



DRAFT BUDGET 2015

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Commissioner for Financial Programming and Budget

BUDG Committee, 11 June 2014

Priorities of Draft Budget 2015

2nd year of the 2014-2020 Multi-annual Financial Framework (MFF)

- 1. Reinforcing contribution to growth and jobs*
- 2. Ensuring adequate resources to meet past and present commitments*
- 3. Continuing restraint on administrative expenditure – including a further 1% reduction in staff.*

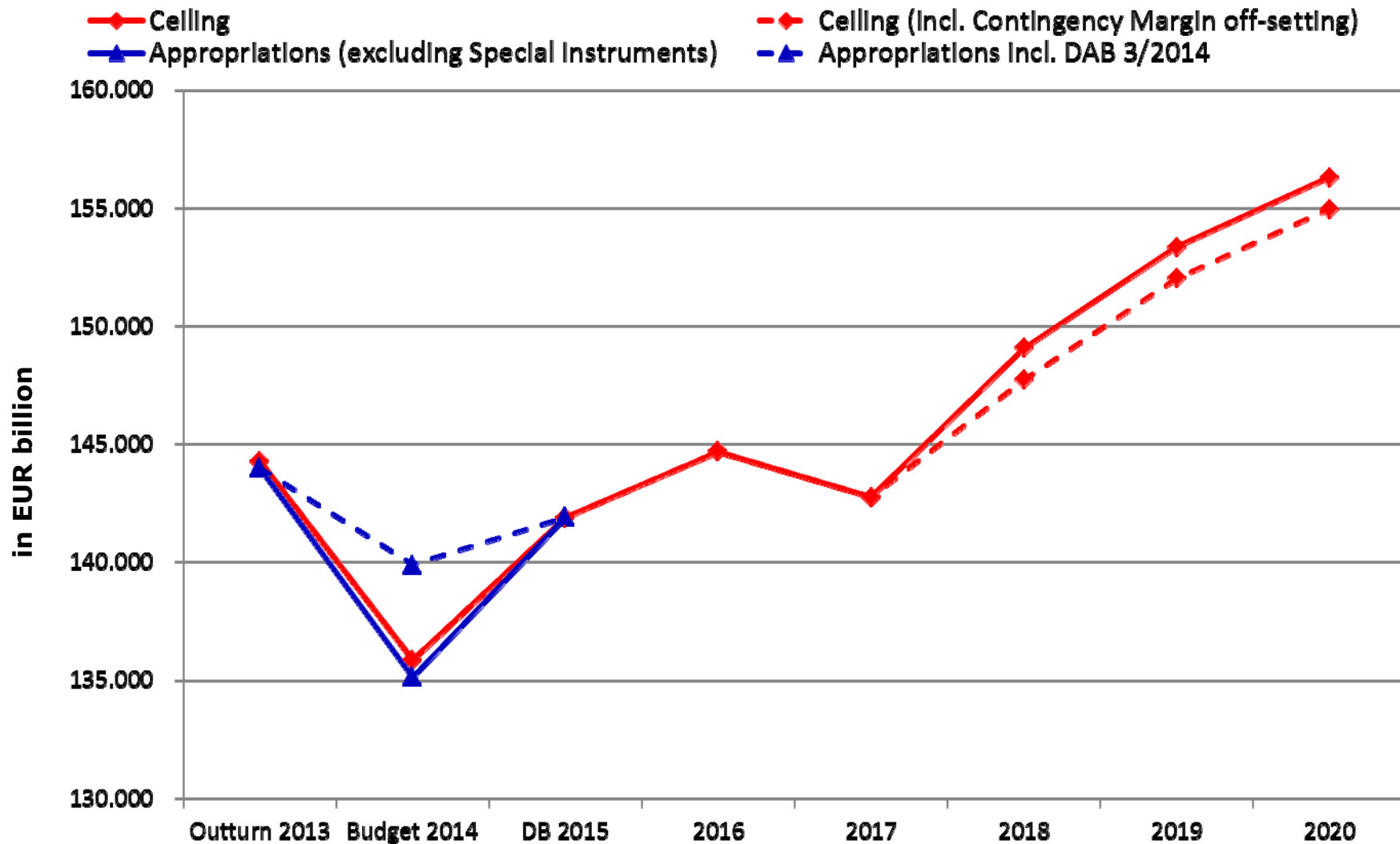
Fulfilling objectives under tight constraints

Overall figures

- **Commitments: €145.6 billion +2.1%**
 - **Payments: €142.1 billion +1.3%**

 - **Commitments: 1.04% of EU GNI**
 - **Payments: 1.02% of EU GNI**
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- *Ensure that we can pay the outstanding bills of the past period 2007-2013 within a reasonable timeframe to avoid unnecessary burdens on beneficiaries.*
 - *This must be done within a ceiling for payments that is in 2015 some EUR 2 billion lower than the amount actually paid out in 2013!*

Evolution of Payments



***EUR 4.7 billion in extra payments requested in DAB 3/2014 – essential to smooth out the evolution of payments.
Tight situation in 2014 and 2015-level under the implementation in 2013***

DAB 3/2014 and Contingency Margin

Essential to bridge the payments gap, between 2013 and 2015.

Two elements:

1. Fully use the unallocated margin of EUR 711 million.

2. Recourse to the Contingency Margin for EUR 4 billion for needs occurring after February 2013.

Full offsetting of the EUR 4 billion in 2018-2020.

