2015 general budget: all sections

2014/2040(BUD) - 24/06/2014 - Commission draft budget

PURPOSE: to present the Commission’s draft budget for the 2015 financial year (all sections).

BACKGROUND: the draft budget (DB) for 2015 is the **first one to be prepared with the full budgetary framework** as foreseen by the Lisbon Treaty. However, it is facing the reality of scarce resources as reflected in low annual ceilings under the multiannual financial framework (MFF).

The key priority for 2015 will be to ensure that the EU budget is provided with the **required means** so that it can fully deliver its reinforced contribution to **growth and jobs** and to providing **solidarity between Member States and regions**.

The draft budget 2015 will focus on those measures that make a tangible difference to European citizens’ lives by targeting support to employment, businesses, education and research, while proposing the ways to contain the increasing amounts of unpaid payment claims due to insufficient financial resources in recent years.

CONTENT: the 2015 budget, although it has reduced resources, is mainly designed to help Europe to recover from the crisis.

The budget in a nutshell: the 2015 draft budget reflects the political priorities set in the new programmes falling within the 2014-2020 MFF and includes all the necessary means to initiate their implementation. At the same time, the 2007-2013 programmes need to be brought progressively to a successful closure, for which an adequate level of payment appropriations is necessary, to meet obligations vis-à-vis the beneficiaries of EU funding.

With regard to the figures:

- the overall ceiling for **commitment appropriations** (CA) is set at **EUR 146 483 million**, which represents 1.05 % of EU gross national income (GNI),
- the ceiling for **payment appropriations** (PA) is **EUR 141 901 million**, or 1.02 % of GNI.

The year’s main budget priorities:

- **recovery, growth and jobs:** here, the emphasis is on innovation and reform in order to create jobs and strengthen growth potential. Initiatives such as the Youth Employment Initiative (YEI) or the improvement of access to funding for SMEs (COSME programme) should help develop skills, training and employability and reinforce research and innovation with the aim of creating leverage effects at EU level;
- **strengthening the EU’s responsiveness:** In the light of recent international developments and the ensuing discussions in the EU, it is clear that strengthening the EU’s energy security also requires special attention. Relevant means and actions to put in place projects of common interest and measures to develop interconnections are included in this budget proposal (CEF-Energy programme); measures are also foreseen to assist **Ukraine**;

- **fulfilling the EU's obligations:** against the backdrop of high, and steadily growing, implementation levels and payment shortages in recent years, culminating in a **EUR 11.2 billion** reinforcement of payments in the course of 2013, the Commission proposed to make use of the flexibility provided for in the MFF Regulation, by requesting the full mobilisation of the Contingency Margin for payments (EUR 4 billion) in 2014, on top of the use of the unallocated margin still available under the payment ceiling for the year (EUR 711 million) – please refer to the summary of amending budget No 3/2014. This sum of EUR 4.7 billion is **essential** to allow the Union to meet its legal obligations. The additional needs in 2014 largely stem from the high level of payment claims for Cohesion policy received from Member States that remained outstanding (EUR 23.4 billion) at the end of 2013. Payment needs in 2015 will remain at a similarly high level. **That is why the Commission in its 2015 draft budget requests the full use of the 2015 payment ceiling** (EUR 141.9 billion, + 1.4 % over the 2014 budget as modified by draft amending budgets). This sum is EUR 2 billion below the level of the executed budget in 2013. At this stage of the procedure, the Commission does not propose to mobilise the Contingency Margin for payments in 2015, but **further action in this respect may be required in the course of 2015;**

- **showing administrative restraint:** the Commission proposes for the third consecutive year a **1% reduction of its staff levels** in the 2015 DB, in order to implement the 5% staff reduction over five years which was agreed in the framework of the Staff Regulations Reform. For **all institutions**, administrative expenditure will on average be kept stable in real terms.

