Basic information

2015/2132(BUD) BUD - Budgetary procedure	Procedure completed
2016 general budget: all sections **Subject** 8.70.56 2016 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDE Budgetary Conciliation Committee	FERNANDES José Manuel (PPE) DEPREZ Gérard (ALDE)	13/11/2015 13/11/2015
	Shadow rapporteur GEIER Jens (S&D) KÖLMEL Bernd (ECR) ALI Nedzhmi (ALDE) NÍ RIADA Liadh (GUE/NGL) TARAND Indrek (Verts/ALE) ZANNI Marco (EFDD)	

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets	FERNANDES José Manuel (PPE) DEPREZ Gérard (ALDE)	29/06/2015 29/06/2015

Former committee for opinion	Former rapporteur for opinion	Appointed
AFET Foreign Affairs	PREDA Cristian Dan (PPE)	26/01/2015
DEVE Development	LIETZ Arne (S&D)	24/02/2015
INTA International Trade	BÖGE Reimer (PPE)	18/03/2015
CONT Budgetary Control	GRÄSSLE Ingeborg (PPE)	04/06/2015

ECON	Economic and Monetary Affairs	SIMON Peter (S&D)	11/05/2015
EMPL	Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI	Environment, Public Health and Food Safety	LA VIA Giovanni (PPE)	01/06/2015
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	GÁLL-PELCZ Ildikó (PPE)	17/03/2015
TRAN	Transport and Tourism	SALINI Massimiliano (PPE)	04/03/2015
REGI	Regional Development	SPYRAKI Maria (PPE)	20/01/2015
AGRI	Agriculture and Rural Development	DENANOT Jean-Paul (S&D)	19/06/2015
PECH	Fisheries	CADEC Alain (PPE)	24/02/2015
CULT	Culture and Education	ZDROJEWSKI Bogdan Andrzej (PPE)	16/04/2015
JURI	Legal Affairs	The committee decided not to give an opinion.	24/03/2015
LIBE	Civil Liberties, Justice and Home Affairs	NIEDERMÜLLER Péter (S&D)	16/06/2015
AFCO	Constitutional Affairs	HÜBNER Danuta Maria (PPE)	26/02/2015
FEMM	Women's Rights and Gender Equality	MATERA Barbara (PPE)	30/06/2015
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union	

European Commission	Commission DG	Commissioner
	Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
24/06/2015	Commission draft budget published	COM(2015)0300	Summary
04/09/2015	Council position on draft budget published	11706/2015	Summary
05/10/2015	Committee referral announced in Parliament		
13/10/2015	Vote in committee		
16/10/2015	Budgetary report tabled for plenary	A8-0298/2015	Summary
27/10/2015	Debate in Parliament		
28/10/2015	Decision by Parliament	T8-0376/2015	Summary
28/10/2015	Results of vote in Parliament		
29/10/2015	Start of budgetary conciliation (Parliament and Council)		
13/11/2015	Vote in committee		
14/11/2015	Budgetary joint text published	14195/2015	
18/11/2015	Budgetary conciliation report tabled for plenary	A8-0333/2015	Summary
24/11/2015	Debate in Parliament		
24/11/2015	Draft budget approved by Council		
25/11/2015	Results of vote in Parliament		
25/11/2015	Decision by Parliament		
25/11/2015	End of procedure in Parliament		
24/02/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/2132(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Stage reached in procedure	Procedure completed
Committee dossier	BUDE/8/04900 BUDG/8/03789

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	AFCO	PE557.335	10/07/2015	
Committee opinion	TRAN	PE560.783	01/09/2015	
Committee opinion	AFET	PE564.956	01/09/2015	
Committee opinion	INTA	PE560.817	02/09/2015	
Committee opinion	IMCO	PE554.942	03/09/2015	
Committee opinion	ENVI	PE560.881	03/09/2015	
Committee opinion	PECH	PE560.748	04/09/2015	
Committee opinion	LIBE	PE564.966	04/09/2015	
Committee opinion	AGRI	PE560.823	07/09/2015	
Committee opinion	ECON	PE560.918	08/09/2015	
Committee opinion	FEMM	PE564.903	16/09/2015	
Committee opinion	CULT	PE564.954	16/09/2015	
Committee opinion	REGI	PE560.844	18/09/2015	
Committee opinion	CONT	PE560.590	22/09/2015	
Committee opinion	DEVE	PE564.982	24/09/2015	
Committee draft report		PE567.773	01/10/2015	
Amendments tabled in committee		PE569.636	07/10/2015	
Budgetary report tabled for plenary, 1st reading		A8-0298/2015	16/10/2015	Summary
Budgetary text adopted by Parliament		T8-0376/2015	28/10/2015	Summary
Budgetary conciliation report tabled for plenary		A8-0333/2015	18/11/2015	Summary
Budgetary joint text approved by Parliament		T8-0407/2015	25/11/2015	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	11706/2015	04/09/2015	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2015)0300	24/06/2015	Summary
Document attached to the procedure	COM(2015)0317	26/06/2015	Summary
	COM(2015)0513		

Document attached to the procedure		14/10/2015	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CSL/EP	Budgetary joint text	14195/2015	14/11/2015	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Corrigendum to final act 32016B0150R(01)
OJ L 053 01.03.2016, p. 0024

Budget 2016/0150
OJ L 048 24.02.2016, p. 0001 Summary

2016 general budget: all sections

2015/2132(BUD) - 25/11/2015 - Budgetary joint text approved by Parliament

The European Parliament adopted by 516 votes to 179 with 8 abstentions a legislative resolution on the draft general budget of the European Union for the financial year 2016 as approved by the Conciliation Committee under the budgetary procedure.

Parliament approved the joint text agreed by the Conciliation Committee, which consisted of the following documents:

- list of budget lines not modified, compared to the draft budget or the Council's position;
- summary figures by financial framework headings;
- line by line figures on all budget items;
- consolidated document showing the figures and final text of all lines **modified during the conciliation.**

In so doing, it instructed its President to declare that the European Union's general budget for the financial year 2016 has been definitively adopted and to arrange for its publication in the Official Journal of the European Union.

Members confirmed the points issuing from the Conciliation Committee and notably the joint statements by Parliament, the Council and the Commission annexed to the resolution.

These may be summarised as follows;

Joint conclusions:

Budget 2016:

- the overall level of **commitment appropriations in the 2016 budget is set at EUR 155 004.2 million**, leaving a margin below the MFF ceilings for 2016 of EUR 2 331.4 million in commitment appropriations;
- the overall level of **payment appropriations in the 2016 budget is set at EUR 143 885.3 million;**
- the Flexibility Instrument for 2016 is mobilised for an amount of EUR 1 506.0 million in commitment appropriations for heading 3 Security and Citizenship and for an amount of EUR 24.0 million in commitment appropriations for heading 4 Global Europe;

On its part, the Commission estimated the 2016 payment appropriations related to the mobilisation of the Flexibility Instrument in 2014, 2015 and 2016 at EUR 832.8 million.

