



Council of the European Union  
General Secretariat

**Brussels, 23 July 2018**

**WK 9232/2018 INIT**

**LIMITE**

**CADREFIN**

**RESPR**

**POLGEN**

**FIN**

### WORKING PAPER

*This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.*

#### **INFORMATION**

---

From:	General Secretariat of the Council
To:	Ad hoc Working Party on the Multiannual Financial Framework (MFF) 2021-2027
Subject:	Multiannual Financial Framework (MFF) 2021-2027 - Technical questions raised by delegations during the week 16-20 July

---

On behalf of the Austrian Presidency, and in view of the ad hoc Working Party on MFF of 23 July, delegations will find attached the list of technical questions submitted by delegations and addressed to the Commission in the week of 16-20 July.

## **Czech Republic**

*Questions following the AHWP MFF Seminar meeting on 17 July*

### **CAP**

The proposal for Regulation on CAP Strategic Plans sets in Article 85 higher EAFRD contribution rates for less developed regions. However, there is no definition of the less developed regions in the draft regulation. Could the Commission confirm that the definition of the less developed regions corresponds to that in the draft Common Provisions Regulation for the funds under shared management?

---

## **Denmark**

*Questions following the AHWP MFF Seminar meeting on 17 July*

1. We would like to request the Commission to expand the table in annex 3 of fiche 25 with a more detailed breakdown of the “institutions” line, i.e. the amounts and relative changes for staff expenditure separately and non-staff expenditure separately, with a breakdown on buildings expenditure under the non-staff. We would like to request these breakdowns for both Heading 7 as a whole and for each of the institutions.
2. We would like to have confirmed, or alternatively corrected with explanation, our understanding that for staff of the institutions, there is with the proposal a real increase corresponding to the annual 1,5% career progression effect, while the effect of salary adjustments in real terms is zero, since for the next MFF it is assumed to be on average 2% nominally, i.e. equivalent to and accounted for by applying the general deflator.

---

## **France**

*Questions following the AHWP MFF Seminar meeting on 17 July*

### **CAP**

#### **Baseline for direct payments:**

Until now, the EU Commission provided the member states the baseline 2020\*7 for direct payments (cf. table presented this morning for the calculation of external convergence).

In order to have a complete comparative basis for the MFF 2021-2027, It would be useful for member states if the EU Commission could also provide the baseline 2014-2020, calculated as follows :

- the figures of yearly implementation (without margin): 2014-2017 implementation, 2018 budget, DB 2019 and programming 2020),

- and the figures resulting of the addition of the yearly ceilings for each member state before transfers from pillar 1 to pillar 2 (while taking into account phasing in Croatia and wine transfers for some member states - and by precising if it includes or excludes crop specific payment for cotton).

### **Details of expenditures on EAGF:**

As some delegations asked this morning the Commission, could the EU Commission give the details of the ceilings and financial envelopes for each year of the next MFF inside the EAGF, taking into account the available estimated assigned revenues and EAGF sub-ceilings margins?

For each year, the following amounts could be specified:

- direct payments;
- support program for outermost regions (POSEI);
- each sectorial program;
- market and crisis measures (excluding sectorial programs);
- promotion;
- school schemes.

### **Focus on multiannual crisis reserve:**

Could the EU Commission specify the potential resources to fund the crisis reserve along the new MFF? Especially with regard to EAGF sub-ceilings margins and assigned revenues?

### **Heading 7**

1. In Fiche 25 – Annexe 1, what is the reason of the difference between the **expected ceilings** and the **proposed ceilings** ?
2. How did the Commission **estimate the needed margins** i.e What are the underlying assumptions and calculation for the amounts proposed (€ 2.6 bn between 2021 and 2027 in constant prices) ?

3. We would like to receive **fiches** with assumptions, detailed calculations and forecasts for years 21-27 on :
  1. Precisions related to the stability in staff number (precise number of staff, breakdown by category)
  2. Career progression
  3. Salary adjustment
  4. European schools
  5. Agencies
  6. Pensions
  7. Impact of Brexit on staff
  8. Impact of the inflation for the current MFF (difference between the real inflation and the deflator). The 2018 prices for the current MFF shall take into account the real inflation instead of the deflator for the comparison between MFF.
  9. Increase of the envelope for all the institutions in current prices between current MFF and MFF 2021-2027 (+7,5% in Fiche 25 – Annexe III)

---

### Hungary

1. Regarding the correspondence between the current and the new MFF, with special focus on the programmes under direct/indirect management, can you please explain how do the figures in Fiche no. 5 have to be interpreted? Can COM provide the exact percentage of each predecessor programme within the new programme to which it corresponds (especially in the case of new programmes which are composed by more than one predecessor programme and those programmes which are predecessors of more than one new programme – for example EaSI, Actions financed under the prerogatives of COM, Customs, Fiscalis and Anti-Fraud, Other actions and programmes and Decentralized agencies)?
2. With regard to RAL will COM provide information by programme? Will COM provide data for the 2014-2020 RAL by Member State (especially for cohesion and agriculture) or at least for 2007-2013 as a possible indication (if for 2014-2020 it is not possible)?
3. Regarding GNI will the 2% deflator or the GDP deflator be used?

