



Draft Budget 2014

Launching the new and implementing the past
*Ensuring a seamless transition to the new
programmes*

Janusz Lewandowski

Commissioner for Financial Programming and Budget

COBU, 26 June 2013



Starting without an agreed MFF 2014-2020

Treaty calendar

- Commission Statement of Estimates before 1 July, Draft Budget not later than 1 September.

MFF 2014-2020 agreed between chief negotiators

- The three Presidents agreed on 6 May to start the MFF negotiations on the basis of the European Council conclusions of February 2013;
- DB 2014 takes account of the very advanced stage of MFF negotiations and is the indispensable starting point for the budget procedure

→ Amending Letter to adjust to the outcome.



DB 2014: MFF ceilings

Results from the very advanced stage of the MFF negotiation as reference point

- Commitments: technical breakdown by programme (27 March), adjusted for the frontloading of YEI (Art. 9f of the draft Council regulation on 2014-2020 MFF)
- Payments: ensure compatibility with a ceiling EUR 8,5 billion below 2013 → making full use of the ceiling.

Any further development in the MFF → Amending Letter.



Priorities of Draft Budget 2014

- Putting in place the new programmes under the 2014-2020 Multi-annual Financial Framework (MFF) – focus on ***growth, employment and competitiveness***.
- Fulfilling the EU's obligations – honouring the commitments of the past – a transitional DB.
- Restraint on administrative expenditure – an ongoing policy.



A responsible and realistic budget

- First year of the new programmes – focus on commitments.
- Commitments targeted on competitiveness for growth and jobs (+3,3%).
- More than 90% of requested payments will be used to address non-differentiated expenditure (40%) and RAL (52%) ; as needs for the new programmes (8%) are limited in the first year.
- The gap between commitment and payment appropriations is limited to EUR 6 billion – minimising the rate of growth of the RAL.



Payments, a transitional year

- **Non-differentiated appropriations** – CAP, Administration, – commitments and payments are equal

NDA: 54.7 €bln 40% of DB PA
--
- **Outstanding commitments** – completion of old programmes – no new commitments.

RAL: 70.7 €bln 52% of DB PA
--
- **New programmes** – the concentration is on commitments in the first year

NEW: 10.7 €bln 8% of DB PA

Total DB PA: €136.1 billion

- 5.8%

Where will EU money go in 2014?

In EUR million, rounded figures

APPROPRIATIONS BY HEADING	DB 2014		Δ on 2013 (in %)		Margins	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth:	63 824.7	62 788.7	-9.7	-9.3	148.3	
<i>Competitiveness for growth and jobs</i>	16 264.2	11 694.9	+3.3	-9.3	125.9	
<i>Economic, social and territorial cohesion</i>	47 560.6	51 093.7	-13.5	-9.3	22.4	
2. Sustainable growth: natural resources	59 247.7	56 532.5	-1.1	-2.3	55.3	
<i>Market related expenditure and direct payments</i>	43 778.1	43 777.0	+0.3	+0.3	0.0	
<i>Rural development, environment and fisheries</i>	15 469.6	12 755.5	-4.7	-10.1		
3. Security and Citizenship	2 139.5	1 668.0	-9.4	-11.9	39.5	
4. Global Europe	8 175.8	6 251.3	-12.5	-8.2	159.2	
5. Administration:	8 595.1	8 596.7	(*) +1.5	(*) +1.5	125.9	
<i>of which Pensions and European schools</i>	1 658.8	1 658.8	(*) +5.8	(*) +5.8		
<i>of which Commission</i>	3 348.5	3 350.2	(*) +0.1	(*) +0.1		
<i>of which other institutions</i>	3 587.7	3 587.7	(*) +0.8	(*) +0.8		
6. Compensations	28.6	28.6	-61.9	-61.9	0.4	
Outside the MFF	456.2	200.0	-41.4	-26.9		
Total appropriations	142 467.6	136 065.8	-6.0	-5.8	528.6	0.2
In % of EU-28 GNI	1.06	1.01				



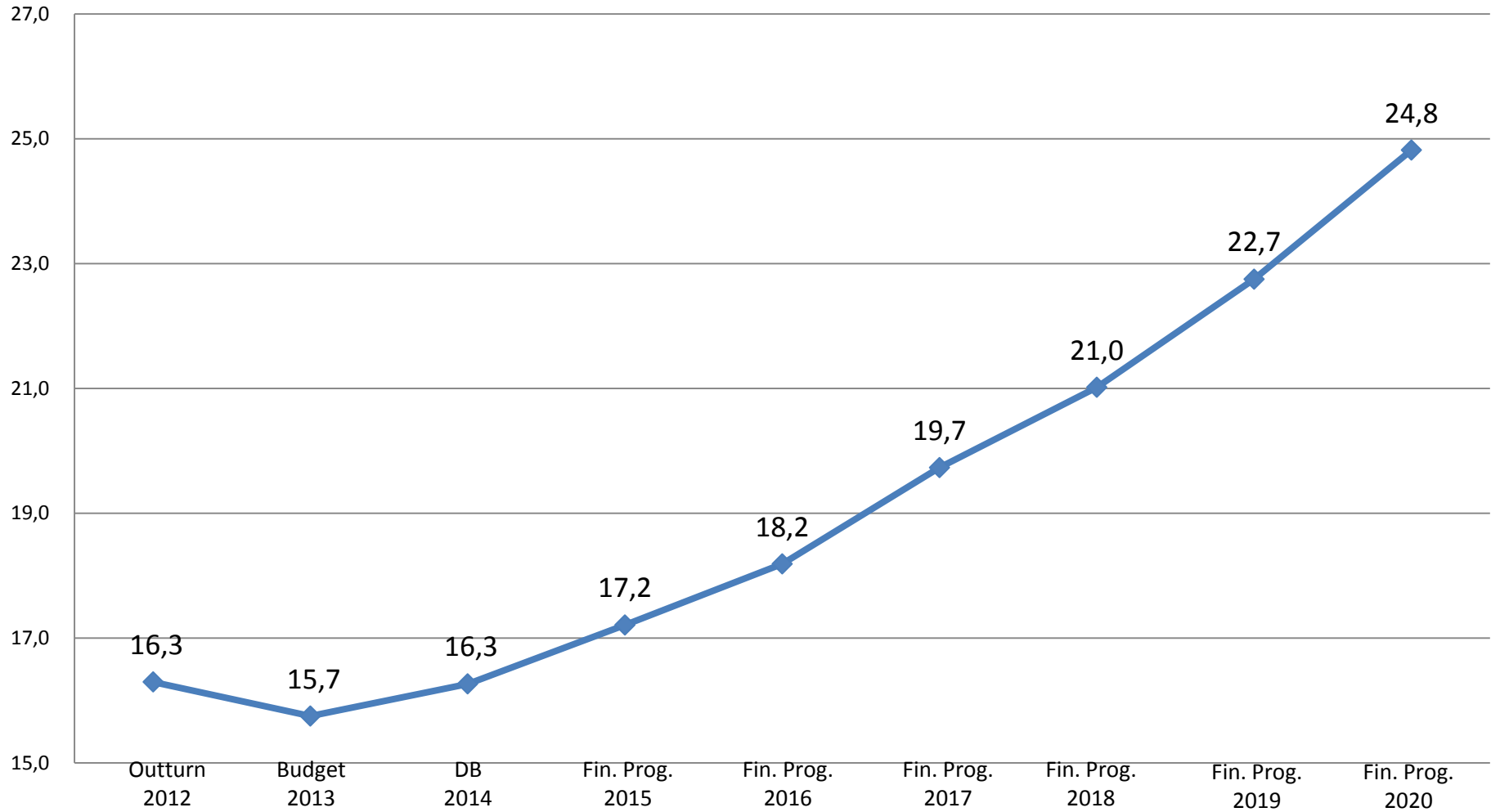
Comparison of financial programming 2014-2020 with 2007-2013 for a selection of programmes