Budget 2015: with regard to 2015, this is amended in accordance with Draft Amending Budget 8/2015 and is accepted as proposed by the Commission.

Specific points concerning budget lines in 2016:

- **decentralised agencies**: the EU contribution (in commitment appropriations and in payment appropriations) and the number of posts for all decentralised agencies are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letters 1 and 2 /2016. Certain adjustments were agreed with regard to some agencies, such as the Increase of establishment plan posts for the European Chemicals Agency, the European Aviation Safety Agency, the European Medicines Agency, the Agency for the Cooperation of Energy Regulators, the Fundamental Rights Agency, Eurojust, the European Banking Authority and eu.LISA;

- **pilot projects/preparatory actions**: a comprehensive package of 89 pilot projects/preparatory actions for an amount of EUR 64.9 million in commitment appropriations is agreed, as proposed by the Parliament;

- **Heading 1a:** the amounts for **Horizon 2020, COSME and ERASMUS** + were increased. As a consequence, the agreed level of commitments is set at EUR 19 010.0 million.

- **Heading 2:** commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letters 1 and 2/2016 with a **further reduction of EUR 140.0 million.** The agreed level of commitments is set at EUR 62 484.2 million, leaving a margin of EUR 1 777.8 million under the expenditure ceiling of heading 2.

- **Heading 3:** Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letters 1 and 2/2016, and integrating the **mobilisation of the Flexibility Instrument for migration**. Consequently, the agreed level of commitments is set at EUR 4 052.0 million, with no margin left under the expenditure ceiling of heading 3 and the mobilisation of EUR 1 506.0 million through the Flexibility Instrument.

- **Heading 4:** commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letters 1 and 2/2016, integrating certain increases for budget lines linked to migration policy and European neighbourhood policy and EU humanitarian policy, for a **total amount of EUR 132.3 million**. Accordingly, the agreed level of commitments is set at EUR 9 167.0 million, with no margin left under the expenditure ceiling of heading 4 and the mobilisation of EUR 24.0 million through the Flexibility Instrument.

- **Heading 5:** the number of posts in the establishment plans of the Institutions and the appropriations proposed by the Commission in the Draft Budget as amended by Amending Letters 1 and 2/2016 are approved, with the following exceptions: the European Parliament for which its reading is approved, (with a reduction of 9 posts); court of Justice (+ 7 posts). As a consequence, the agreed level of commitments is set at EUR 8 935.2 million, leaving a margin of EUR 547.8 million under the expenditure ceiling of heading 5.

- **Solidarity Funds**: commitment appropriations include the mobilisation of EUR 50 million of the European Union Solidarity Fund for the payment of the advances.

- **Payment appropriations**: the overall level of payment appropriations in the 2016 budget is set at EUR 143 885.3 million, including EUR 832.8 million related to the mobilisation of the Flexibility Instrument. **The payment appropriations expenditure are reduced by EUR 460.1 million.**

Joint declarations: the following joint declarations were approved:

- **The Youth Employment Initiative**: the European Parliament, the Council and the Commission recall that reducing youth unemployment remains a high and shared political priority. In the framework of the MFF mid-term review/revision they decided that the Commission would draw lessons from the results of the YEI evaluation, accompanied, as appropriate, by proposals for the continuation of the initiative until 2020.

- **Payment forecast 2016-2020**: the European Parliament, the Council and the Commission acknowledge the steps taken to phase out the backlog of outstanding payment claims from the 2007-2013 cohesion programmes, and to improve the monitoring of any backlog of unpaid bills in all headings. They reiterate their commitment to prevent a similar build-up of backlog in the future, including through setting-up an early warning system. They undertake to actively monitor the state of implementation of the 2016 budget, so that the appropriations provided in the budget 2016 will allow the Commission to reduce the year-end backlog of outstanding payment claims for the 2007-2013 cohesion programmes to a level of around **EUR 2 billion by the end of 2016**. They should also take stock of payment implementation at least three times in 2016 at the political level.

2016 general budget: all sections

2015/2132(BUD) - 14/10/2015 - Document attached to the procedure

PURPOSE: presentation of Amending Letter N°2 to the draft general budget 2016 - updating of the estimated needs for agricultural expenditure and fisheries Managing the refugee crisis: immediate budgetary measures under the European Agenda on Migration.

CONTENT: this Amending Letter No 2 (AL2) to the draft budget for the year 2016 covers the following:

- the updating of the estimated needs, assigned revenue and appropriations for agricultural expenditure. In addition to changing market factors, the AL 2/2016 also incorporates the impact of decisions in the agricultural sector since the draft budget (DB) 2016 was presented in May 2015 as well as other proposals expected to have a significant effect during the budget year. After taking into account of the additional revenue assigned to the EAGF, the net result for **heading 2 is a decrease of EUR 477.3 million for both commitment and payment appropriations**;

- an update of the situation for Sustainable Fisheries Partnership Agreements, to take account of the latest estimates, on the basis of which the **necessary expenditure is EUR 11 million lower**, for both commitment and payment appropriations, than originally estimated;

- the necessary reinforcements for immediate measures to manage the refugee crisis under the European Agenda on Migration, building on the measures proposed in draft amending budget 7/2015, as follows:

  - **Heading 3: Security and Citizenship**: a reinforcement of emergency assistance in favour of Member States more exposed, the increased capacity of the three front-line agencies, as well as the integration of the two relocation decisions taken in September 2015 and the need for a further top-up of funding under the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF). Altogether, the proposed measures for 2016 require a reinforcement of EUR 1 380 million in commitment appropriations and EUR 778.8 million in payment appropriations. Consequently, the Commission proposes to mobilise the Flexibility Instrument for an amount of EUR 1 504 million in heading 3. This includes EUR 124 million, which the Commission already proposed to mobilise from the Flexibility Instrument together with the initial draft budget 2016; such a proposal is now repealed and replaced by the new draft act accompanying this amending letter.

  - **Heading 4: Global Europe**: an increase for Humanitarian Aid of EUR 150 million in commitment appropriations and EUR 405 million in payment appropriations, and a reinforcement of the payment appropriations for the European Neighbourhood Instrument of EUR 210 million.

  - **Heading 5: Administration**: an increase of EUR 23.9 million in commitment and payment appropriations to cover salaries and missions.

- an increase of EUR 5 million in commitment and payment appropriations to cover the fees obligations towards the European Investment Fund (EIF) for the implementation of the new small and medium-sized enterprise (SME) window products under the European Fund for Strategic Investments (EFSI).

