



**BUDG-V-008**

**107th plenary session, 25-26 June 2014**

## **DRAFT OPINION**

### **The Draft EU Budget for 2015**

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**Rapporteur: Agnès Durdu (LU/ALDE)**  
Member of Wincrange Municipal Council

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**Deadline for tabling amendments:**

**3 p.m.** (Brussels time) on **Tuesday, 10 June 2014**. Amendments must be submitted using the online tool for tabling amendments available through the Members' Portal at <http://cor.europa.eu/members>.

Number of signatures required: 6

Reference document

## Draft opinion of the Committee of the Regions - The Draft EU Budget for 2015

### I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS,

1. emphasises that this opinion concerns Section III of the EU budget and does not address administrative expenditure related to heading V;
2. states that this is the second time it has drawn up an own-initiative opinion on the EU annual budget procedure;
3. stresses that the drawing-up of the annual EU budget has a direct impact on regional and local authorities and their public finances, and that it is a political and strategic process;
4. regrets that the 2014-2020 Multiannual Financial Framework (MFF) was adopted six months later than that for the previous period, 2007-2013, and notes that this will have an effect on the take-up of commitment appropriations and the profile of payments for the medium term;
5. regrets that the European Commission does not plan to adopt its 2015 draft annual budget until 11 June, that is almost two months later in the year than for 2013. This delay makes it more difficult for the various stakeholders, including the Committee of the Regions, to give their opinions in good time before the Council position is decided;
6. regrets the lack of the statistical data necessary for the Committee of the Regions to perform its consultative role and to be able to carry out a comparative analysis between Member States. This data would give the CoR a better idea of where the strengths and weaknesses of multilevel governance lie and enable it to make proposals with a view to optimising use of the EU budget;
7. calls on the Commission to provide it with regular updates on the implementation of the EU budget;
8. also reiterates its request for the Commission to provide, as soon as possible:
  - a. consolidated data on the amounts of funds received by subnational public authorities,
  - b. consolidated data on RAL per budget line and programme,
  - c. the breakdown of outstanding payment claims, not only by country but also by category of beneficiary (national authorities vs subnational public authorities),
  - d. the amount of funds raised by national and subnational authorities for cofinancing EU projects under shared management;

9. stresses the high number of amending budgets in recent years, considering that they jeopardise the sound management and transparency of the annual budgets;
10. calls on the European Commission, the European Parliament and the Council to harmonise the way changes to the draft budgets are presented in order to make the process more understandable and facilitate its transparency and thus the democratic scrutiny process;

***Importance of the 2015 budget in the current context***

11. points to the climate of crisis, which is ongoing in the majority of the EU Member States despite some signs of economic recovery, and the budgetary constraints on national and subnational authorities, and stresses that the 2015 budget has a substantial role to play in consolidating the economic upturn, making the investments necessary for the future of Europe and alleviating the impact of the crisis on the European citizens;
12. emphasises the decisive role played by local and regional authorities in economic recovery and in economic, social and territorial cohesion in the EU, as they are responsible for a third of public expenditure and two-thirds of public investment and are, in addition, extensively involved in the management and/or use of the EU budget; this highlights the direct impact of the European budget on the budgets of local and regional authorities and illustrates how harmful any carry-over of commitment appropriations could be to the real economy;
13. notes that the progress made towards achieving the Europe 2020 goals is disappointing, and that the 2015 budget will play a decisive role in achieving this goals;
14. stresses that the new commitments made in 2014, which was the first year of the MFF, will be low and that 2015, the second year of the MFF, will be decisive for the success of the new multiannual programmes for 2014-2020; points out that take-up of commitments for the new year, 2015, is, however, expected to be low and exacerbated in particular by the n+3 rule, and therefore calls on the Commission and the Member States to approve all the partnership agreements and operational programmes as soon as possible so that they can be implemented without delay;
15. stresses the importance of bringing investments forward as much as possible, in order to alleviate the potential harmful effects of a glut at the end of the period, and believes that it would be useful to frontload appropriations for other programmes as well as those already envisaged by the Commission, such as the youth employment initiative, Horizon 2020, Erasmus+ and COSME. Other programmes under central management could also be brought forward, such as the Connecting Europe Facility (with particular regard to energy networks) - the programmes under decentralised management take time to implement and cannot therefore be brought forward to 2014-2015;