DAB 3/2014 and Contingency Margin Unforeseen Payment Needs

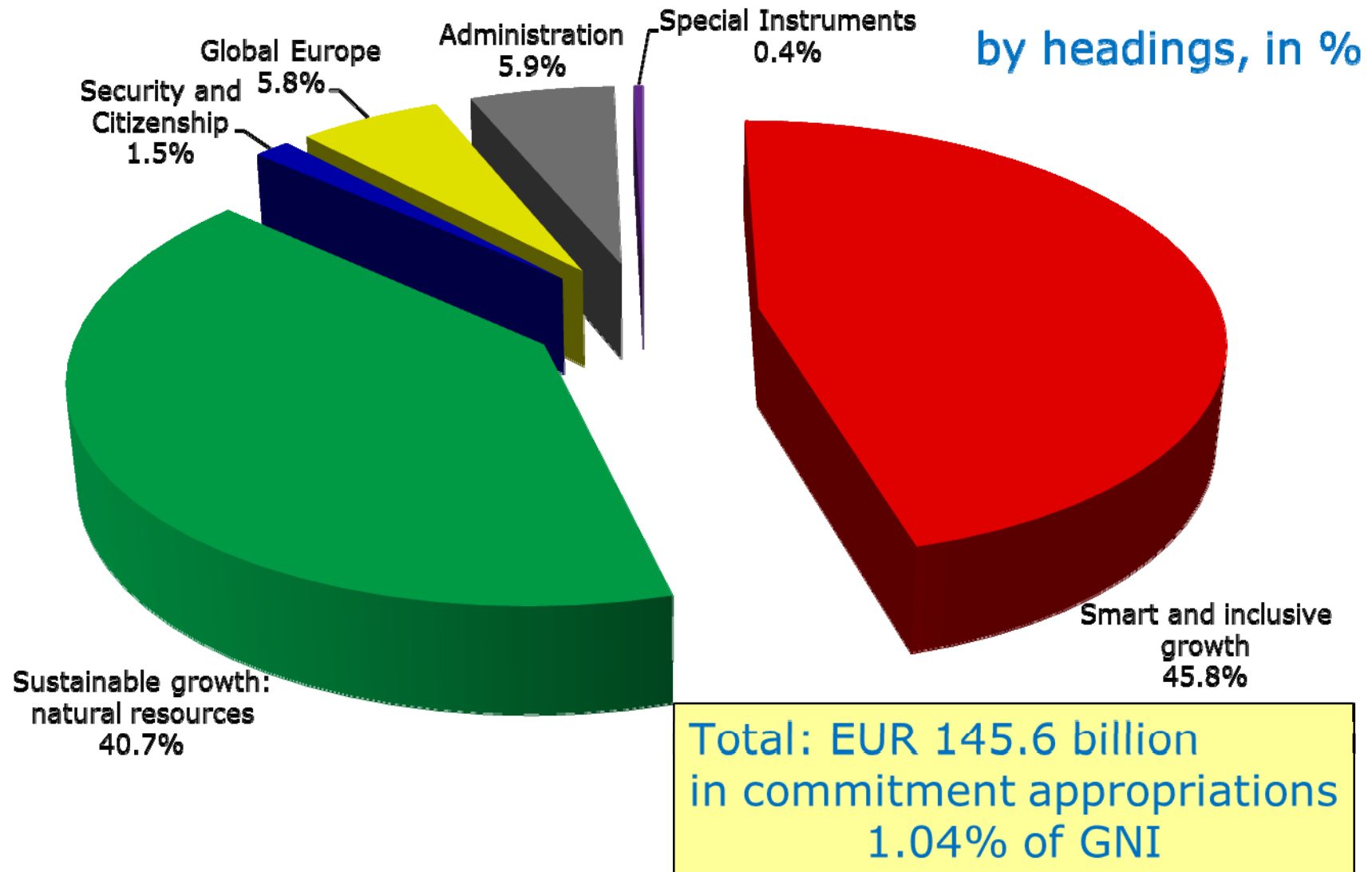
Additional payment needs for 2014 linked to unforeseen circumstances not yet included in the 2014 budget	EUR million
Frontloading sub-heading 1a (Horizon 2020, Erasmus+ and COSME)	282
Pre-financing Fund for European Aid to the Most Deprived (FEAD)	99
Unforeseen excess backlog 2013 (heading 1b)	3 296
Top-up of co-financing rates: rural development and fisheries (2007-2013 programmes (heading 2)	100
Financial package for Ukraine	250
Total impact of unforeseen circumstances not included in the 2014 budget	4 027

Where will EU money go in 2015?

