.e. the level of payment claims outstanding at the end of the previous year and the likelihood of additional unforeseen payment needs occurring), offsetting in either of these years would be imprudent. In 2017 the level of the payment ceiling decreases nominally compared to 2016.

For these reasons it is proposed that the sum of EUR 4 026 700 000 mobilised through the Contingency Margin for the financial year 2014 shall be offset against the Margins under the payment ceilings for the following years:

- 2018: EUR 1 342 300 000,
- 2019: EUR 1 342 200 000,
- 2020: EUR 1 342 200 000.

It should be noted that the two arms of the budgetary authority are reminded that the publication of the Decision in the Official Journal of the European Union shall not intervene later than the publication of the [amending budget No. 3](#) to the general budget of the European Union for the financial year 2014.

Mobilisation of the Contingency Margin in 2014

The Committee on Budgets adopted the report by Gérard DEPREZ (ADLE, BE) on the proposal for a decision of the European Parliament and of the Council on mobilisation of the Contingency Margin, in accordance with point 14 of the [Interinstitutional Agreement](#) of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

Members recalled that the implementation of the MFF 2014-2020 started with a huge backlog in payments, with unpaid bills amounting to some EUR 23.4 billion at the end of 2013 for Cohesion policy only, and a level of outstanding commitments (RAL) reaching EUR 221.7 billion at the same date, i.e. EUR 41 billion above what was originally foreseen when the MFF 2007-2013 was agreed.

They stated that this situation is unacceptable and requires urgent measures, having recourse to the flexibility mechanisms included in the MFF Regulation, with a view to not jeopardising the delivery of EU policies and programmes, as unanimously agreed in the MFF, but also to limiting the claims for interest on late payments and avoiding unduly increasing the economic exposure and vulnerability of beneficiaries of the Union budget.

Avoiding abnormal RAL: Members also recalled that, in the framework of the budgetary conciliation for 2014, the Parliament, the Council, and the Commission jointly agreed, in light of the need to ensure an orderly progression of payments and avoid any abnormal shift of the RAL onto the 2015 budget, to have recourse to the various flexibility mechanisms contained in the MFF Regulation, including the Contingency Margin. After having examined all other financial possibilities to react to unforeseen circumstances, the Commission proposed to mobilise the full amount of the Contingency Margin available to complement the payment appropriations in the general budget of the Union for the financial year 2014, above the payment ceiling.

Different interpretations: Members stated that the Council does not share Parliament's and Commission's interpretation that the EUR 350 million in payment appropriations mobilised in 2014 in respect of the Special Instruments provided for in the MFF Regulation should be counted outside the payments ceiling, thus leaving a margin of EUR 711 million to be exhausted before having recourse to the Contingency Margin. They stressed that the decision remains open as to whether and to what extent the amount of EUR 350 million should be offset against the MFF margins for payments for current or future financial years.

Deficit of payment appropriations: the report noted that it has been agreed, in the framework of the negotiations on the 2014-2015 budgets package, to mobilise the Contingency Margin for an amount of EUR 2 818,2 million plus EUR 350 million, i.e. EUR 3 168,2 million. However, Members stated that this mobilisation is not likely to sustainably address the recent payment shortages and the growing amount of outstanding

commitments, but only to limit the increase in outstanding bills rolled over to the following year, which has grown by more than 50 % every year since 2010.

Mobilisation of the Contingency Margin: Members stipulated that the mobilisation of the Contingency Margin in 2014 does not entail any increase of the global ceiling for payment (EUR 908 billion, 2011 prices) of the MFF 2014-2020. In this regard, they called on the European Parliament to approve the mobilisation of the Contingency Margin for 2014 to provide the amount of EUR 350 million in payment appropriations, pending an agreement on payments for other special instruments.

In addition, Members called on the Commission to present a proposal on the offsetting of the relevant amount in the MFF payment ceilings for one or more future financial years, having due regard to the agreement on payments for other special instruments, and without prejudice to the institutional prerogatives of the Commission.

Mobilisation of the Contingency Margin in 2014

PURPOSE: to mobilise the Contingency Margin for 2014.

LEGISLATIVE ACT: Decision (EU) 2015/435 of the European Parliament and of the Council on the mobilisation of the Contingency Margin.

CONTENT: after having examined all other financial possibilities to react to unforeseen circumstances that have arisen after the multiannual financial framework payment ceiling for 2014 was first established in February 2013, it appears necessary to mobilise the Contingency Margin to complement the payment appropriations in the general budget of the European Union for the financial year 2014, above the payment ceiling.

