Basic information

2014/2004(BUD) BUD - Budgetary procedure	Procedure completed
General guidelines for the 2015 budget - Section III **Subject** 8.70.55 2015 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARDIAZABAL RUBIAL Eider (S&D)	09/12/2013
	Shadow rapporteur HOHLMEIER Monika (PPE) WERTHMANN Angelika (ALDE) TRÜPEL Helga (Verts/ALE) ASHWORTH Richard (ECR) SOUSA Alda (GUE/NGL) MORGANTI Claudio (EFD)	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3343	2014-11-07

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
04/03/2014	Vote in committee		
05/03/2014	Committee report tabled for plenary	A7-0159/2014	Summary
13/03/2014	Decision by Parliament	T7-0247/2014	Summary
13/03/2014	Debate in Parliament		

13/03/2014	Draft budget approved by Council		
13/03/2014	End of procedure in Parliament		
07/11/2014	Debate in Council		

Technical information	
Procedure reference	2014/2004(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/15013

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE526.376	17/01/2014	
Amendments tabled in committee		PE529.711	11/02/2014	
Committee report tabled for plenary, single reading		A7-0159/2014	05/03/2014	Summary
Parliament's opinion on budgetary estimates/guidelines		T7-0247/2014	13/03/2014	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05852/2014	05/02/2014	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

General guidelines for the 2015 budget - Section III

2014/2004(BUD) - 05/02/2014 - Document attached to the procedure

By way of preparation of the budget guidelines for 2015 to be established by the Council, the Budget Committee considered a set of draft Council conclusions, on the basis of a proposal from the Presidency.

The main conclusions of these guidelines may be summarised as follows:

Budgetary discipline: the Council underlines that the budget 2015 will be the second one in the new programming period. It emphasised the need to maintain budgetary discipline at all levels. Although there are some signs of optimism regarding the economic outlook during the years ahead, **the**

budgetary procedure for 2015 will still take place in the context of considerable budget constraints in many Member States. The Council, while recalling the principle of solidarity, considers that the EU budget should take into account the current economic situation and also provide resources contributing to mitigate its negative effects, notably by seeking to boost growth, promote employment and create new jobs. A balance between fiscal consolidation and investments should be found in order to boost growth and reach specific policy objectives in 2014 and 2015 relating to youth employment, research, ERASMUS in particular for apprenticeships and Micro, Small and Medium-sized Enterprises.

A realistic budget: the Council reiterates the need for a realistic budget respecting the principle of sound financial management. As regards commitment and payment appropriations, their level should be kept under strict control taking into account real needs. The appropriations included in the draft budget have to reflect genuine needs, taking into account outstanding commitments, future needs, payment profiles, past implementation and absorption capacities.

The Council is concerned about the volume of the outstanding commitments (RAL EUR 221.6 billion). The Council urges the Commission to carefully monitor these amounts and to settle or decommit them in a timely manner and in line with the relevant rules.

Specific issues: on a more technical level, the Council calls for:

- more comprehensive budgetary documents outlining performance information, including the results achieved, the justification for the level of appropriations requested, and on the added value of EU activities;
- interinstitutional cooperation during the budgetary procedure to allow for a smooth budgetary procedure and the establishment of the budget 2015;
- the need to preserve the annual character of the budgetary procedure.

Administrative expenditure: the Council calls for the rationalization of EU's administrative expenditure. Therefore, it urges the institutions to **reduce or freeze their administrative expenditure as much as possible** and to request financing only for justified needs. It recalls the agreement, as stated in Point 27 of the IIA, to progressively reduce by 5% the staff in all institutions, bodies and agencies between 2013 and 2017. In this context, the Council invites all institutions, agencies and other bodies to appropriately report on the evolution of their staffing reductions. Likewise, the Council invites the Commission to monitor the implementation of the 5% target.

Agencies: once again, the Council regrets that the recurrent over-budgeting for some agencies has led to unjustified carry-overs. It reiterates the importance of keeping their funding under firm control and limiting it only to justified needs. The Council urges the Commission, when establishing its draft budget for 2015, to continue taking into account unused appropriations and excessive accumulated cash-balances, in order to bring down their annual surpluses. It also urges the Commission to carefully check, and if necessary revise, the requests for funds and posts proposed by the agencies taking into account past implementation and recruitment problems as well as the 5 % staff reduction target. The Council expects the Commission to continue providing the European Parliament and the Council with a comprehensive picture concerning agencies, including their building policy, together with the draft budget for 2015. An interinstitutional working group is being set up, for the purpose of a closer and more permanent scrutiny on the development of decentralised agencies.

In conclusion, the Council reiterates the great importance it attaches to these guidelines and expects them to be duly taken into account when preparing the draft budget 2015. These guidelines will be forwarded to the European Parliament and the Commission, as well as to the other institutions.

