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NOTE

From:	Presidency
To:	Delegations
Subject:	Multiannual Financial Framework (MFF) 2021-2027 revision: options for redeployments and proposal for the Solidarity and Aid Reserve (SEAR)

Delegations will find in Annex a document from the Spanish Presidency setting out options for redeployments and a proposal for the Solidarity and Aid Reserve (SEAR), in view of the Coreper meeting on 23 November 2023.

NOTE FROM THE SPANISH PRESIDENCY
MID TERM REVIEW OF THE MULTIANNUAL FINANCIAL FRAMEWORK

OPTIONS FOR REDEPLOYMENTS

Scenario 1

REDEPLOYMENTS	
<i>Brexit Adjustment Reserve</i>	<i>1,1</i>
<i>European Globalisation Adjustment Fund for Displaced Workers</i>	<i>0,9</i>
<i>Unallocated funds AMIF BMWI ISF</i>	<i>1,1</i>
<i>Linear cut 3,4% on MFF programs excluding CAP and cohesion policy (legally committed funds)</i>	<i>5</i>
TOTAL	8,1

(Billion Euros)

Scenario 2

REDEPLOYMENTS	
<i>Brexit Adjustment Reserve</i>	<i>1,1</i>
<i>European Globalisation Adjustment Fund for Displaced Workers</i>	<i>0,9</i>
<i>Unallocated funds AMIF BMWI ISF</i>	<i>1,1</i>
<i>Linear cut 6,8% on MFF programs excluding CAP and cohesion policy (legally committed funds)</i>	<i>10</i>
TOTAL	13,1

(Billion Euros)

Scenario 3

REDEPLOYMENTS	
<i>Brexit Adjustment Reserve</i>	1,1
<i>European Globalisation Adjustment Fund for Displaced Workers</i>	0,9
<i>Unallocated funds AMIF BMWI ISF</i>	1,1
<i>Linear cut 13,5 % on MFF programs excluding CAP and cohesion policy (legally committed funds)</i>	20
TOTAL	23,1

(Billion Euros)

PROPOSAL FOR THE SOLIDARITY AND EMERGENCY AID RESERVE (SEAR)

The Solidarity and Emergency Aid Reserve (SEAR) constitutes a single instrument that includes the European Union Solidarity Fund (EUSF), and the Emergency Aid Reserve, previously two separate instruments.

Table 1: Annual implementation of the Solidarity and Emergency Aid Reserve:

EUR million

	2021	%	2022	%	2023	%
Annual Amount	1.280,7	-	1.339,7	-	1.324,9	-
Internal (excluding EUSF)	143.3	11.19%	152.2	11.36%	96.0	7.25%
External	334.0	26.08%	469.0	35.01%	579.4	43.73%
EUSF	803,4	62,73%	718,5	53,63%	649,5	49,03%

Source: European Commission

As you can see in table 1, since 2021, available funds for the European Solidarity Fund component that covers natural disasters in the EU have been cannibalised in favour of the Emergency Aid Reserve component that covers humanitarian disasters both internally and externally.

Following the European Council discussion in October, different leaders identified as priority the natural disasters; we have taken the approach to divide both instruments, in order to ring-fence the European Solidarity Fund component.

We propose to include in the Negobox the following paragraphs, in order to ensure that available amounts are split in 75% for the European Solidarity Fund and 25% for the Emergency Aid Reserve:

In the light of the many natural disasters happened in the European territory and natural disasters and humanitarian crises in third countries and in order to avoid the existence of competing priorities, the existing European Solidarity Fund and the Emergency Aid Reserve (SEAR) should be split in two separate instruments as follows:

- (i) the European Solidarity Reserve will have an amount of EUR 900 million euro per year (in 2018 prices) for assistance to respond to emergency situations covered by the European Union Solidarity Fund;***
- (ii) the Emergency Aid Reserve will have an amount of EUR 300 million euro per year (in 2018 prices) for rapid responses to specific emergency needs within the Union or in third countries.***

The split will result in the following annual distribution:

Table 2: Presidency proposal split EUSF/ EAR per year.

Current prices EUR million

<i>Annual distribution</i>	2024	2025	2026	2027
<i>EUSF</i>	1.013,55	1.033,82	1.054,49	1.075,58
<i>EAR</i>	337,85	344,61	351,50	358,53

We also propose to reuse the uncommitted amounts in year n+2 in the Flexibility instrument, including as part of the Negobox the following drafting:

Any portion of the annual amount not used for the European Solidarity Fund and for the Emergency Aid Reserve set to lapse according to the rules in force, will be made available for use in the Flexibility Instrument in the following year.

On top of this division, Commission proposed to increase SEAR by 2.502 million in current prices (2.156 million in 2018 prices), which according to our proposal of split would have the following distribution:

Table 3: Annual distribution of the Commission proposal of increasing 2.502 million euro after the Split:

Current prices EUR million

<i>Annual distribution</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>
<i>Internal (excluding EUSF)</i>	<i>68.3</i>	<i>69.7</i>	<i>71.0</i>	<i>72.5</i>
<i>EUSF</i>	<i>227.6</i>	<i>232.2</i>	<i>236.8</i>	<i>241.6</i>
<i>External</i>	<i>159.3</i>	<i>162.5</i>	<i>165.8</i>	<i>169.1</i>
<i>End-of-Year Cushion (25%)</i>	<i>151.8</i>	<i>154.8</i>	<i>157.9</i>	<i>161.0</i>

According to our split proposal and the Commission top up proposal, the annual amounts for European Solidarity Fund and Emergency Aid Reserve would be as follows:

Table 4: Annual amounts with split and 2.502 million euro increase:

Current prices EUR million

<i>Annual distribution</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>
<i>EUSF</i>	<i>1,468.80</i>	<i>1,498.17</i>	<i>1,528.14</i>	<i>1,558.70</i>
<i>EAR</i>	<i>489.60</i>	<i>499.39</i>	<i>509.38</i>	<i>519.57</i>

ANNEX 1: ALTERNATIVE TOP-UPS TO THE COMMISSION PROPOSAL:

1. INCREASE OF 1.504 MILLION (in current prices) or EUR 1.296 million (in 2018 prices):

Table 7: Annual distribution of the Commission proposal of increasing 1.504 million euro after the split:

Current prices EUR million

<i>Annual distribution</i>	2024	2025	2026	2027
<i>EUSF</i>	273.66	279.13	284.71	290.41
<i>EAR</i>	91.22	93.04	94.90	96.80

Table 8: Annual amounts with split and 1.504 million euro increase:

Current prices EUR million

<i>Annual distribution</i>	2024	2025	2026	2027
<i>EUSF</i>	1,287.20	1,312.95	1,339.21	1,365.99
<i>EAR</i>	429.07	437.65	446.40	455.33

2. INCREASE OF 501 MILLION (in current prices) or EUR 432 million (in 2018 prices):

Table 11: Annual distribution of the Commission proposal of increasing 501 million euro after the split:

Current prices EUR million

<i>Annual distribution</i>	2024	2025	2026	2027
<i>EUSF</i>	91.22	93.04	94.90	96.80
<i>EAR</i>	30.41	31.01	31.63	32.27

Table 12: Annual amounts with split and 500 million euro increase:

Current prices EUR million

<i>Annual distribution</i>	2024	2025	2026	2027
<i>EUSF</i>	1,104.77	1,126.86	1,149.40	1,172.39
<i>EAR</i>	368.26	375.62	383.13	390.80