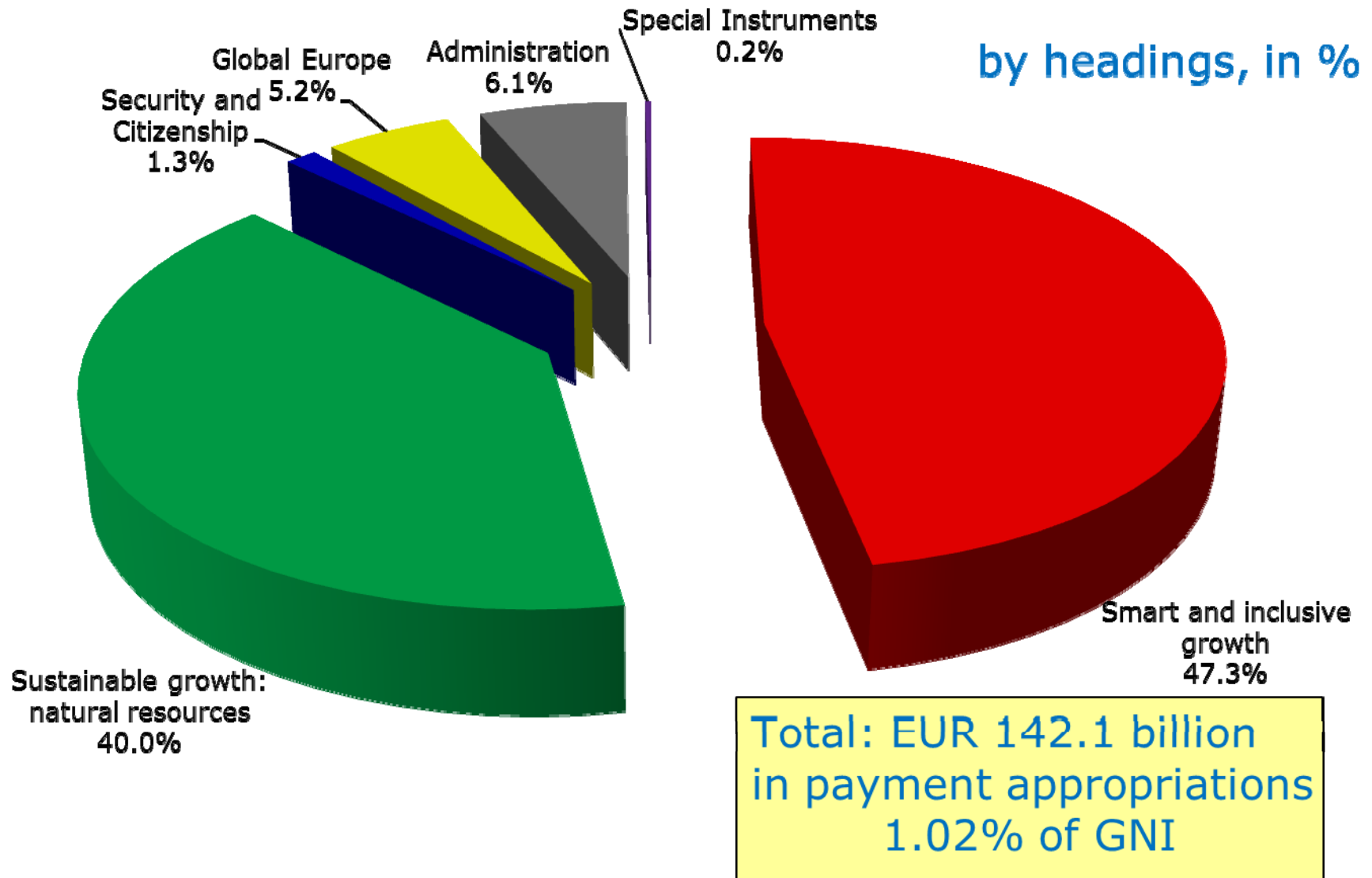
In EUR million, rounded figures

APPROPRIATIONS BY HEADING	DB 2015		Δ 2014 (in %)		Margins	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth:	66 674.2	67 184.5	+4.2	+1.2	218.6	
Competitiveness for growth and jobs	17 447.4	15 582.6	+5.8	+29.5	218.6	
Economic, social and territorial cohesion	49 226.8	51 601.9	+3.6	-5.0	0.0	
2. Sustainable Growth: natural resources	59 253.7	56 907.3	0,0	+0.6	345.3	
Market related expenditure and direct aids	43 903.8	43 897.0	+0.3	+0.3	286.0	
3. Security and Citizenship	2 130.7	1 881.2	-1.9	+12.2	115.3	
4. Global Europe	8 413.1	7 327.0	+1.1	+7.1	335.9	
5. Administration	8 612.2	8 612.4	+2.5	+2.5	463.8	
Of which Commission	3 297.2	3 297.4	+1.1	+1.1		
Of which other institutions	3 595.9	3 595.9	+2.1	+2.1		
6. Compensation	0.0	0.0	-100.0	-100.0		
Special Instruments (Outside the ceilings)	515.4	225.0	+13.0	-35.7		
Total appropriations	145 599.3	142 137.3	+2.07	+1.35	1 478.9	0.0
In % of EU-28 GNI	1.04	1.02				

Share of spending - Commitments



Share of spending - Payments



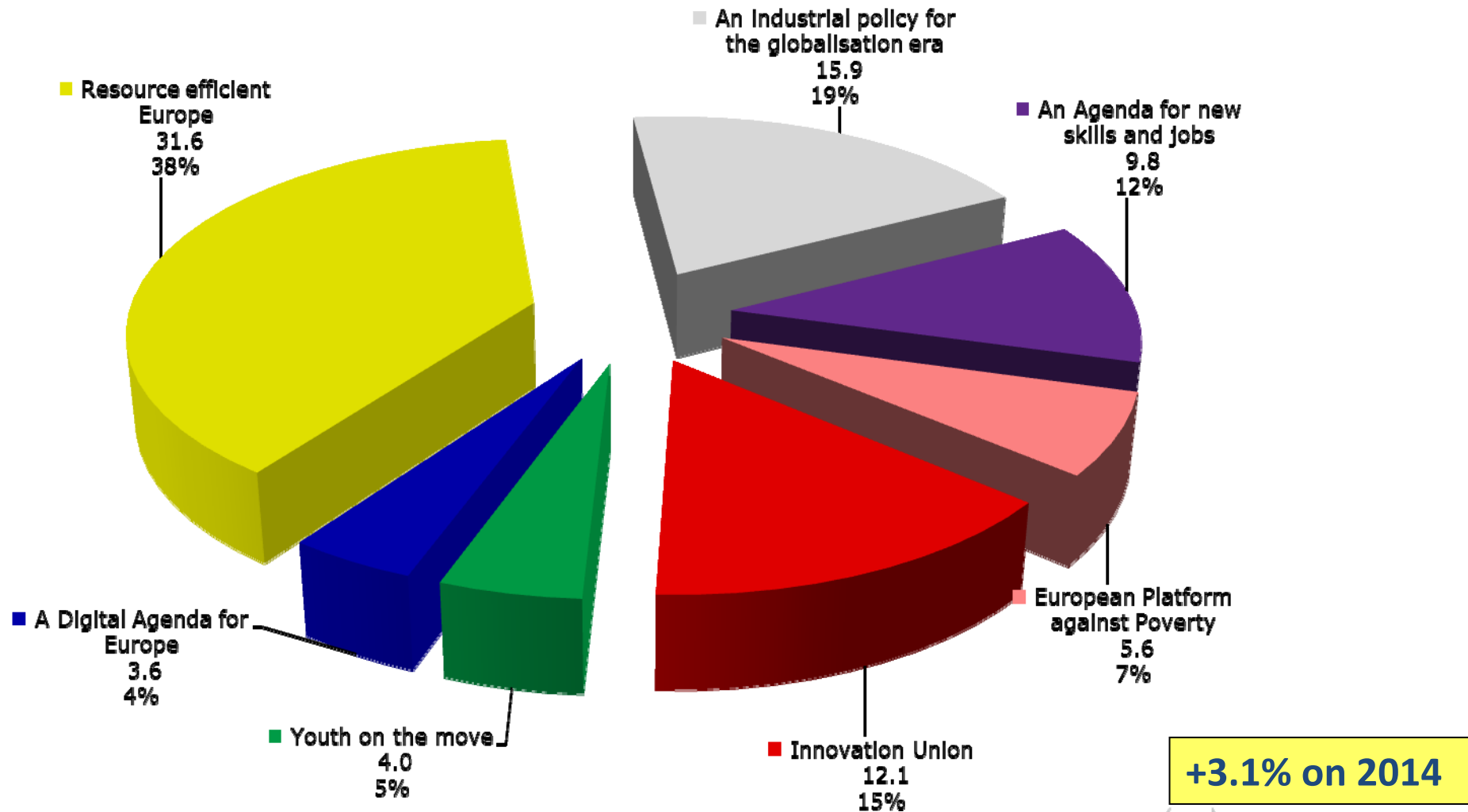
Payments (PA) –balancing past obligations and future needs