- a budgetary neutral amendment to the structure of the establishment plan of the Agency for the Cooperation of Energy Regulators (ACER);

- a reduction of EUR 20 million in payment appropriations under the Food and Feed programme.

The net budgetary impact of these changes across all headings is an **increase in commitment appropriations of EUR 1 070.6 million, and in payment appropriations of EUR 914.5 million**.

2016 general budget: all sections

2015/2132(BUD) - 18/11/2015 - Budgetary conciliation report tabled for plenary

The European Parliament delegation to the Conciliation Committee adopted the report by José Manuel FERNANDES (EPP, PT) (Section III – Commission) and Gérard DEPREZ (ALDE, BE) (other sections) on the joint text on the draft general budget of the European Union for the financial year 2016 approved by the Conciliation Committee under the budgetary procedure.

In general, members approved the joint text agreed by the Conciliation Committee, which consisted of the following documents:

- list of budget lines not modified, compared to the draft budget or the Council's position;
- summary figures by financial framework headings;
- line by line figures on all budget items;
- consolidated document showing the figures and final text of all lines modified during the conciliation.

Members confirmed the joint statements by Parliament, the Council and the Commission annexed to this draft resolution.

Joint conclusions: these cover the following sections:

1. Budget 2016;
2. Budget 2015 and Amending Budget 8/2015;
3. Joint statements.

Budget 2016: according to the elements for joint conclusions:

- the overall level of commitment appropriations in the 2016 budget is set at EUR 155 004.2 million, leaving a margin below the MFF ceilings for 2016 of EUR 2 331.4 million in commitment appropriations;
- the overall level of payment appropriations in the 2016 budget is set at EUR 143 885.3 million;
- the Flexibility Instrument for 2016 is mobilised for an amount of EUR 1 506.0 million in commitment appropriations for heading 3 Security and Citizenship and for an amount of EUR 24.0 million in commitment appropriations for heading 4 Global Europe;
- the 2016 payment appropriations related to the mobilisation of the Flexibility Instrument in 2014, 2015 and 2016 are estimated by the Commission at EUR 832.8 million.

Budget 2015: Draft Amending Budget 8/2015 is accepted as proposed by the Commission.

It should be noted that the annex to the draft resolution shows details of the figures and final text of all lines modified during the conciliation (including in terms of human resources within the European institutions).

A joint statement was made on the issue of payments in which it is stated that the European Parliament, the Council and the Commission will, throughout the year, actively monitor the state of implementation of the 2016 budget.

2016 general budget: all sections

2015/2132(BUD) - 16/10/2015 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by José Manuel FERNANDES (EPP, PT) (Section III – Commission) and Gérard DEPREZ (ALDE, BE) (other sections). The committee approved the motion for a resolution on the Council position on the draft general budget of the European Union for the financial year 2016.

Firstly, the report stressed that Parliament's reading of the 2016 budget fully reflects the political priorities such as internal and external solidarity, in particular:

- an effective **tackling of the migration and refugee crisis**;
- as well as in **boosting competitiveness** through the creation of decent and quality employment and the development of enterprises and entrepreneurship across the Union (the “three Es”).

Highlighting that the Union is currently facing a number of serious emergencies, Members stressed the **urgent need for necessary financial resources** to be deployed in the Union budget, in order to match these political challenges.

Overall, Members set the overall level of appropriations for 2016 at **EUR 157 427.5 million and EUR 146 459.5 million in commitment and payment appropriations respectively**.

The keys areas dealt with in the report are as follows:

Migrant crisis: in this regard, they decided, therefore, to **immediately put forward a comprehensive package of amendments increasing the Draft Budget (DB) by EUR 1 161 million both on Heading 3 (Security and Citizenship) and Heading 4 (Global Europe),** in order to provide an initial response to the **migration crisis**.

Union economy: Members stressed that more effort are needed to be undertaken to address the shortcomings in the Union economy by boosting competitiveness, growth and quality jobs. Therefore, they:

- reinforced the COSME programme by EUR 16.5 million;
- adopted a EUR 473.2 million increase for 2016 for the Youth Employment Initiative (YEI);
- restored all cuts (especially to Horizon 2020 and the Connecting Europe Facility) proposed by Council to the DB (EUR 563.6 million in commitments and EUR 1 421.8 million in payments).

As regards **dairy farmers**, Members decided to take action with regard to the ongoing crisis affecting European farmers, notably in the dairy sector, and to already integrate in its position on the 2016 budget the EUR 500 million support emergency measures announced by the Commission.

Payments: Members reiterated the importance of the joint payment plan 2015-2016 agreed, ahead of the budgetary procedure, by Parliament, the Council and the Commission, which reflects the commitment of the three institutions to reduce the **backlog of outstanding payments**. They decided to **restore the DB in payments on all lines cut by the Council**, on the assumption that the payment levels proposed by the Commission in its DB are the ones needed to achieve the objectives of the payment plan.

They reinforced, by an appropriate ratio, payment appropriations on all those lines which are amended in commitment appropriations, taking into account areas with a fast disbursement profile or a high degree of urgency namely Erasmus+, the two relocation schemes, UNRWA and humanitarian aid. They increased payment appropriations by a further EUR 1 billion to fully cover by fresh appropriations the frontloading of payments for Greece. They also decided to **increase payments** for the European Globalisation Adjustment Fund.

2016 general budget: all sections

2015/2132(BUD) - 28/10/2015 - Budgetary text adopted by Parliament

The European Parliament adopted by 434 votes to 185 with 80 abstentions, a resolution on the Council position on the draft general budget of the European Union for the financial year 2016.

Section III – Commission: Parliament stressed that its reading of the 2016 budget fully reflected the **political priorities** adopted by an overwhelming majority in its resolutions of 11 March 2015 on general guidelines and of 8 July 2015 on a mandate for the trilogues.

These priorities were;

- internal and external solidarity, in particular an effective tackling of the migration and refugee crisis;
- boosting competitiveness through the creation of decent and quality employment and the development of enterprises and entrepreneurship across the Union (the “three Es”);

It highlighted that the Union was currently facing a number of **serious emergencies**, notably the **unprecedented migration and refugee crisis** to which was necessary to respond not only with financial resources but also with a **comprehensive approach to address both the internal and external dimension.**

Migration crisis: Parliament considered that **extraordinary times required extraordinary measures.** It asked the Commission to come up with a proposal on how the EU budget could prompt Member States towards a more balanced approach to solidarity.