In EUR billion, at 2011 prices

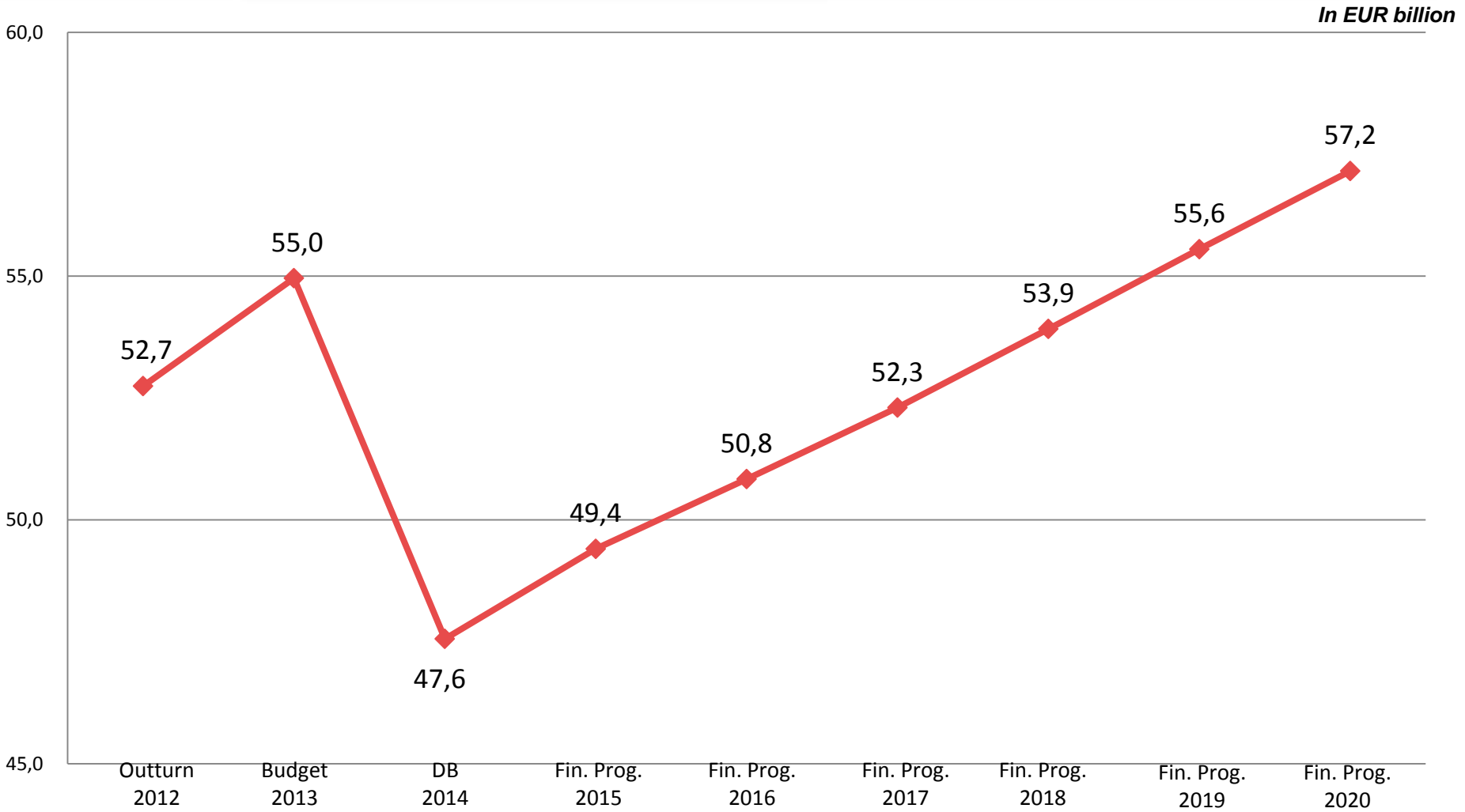
MFF Heading	Programme	2007-2013	2014-2020	Evolution in %
1a	Connecting Europe Facility (CEF)	13.3	30.6	130.0%
1a	Erasmus for all	9.5	13.0	36.5%
1a	Horizon 2020	56.9	70.2	23.4%
1a	Social Change and Innovation (PSCI)	0.9	0.9	5.8%
1a	Competitiveness of Enterprises and SMEs	1.1	2.0	81.8%
2	Environment and Climate action (LIFE)	2.3	3.4	50.1%
3	Creative Europe	1.2	1.5	18.4%
4	European Neighbourhood Instrument (ENI)	14.0	15.4	10.3%
4	Development Cooperation Instrument (DCI)	18.1	19.6	8.5%