- **Non-differentiated appropriations (NDA)** – CAP, Administration, – commitments and payments are equal
 - **Outstanding commitments** – completion of old programmes – no new commitments.
 - **New programmes** – the concentration remains on commitments, but payment share is doubled (from 10% in 2014)
- | | |
|--|---|
| | NDA:
€53.8bln
37.8% of DB PA |
| | 2007-2013:
€57.3bln
40.3% of DB PA |
| | 2014-2020:
€31.0bln
21.8% of DB PA |

Total Payments: EUR 142.1 billion (+1,35%)

EUR 82.7 billion for Europe 2020

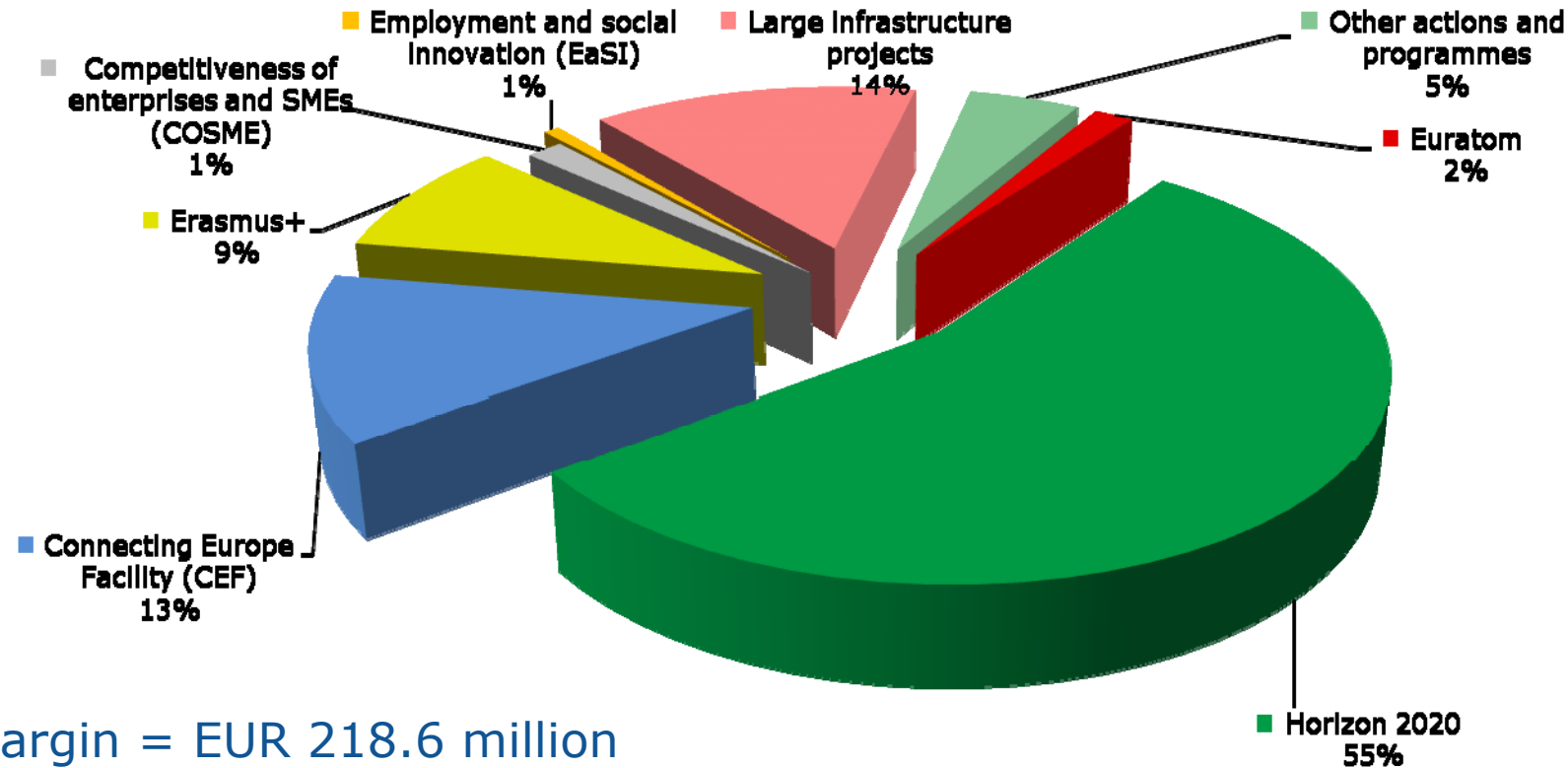
by flagships, commitments in € billion



+3.1% on 2014