## Ireland

### **Rule of law conditionality proposal**

1. When would such a process envisioned under this proposal be invoked? Would it run before or parallel to others, such as Article 7 proceedings or infringement proceedings or after such processes are concluded?
2. What procedure, including informally, is envisaged before the Commission makes a finding/sends a written notification? (dialogue with the relevant MS, letter of warning, reasoned opinion, etc.?)
3. Can the Commission provide further clarification on what might be considered generalised deficiency in rule of law?
4. Would measures potentially be retrospective, including applying to funds already committed and paid, or would it only apply to ongoing funding?
5. How would proportionality be applied, particularly if a case of serious systemic failure is identified?
6. It is proposed that the consequences fall on those responsible for identified shortcomings - not individual beneficiaries e.g. students, researchers etc. How is it envisaged that this would operate? Would it only apply to certain EU Programmes?
7. What measures will the Commission apply to aid predictability for Member States EU budget contributions, in light of potential impacts from this proposed regulation?

*Questions following the AHWP MFF Seminar meeting on 17 July*

### **Heading 7**

1. Please could the Commission expand Annex 3 of fiche 25 and Annex 1 of fiche 26 to provide a breakdown between salary and non-salary costs respectively for each institution and each heading?
  2. In Annex 1 of fiche 25, what are the assumptions behind the 'expected' ceiling as opposed to total expenditure, and why is the margin between the expected ceiling and the proposed ceiling proposed as it is?
-

## **Italy**

*Questions following the AHWP MFF Seminar meeting on 17 July*

### **CAP**

Assigned revenue: assumptions for 2021-27 and allocation between direct payments and market-related expenditure : We would be grateful for a detailed breakdown of how the Commission intends to distribute the assigned revenue between direct payments and market-related expenditures – something that apparently did not come out very clearly from yesterday's presentation.

---

## **Latvia**

### **Horizon Europe**

1. How will Horizon Europe help to significantly improve the integration of European research between its Member States?
2. How the Commission is planning to deal with the issue of oversubscription, because the proposed funding increase in the proposal is not enough to address this problem?
3. Does the Commission has any plans to pay particular attention beyond the “Strengthening the European Research Area” part to those EU Member States with lower R&I results in order to increase their involvement in Horizon Europe.
4. Horizon Europe is planning to transform its excellent scientific results into innovation but it is not clear how this proposal will foster the creation of new centres of excellence through inclusive growth in all Member States?
5. Will Horizon Europe be linked with different activities in European Defence Fund? We believe that the there is a need to avoid potential overlap between these programmes because European Defence Fund already has some allocated resources for research in defence.

### **CEF Transport**

1. What is the justification of the proposal that VAT and purchase of land are no longer classified as eligible costs?
2. Please specify what co-financing rate is proposed for Military Mobility. Will the co-financing rate of Military Mobility correspond to the co-financing rate of Cohesion Fund envelope (85%) or CEF general envelope (50% for cross-border projects)?
3. Looking at CEF general envelope (at comparable prices), available to all Member States for free competition, there is a decrease in financing (COM-estimated decrease of -8%) against this period.

How these reductions could be explained, given that due to already high levels of project applications and demand for grants already in this period it was not possible to support a large part of project applications?

### **CEF Digital**

1. Which digital projects will be supported?
2. CEF Digital will promote the deployment of very high capacity digital networks and 5G systems, as well as the digitalisation of transport network. Please, could you provide more detailed description of projects in the digital sector.
3. Is the CEF project expected to continue financing cross-border e-health projects?