Evolution of Competitiveness

In EUR billion

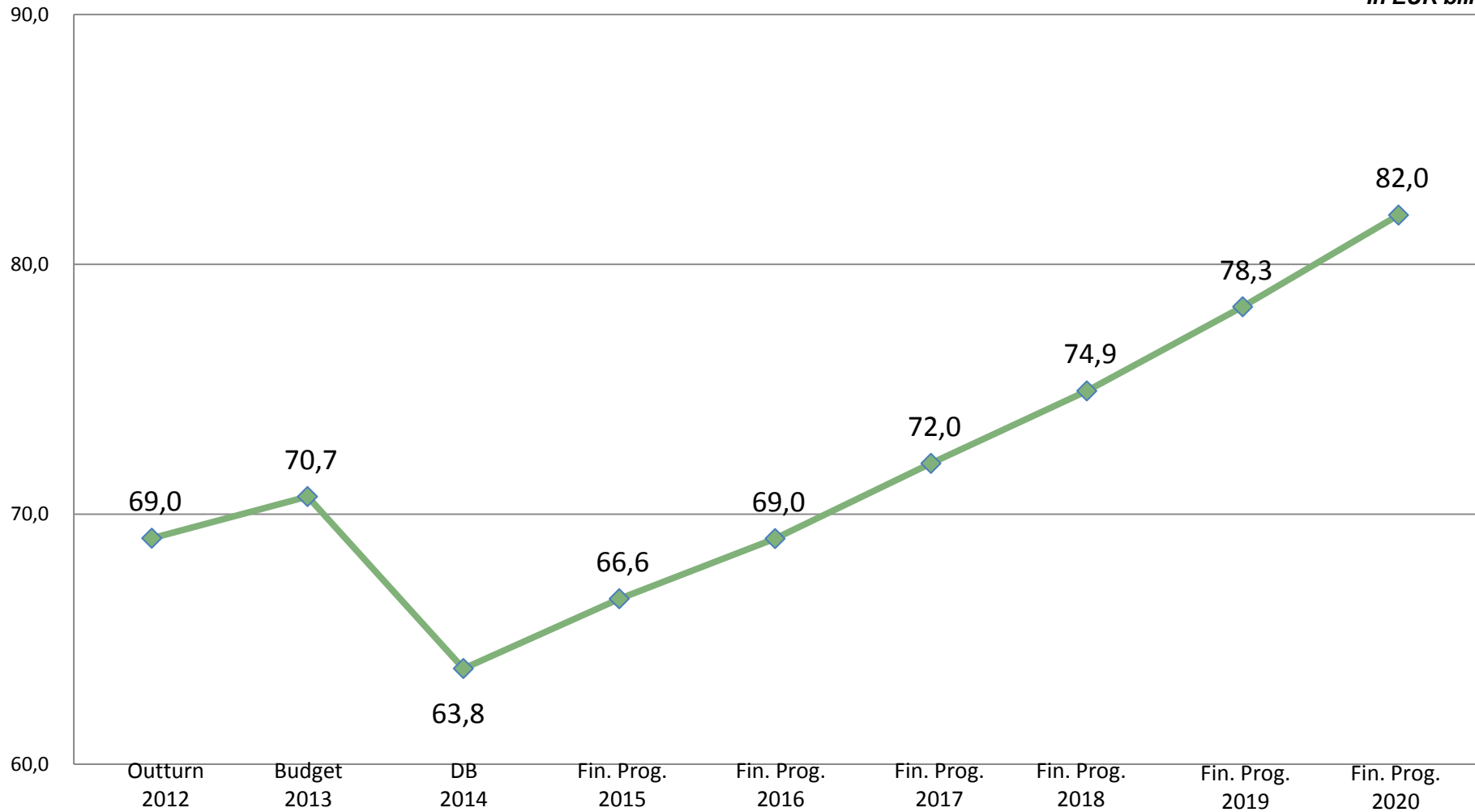


Evolution of Cohesion



Evolution of Smart and Inclusive Growth

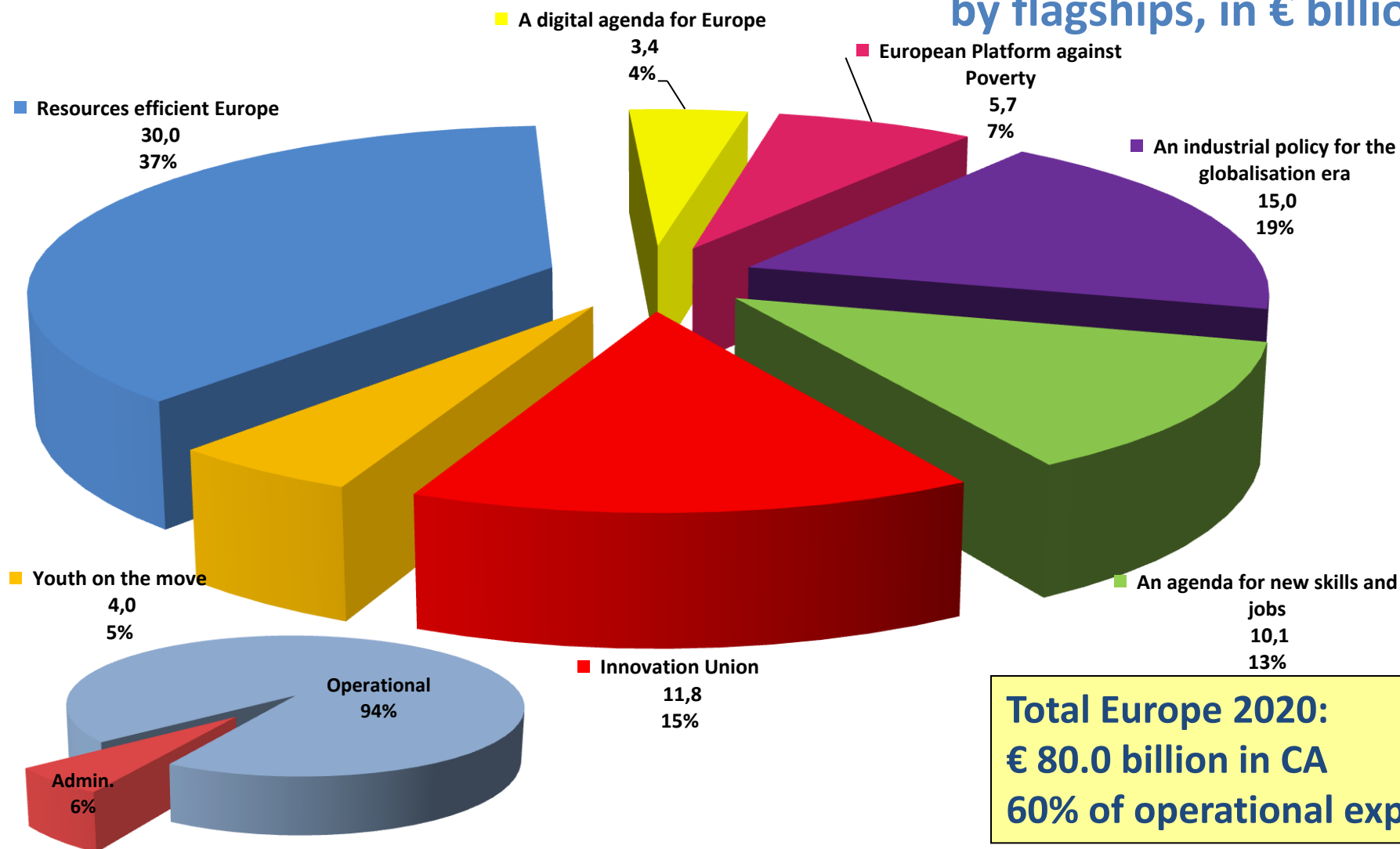
In EUR billion



DB 2014 commits € 80.0 billion to Europe 2020 flagship initiatives

DB 2014

by flagships, in € billion



**Total Europe 2020:
€ 80.0 billion in CA
60% of operational exp.**

Reinforcing the budgetary strand of the Europe 2020 strategy

Youth Employment Initiative (YEI) – Initial and revised programming

DB 2014

In EUR million, at 2011 prices

Programming	2014	2015	2016	2017	2018	2019	2020	Total
Youth Specific Initiative (YEI) – Specific top-up allocation								
Initial	428.6	428.6	428.6	428.6	428.6	428.6	428.6	3 000.0
Revised	1 700.0	1 300.0	0.0	0.0	0.0	0.0	0.0	3 000.0
Difference	+ 1 271.0	+ 871.4	- 428.6	- 428.6	- 428.6	- 428.6	- 428.6	0.0
Frontloading (Article 9f MFFR)	+ 2 143.0		- 2 143.0					0.0
Youth Specific Initiative (YEI) – European Social Fund (ESF) matching amount								
Initial	428.6	428.6	428.6	428.6	428.6	428.6	428.6	3 000.0
Revised	1 700.0	1 300	0	0	0	0	0	3 000.0
Difference	+ 1 271.0	+ 871.4	- 428.6	- 428.6	- 428.6	- 428.6	- 428.6	0.0
Total YEI	3 400.0	2 600.0	0.0	0.0	0.0	0.0	0.0	6 000.0

Tackling unemployment and the social consequences of the crisis



SME INITIATIVES

Joint risk-sharing mechanism to be developed under the new MFF by blending **EU budget resources** (COSME, Horizon 2020 and European Structural and Investment Funds (ESIF)) **with the lending capacity of the EIB, EIF and national promotional banks.**

The mechanism would boost loans to SMEs under guarantees and/or securitisation instruments.

EU programmes and allocations involved in 2014-2020:

- Competitiveness of enterprises and SMEs (**COSME**) **€ 0,2 billion**
- Framework Programme for Research and Innovation (**Horizon 2020**) **€ 0,2 billion**
- European Structural and Investment Funds (**ESIF**) voluntary participation **€ 10,0 billion**

Impact - (depending on the option considered):

- **New lending to SMEs generated** **From € 55 to 100 billion**
- **Levering ratio (multiplier of EU allocations)** **From 1:5 to 1:10**
- **No. of SMEs benefiting from the initiative** **From 580 000 to 1 000 000**

Investing and supporting the real economy

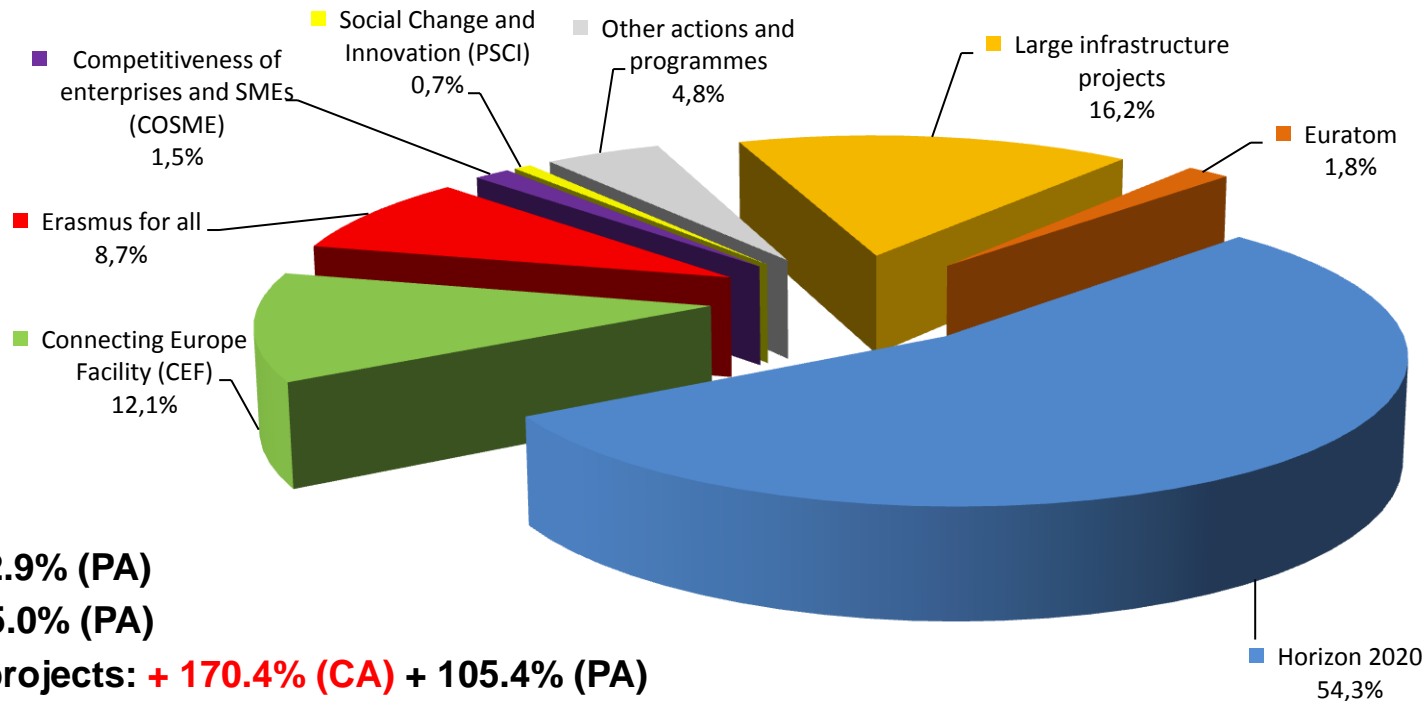


Multiannual Financial Framework – Heading 1a *Competitiveness for growth and jobs*

Commitments (CA):
€16.3 billion
+3.3% on 2013

Margin €125.9 million

Payments (PA):
€11.7 billion
-9.3% on 2013



↗ CEF: **+30.1% (CA)** +12.9% (PA)

↗ PSCI: **+8.6% (CA)** +25.0% (PA)

↗ Large infrastructure projects: **+170.4% (CA)** + 105.4% (PA)

↘ Horizon 2020: **-13.5% (CA)** -24.4% (PA)

↘ Erasmus for all: **-0.8% (CA)** -12.7% (PA)

↘ COSME: **-20.6% (CA)** -2.5% (PA)