An amount of EUR 350 million in payment appropriations should be included in the mobilisation of the Contingency Margin pending an agreement on payments for other special instruments.

To ensure compliance with Article 13(3) of Regulation (EU, Euratom) No 1311/2013, the Commission should present a proposal on the offsetting of the relevant amount in the MFF payment ceilings for one or more future financial years.

Contingency Margin: for the general budget of the European Union for the financial year 2014, the Contingency Margin shall be used to provide the sum of EUR 3 168 233 715 in payment appropriations over and above the payment ceiling of the multiannual financial framework.

Technically, this mobilisation is characterised by the following elements:

- the Contingency Margin shall be used to provide the sum of EUR 3 168 233 715 in payment appropriations over and above the payment ceiling of the multiannual financial framework;
- the sum of EUR 2 818 233 715 shall be offset in three instalments against the margins under the payment ceilings for the following years:
 - 2018: EUR 939 411 200,
 - 2019: EUR 939 411 200,
 - 2020: EUR 939 411 315.

The Commission is invited to present in a timely manner a proposal concerning the remaining amount of EUR 350 million.

ENTRY INTO FORCE: 17.12.2014.

Mobilisation of the Contingency Margin in 2014

The European Parliament adopted by 504 voted to 120, with 43 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on mobilisation of the Contingency Margin, in accordance with point 14 of the [Interinstitutional Agreement](#) of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

Parliament recalled that the implementation of the MFF 2014-2020 started with a huge backlog in payments, with unpaid bills amounting to some EUR 23.4 billion at the end of 2013 for Cohesion policy only, and a level of outstanding commitments (RAL) reaching EUR 221.7 billion at the same date, i.e. EUR 41 billion above what was originally foreseen when the MFF 2007-2013 was agreed. It stated that this situation is unacceptable and requires urgent measures, having recourse to the flexibility mechanisms included in the MFF Regulation, with a view to not jeopardising the delivery of EU policies and programmes, as unanimously agreed in the MFF, but also to limiting the claims for interest on late payments and avoiding unduly increasing the economic exposure and vulnerability of beneficiaries of the Union budget.

Avoiding abnormal RAL: Parliament also recalled that, in the framework of the budgetary conciliation for 2014, the Parliament, the Council, and the Commission jointly agreed, in light of the need to ensure an orderly progression of payments and avoid any abnormal shift of the RAL onto the 2015 budget, to have recourse to the various flexibility mechanisms contained in the MFF Regulation, including the Contingency Margin. After having examined all other financial possibilities to react to unforeseen circumstances, the Commission proposed to mobilise the full amount of the Contingency Margin available to complement the payment appropriations in the general budget of the Union for the financial year 2014, above the payment ceiling.

Different interpretations: Parliament stated that the Council does not share Parliament's and Commission's interpretation that the EUR 350 million in payment appropriations mobilised in 2014 in respect of the Special Instruments provided for in the MFF Regulation should be counted outside the payments ceiling, thus leaving a margin of EUR 711 million to be exhausted before having recourse to the Contingency Margin. It stressed that the decision remains open as to whether and to what extent the amount of EUR 350 million should be offset against the MFF margins for payments for current or future financial years.

Deficit of payment appropriations: the resolution noted that it has been agreed, in the framework of the negotiations on the 2014-2015 budgets

package, to mobilise the Contingency Margin for an amount of EUR 2 818.2 million plus EUR 350 million, i.e. EUR 3 168.2 million. However, Parliament stated that this mobilisation is not likely to sustainably address the recent payment shortages and the growing amount of outstanding commitments, but only to limit the increase in outstanding bills rolled over to the following year, which has grown by more than 50 % every year since 2010.

Mobilisation of the Contingency Margin: Parliament stipulated that the mobilisation of the Contingency Margin in 2014 does not entail any increase of the global ceiling for payment (EUR 908 billion, 2011 prices) of the MFF 2014-2020 since it is offset against the margins of future financial years.

In this regard, Parliament approved the mobilisation of the Contingency Margin for 2014 to provide the amount of EUR 350 million in payment appropriations, pending an agreement on payments for other special instruments.

Technically, this mobilisation is characterised by the following elements:

the Contingency Margin shall be used to provide the sum of EUR 3 168 233 715 in payment appropriations over and above the payment ceiling of the multiannual financial framework;

the sum of EUR 2 818 233 715 shall be offset in three instalments against the margins under the payment ceilings for the following years:

- 2018: EUR 939 411 200
- 2019: EUR 939 411 200
- 2020: EUR 939 411 315.

The Commission is invited to present in a timely manner a proposal concerning the remaining amount of EUR 350 million.