### **Digital Europe**

1. What will be approach to organize and coordinate the Programme activities and building synergies with other budgetary instruments that include activities supporting the digital transformation?
2. What resources will be used for that? Is it planned to involve Member States? Is it planned to provide support to Member States for coordination needs taking into account that Digital Europe Programme is newly developed instrument that will require significant additional resources for Programme coordination?
3. Is the budget of the Digital Europe Programme planned to support of the national digital transformation activities? If positive – what kind of support, for what kind of activities?
4. Which projects will be supported in e-health framework?
5. Which initiatives of the Cybersecurity Package will be funded? What will be the funds allocated to implementing the regulation on ENISA and Information and Communication Technology cybersecurity certification?
6. According to what principles funding is divided between five support objectives?
7. How Member States will be involved in the development of Working Programmes?
8. What will be the model of administration of the Digital Europe Programme (it is not clearly explained in first sentence of the article 9 paragraph 5 on shared management. In the further text only "direct" and "indirect" management of the programme is mentioned, without mentioning shared management.<sup>1</sup>
9. What will be the financial allocation criteria within the Programme?

---

<sup>1</sup> "5. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation or indirectly in accordance with point (c) of that Article. Where possible those resources shall be used for the benefit of the Member State concerned."

## **The Netherlands**

### **External Action**

1. Can CION explain why Brexit has not been taken into account in the increase of budget for the external actions of the EU (including the budgetised EDF)? If CION would have proposed a new EDF for the new MFF outside of the budget, CION should have taken Brexit into consideration. It is unclear why that has not been done for NDICI.
2. Can CION elaborate on the proposal to streamline migration as a theme (10% target) in the instrument and further explain why there is no dedicated fund for migration under the NDICI? How does CION foresee the synergy with the internal funds on migration?
3. The EU currently has the emergency Trust Fund for Africa, specifically for stability and addressing the root causes of migration. Does CION foresee to maintain the Trust Fund? And what will happen to other Trust Funds, such as Madad?
4. Where and when will the new CFSP budget (EUR 3 billion) and the humanitarian aid budget (11 billion) be discussed? No official negotiations are foreseen since there is no regulation, however, it should be discussed how large the budget will be and what the priorities of the budget will be. Furthermore, for humanitarian aid, it is important to discuss the proposal to merge the Emergency Aid Reserve with the internal funds.
5. How and when will the management structure of the potential EFSD+ be discussed? How will CION take the lessons learned of the current EFSD, which is only now being operationalized, into account in the set-up of a potential EFSD+?
6. The 'other' post under Heading VI is EUR 1.2 billion, next to a EUR 3.2 billion margin. Can CION elaborate on the expenditures foreseen under these categories? Will this be broken down per year? And how does CION foresee to work with the carry-overs? Will there be a max percentage? What happens if funds are not committed a year later?

### **European Peace Facility**

1. How will lessons learned from the Athena-mechanism and the African Peace Facility be taken into account in the proposal?
2. Can EEAS/CION substantiate the proposed amount of €1,5 billion? The proposal states that the amount is based on "a needs-based approach, the level of ambition and actual experience". Can EEAS/CION elaborate on the needs-based approach and underlying scenario planning / forecast of activities? How will the budget be divided between the three parts of the proposal (EU military operations, support to partners' peace support operations, broader actions of a military / defence nature)? Can EEAS/CION elaborate on the financial implications of the expansion of common costs for EU military operations?

3. How does CION foresee the integrated approach when it comes to security? How do we ensure the synergy between EPF, the CFSP budget and NDICI, not only in budget but in governance structure as well?
4. The proposal does not exclude the support to partners through the provision of lethal equipment. What kind of risks assessments and monitoring tools would be foreseen to mitigate potential risks?

*Questions following the AHWP MFF Seminar meeting on 17 July*

### **Heading 7**

Could the CION provide an overview of yearly staff levels needed for the MFF 2021-2027 with a breakdown to type of staff (establishment plan, contract, etc.) and staff working at agencies, and also include the levels in 2020?

### **CAP**

The Netherlands welcomes the possibility for clarifying the remaining technical issues as regards the proposed CAP budget. We will welcome a breakdown of the budget for 2014-2020 and 2020\*7 as well as for the years 2021 up to 2027, for the situation before budget transfers between the pillar and for the situation afterwards (as done in the MFF fiches 1 & 5), along the following breakdown structure:

Shared management (Art. 5(2)):

- Measures regulating or supporting agricultural markets, as laid down in Regulation (EU) No 1308/2013
- Sectoral interventions as referred to in Chapter 3 of Title III of the Strategic Plan Regulation<sup>[1]</sup>
  - Wine sector
  - Fruits and vegetables sector
  - Olive oil sector
  - Hop sector
  - Bees sector
  - Other sectors
- Direct payments under the strategic plan [*budget figures already shared by COM*]
- EU contribution to information and promotion measures for agricultural products
- EU contribution to POSEI and Aegean islands

---

<sup>[1]</sup> For some of these figures we have the indication for the 2021-2027 period, but we would like to have the figures also for the current period and for the 2020\*7 baseline for reasons of comparison.