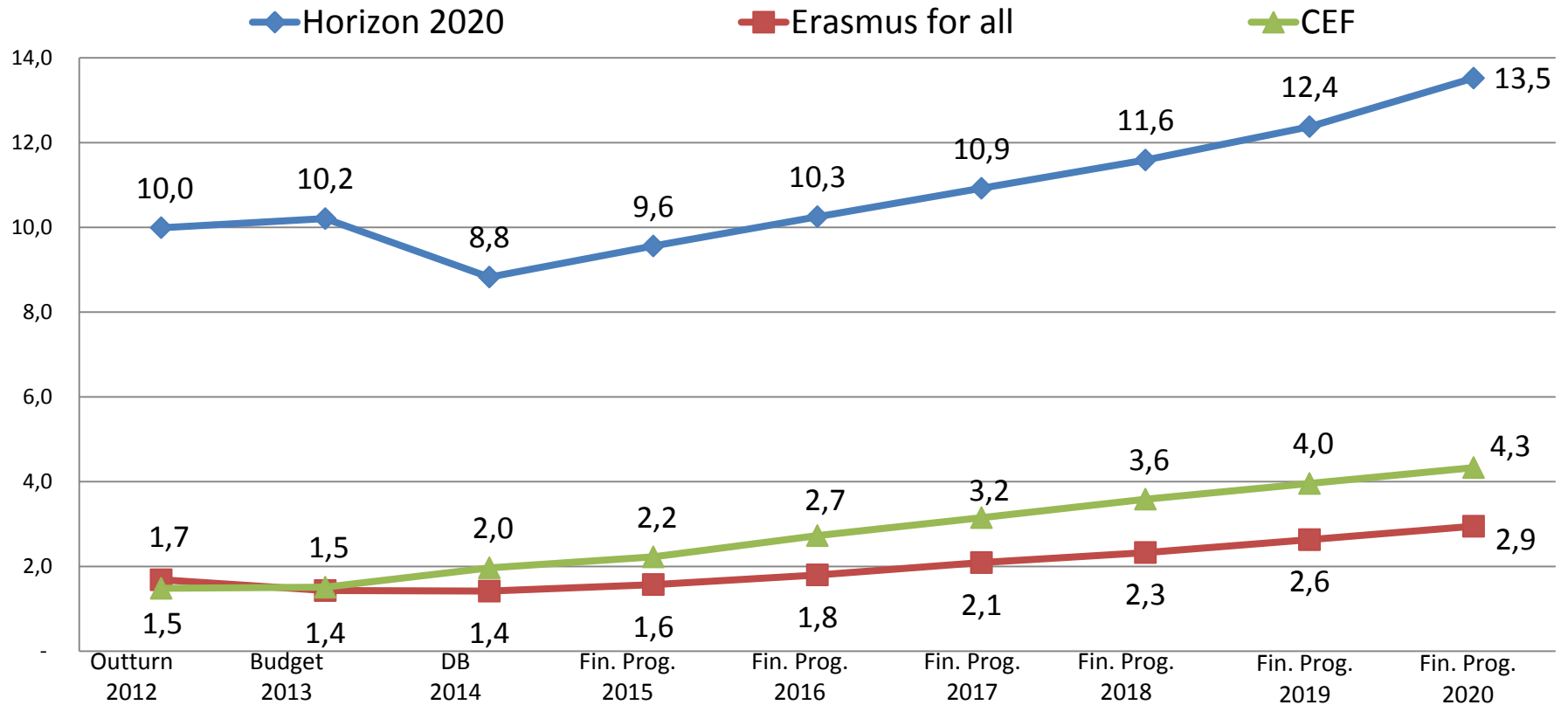
Investing in growth and jobs

Multiannual Financial Framework – Heading 1a

Competitiveness for growth and jobs

Commitments (CA): €16.3 billion ; +3.3% on 2013
Margin €125.9 million

Payments (PA): €11.7 billion ; -9.3% on 2013
In EUR billion



Investing in growth and jobs



Multiannual Financial Framework – Heading 1b *Economic, social and territorial cohesion*

Commitments:
€47.6 billion
-13.5% on 2013

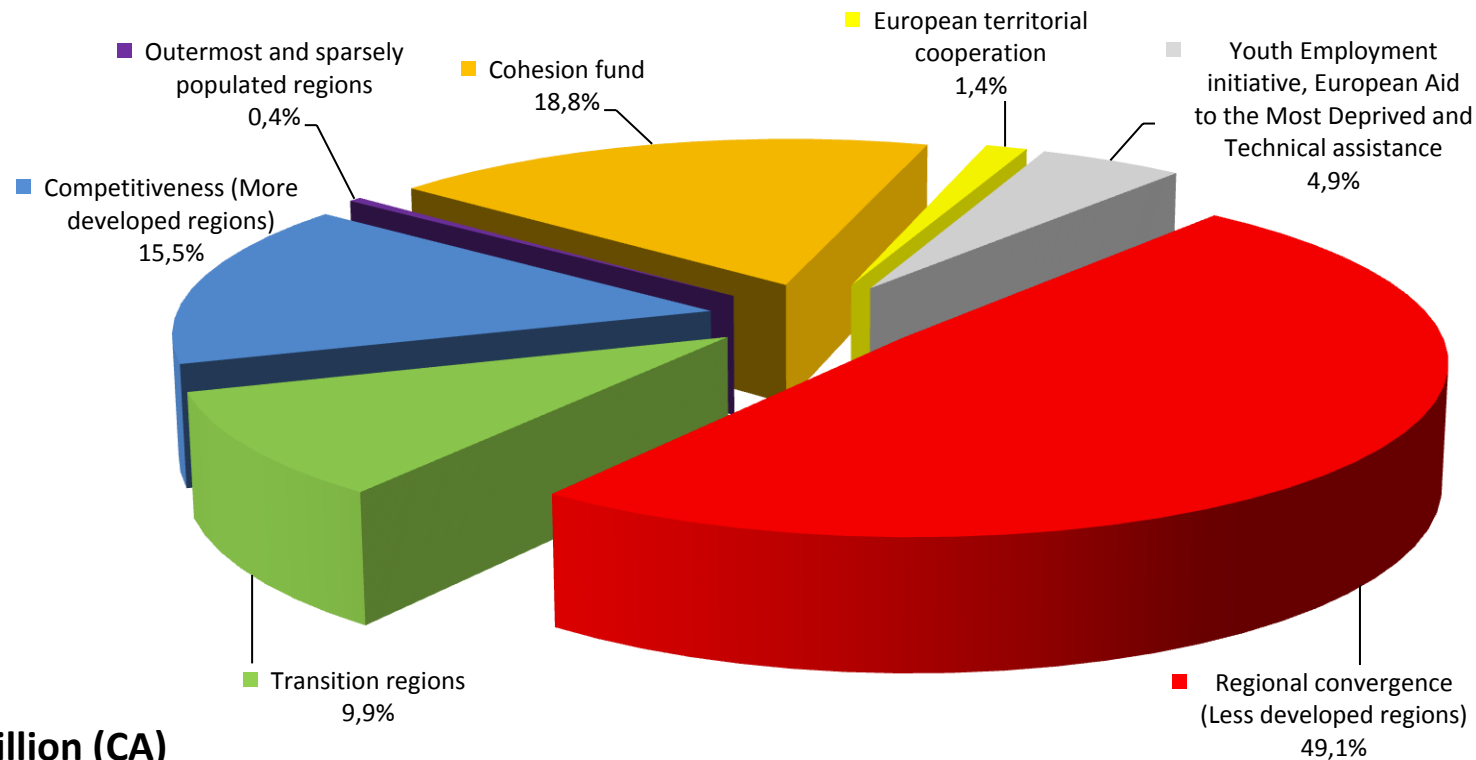
Margin €22.4 million

Payments:
€51.1 billion
-9.3% on 2013

New actions:

**European Aid for the
Most Deprived: €0,4 billion (CA)**

Youth Employment initiative: €3,6 billion (CA)