General guidelines for the 2015 budget - Section III

2014/2004(BUD) - 05/03/2014 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by Eider GARDIAZÁBAL RUBIAL (S&D, ES) on the general guidelines for the preparation of the 2015 budget, Section III – Commission.

Having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, Members stated that **there is an acute shortage of funds in the EU**, at both Member State and Union level, and that this may cause problems in the implementation of some programmes.

Signs of recovery: Members stated that despite some remaining headwinds the European economy is showing some signs of recovery. The European budget must encourage this tendency by reinforcing strategic investment in actions with European added value in order to help put the European economy back on track, generating sustainable growth and employment. The importance of the European Structural and Investment Funds were stressed as well as the need to endow citizens with the tools to find a way out of the crisis. In this regard, they noted the special need to invest in areas such as education and mobility, research and innovation, SMEs and entrepreneurship, in order to boost EU competitiveness and contribute to the creation of employment – in particular youth employment.

Members considered that it is also important to invest in other areas such as renewable energy, the digital agenda, infrastructures, information and communication technologies and cross-border connectivity, and stronger and enhanced use of ‘innovative financial instruments’, particularly in respect of long-term investments. The need to **strengthen EU industry** was emphasised.

External aid: Members underlined the importance of ensuring that sufficient resources are made available for EU external actions. Recalling that the recent agreement on the 2014-2020 multiannual financial framework (MFF), which defines the main parameters for the annual budgets until 2020, Members stressed the fact that each annual budget must be in line with the MFF Regulation and the Interinstitutional Agreement and should not be considered an excuse to re-negotiate the MFF. They expected that the Council will not attempt to impose restricted interpretations of specific provisions, especially as regards the **nature and scope of special instruments**. They reiterated their intention to make full use of all means available to the budgetary authority within the framework of the annual budget procedure in order to provide the EU budget with the **necessary flexibility**.

Implementation of the 2014-2020 Programme: 2015 will be important for the successful implementation of the new 2014-2020 multiannual programmes. All programmes need to be up and running and in full swing as soon as possible. Members urged, in this context, the Commission and the Member States to do their utmost to ensure the swift adoption of all partnership agreements and operational programmes in 2014, so as not to lose any additional time in implementing the new investment programmes.

The report recalled the agreement within the MFF, which is being implemented for the first time in the 2014 budget, to **frontload commitments for specified policy objectives relating to youth employment, research, Erasmus+** (in particular for apprenticeships) and SMEs. A similar approach needs to be taken for the 2015 budget through the frontloading of the Youth Employment Initiative (EUR 871.4 million in 2011 prices) as well as of Erasmus+ and COSME (EUR 20 million each in 2011 prices). They are particularly concerned about the funding of the Youth Employment Initiative after 2015 and requests that all funding possibilities, including the global MFF margin for commitments, be considered for this purpose.

Members expressed its concern about the possible adverse effects of additional backloading of the Connecting Europe Facility energy programme in 2015.

Common security and defence policy: Members stressed that, once again, the latest European Council conclusions (19 and 20 December 2013) on the Common Security and Defence Policy and migration flows will have an impact on the EU budget. They reiterated its position that any additional projects agreed by the European Council **need to be financed with additional resources and not through cuts in existing programmes and instruments**, nor by conferring additional tasks on institutions or other EU bodies which are already at the limit of their capacities.

Agencies: Members underlined the need to assess all agencies on a case-by-case basis in terms of budget and human resources and to provide them, in the 2015 budget and in the following years, with the appropriate financial means and staff to enable them to fulfil properly the tasks assigned to them by the legislative authority.

Payment appropriations – the EU must fulfil its legal and political commitments: Members recalled that the overall level of payment appropriations agreed for the 2014 budget remains below the level considered necessary. Therefore, the Commission should adjust the payment ceiling for the year 2015 upwards by the amount equivalent to the difference between the executed 2014 payments and the MFF payment ceiling for 2014.

Members stated that they are deeply concerned that the **unprecedented level of outstanding bills at the end of 2013**, amounting to EUR 23.4 billion under Heading 1b alone, cannot be covered within the 2014 ceilings. They called for the mobilisation of the appropriate flexibility mechanisms for payments in 2014 and stresses that even this is not expected to be sufficient to avoid a large implementation deficit at the end of 2014. They underlined the fact that the recurrent shortages in payment appropriations have been the main cause of the unprecedentedly high level of outstanding commitments (RALs) and called on the Commission in its draft budget to propose an adequate level of payment appropriations, based on real forecasts and **not driven by political considerations**.