Direct management (Art. 5(3)):

- Promotion of agricultural products
- Measures as regards genetic resources
- Agricultural accounting information systems
- Agricultural survey systems

For each element of the cost breakdown, we would like to receive the following information:

- Total EU expenditure per year and breakdown per MS
- Total EU allocations per year and breakdown per MS
  - In case such allocations are not available or they do not exist, an estimate of COM concerning the likely distribution of the total budget over the MS
  - In case that is also not available, we would welcome historic data on equivalent expenditures under the current MFF, per MS and per year

Other CAP expenditures (Art. 7):

- Total EU expenditures per year
- In case of expenditures higher than 100 million per year, please provide a relevant breakdown

Provision of the data in Excel will be welcomed, if that is not possible, please provide tables in pdf.

---

**Poland**

**External Action**

1. What will be the scope of rapid response actions proposed under NDICI regulation? Poland is of the opinion that it should be precisely defined, as well as the decision-making process regarding implementation of these actions, and the role of the EU Member States.
2. What will be the criteria used by the Commission regarding the division of funds under the rapid-response pillar? Poland understands the logic of the overall argument regarding keeping unallocated funds, however we are of the position that geographical balance should be kept regarding their further spending. We should avoid situations when one region is prioritized at the expense of another.
3. How the Commission foresees the future of the EU trust funds within the new architecture of the EU external action instruments?
4. What changes will face the Commission/EEAS regarding its internal structure due to new architecture of external financing instruments (especially the Commissioner for Enlargement and European Neighbourhood Policy and DG NEAR)?

5. Do the provisions of Article 6.2.a) – tirt 1 and 2 of the NDICI regulation guarantee that the funds for the Neighborhood and Sub-Saharan Africa will not be reduced as a result of the 15% MFF flexibility margin referred to in point 16 of the draft Interinstitutional Agreement or would additional guarantees be necessary? If yes, in which document?
6. According to the EC information from 2017 about the payment profile in 11 EDF – payments will be execute by MS till 2027 or even longer - could you confirm?
7. How will be used commitments and payments from NDICI regulation for the „EDF goals” till 2027 when in disposal will be still MS contribution for 11 EDF?

*Questions following the AHWP MFF Seminar meeting on 17 July*

### **CAP**

#### **Assigned Revenues:**

Preliminary EC estimates for EAGF assigned revenues for the 2014-2020 MFF (from EUR 864 to 741 million yearly according to financial statement to the draft proposals of October 2011) have been significantly underestimated (real amounts are more than doubled). How did the EC estimate the AR amounts for the 2021-2027 MFF?

#### **Agricultural reserve:**

1. According to the EC proposal, the agricultural reserve does not affect the sub-ceiling of EAGF (in the financial statement amounts of the reserve are marked as p.m.). Due to the possible lack of reserve amounts to be transferred from the previous year, the inclusion in the EU budget of any amount dedicated to the crisis reserve (and assuming that the Commission's estimates of the assigned revenues amount will not be exceeded) will cause the EAGF sub-ceiling to be exceeded and, as a consequence, the financial discipline mechanism will be applied (reduction of direct payments). Are there any other alternative methods of financing the agricultural reserve?
2. According to the EC, due to the fact that it is not known what the final amount of the agricultural reserve will be, the wording "at least EUR 400 million" was entered into the draft regulation. How does the EC intend to estimate size of agricultural reserve in annual budgets (when market crises often occur unexpectedly, for example due to weather conditions)?

#### **Other issues:**

1. Reduction of the base amounts for direct payments by 3.9% - why was such a reduction percentage applied? What was the basis for adopting this reduction rate?

2. How will the planned reduction of EAGF expenditure in 2021 affect direct payment envelopes in individual Member States in 2020? Did the Commission take into account the cumulative effects of the lack of transfers between the pillars and budget cuts in 2020-2021, as a result of which a sudden and deep decline in payments will occur in some Member States?
3. Will the minimum amounts for supporting young farmers set out in Annex X to the CAP Plan Regulation be adjusted in case of transfer of funds between pillars?

---

**Sweden**

**Heading 6 - neighbourhood and the world**

1. Welcome further clarification from the Commission/EEAS regarding the proposed budget levels for the EPF, as the proposed amount represents roughly three times the current financing of corresponding instruments today.
2. Similarly to the current heading 4, will an ODA-target for the entirety of heading 6 be proposed?
3. What is the view on synergies and delineation between the instruments under heading 6 (e.g. between NDICI and humanitarian aid, or between NDICI and the EPF)?