Ensuring swift adoption of the operational programmes



Multiannual Financial Framework – Heading 2

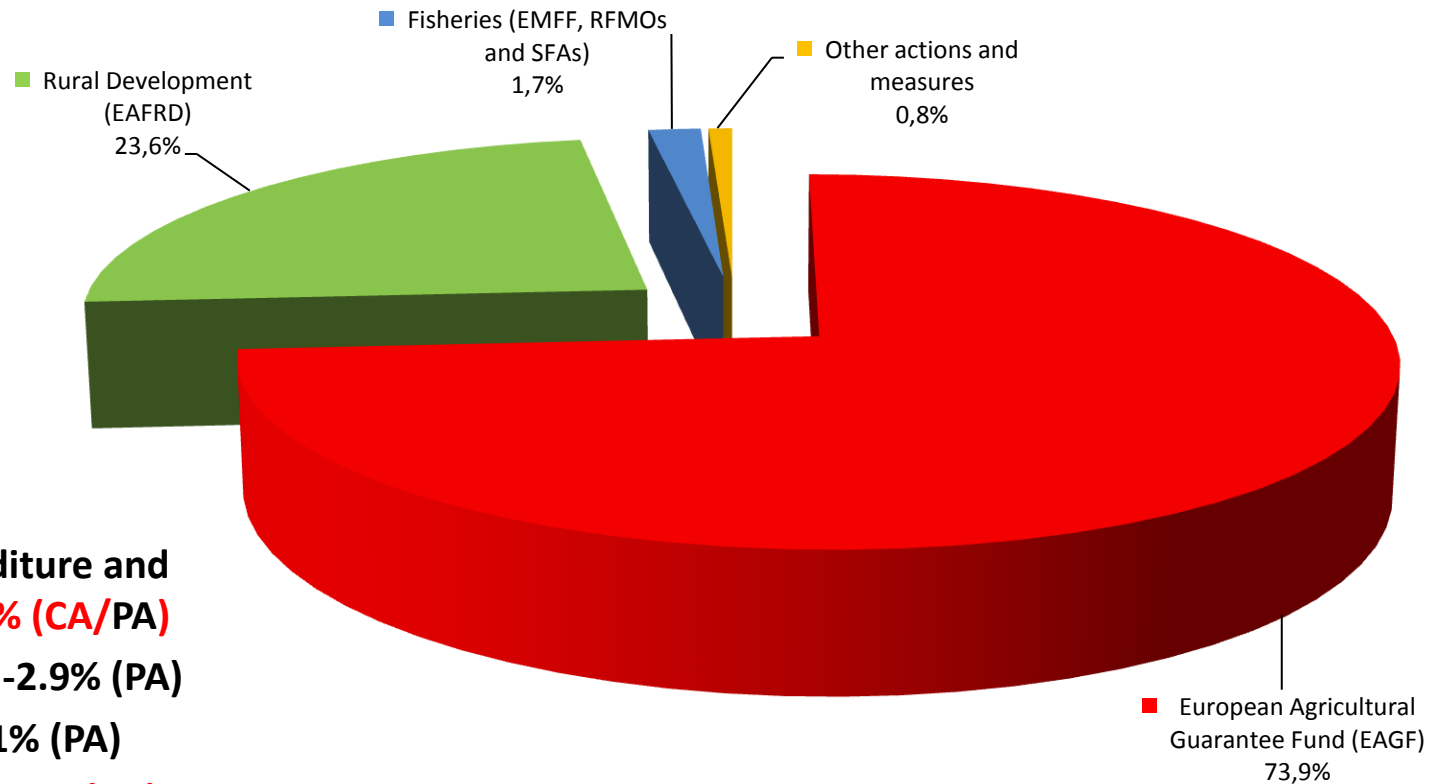
Sustainable growth: Natural Resources

Commitments:
€59.2 billion
-1.1% on 2013

Margin €55.3 million

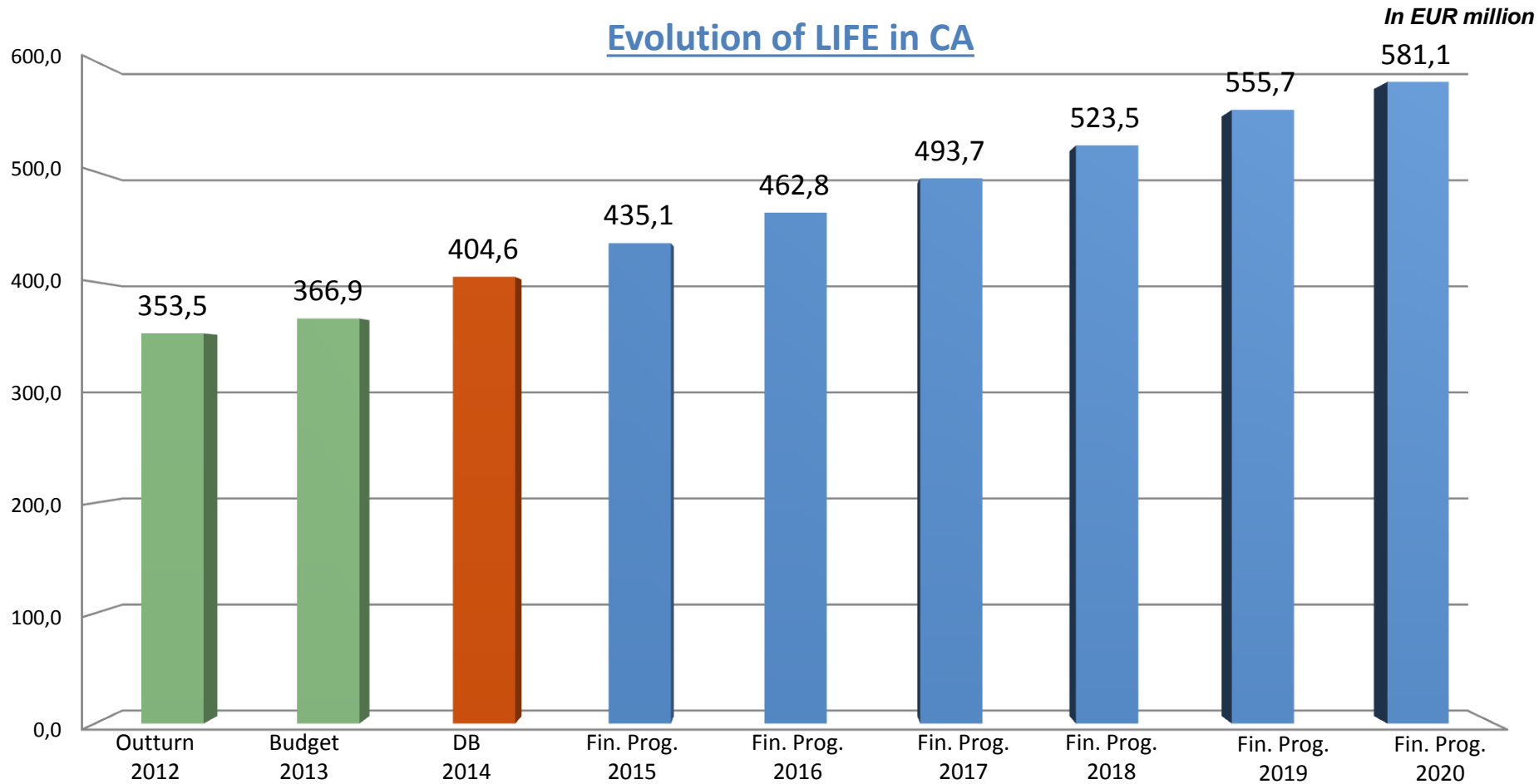
Payments:
€56.5 billion
-2.3% on 2013

- ↗ **Market related expenditure and direct payments : +0.3% (CA/PA)**
- ↗ **Fisheries: +3.1% (CA) -2.9% (PA)**
- ↗ **Life : +10.3% (CA) -1.1% (PA)**
- ↘ **Rural development: -5.5% (CA) -10.8% (PA)**



Multiannual Financial Framework – Heading 2

Sustainable growth: Natural Resources





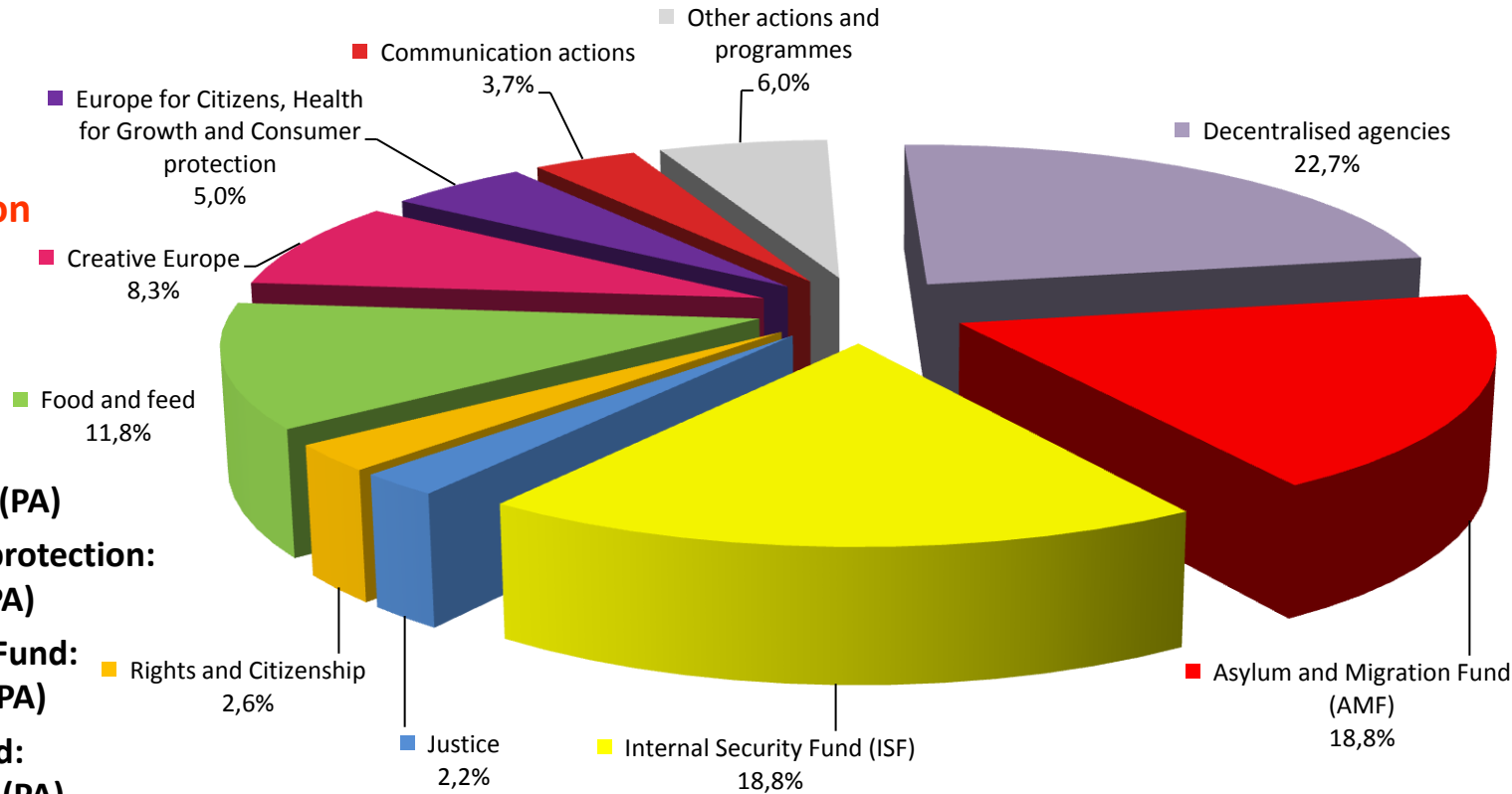
Multiannual Financial Framework – Heading 3 *Security and Citizenship*