Members called for the Commission, in view of the **alarming situation with regard to payment appropriations in the area of humanitarian aid** at the very beginning of 2014, in particular the EUR 160 million backlog in payment appropriations for humanitarian aid carried over from 2013 to 2014, to take all necessary measures and to react as quickly as possible in order to ensure the proper delivery of EU humanitarian aid in 2014.

Lastly, they called on the Commission to keep the budgetary authority fully informed of the development of payments and the evolution of RALs throughout the current year.

General guidelines for the 2015 budget - Section III

2014/2004(BUD) - 13/03/2014 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 431 votes to 79, with 33 abstentions, a resolution on the general guidelines for the preparation of the 2015 budget, Section III – Commission.

Having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, Parliament stated that **the European economy is showing some signs of recovery**, and that the European budget must encourage this tendency by reinforcing strategic investment in actions with European added value in order to help put the European economy back on track, generating sustainable growth and employment.

The resolution stressed the importance of the European Structural and Investment Funds as well as the need to endow citizens with the tools to find a way out of the crisis.

In this regard, Parliament noted the special need to invest in areas such as education and mobility, research and innovation, SMEs and entrepreneurship, in order to boost EU competitiveness and contribute to the creation of employment – in particular youth employment, in particular youth and 50 + employment.

Parliament also considered it important to invest in other areas such as renewable energy, the digital agenda, infrastructures, information and communication technologies and cross-border connectivity, and stronger and enhanced use of ‘innovative financial instruments’, particularly in respect of long-term investments. The need to **strengthen EU industry** was emphasised.

External aid: Parliament underlined the importance of ensuring that sufficient resources are made available for EU external actions. Recalling that the recent agreement on the 2014-2020 multiannual financial framework (MFF), which defines the main parameters for the annual budgets until 2020, it stressed the fact that each annual budget must be in line with the MFF Regulation and the Interinstitutional Agreement and should not be considered an excuse to re-negotiate the MFF. Members expected that the Council will not attempt to impose restricted interpretations of specific provisions, especially as regards the **nature and scope of special instruments**. They reiterated their intention to make full use of all means available to the budgetary authority within the framework of the annual budget procedure in order to provide the EU budget with the **necessary flexibility**.

Implementation of the 2014-2020 Programme: 2015 will be important for the successful implementation of the new 2014-2020 multiannual programmes. All programmes need to be up and running and in full swing as soon as possible. Members urged, in this context, the Commission and the Member States to do their utmost to ensure the swift adoption of all partnership agreements and operational programmes in 2014, so as not to lose any additional time in implementing the new investment programmes.

The resolution recalled the agreement within the MFF, which is being implemented for the first time in the 2014 budget, to **frontload commitments for specified policy objectives relating to youth employment, research, Erasmus+** (in particular for apprenticeships) and SMEs. A similar approach needs to be taken for the 2015 budget through the frontloading of the Youth Employment Initiative (EUR 871.4 million in 2011 prices) as well as of Erasmus+ and COSME (EUR 20 million each in 2011 prices). Parliament was particularly concerned about the funding of the Youth Employment Initiative after 2015 and requested that all funding possibilities, including the global MFF margin for commitments, be considered for this purpose. It also expressed its concern about the possible adverse effects of additional backloading of the Connecting Europe Facility energy programme in 2015.

Common security and defence policy: Parliament stressed that, once again, the latest European Council conclusions (19 and 20 December 2013) on the Common Security and Defence Policy and migration flows will have an impact on the EU budget. It reiterated its position that any additional projects agreed by the European Council **need to be financed with additional resources and not through cuts in existing programmes and instruments**, nor by conferring additional tasks on institutions or other EU bodies which are already at the limit of their capacities.

Agencies: Members underlined the need to assess all agencies on a case-by-case basis in terms of budget and human resources and to provide them, in the 2015 budget and in the following years, with the appropriate financial means and staff to enable them to fulfil properly the tasks assigned to them by the legislative authority.

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Moreover, Parliament insisted on the use of all means available under the MFF Regulation, including recourse to the contingency margin and, if still proven to be necessary and only as a last resort, revision of the payment ceiling, **in order to meet the Union's legal obligations** and avoid jeopardising or delaying payments to all stakeholders, such as researchers, universities, humanitarian aid organisations, local authorities and SMEs, and at the same time to decrease the amount of the outstanding year-end payments.

Parliament called for the Commission, in view of the **alarming situation with regard to payment appropriations in the area of humanitarian aid** at the very beginning of 2014, in particular the EUR 160 million backlog in payment appropriations for humanitarian aid carried over from 2013 to 2014, to take all necessary measures and to react as quickly as possible in order to ensure the proper delivery of EU humanitarian aid in 2014.

Lastly, they called on the Commission to keep the budgetary authority fully informed of the development of payments and the evolution of RALs throughout the current year and insisted that regular interinstitutional meetings should be held to monitor the payments situation.