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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.12.2008  
COM(2008) 834 final

**Draft amendment of the Interinstitutional Agreement of 17 May 2006 between the  
European Parliament, the Council and the Commission  
on budgetary discipline and sound financial management**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

The recent developments in food and commodity prices have raised concerns especially as regards their impact for developing countries. The Commission proposed to create a new facility for rapid response to soaring food prices in developing countries (COM(2008)0450 – 2008/0149(COD)).

Having examined the scope for reallocating expenditure within Heading 4 as well as the possible use of all other available instruments (the Instrument for Stability, the Flexibility instrument), the Emergency Aid Reserve was identified as one of the suitable instruments for financing the facility.

Since the remaining amount of the Emergency Aid Reserve for the year 2008 is insufficient to cover the needs of the food facility, an increase is necessary in order to enable the Reserve to contribute to the food facility financing.

The annual amount of the Emergency Aid Reserve is fixed at EUR 221 million in constant prices for the duration of the financial framework. The Council and the European Parliament agreed that it shall be increased to EUR 479.218 million (in current prices), uniquely and exceptionally for the year 2008.

Therefore point 25 of the Interinstitutional Agreement setting the annual amount of the Emergency Aid Reserve shall be amended accordingly.

**Draft amendment of the Interinstitutional Agreement of 17 May 2006 between the  
European Parliament, the Council and the Commission  
on budgetary discipline and sound financial management**

The European Parliament, the Council of the European Union and the Commission of the European Communities,

Whereas:

- (1) The recent developments in food and commodity prices have raised concerns especially as regards their impact for developing countries. The Commission proposed to create a new facility for rapid response to soaring food prices in developing countries<sup>1</sup> and the two arms of budgetary authority, at the conciliation meeting of 21 November 2008, have agreed to provide part of the financing for this facility from the Emergency Aid Reserve.
- (2) Since the remaining amount of the Emergency Aid Reserve for the year 2008 is insufficient to cover the needs of the food facility, an increase is necessary in order to enable the Reserve to contribute to the food facility financing.
- (3) In order to address that exceptional situation the Emergency Aid Reserve should be increased to EUR 479.218 million in current prices, uniquely and exceptionally for the year 2008.
- (4) Point 25 of the Interinstitutional agreement on budgetary discipline and sound financial management should therefore be amended accordingly,

have agreed as follows:

In point 25 the following sentence shall be added to the first subparagraph:

*"This amount shall be exceptionally increased to EUR 479.218 million for the year 2008 in current prices."*

Done at Brussels,

*For the European Parliament  
The President*

*For the Council  
The President*

*For the Commission  
The President*

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<sup>1</sup> COM(2008)0450 – 2008/0149(COD)