Commitments:
€2.1 billion
-9.4% on 2013

Margin €39.5 million

Payments:
€1.7 billion
-12.0% on 2013

- **Civil protection:**
+20.1% (CA) +62.9% (PA)
- **Health & Consumer protection:**
+4.6% (CA) -13.9% (PA)
- **Asylum & Migration Fund:**
-18.6% (CA) -53.5% (PA)
- **Internal Security Fund:**
-17.0% (CA) -23.6% (PA)
- **Creative Europe:** -5.8% (CA) +5.0% (PA)

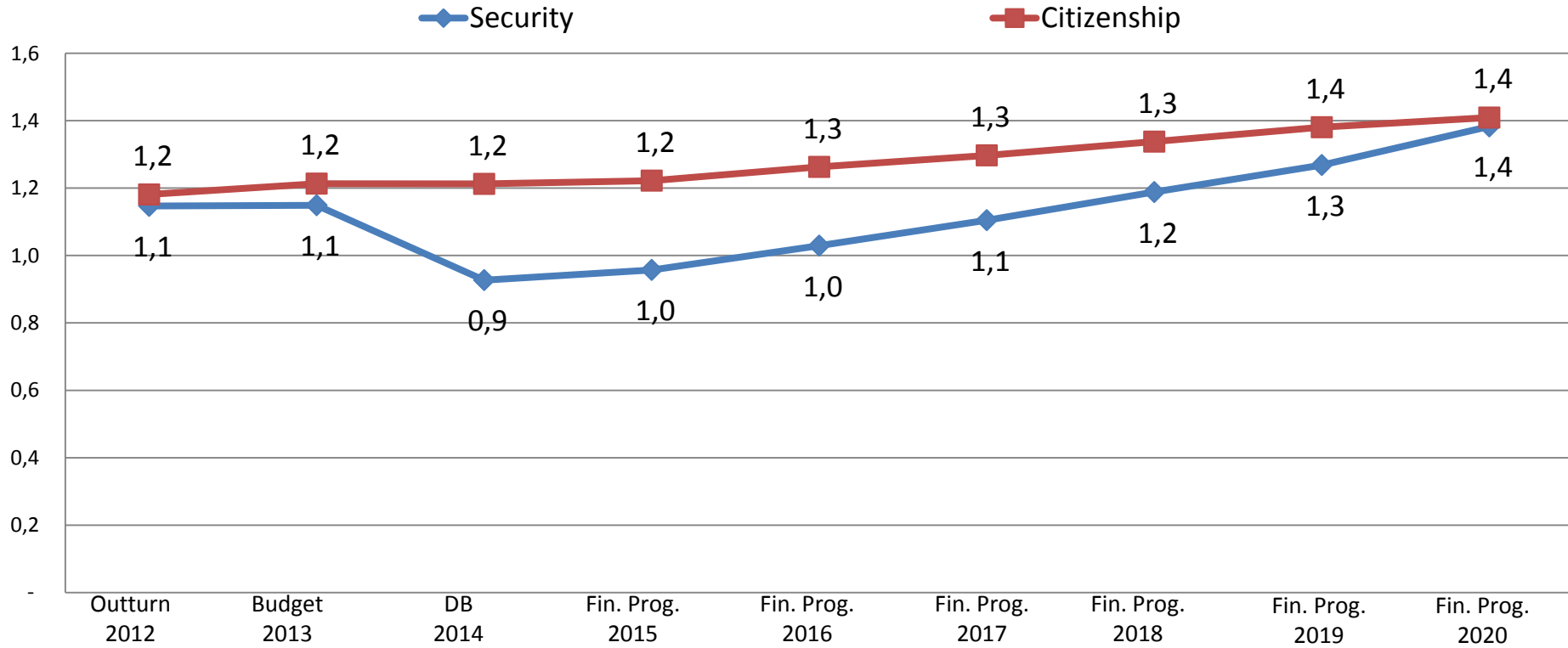


One single heading for programmes close to citizens

Multiannual Financial Framework – Heading 3

Security and Citizenship

In EUR billion

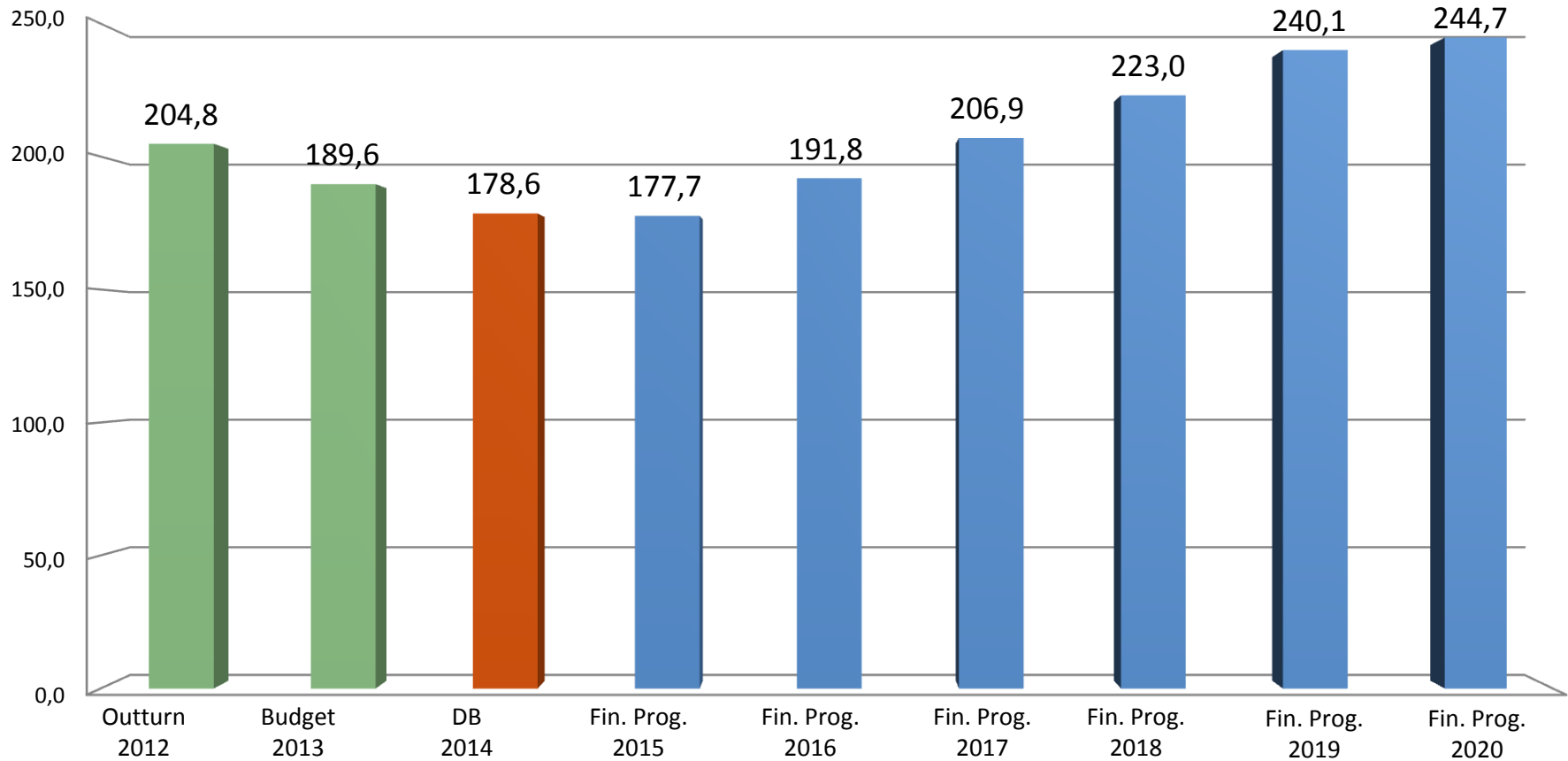


Multiannual Financial Framework – Heading 3

Security and Citizenship

Evolution of Creative Europe in CA

In EUR million



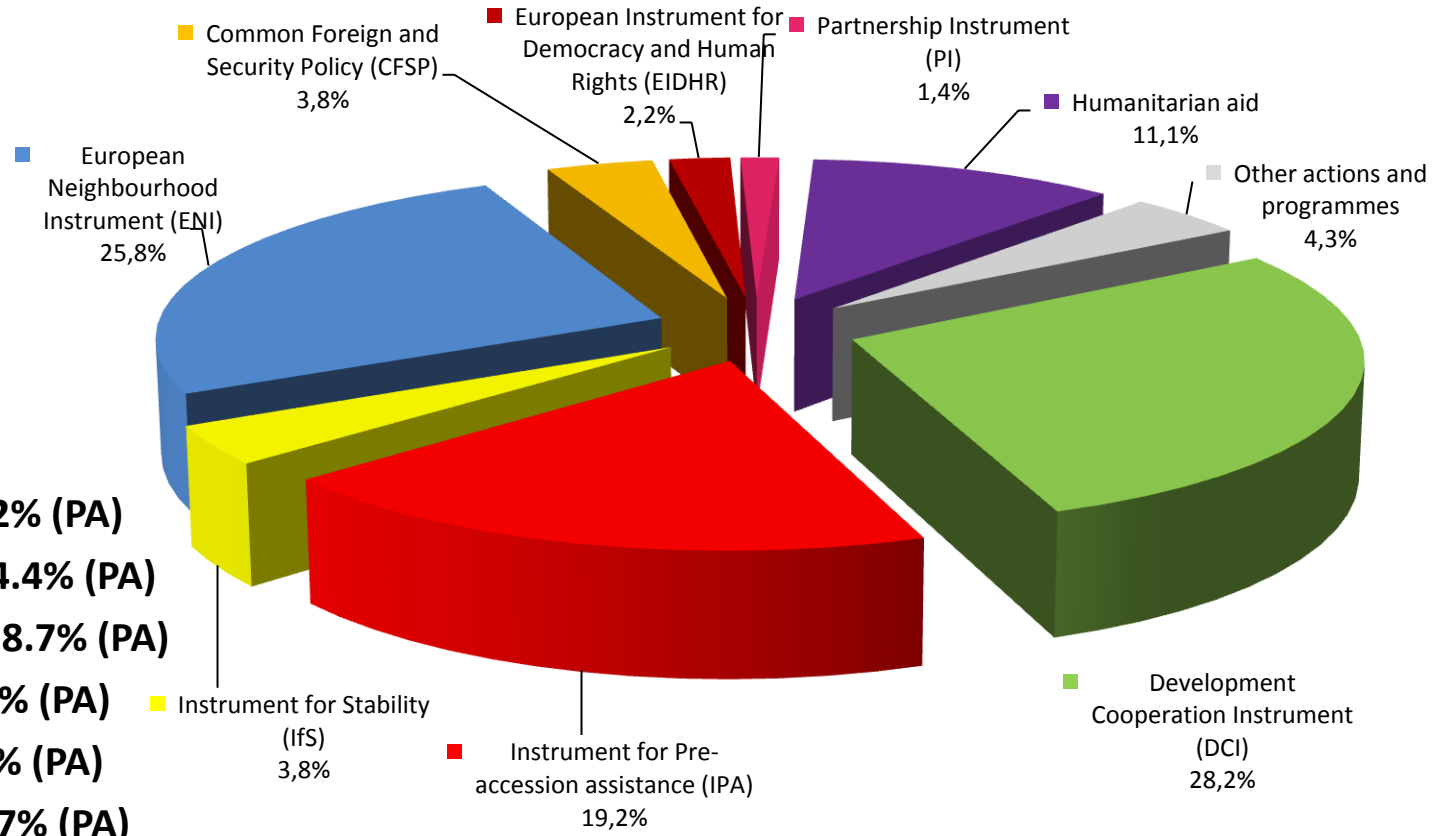