Parliament recalled its earlier statements on the handling of migration flows. It decides, therefore, to immediately put forward a **comprehensive package of amendments increasing the Draft Budget (DB) by EUR 1 161 million both on Heading 3 (Security and Citizenship) and Heading 4 (Global Europe),** in order to provide an initial response to the migration crisis. Those amendments should be considered alongside the Commission's Letter of amendment No 2/2016, which includes, in addition to the second relocation package, the additional measures set out in the abovementioned Commission communication of 23 September 2015. Members regretted that Parliament and the Council did not have more time to examine the suitability of that Letter but stressed that Parliament fully endorsed these new measures and intended to defend their financing through fresh appropriations. Members also decided to take action with regard to the ongoing crisis affecting European farmers, notably in the dairy sector, and to already integrate in its position on the 2016 budget the EUR 500 million support emergency measures announced by the Commission.

New measures on the European economy: Parliament considered that a lot more effort needed to be undertaken to address the shortcomings in the Union economy by boosting competitiveness, growth and quality jobs. It reinforced therefore the COSME programme by EUR 16.5 million. It decided also to propose new commitments in 2016 for the continuation of the Youth Employment Initiative (YEI), and adopted, therefore, a EUR 473.2 million increase for 2016.

Payments: Parliament stressed the importance of fully respecting the joint statement on a payment plan 2015-2016 agreed between Parliament, Council and Commission, following the shared commitment to **reduce the backlog of outstanding payment claims for the 2007-2013 cohesion programmes to around EUR 2 billion by the end of 2016.** It criticised, in this respect, the fact that the Council's proposed cuts are in direct contradiction with this payment plan. It **restored all cuts proposed by Council to the Draft Budget** (EUR 563.6 million in commitments and EUR 1 421.8 million in payments) and stated that it failed to understand the reasoning behind the proposed cuts.

Parliament's position: Members concluded that, for the purpose of adequately financing these pressing needs, all means available in the MFF Regulation in terms of flexibility, including the full mobilisation of the Flexibility Instrument, would need to be deployed.

It set the **overall level of appropriations for 2016 at:**

- EUR 157 427,3 million in commitment appropriations and
- EUR 146 459,3 million in payment appropriations.

With regard to each sub-heading, Parliament stated as follows:

- **Sub-heading 1a:** Parliament criticised the fact that, again this year, sub-heading 1a is severely affected by the Council's cuts with a reduction of EUR 140.9 million in commitments and EUR 435.4 million in payments as compared to the Draft Budget; around half of these cuts are targeted at Horizon 2020, which results in a further reduction for this programme in 2016 after that part of its appropriations have been redeployed to EFSI. Accordingly, Parliament decided to propose some selective increases above the level of the DB for COSME, Horizon 2020, EaSI and Erasmus+ programmes. It increased the level of commitment and payments appropriations for sub-heading 1a above the DB by EUR 1 405.5 million and EUR 491.5 million respectively (including pilot projects and preparatory actions), thus exceeding the ceiling for commitments by EUR 1 316.9 million, to be financed by all means available as regards flexibility in the MFF Regulation after exhaustion of the available margins;

- **Sub-heading 1b**: Parliament disapproved of Council's proposed cuts of EUR 3.1 million in commitments and, more importantly, EUR 220.1 million in payments under sub-heading 1b, including on completion lines. Taking account of pilot projects and preparatory actions, it increased commitment appropriations for sub-heading 1b by EUR 482.7 million and payment appropriations by EUR 1 164 million above the Draft Budget, thus exceeding the ceiling for commitments by EUR 467.3 million to be financed by any means available as regards flexibility;
- **Heading 2:** Parliament welcomed the presentation by the Commission of a EUR 500 million comprehensive package of emergency measures to support European farmers, notably in the dairy sector amid falling commodity prices and greater milk production. It stressed the increasing tasks assigned to the Union as part of the European Maritime and Fisheries Fund, and therefore restored the level of appropriations of the 2015 budget for scientific advice in fisheries. Parliament increased therefore commitment appropriations by EUR 510.4 million and payment appropriations by EUR 520.6 million leaving a margin of EUR 647.2 million below the ceiling for commitments in Heading 2;
- **Heading 3:** in light of the current exceptional flows of migrants and refugees, Parliament decided to concentrate its reinforcements on strengthening the Asylum, Migration and Integration Fund (AMIF), to incorporate the necessary funds in its reading, and to align the first relocation package with the second one by **adding EUR 20 million** to finance transport costs (EUR 500 per migrant to Italy and Greece). It approved an additional increase of EUR 79 million for general reinforcement of the AMIF and recalled that point 17 of IIA allows for an increase of more than 10 % in the amount envisaged for the entire duration of a programme when the new, objective, long-term circumstances arise. Parliament noted that its reading exceeded the ceiling of Heading 3 by EUR 1 055.1 million in commitments, with EUR 931.1 million above the Draft Budget. It proposed, therefore, to mobilise any means available in the MFF to finance the package of reinforcements linked to migration.
- **Heading 4**: Parliament pointed out that, of all headings, Heading 4 bears the biggest cuts by the Council both in commitments (- EUR 163,4 million) and in payments (- EUR 450,4 million). It decided to **restore the level of appropriations provided for by the Draft Budget**, reaffirming that the increases in payment appropriations proposed by the Commission were **merely necessary**, notwithstanding the unprecedented migration and refugee crisis. It complemented the package of amendments on migration and the refugee crisis by adopting targeted reinforcements in commitment appropriations first and foremost within the European Neighbourhood Instrument (+ EUR 178,1 million) and also in the Development Cooperation Instrument (+ EUR 26,6 million), Humanitarian aid (+ EUR 26 million), the Instrument for Pre-accession

Assistance (+ EUR 11,2 million), the Instrument contributing to Stability and Peace (+ EUR 12,6 million) and the European Instrument for Democracy and Human Rights (+ EUR 1 million). It stressed, however, that this ceiling might be insufficient given that it has been set well before major developments in Ukraine, Syria, Tunisia and more generally throughout the neighbouring countries, the Middle East and Africa.

- **Heading 5**: noting the Council cuts in this heading, Parliament decided to restore the Draft Budget on all the lines of administrative and research support expenditure in policy areas and on all the lines in Heading 5 decreased by the Council, as well as to approve a limited number of small reinforcements.

Agencies: Parliament decided to increase, within the overall package on migration, the appropriations for the main agencies working in this field: the European Asylum Support Office, Frontex, Europol, Eurojust, eu.LISA, Cepol and the Fundamental Rights Agency for a total of EUR 26 million.

Other sections: with regard to **its own budget**, Parliament recalled that EUR 15 million has been earmarked for urgent investments in security and cybersecurity, setting the overall level of its 2016 budget at EUR 1 838 648 600 as adopted in Plenary on 29 April 2015. In an oral amendments adopted in Plenary, Parliament stated that, in order to ensure adequate support to Members for the accomplishment of their parliamentary activities, a new balance is necessary between accredited parliamentary assistants and local assistants, and it welcomed the agreement reached in the Bureau.

