Amending budget 2/2013: increase of revenue and payment appropriations

2013/2056(BUD) - 27/03/2013 - Commission draft budget

PURPOSE: presentation of draft amending budget (DAB) No 2/2013.

CONTENT: this draft amending budget covers the following elements:

- an increase in the forecast of other revenue stemming from fines and penalties, amounting to EUR 290 million;
- **an increase of payment appropriations of EUR 11.2 billion across headings 1a, 1b, 2, 3a, 3b and 4** of the multi-annual financial framework (MFF).

This is with the aim of meeting outstanding needs to the end of the year, so that:

- **obligations stemming from past and current commitments can be honoured**,
- financial penalties can be avoided,
- beneficiaries can receive the funds envisaged by the agreed EU policies, for which Parliament and Council authorised the related commitment appropriations in previous annual budgets.

The requested additional payment appropriations will reduce the level of outstanding commitments ('reste à liquider', RAL) as well as the risk of rolling over onto 2014 abnormal levels of unpaid bills.

In accordance with Art. 41(2) of the Financial Regulation, the request for additional payment appropriations takes account of the possibilities for internal redeployment, and therefore reflects the net increase in the level of payments that is **required to meet year-end needs across the 2013 budget**. In turn, the increase in the revenue from fines and penalties will lessen the effect of the DAB No 2/2013 on Member States' GNI-based contributions.

The total amount of payment appropriations requested is EUR 11 225.2 million, leaving an unallocated margin of EUR 14.8 million under the 2013 ceiling for payments of the multi-annual financial framework, which is expected to cover known requests in the pipeline for the mobilisation of the EU Solidarity Fund.

To recall: the authorised budget for 2013 set the level of payment appropriations at EUR 132.8 billion, EUR 5 billion below the Commission's draft budget proposal and EUR 2.9 billion below the final level of payments in the 2012 budget, creating a very tight situation for payments as from early 2013 and a shortfall in payment appropriations earlier than last year. This is in the knowledge that the Commission's request for payment appropriations in the 2013 draft budget had been drawn up assuming that the payment needs related to the financial year 2012 would be fully paid in 2012, so as not to create an abnormal backlog of unpaid payment claims at year-end. However, the **additional payment appropriations** authorised in the Amending Budget No 6/2012 **were lowered by EUR 2.9 billion** in respect to the amount proposed by the Commission, and were not at the level of all payment claims received at that moment.

2012-2013 payments: the requested payment appropriations will allow **all the legal obligations left pending at the end of 2012, and those arising in 2013**, to be covered in the 2013 budget. This will avoid any abnormal carryover into 2014 of payment needs that should have been addressed in the financial year

2013. Since the 'N+3' decommitment rule under cohesion policy ends this year, experience leads the Commission to consider that it will receive an increased share of payment claims very late in the year, too late for payment. These claims will be met in the beginning of 2014.

The request for EUR 11 225.2 million is detailed below. **It brings the level of payment appropriations very close to the MFF payments ceiling set for 2013**. This proposal means that **no further amending budgets can be proposed later in the year without requiring an amendment to the MFF** (which would require **unanimity in the Council**). Under current and foreseeable circumstances, the Commission does not intend to request further payment appropriations in 2013.