Multiannual Financial Framework – Heading 4 *Global Europe*

Commitments:
€8.2 billion
-12.5% on 2013

Margin €159.2 million

Payments:
€6.3 billion
-8.2% on 2013



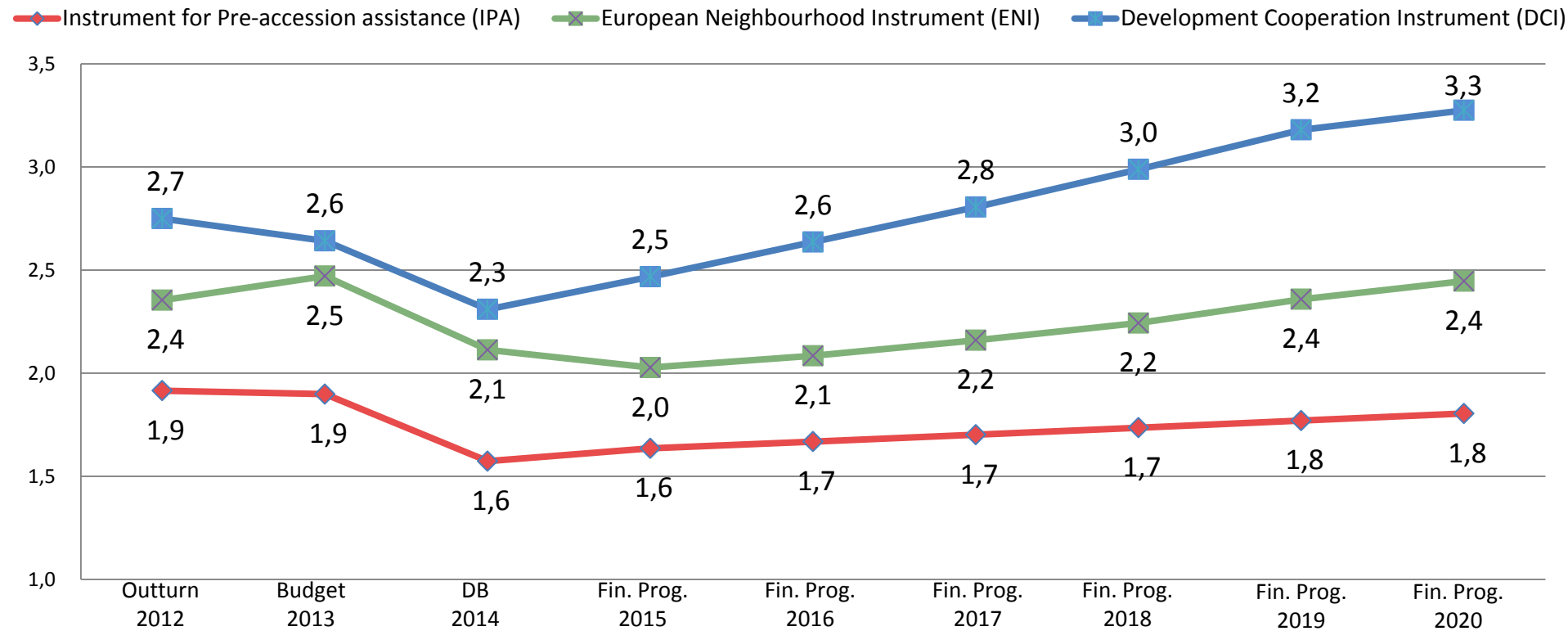
- ↗ PI: **+57.5% (CA)** **+82.2% (PA)**
- ↗ HUMA: **+4.6% (CA)** **-4.4% (PA)**
- ↗ EIDHR: **+1.3% (CA)** **-18.7% (PA)**
- ↘ IPA: **-17.1% (CA)** **-5.7% (PA)**
- ↘ ENI: **-14.5% (CA)** **-3.4% (PA)**
- ↘ DCI: **-12.6% (CA)** **-10.7% (PA)**

Promoting European values and interests

Multiannual Financial Framework – Heading 4

Global Europe

In EUR billion

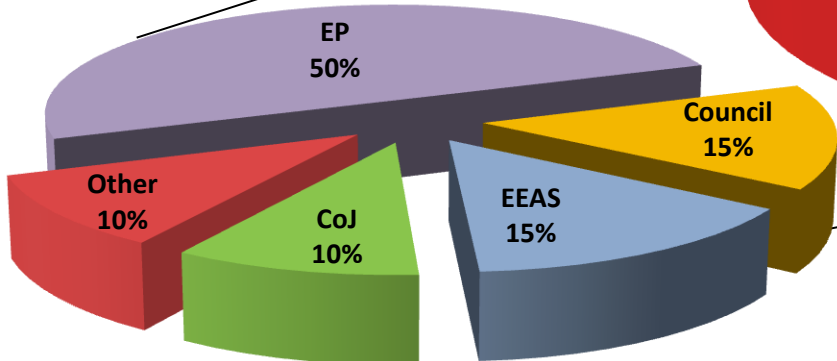
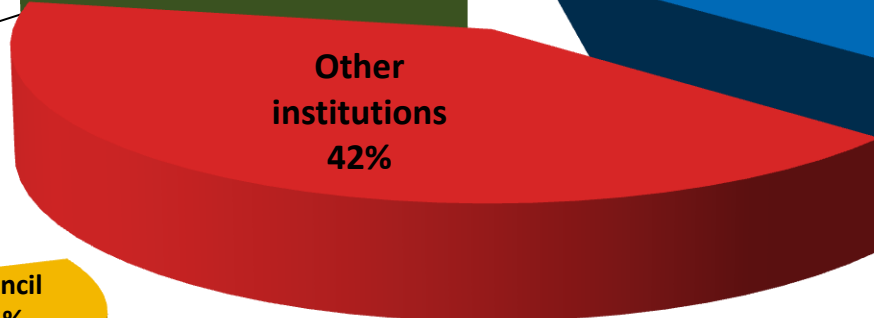
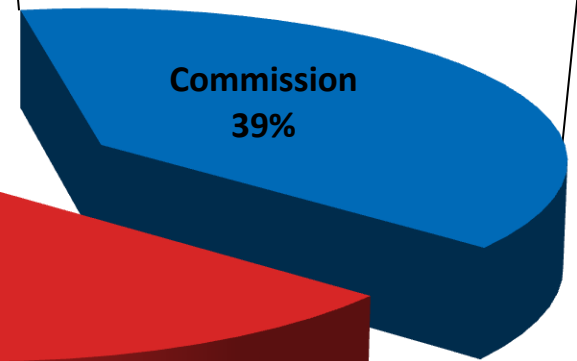
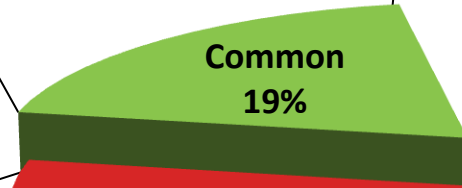
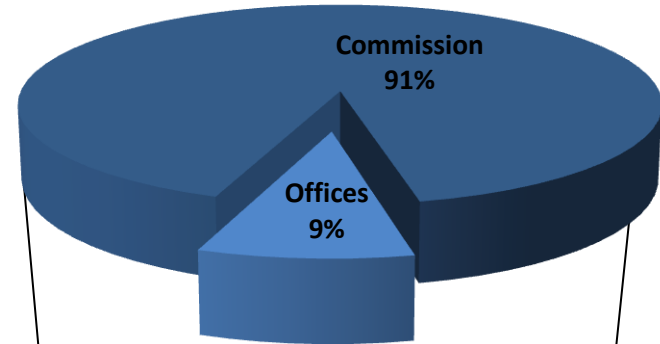
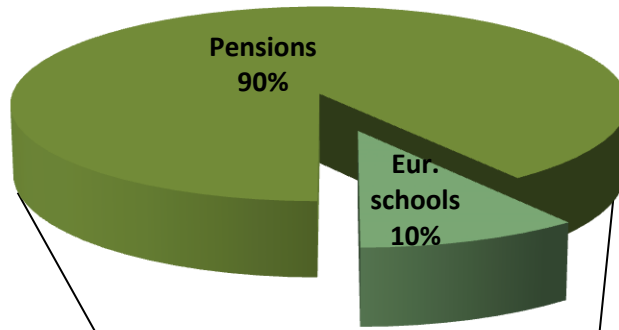