It should be noted that a replacement resolution presented by the ECR group was rejected in plenary by 65 votes to 580 with 49 abstentions.

2016 general budget: all sections

2015/2132(BUD) - 04/09/2015 - Council position on draft budget

On 4 September 2015, the Council adopted its position on the draft general budget of the European Union for the financial year 2016.

Following the discussions in Council, the main features of this position may be summarised as follows:

EUR 153 268.84 million in commitment appropriations;

EUR 142 119.62 million in payment appropriations.

Under the Council's position, commitment appropriations decrease by 5.36% compared to the 2015 budget and payment appropriations increase by 0.59%.

The total amount of payment appropriations provided for in the Council's position on the DB for 2016 corresponds to **0.97% of the EU gross national income (GNI)**.

A. Principles: when adopting its position on the DB for 2016, the Council took into account the following principles:

- to work within the framework of the budget guidelines established for the 2016 budget in the Council conclusions adopted in February 2015 (5310/2015);
- to follow an approach leading to a budget complying with budgetary discipline and sound financial management, as well as taking duly into account the ongoing economic and budgetary constraints in Member States;
- to provide adequate funding for the European Union's various priorities, determining appropriations on the basis of past and current budget implementation and realistic absorption capacities;
- to foresee the appropriations necessary to respect the agreement reached on a payment plan for 2015-2016;
- to comply with the agreement reached on the financing of the European Fund for Strategic Investments as far as the budget for 2016 is concerned;
- to provide the appropriations necessary to implement the European Council conclusions of April and June 2015 on measures in the area of migration;
- to foresee the necessary appropriations enabling the smooth implementation of the new programmes in the third year of the MFF 2014-2020;
- to leave adequate margins under the ceilings of the headings and subheadings of the MFF, with the exception of sub-heading 1b and heading 3, in order to be able to cope with unforeseen situations;
- to **keep payment appropriations firmly under control** in all headings and sub-headings of the MFF and to create a sufficient margin to cover unforeseen events, resulting in a reduction in payment appropriations in particular **under (sub-)headings 1a, 1b, 2 and 4**.

Administrative expenditure: as regards administrative expenditure of the institutions, the Council recalls the importance of limiting the increase in 2016 and of reducing staff in line with the -5 % target over the period 2013-2017 set in the Interinstitutional Agreement of 2 December 2013 on budgetary discipline.

In this context, the administrative budgets of the institutions were examined on the following basis:

- to keep under strict control the volume of administrative expenditure of the institutions, in line with the approach followed by the Member States for their national civil services;
- to set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs;
- to carry out targeted reductions and increase the flat rate abatement on salaries for some institutions and offices, taking into account their past and current budget implementation and vacancy rates;
- to apply the Commission's proposal to reduce staff by 1% per year as from 2013.

Decentralised agencies: as regards decentralised agencies, the Council reduced the overall level of contributions from the Union budget by EUR 5.1 million in commitment appropriations and by EUR 5.3 million in payment appropriations. Agencies at cruising speed for which contributions from the Union budget would have increased in comparison to their respective 2015 budgets were affected by those reductions.

The Council took note of the Commission's monitoring of the progress towards the 5% staff reduction target already achieved to date by a number of institutions, bodies and agencies. It called on all institutions and bodies to continue implementing the remaining staff reduction until the end of the five year period 2013-2017.

Declaration on payment appropriations: he Council approved the following statement on payment appropriations: "The Council will carefully examine the letter of amendment for agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 2 (Sustainable growth: natural resources) in the 2016 budget. In line with the joint statement on a payment plan 2015-2016, the Council calls on the Commission to continue closely scrutinizing the implementation of the 2014-2020 programmes. To that end, it invites the Commission to present in a timely manner updated figures concerning the **state of affairs and estimates regarding 2016 payment appropriations** with a view to allowing the budgetary authority to take any necessary decisions in due time for justified needs."

B. Expenditure by main budget headings:

Heading 1: Smart and inclusive growth: EUR 69 559 million in commitments:

1a) Competitiveness for growth and jobs: the amount is set at **EUR 18 781 million** in commitments, an increase of 7% compared to 2015.

The sub-heading is characterised by the following elements:

- establish the level of commitment appropriations, targeting a total reduction of EUR 140.9 million in the appropriations requested in the DB for 2016 on a number of specific budget lines including administrative support expenditure;
- this includes the **use of the global margin for commitments for an amount of EUR 543.0 million** under this sub-heading as proposed in letter of amendment No 1/2016;
- set the level of payment appropriations, **reducing the appropriations requested in the DB for 2016 by a total amount of EUR 435.4 million**, of which EUR 110.0 million in Large Infrastructure Projects, EUR 219.1 million in the Common Strategic Framework for Research and Innovation, EUR 13.7 million in Employment and Social Innovation, EUR 26.5 million in Customs, Fiscalis and Anti-Fraud, EUR 21.4 million in the Connecting Europe Facility, EUR 5.0 million in Energy projects to aid economic recovery, EUR 17.5 million in actions financed under the prerogatives of the Commission and specific competences conferred to the Commission and -EUR 18.0 million in other programmes;
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies for a total amount of EUR 4 million in commitment appropriations and EUR 4.1 million in payment appropriations under this sub-heading.

The margin available under sub-heading 1a is EUR 229.5 million.

1b) Economic, social and territorial cohesion: the Council provided **EUR 50 818 million** in commitments (a decrease of 15.9% compared to 2015). Other main features of this sub-heading include:

- establish the level of commitment appropriations, targeting a **total reduction by EUR 3.1 million** in the appropriations requested in the DB for 2016 on a number of specific budget lines related to administrative support expenditure under this sub-heading;
- set the level of payment appropriations, **reducing the appropriations requested in the DB for 2016 for programmes under the new programming period by a total amount of EUR 220.1 million**, in particular in the field of Transition regions (EUR 5.1 million), Competitiveness (More developed regions) (EUR 109.7 million), the Cohesion fund (EUR 42.2 million), European territorial cooperation (EUR 43.5 million) and Technical assistance and innovative actions (EUR 19.6 million).

The margin available under sub-heading 1b is EUR 18.5 million.

Heading 2: Sustainable growth: natural resources: the amount for this heading is set at **EUR 62 904 million** in commitments. This is a reduction of 1.56% compared to 2015. Market-related expenditure and direct payments shall represent EUR 42.7 billion.

The heading is characterised by the following elements:

- **reduce the level of commitment appropriations requested in the DB for 2016 by EUR 199.9 million** on administrative support expenditure lines, on operational lines under the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund and the Programme for Environment and Climate Action (LIFE);
- **reduce the appropriations requested in the DB for 2016 by a total amount of EUR 251.1 million**, of which EUR 198.9 million in the European Agricultural Guarantee Fund, EUR 45.6 million in the European Agricultural Fund for Rural Development, EUR 4.5 million in the European Maritime and Fisheries Fund, and EUR 2.1 million in the LIFE programme. These amounts, estimated on the basis of information currently available, may be reviewed in the light of the letter of amendment on agriculture expected in the autumn. The amounts mentioned above also take into account reductions in contributions to decentralised agencies for an additional amount of -EUR 0.05 million in commitment and payment appropriations under this heading.