MAIN CHARACTERISTICS OF THE BUDGET BY HEADING: the presentation that follows is structured by budget heading in the 2014-2020 multiannual financial framework:

Heading 1: *Smart and inclusive growth:* this heading is subdivided into two sub-headings:

- **1a Competitiveness for growth and jobs:** commitment appropriations are set at EUR 17 447.4 million. This is an increase of 5,8 % compared to the 2014 budget, which is mostly due to Horizon 2020, the Connecting Europe Facility (CEF) and the large infrastructure projects 'ITER' and 'Copernicus' under this heading. This leaves a margin of EUR 218.6 million. Payment appropriations increase by 29.5% to EUR 15 582.6 million, in order to address the growing level of outstanding commitments and to allow the implementation of the new programmes;

- **1 b Economic, social and territorial cohesion:** commitment appropriations increase by 3.6% to EUR 49 226.8 million, leaving a margin of EUR 0.0 million. This is due to the additional structural funds foreseen for Cyprus, for which the Commission proposes the mobilisation of the Flexibility Instrument. Within this heading, the frontloading of commitment and payment appropriations are foreseen to be continued for the Youth Employment Initiative (YEI, specific top-up allocation), amounting to EUR 1 407.2 million and EUR 600 million, respectively. Payment appropriations decrease by -5 % compared to the 2014 budget as modified by draft amending budgets, to EUR 51 601.9 million. This may stabilise the high level of outstanding commitments for Cohesion Policy, with substantial parts of 2015 payment appropriations to be used to satisfy claims accumulated at the end of 2014, but will in all likelihood **not be sufficient for a notable reduction of this backlog of unpaid payment claims at year-end**.

Heading 2: *Sustainable growth: natural resources:* commitment appropriations of EUR 59.254 billion are proposed for heading 2. This level of expenditure represents a stabilisation at the level of the 2014 budget (0.0 %) and leaves a margin of EUR 345.3 million under the ceiling. Payment appropriations amount to EUR 56 907.3 million, with an increase of 0.6 % compared to 2014. A margin under the sub-ceiling for market measures and direct aids amounting to EUR 286.0 million is left. For rural development, payment appropriations decrease by -0.5 % compared to the 2014. For this heading likewise, the level of payment appropriations is **unlikely to be sufficient to reduce the expected backlog of unpaid payment claims at the end of 2014**.

Heading 3: ***Security and citizenship:*** this heading sees a decrease in commitment appropriations of -1.9 % to EUR 2 130.7 million, leaving a margin of EUR 115.3 million. Payment appropriations increase by 12.2 % to EUR 1 881.2 million, which is due to the start-up of the Asylum, Migration and Integration Fund and the Internal Security Fund.

Heading 4: ***Global Europe:*** this heading sees a decrease in commitment appropriations of 1.1 % to EUR 8 413.1 million, leaving an unallocated margin of EUR 335.9 million available under the ceiling. Payment appropriations increase by 7.1 % to EUR 7 327 million, mostly to take account of the rapidly growing level of outstanding commitments under this heading.

Heading 5: ***Administration*** *(expenditure of the European institutions and staff)*: Commitment and payment appropriations for all institutions combined including pensions and European schools increase by 2.5 %, with commitments set at EUR 8 612.2 million.

The corresponding increase (+ 1.5 %) includes additional administrative expenditure related to Croatia's accession, amounting to EUR 13.2 million for the Commission. Taking into account the changes made by the Commission to better align the draft estimates of expenditure for the Council, the Court of Justice and the Committee of the Regions to the expected level of inflation in 2015, the requested expenditure for the institutions leaves a margin of EUR 457.9 million under the sub-ceiling for administrative expenditure of the institutions (excluding pensions and European schools). This reflects the continued efforts of the Commission and the other institutions to limit their own administrative expenditure through the reduction in staffing levels and other savings, in line with the reduction of staff levels in all EU institutions and bodies by 5 % over five years.

Heading 6: ***Compensations:*** lastly, in accordance with Croatia's Accession Treaty, commitments and payments for Compensations are no longer foreseen in 2015.