Heading 1a: Competitiveness for growth and jobs

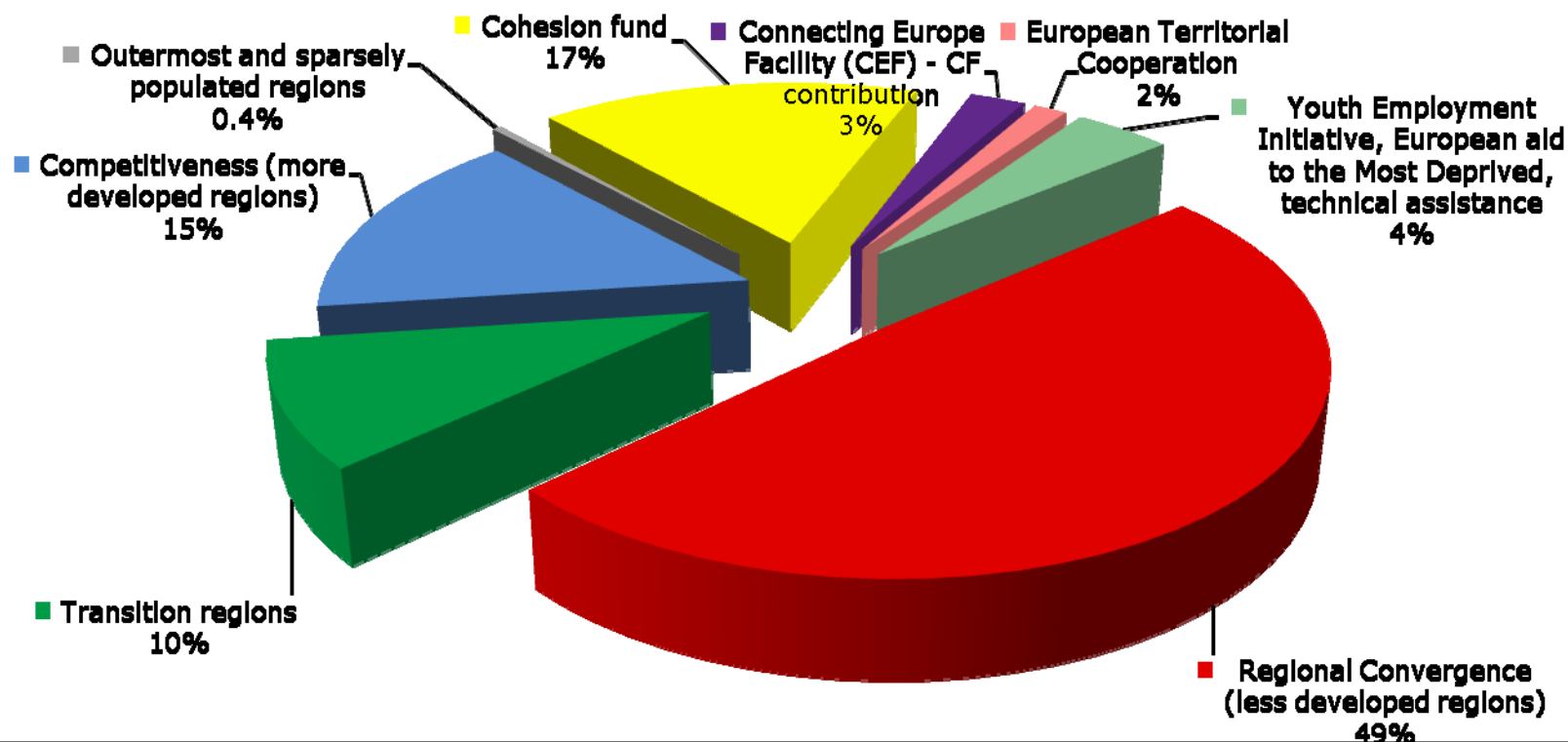
Investing in recovery



- **Commitments:** +5.8% on 2014
- **Payments:** +29.5% on 2014 for implementing the actions (including the frontloading of 2014-2015)

Heading 1b: Economic, social and territorial cohesion

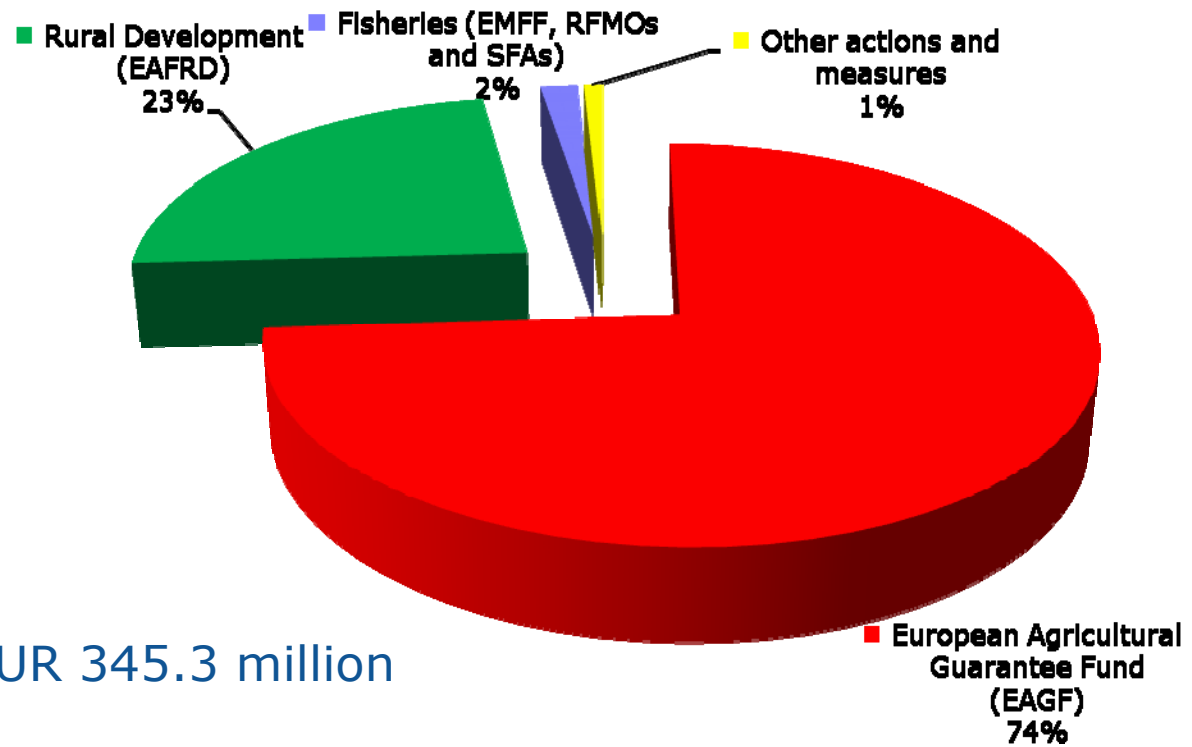
Supporting the successful implementation of the programmes



- **Commitments:** +3.6% on 2014 as foreseen by the MFF and including the additional EUR 100 million for Cyprus (use of Flex).
- **Payments:** still EUR 51.6 billion in 2015, to counter the unsustainable backlog of unpaid bills.