The margin available under heading 2 is EUR 1 357.5 million.

Heading 3: Security and citizenship: the amount of this heading is set at **EUR 2 644 million** in appropriations and sees an increase of 8.71% compared to the 2015 budget. This heading is characterised by the following:

- establish the level of commitment appropriations with a **total reduction of EUR 25.1 million of the appropriations requested in the DB for 2016** on a number of budget lines concerning administrative support expenditure and operational expenditure for new programmes;
- set the level of payment appropriations, including a total reduction of EUR 33.6 million of the appropriations requested in the DB for 2016 on a number of budget lines concerning administrative support expenditure (EUR 200 000) and operational expenditure for new programmes (EUR 32.3 million);
-

the amounts mentioned above also take into account reductions in contributions to decentralised agencies of EUR 1.1 million in commitment and payment appropriations under this heading.

The margin under **heading 3 is equal to zero and is left unchanged**. Therefore, the Flexibility Instrument is mobilised for an amount of **EUR 98.9 million** in commitment appropriations. The amount serves to complement the financing of the temporary and exceptional relocation over two years from the frontline Member States Italy and Greece to other Member States of 40 000 persons in clear need of international protection.

Heading 4: Global Europe: the Council lays down an amount of **EUR 8 718 million** in commitments, an increase of 3.65% compared to 2015. It also decided to:

- establish the level of commitment appropriations, targeting a **total reduction by EUR 163.4 million in the appropriations requested in the DB for 2016** on a number of specific budget lines;
- set the level of payment appropriations, reducing the appropriations requested in the DB for 2016 by a total amount of EUR 450.4 million, of which:
- EUR 119.1 million in the Instrument for Pre-accession assistance,
- EUR 100.3 million in the European Neighbourhood Instrument,
- EUR 143.0 million in the Development Cooperation Instrument,
- EUR 11.0 million in the Partnership instrument for cooperation with third countries,
- EUR 25.1 million in the European Instrument for Democracy and Human Rights,
- EUR 44.1 million in the Instrument contributing to Stability and Peace,
- EUR 2.3 million in the Instrument for Nuclear Safety Cooperation,
- EUR 0.05 million in the EU Aid Volunteers initiative and
- EUR 5.6 million in other actions and programmes.

The margin available under heading 4 is EUR 424.7 million.

Heading 5: Administrative expenditure: the administrative expenditure amounts to **EUR 8 877 million**, an increase of 2.51%. Each institution's budget is set out in the Council position with the budget variations from year to year.

As regards staff levels, the Council accepted the establishment plans as proposed by the Commission in the DB for 2016.

The margin available under heading 5 is EUR 605.5 million.

Decentralised agencies: as regards decentralised agencies, the Council reduced the overall level of appropriations by -EUR 7 million. Only some of the agencies whose budgets increased in comparison to their respective 2014 budgets are affected by those reductions. The Council considered that the absorption capacities for these agencies will be lower than the forecasts made by the Commission.

Special instruments: lastly, the Council accepted the amounts in commitment and payment appropriations proposed by the Commission in the DB for 2016 concerning the Emergency Aid Reserve, the European Globalisation Adjustment Fund and the European Union Solidarity Fund.

2016 general budget: all sections

2015/2132(BUD) - 25/11/2015 - Final act

PURPOSE: definitive adoption of the European Union's general budget for 2016.

LEGISLATIVE ACT: Definitive adoption (EU, Euratom) 2016/150 of the European Union's general budget for the financial year 2016.

CONTENT: the European Parliament voted to adopt the 2016 EU budget, in accordance with the overall compromise reached in the Conciliation Committee under the budgetary procedure of 14 November 2015.

The 2016 budget is the 3rd annual budget under the multiannual financial framework (MFF) for the EU for 2014-2020. It provides the EU with the financial means to **boost growth, create jobs** and tackle the **migration crisis**.

Budget 2016:

- **commitment appropriations**: the overall level of commitment appropriations in the 2016 budget is set at **EUR 155 billion**, a reduction of 4.5% compared to 2015, leaving a margin below the MFF ceilings for 2016 of EUR 2.331 billion in commitment appropriations;
- **payment appropriations**: the overall level of payment appropriations in the 2016 budget is set at **EUR 143.885 billion, an increase of 1.8% compared to 2015**.

Some key features of the 2016 budget include:

- more than **EUR 4 billion to address the refugee crisis** both in the EU and in the countries where refugees are coming from;
- **EUR 69.8 billion in commitments will be to stimulate growth, employment and competitiveness**;
- **EUR 2 billion** in commitments and EUR 500 million in payments for the guarantee fund of the European Fund for Strategic Investments (**EFSI**), to unlock EUR 315 billion in investment for Europe;
- increasing competitiveness through research and innovation with programmes like Horizon 2020 (EUR 10 billion in payments in 2016, up 11.6% from 2015);

- **EUR 1.8 billion** in payments (30% more than 2015) for Erasmus+, the European programme for education, training, youth and sport, which will help over 4 million people to work and study across the EU in 2014-2020.

Budget 2016 - amounts by headings:

Heading 1: Smart and inclusive growth: this heading is allocated EUR 69.841 billion in commitments and EUR 66.262 in payments. It comprises two specific sub-headings:

- **1a: Competitiveness for growth and jobs**: this sub-heading sees an increase of 8.3% compared to 2015 commitments. The commitments are set at EUR 19.01 billion for Horizon 2020, COSME and ERASMUS +. This sub-heading has been strengthened following the Parliament-Council budget negotiations. Payments were set at EUR 17.4 billion (nearly an 11% increase from 2015;
- **1b: Economic, social and territorial cohesion**: commitments decreased by 15.8% compared to 2015. Commitments have been set at EUR 50.8 billion. This amount corresponds to the amount proposed by the Commission in its draft budget as amended by letters of amendment Nos. 1 /2016 and 2/2016. Payments amounted to EUR 48.85 billion.

Heading 2: Sustainable Growth: natural resources: this heading is characterised by commitments of set at EUR 62.5 billion, of which EUR 42.2 billion are available for market expenditure and direct aids to farmers. The Commission will update this section's amounts to reflect the latest needs for agricultural expenditure. The payments were set at EUR 42.2 billion. Overall commitments and payments decreased by 2.8% compared to 2015.