16. is aware of the extent of the problems related to youth unemployment and calls on the European Commission to clarify the implementation arrangements for the EUR 6 billion set aside for the Youth Employment Initiative, which should be concentrated on 2014 and 2015, and the interaction between the partnership agreements and the national plans for implementing the Youth Guarantee; expresses doubts as to the take-up capacity for the EUR 6 billion in 2014 and 2015, given the delay in the adoption of the operational programmes and the fact that few Member States opted to frontload expenses on 1 September 2013; stresses, in this context, the need to provide a progress report on the implementation of the initiative in early 2015; calls on the Commission to clarify the amounts that will be allocated to addressing this long-term challenge as of 2016; and shares the European Parliament's view that all the financing possibilities, including the MFF's global margin for commitments, should be explored to ensure the continuity of this budget heading after 2015;
17. calls for a specific budget heading to be created for technical assistance to the Adriatic and Ionian macroregion, along the lines of the budget heading created for the Baltic and Danube macroregions, which provided EUR 2.5 million in commitment and payment appropriations for each macroregion in 2014;

#### *Outstanding payment appropriations*

18. deeply regrets the pile-up of outstanding bills (EUR 23.4 billion just for the three Structural Funds and the Cohesion Fund at the end of 2013), regrets that this situation has been growing steadily worse in recent years, notes that it is unacceptable for the Commission not to be able to honour its commitments and for beneficiaries not to be reimbursed for lack of sufficient payment appropriations, and therefore calls on the Commission to use all the payment appropriations provided for by the MFF for 2015;
19. regrets that the payment appropriation ceilings prevent the EU from dealing with emergency situations, as can be seen in the area of humanitarian policy, where delays in payment are affecting the work of humanitarian organisations. Unpaid bills concerning these organisations amounted to EUR 160 million at the end of 2013;
20. is concerned at the wide gap between commitment appropriations and payment appropriations in a situation where RAL is rising fast, condemns the structural deficit in the EU budget and calls on the Commission to draw up a clear action plan to rebalance the budget for the remainder of the 2014-2020 financial framework. In this connection it refers to the CoR Opinion on The execution of the EU Budget (rapporteur: Mr Struzik);
21. considers that the 2015 budget should, like the 2014 budget, prioritise payment of commitments made during the 2007-2013 period, in order to avoid payment delays piling up and to be able to honour as many payments as possible for the 2014-2020 period from 2016;

22. suggests that priority should be given to reimbursements for the Member States who have suffered the most from the economic crisis, from whom the EU has required considerable endeavours to reduce their public debt and who have most need of support from the EU to assist growth and come to the aid of their most vulnerable citizens;
23. in this regard calls on the Commission to bring all the flexibility instruments provided for in the MFF agreement to bear, particularly the reserve for unforeseen requirements and the Flexibility Instrument;

### ***Outlook beyond 2015***

24. calls for the global margin for growth and employment for 2014 and 2015 to be used as of 2016 for the cohesion policy heading;
25. welcomes the launch of a high-level working group on EU own resources by the presidents of the European Commission, the European Parliament and the Council of the European Union, tasked with improving the way the EU budget is currently financed, which has been shown to have shortcomings. It is essential to reform the system in order to make the EU budget less dependent on direct contributions from the Member States, increasing the EU's own resources and thereby facilitating the negotiations on payment appropriations;
26. reiterates its call for a CoR referral to be arranged on the budgets for the coming years;
27. calls for the CoR to be involved in the interinstitutional meetings on the state of play and the outlook for budgetary implementation in the current and future years provided for in point 36 of the Annex to the MFF interinstitutional agreement;
28. calls for the legal framework governing the payment deadline of 60 days to be reviewed so that it is made binding for programmes under shared management and a financial penalty is imposed on national authorities if the deadline is not respected.

Brussels, ...

## II. PROCEDURE

<b>Title</b>	The draft EU budget for 2015
<b>Reference document</b>	N/A
<b>Legal basis</b>	Article 307 TFEU Article 41(b)(ii) of the CoR Rules of Procedure
<b>Procedural basis</b>	Own-initiative opinion
<b>Date of Commission letter</b>	N/A
<b>Date of Bureau decision</b>	29 January 2014
<b>Commission responsible</b>	Temporary Ad-hoc Commission on the EU Budget (BUDG)
<b>Rapporteur</b>	Rapporteur: Agnès Durdu (LU/ALDE) Member of Wincrange Municipal Council
<b>Analysis</b>	12 March 2014
<b>Discussed in commission</b>	14 May 2014
<b>Date adopted by commission</b>	14 May 2014
<b>Result of the vote in commission</b>	Majority
<b>Date adopted in plenary</b>	Scheduled for 25 and 26 June 2014
<b>Previous Committee opinions</b>	<ul style="list-style-type: none"><li>– Opinion on The draft EU budget for 2014 (CDR275-2013_00_00_TRA_AC)</li><li>– Opinion on The new multiannual financial framework post-2013 (CDR1777-2012_00_00_TRA_AC)</li><li>– Opinion on The EU budget review (CdR 318/2010 fin)</li></ul>
<b>Date of subsidiarity monitoring consultation</b>	N/A