Heading 2: Sustainable Growth, Natural Resources

Implementing the new CAP, respecting our resources



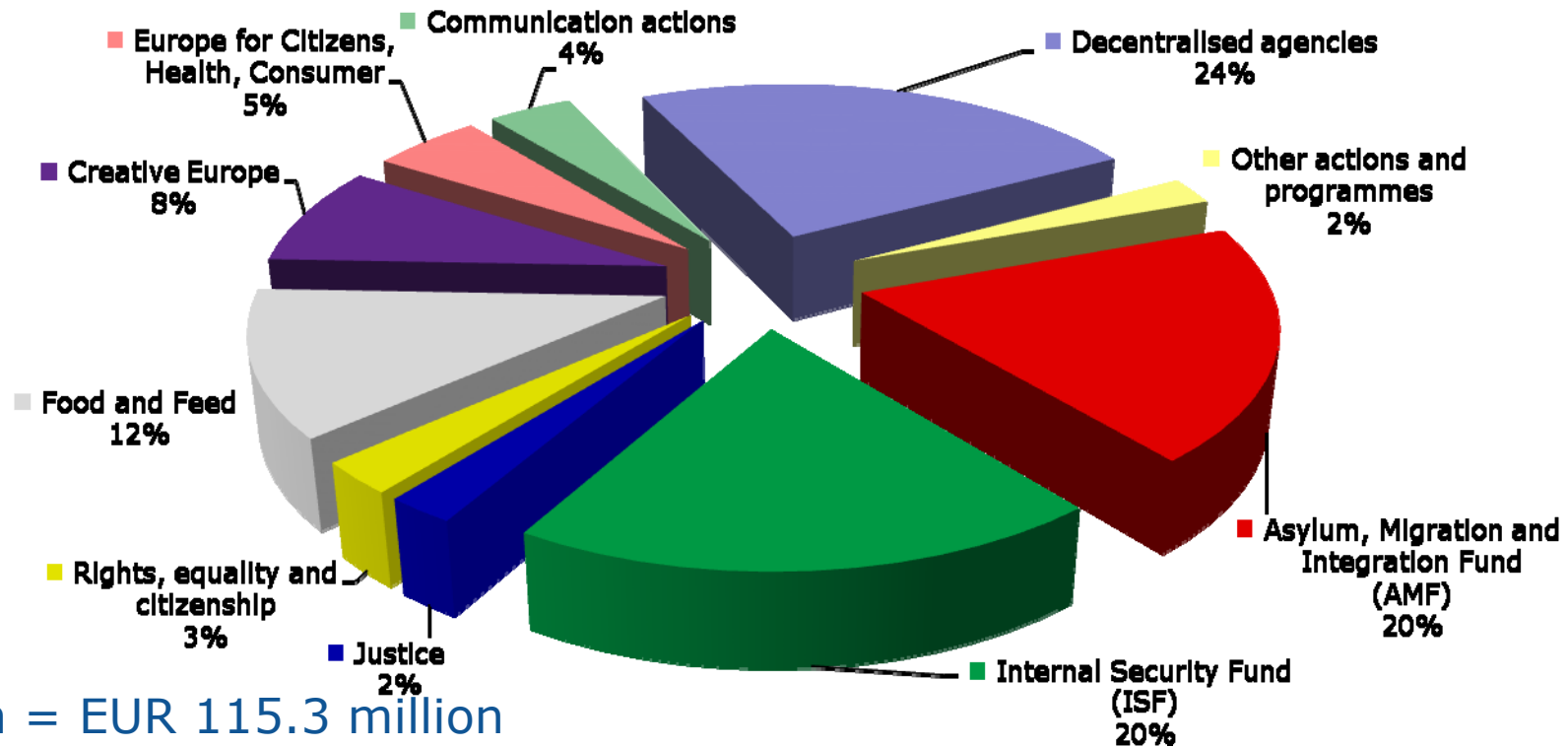
Margin = EUR 345.3 million

- **Commitments:** overall stable but with an increase of +7.5% for environment and climate specific programme (LIFE). No financial discipline for farmers except for the reserve for crisis.

- **Payments:** slight increase (+0.6%) for fisheries and Life

Heading 3: Security and Citizenship

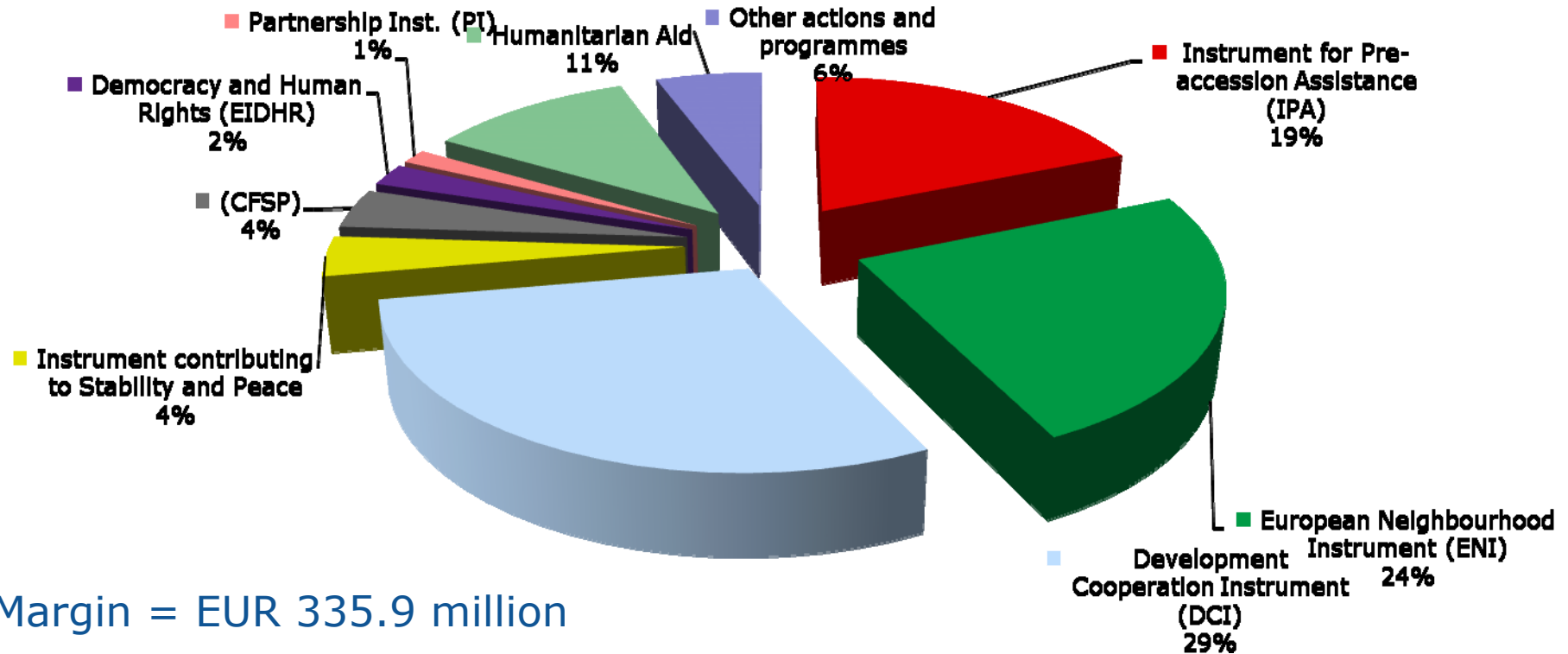
Responding to the concerns of Europe's citizens