Heading 3: Security and citizens: this heading is the one that was most strongly enhanced with the amount raised by some 60.7% compared to 2015 with EUR 4.05 billion to address, inter alia, the migration crisis. Payments are recorded at EUR 3.02 billion showing an increase of 56.8%. The overall increase under this heading was made possible thanks to the mobilisation of the flexibility instrument for migration amounting to EUR 1.506 billion for the entire heading.

Heading 4: Global Europe: this heading amounted to EUR 9.16 billion in commitments and includes programmes such as Pre-Accession Instrument, the European Neighbourhood Instrument, the Instrument for Development Cooperation, the European Instrument for Democracy and Human Rights and the Stability Instrument. Commitments have also been strengthened to fund humanitarian aid to assist asylum seekers. The heading showed an increase of 5.2% compared to 2015 in terms of commitments. Payments amounted to EUR 10.15 billion, an increase of around **36%** compared to 2015. This heading also saw the mobilisation of EUR 24 million through the Flexibility Instrument.

Heading 5 and 6: Administration: the level of commitments and payment is set at EUR 8.9 billion. The aim to reduce staff by 5% between 2013 and 2017 has also been taking in consideration.

Special instruments: the 2016 budget is also characterised by a series of financial instruments such as the **emergency aid reserve, the European globalisation adjustment fund (EGF), the EU solidarity fund and the flexibility instrument** heavily mobilised this year to provide EUR 1.506 billion in commitment appropriations for heading 3 Security and Citizenship and EUR 24 million in commitment appropriations for heading 4 Global Europe.

2016 general budget: all sections

2015/2132(BUD) - 26/06/2015 - Document attached to the procedure

PURPOSE: presentation of amending letter No 1 to the draft general budget 2016 on the financing of the EFSI guarantee fund.

CONTENT: this Amending Letter No 1 (AL1) to the draft budget for the year 2016 reflects the budgetary impact of the political agreement on the financing of the EFSI Guarantee Fund reached between the European Parliament and the Council on 28 May 2015, which facilitated the adoption of the Regulation on the European Fund for Strategic Investments (EFSI) on 24 June 2015.

The adoption of the EFSI basic act means that the corresponding appropriations for the provisioning of the Guarantee Fund and the funding of the European Investment Advisory Hub (EIAH) and European Investment Project Portal (IPP) can be transferred from the reserve to the operational lines.

In addition, the Commission proposes to complete the **budget structure for the EFSI** by creating a new budget article 01 04 07, with a token entry (p. m.), in view of a possible contribution from the EU budget to supplement the fees covering the work carried out by the European Investment Fund (EIF) in the implementation of the new financial instruments under the EFSI.

Overall, **the political agreement reduced by EUR 1 billion** the redeployment of commitment appropriations from the Horizon 2020 and Connecting Europe Facility (CEF) programmes as initially proposed by the Commission as part of its legislative proposal for the creation of the EFSI, to be **compensated by a corresponding increase in the use of the unallocated margin under heading 1a and the Global Margin for Commitments**. As part of the political agreement, the Commission stated that it would analyse the potential impact of the contributions to the EFSI from the different budget lines of Horizon 2020 on the effective implementation of the respective programmes.

Consequently, in this Amending Letter the Commission proposes to reduce the 2016 redeployment from a number of budget lines under Horizon 2020 and the Connecting Europe Facility. This leads to an **increase of the commitment appropriations for Horizon 2020 by an amount of EUR 153 million and an increase of the commitment appropriations for the Connecting Europe Facility** (transport) **by an amount of EUR 150 million**.

This will be offset by a corresponding increase in the use of the available margins for the provisioning of the EFSI Guarantee Fund:

- a decrease of the 2016 unallocated margin under heading 1a by EUR 111.4 million;
- an increase in the use of the Global Margin for Commitments by EUR 191.6 million.

The net impact of these changes is an **increase of EUR 303 million in commitment appropriations compared to the draft budget 2016**. The overall level of payments remains unchanged.

2016 general budget: all sections

2015/2132(BUD) - 24/06/2015 - Commission draft budget

PURPOSE: presentation of the Commission Draft Budget (DB) for 2016 (all section).

BACKGROUND: the draft budget (DB) 2016 is the first EU budget prepared in light of the political guidelines established by Commission President Juncker providing a new start for Europe based on his agenda for Jobs, Growth, Fairness and Democratic change.

The key priority for the 2016 DB is to provide a **new boost for jobs, growth and investment**. In particular, through the proposed creation of the European Fund for Strategic Investments (EFSI), the Commission proposes to maximize the use of the EU budget in order to respond to the slower pace of investments.

The EU budget is targeted to the promotion of fairness, positioning the Union as a stronger global actor and moving towards a **new policy on migration**.

The 2016 DB aims to provide solidarity between Member States and regions through the European Structural and Investment Funds, and help young people to be trained and find jobs using the **Youth Employment Initiative**. Moreover, the 2016 DB intends to respond to new developments in Europe's neighbourhood (e.g. Ukraine in the East and Syria in the Mediterranean) and the wider world, facing growing migratory pressures in the Southern Mediterranean.

Sound administrative management is maintained in the 2016 DB: the Commission will continue exercising administrative restraint, for instance by reducing its own staff numbers by 1 % for the fourth year in a row. What is new in the 2016 DB is that **EU funded policies and actions can finally be fully implemented on the ground** once the new legal bases are in place and operational programmes are adopted. Moreover, in 2016 the Commission expects to **deal with the backlog of unpaid bills from the past programming period** and to be able to make all payments due in the year.

CONTENT: the 2016 draft budget proposed by the Juncker Commission reflects its 10 political priorities defined when it took office. These priorities are pursued within broadly stable annual ceilings under the 2014-2020 MFF and with a renewed emphasis on results to maximise the outcome of the use of scarce resources.

The budget in figures: the 2016 DB is presented as follows:

- in terms of **commitment appropriations**, the total expenditure in the draft budget (DB) 2016 (including the special instruments) is **EUR 153 529.5 million**, corresponding to 1.04% of GNI, that is EUR – 8 413.3 million below the total expenditure in 2015 (– 5.2%);
- the payment appropriations (including the special instruments) amount to **EUR 143 541.5 million**, corresponding to 0.98% of GNI. This represents a moderate increase of 1.6% over the level of payment appropriations in the 2015 budget.

Overall, the proposed level of expenditure for 2016 reflects the expenditure ceilings under the multiannual financial framework, while the amounts for the individual programmes broadly reflect the financial programming for 2016.

However, three major new elements in the draft budget concern: the proposed creation of the **European Fund for Strategic Investments (EFSI)** under heading 1a. In addition to redeployment from existing EU funding, the Commission proposes to complete its financing for 2016 by making use of the Global Margin for Commitments, for an amount of EUR 351.4 million; (ii) the proposed mobilisation of the Flexibility Instrument to provide additional funding under heading 3 for temporary measures in the area of asylum in Italy and Greece (EUR 150 million); (iii) the proposed reinforcement of operational programmes and decentralised agencies under heading 3 amounting to EUR 123.2 million in commitment appropriations to respond to migratory pressures in 2016.