- **Commitments:** decrease of -1.9% because in 2015 end of the Schengen facility for Croatia linked to accession (EUR 80 million in 2014).
- **Payments:** +12.2% with strong reinforcement for the funds related to migration and internal security.

Heading 4: Global Europe

Bringing solidarity of Europe beyond our borders



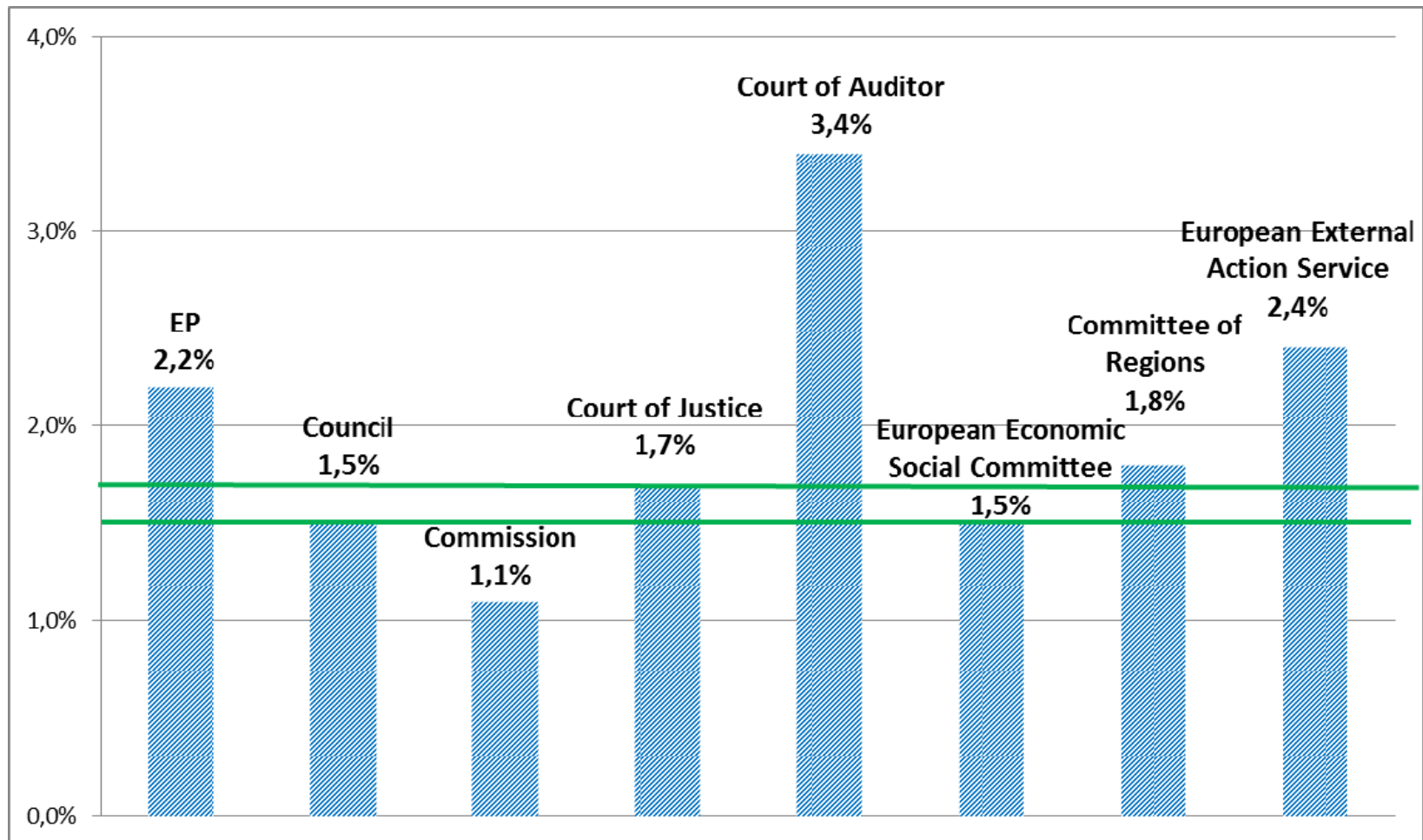
- **Increase of 1.1%** in commitments and **7.1% in payments** to implement what we promised.
- In particular, in 2015 **payments for humanitarian aid = commitments** to avoid the problems of 2014.