The main budgetary priorities of 2016:

- **boosting jobs, growth and investments**: continued emphasis on innovation and investment is necessary to create more jobs for Europeans and strengthen growth potential. The European Fund for Strategic Investments (EFSI) will support strategic investments of European significance in infrastructure, notably broadband and energy networks, as well as transport infrastructure, particularly in industrial centres; education, research and innovation; and renewable energy and energy efficiency;

- **responding to new developments**: the 2016 draft budget responds also to the most immediate developments, including crises in neighbourhood countries such as Ukraine and Syria and the related impact on migration, humanitarian aid, security, and the need to make progress towards a new Energy Union with a forward-looking climate change policy as stated in the policy priorities of the new Commission. As regards migration, the draft budget provides additional funding for temporary measures in the area of asylum in Italy and Greece (EUR 150 million) through the proposed mobilisation of the Flexibility Instrument, to help relieve the immediate and exceptional pressure on their asylum and migration systems establishing for a duration of 24 months a temporary relocation mechanism of applicants who are in clear need of international protection from Italy and Greece to the other Member States;

- **addressing payment needs**: implementation of EU policies was hampered by severe constraints in the level of authorised payment appropriations, leading to recurrent amending budgets to cover part of the outstanding needs. The fall in the 2014 payment ceiling led the Commission to propose the mobilisation of the Contingency Margin for payments, which was eventually agreed by Council and Parliament. Despite such a corrective measure, **the backlog of outstanding payment claims for the Cohesion policy (heading 1b) reached an**

unprecedented peak of EUR 24.7 billion at the end of 2014. In order to face this challenge, measures were put in place to ensure an active management of the scarce payment appropriations. The increasing payment ceiling in 2016 (+ 1.9% compared to 2015), combined with the effect of the later than originally planned take off of new programmes under shared management with Member States, creates the necessary room for the payment appropriations which are estimated to be required to phase out the abnormal backlog of outstanding payment claims. As a net result, the level of payment appropriations estimated in the 2016 draft budget (EUR 143.2 billion) represents a moderate increase (+ 1.6%) over the 2015 budget.

- **showing administrative restraint**: for the fourth consecutive year, the Commission will reduce by 1% its staff levels in 2016, in order to meet the 5% staff reduction over five years which applies to all EU institutions and bodies. It will further reduce its staff level in accordance with the delegation of certain implementing tasks to executive agencies.

KEY BUDGETARY ASPECTS OF THE HEADINGS: the analysis is structured under the 2014-2020 financial framework headings:

Heading 1: ***Smart and inclusive growth***: this heading is broken down into 2 sub-headings:

- **Heading 1a:** ***Competitiveness for growth and jobs***: commitment appropriations for this heading are set at EUR 18 618.4 million. This is an increase of 6.1% compared to the 2015 budget, which is mostly due to the European Fund for Strategic Investments (EFSI), the Connecting Europe Facility (CEF) and Erasmus+. This leaves a margin of EUR 200 million, after making use of the Global Margin for Commitments for an amount of EUR 351.4 million in 2016. Payment appropriations increase by 11.4% to EUR 17 518.1 million, in order to address the growing level of outstanding commitments and to ensure the implementation of the new programmes;

- **Heading 1b:** ***Economic, social and territorial cohesion***: commitment appropriations decrease by – 15.9% to EUR 50 821.7 million, leaving a margin of EUR 15.3 million. Payment appropriations for the heading as a whole decrease by – 4% compared to the 2015 budget, to EUR 49 060.1 million. This reflects the gradual phasing out of payment needs for 2007-2013 programmes, while the 2014-2020 programmes are on their way to progressively reach cruising speed.

Heading 2: ***Sustainable growth: natural resources***: commitment appropriations of EUR 63 104.4 million are proposed for heading 2. This level of expenditure represents a slight reduction compared to the 2015 budget (– 1.2%) and leaves a margin of EUR 1 157.6 million under the ceiling. Payment appropriations amount to EUR 55 865.9 million, with a decrease of – 0.2% compared to 2015. The funding for market related expenditure and direct payments reaches EUR 42 867.6 million in commitment appropriations, and EUR 42 859.3 million in payment appropriations. A margin under the sub-ceiling for market measures and direct payments amounting to EUR 1 081.7 million is left. Payment appropriations for rural development increase by 6.3% compared to the 2015 budget;

Heading 3: ***Security and citizenship***: this heading sees an increase in commitment appropriations of 9.7% to EUR 2.67 million, leaving a margin of EUR – 124 million. This is due to the proposed mobilisation of the Flexibility Instrument to provide additional funding for temporary measures in the area of asylum in Italy and Greece (EUR 150 million). Payment appropriations increase by 17.1% to EUR 2 259 million, which is due to the payment appropriations related to the reinforced migration measures, as well as to the growing payment needs of the Asylum, Migration and Integration Fund and the Internal Security Fund in general.

Heading 4: ***Global Europe***: this heading sees an increase in commitment appropriations of 5.6% to EUR 8 881.7 million, leaving an unallocated margin of EUR 261.3 million available under the ceiling. Payment appropriations increase by 28.5% to EUR 9 539.2 million, mostly to take account of the rapidly growing level of outstanding commitments under this heading.

Heading 5: ***Administration (expenditure for all institutions and staff)***: commitment and payment appropriations for Administration (heading 5) for all institutions combined including pensions and European schools increase by 2.9%, with commitments set at EUR 8 909 million. Administrative expenditure of all institutions (+ 2.2%) is above the forecast inflation in Brussels (+ 1.3%) and Luxembourg (+ 1.9%) and reflects additional security expenditure in the European Parliament, increased EEAS expenditure in delegations in third countries because of a deteriorating exchange rate and the opening of two new delegations, the budgetary impact of the foreseen reform of the Court of Justice and additional administrative expenditure related to Commission staff relocation from the JMO building in Luxembourg. The requested expenditure for the institutions leaves a margin of EUR 582.9 million under the sub-ceiling for administrative expenditure of the institutions (excluding pensions and European schools).

The 5.2% increase for pensions results from the annual adjustments for 2015 (+ 1.2%) and 2016 (+1.8% on a six month basis), combined with the expected growth (by 3.8%) in the number of staff expected to retire in 2016. Expenditure for the European schools takes into account the steep increase in the number of pupils in the European schools in Frankfurt and Luxembourg. Taking into account the estimated expenditure for pensions and European schools, the global margin under the ceiling of heading 5 amounts to EUR 574.3 million.