Heading 5: Administration

In EUR million, 2014 adjusted for Members Pensions

Institution	2014 (adjusted for the transfer of pension of Members)	2015	2015 / 2014
Administrative expenditure of the institutions	6 782.0	6 893.1	+1.6%
— Commission	3 260.8	3 297.2	+1.1%
— Other institutions	3 521.2	3 595.9	+2.1%
Pensions and European schools	1 622.7	1 719.1	+5.9%
— Pensions	1 457.3	1 559.4	+7.0%
— Staff Pensions	1 441.3	1 540.0	+6.8%
— Pensions of former Members of the Institutions	16.0	19.4	+21.1%
— European schools	165.4	159.7	-3.5%
Total Heading 5 - Administration	8 404.8	8 612.2	+2.5%

Increases by Institution

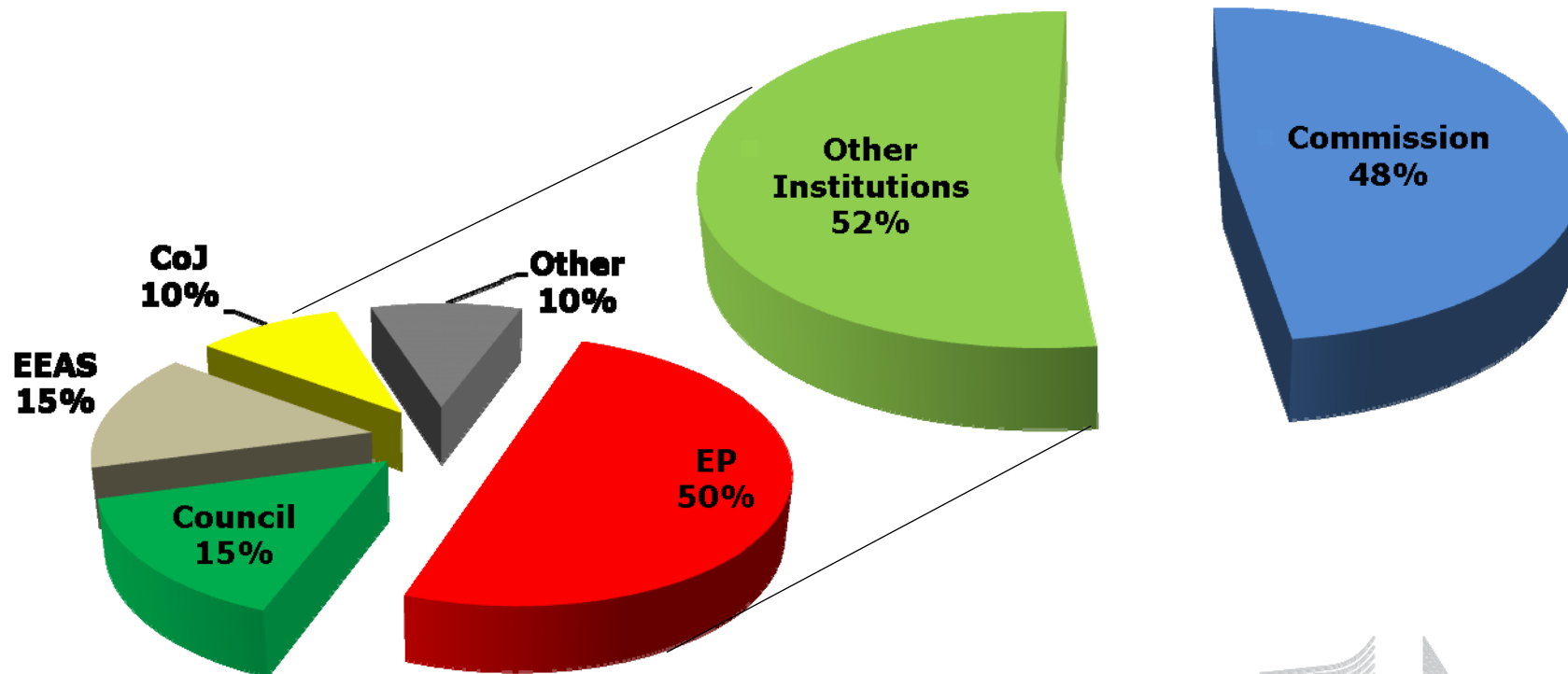


Increase of Ombudsman = 3,4%, EDPS = 8,1%

Inflation Brussels 1.5% and in Luxembourg 1.7%

Administrative Expenditure of the Institutions

- **Containing the increase of administrative expenditure**
- **Increase of 1.6%** on 2014 (Commission = 1.1%)
- **Margin of sub-ceiling heading 5 = EUR 457.9 million**



Monitoring the 1% staff reduction

(Number of posts in the establishment plans of the Institutions)

Institutions	2014 Budget	2015 DB	Evolution 2015/2014	
European Parliament	6 786	6 786	0	0.00%
European Council and Council	3 101	3 079	-22	-0.71%
Commission	24 781	24 422	-359	-1.45%
Court of Justice of the European Union	1 991	1 998	+7	+0.35%
Court of Auditors	882	872	-10	-1.13%
European Economic and Social Committee	720	713	-7	-0.97%
Committee of the Regions	532	527	-5	-0.94%
European Ombudsman	67	66	-1	-1.49%
European Data-protection Supervisor	45	46	+1	+2.22%
European External Action Service	1 631	1 644	-17	-1.02%
Total Institutions	40 566	40 153	-413	-1.02%

Other Institutions: Commission reassessment of needs

The Commission has revised the requests of some institutions in accordance with art 314 §1 of the Treaty

- **Council:** revised downwards by EUR 7.4 million to an increase of + 1.5 %.
- **Court of Justice:** 14 additional posts granted in order to take account of the creation of two additional Advocates General. However, 12 further posts (- EUR 0.6 million for six months) requested in the context of increased workload are not integrated.
- **Committee of the Regions:** revised downwards from the original 2.5% increase requested by the Committee to + 1.8 %, by applying a nominal freeze to non-salary related expenditure (- EUR 0.6 million).

Decentralised Agencies

Full respect of the outcome of conciliation 2013:

- *DB 2015 – includes the increase of 27 posts agreed at conciliation – notably for the financial supervision authorities (EBA, EIOPA, ESMA).*
- *Inter-institutional Working Group will continue to examine the resourcing of the agencies.*

Creation of 1 new body: Single Resolution Board (self-financed from 2015)

Also, full respect of IIA commitment to reduce staff by 5% over 5 years.

Next Steps

- *Over to the Budgetary Authority*
- *Trilogue 10 July*
- *Trilogue 15 October*
- *Amending letter agricultural expenditure (October)*
- *Conciliation (28 October – 17 November)*



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Thank you for your attention

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