Multiannual Financial Framework – Heading 5 Administration

Commitments & Payments:
€8.6 billion
 +1.5% on 2013 (*)

Margin €125.9 million

- ↗ Commission: **+0.1%** (*)
- ↗ Other institutions: **+0.8%** (*)
- ↗ Common: **5.8%**
- Pensions: **+7.2%**;
- Eur. Schools: **-5.6%**

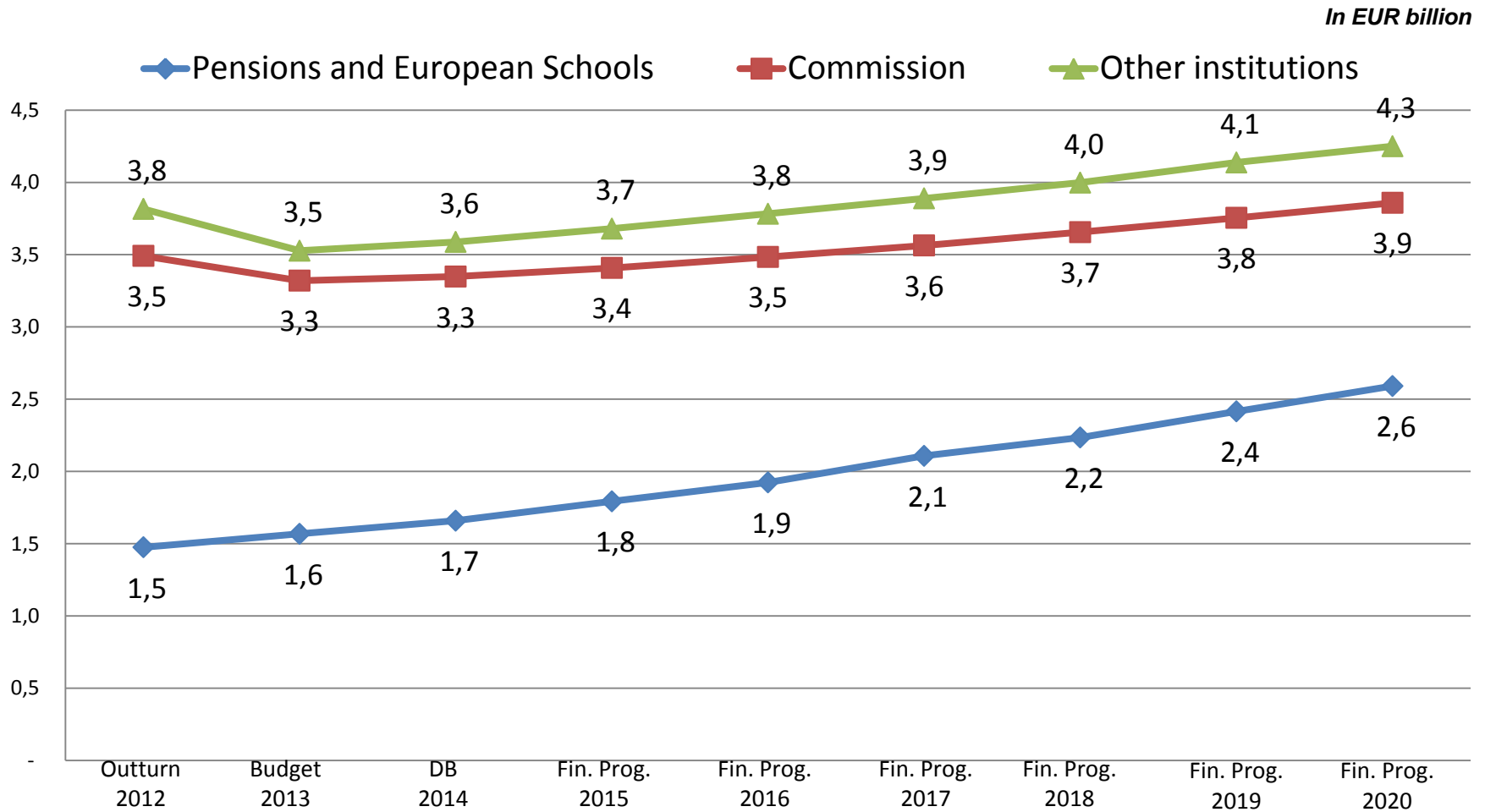


* Excluding Croatia

Multiannual Financial Framework – Heading 5

Administration

Commitments & Payments: €8.6 billion ; +1.5% on 2013 (*) ; Margin €125.9 million



Multiannual Financial Framework – Heading 5

Administration

In EUR million

Institution	2013	2014	2014 / 2013 (*)
Pensions and European schools	1 568.2	1 658.8	+5.8%
— Pensions	1 389.8	1 490.3	+7.2%
— European schools	178.4	168.5	-5.6%
Administrative expenditure of the institutions	6 849.9	6 936.3	+0.5%
— Commission	3 322.7	3 348.5	+0.1%
— Other institutions:	3 527.2	3 587.7	+0.8%
— <i>European Parliament</i>	1 750.5	1 793.6	+1.7%
— <i>European Council and Council</i>	535.5	536.8	-1.1%
— <i>Court of Justice of the European Union</i>	354.9	355.4	-1.9%
— <i>Court of Auditors</i>	142.8	138.2	-4.2%
— <i>European Economic and Social Committee</i>	130.1	131.0	-0.2%
— <i>Committee of the Regions</i>	87.4	89.3	+0.3%
— <i>European Ombudsman</i>	9.7	10.1	+2.4%
— <i>European Data Protection Supervisor</i>	7.7	8.4	+10.1%
— <i>European External Action Service</i>	508.8	524.9	+3.2%
Total Heading 5 - Administration	8 418.1	8 595.1	+1.5 %

* Excluding additional admin. expenditure related to Croatia's accession

Limiting administrative expenditure to a minimum

Human resources by Institutions

How Institutions have taken into account a 1 % staff reduction

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

Institutions	2013 Budget (*)	2014 DB (excl. Croatia)	Evolution 2014/2013 (excl. Croatia)		2014 Croatia request	2014 DB (incl. Croatia)	Evolution 2014/2013 (incl. Croatia)	
European Parliament	6 743	6 773	30	0.4%		6 773	30	0.4%
European Council and Council	3 153	3 111	-42	-1.3%		3 111	-42	-1.3%
Commission	24 942	24 686	-256	-1.0%	(**) 215	24 901	-41	-0.1%
Court of Justice of the European Union (***)	2 002	1 991	-11	-0.5%		1 991	-11	-0.5%
Court of Auditors	891	882	-9	-1.0%		882	-9	-1.0%
European Economic and Social Committee	727	720	-7	-1.0%		720	-7	-1.0%
Committee of the Regions	537	532	-5	-0.9%		532	-5	-0.9%
European Ombudsman	67	67	0	0.0%		67	0	0.0%
European Data-protection Supervisor	45	45	0	0.0%		45	0	0.0%
European External Action Service	1 670	1 661	-9	-0.5%		1 661	-9	-0.5%
Total Institutions	40 777	40 468	-309	-0.8%	215	40 683	-94	-0.2%

(*) Budget 2013 includes draft amending budgets 1 to 5, i.e. including the additional posts requested for the Court of Justice (+ 7 posts)

(**) Including 11 transformation into posts of enlargement related appropriations frontloaded in 2012 or granted in 2013

(***) Excluding the request related to an extension of the Court of Justice by 12 new Judges (9 law clerks, one for each Chamber of the General Court)



Summary overview of administrative expenditure outside heading 5

In EUR million

Heading	2013 Budget	2014 DB	Δ on 2013
Support expenditure outside research and heading 5	429.5	431.6	0.5%
— Support expenditure for operations and programmes	358.1	360.6	0.7%
— Executive agencies (outside research agencies)	71.4	71.0	-0.6%
Support expenditure from direct and indirect research	780.7	789.2	1.1%
— Officials and temporary staff	405.3	397.1	-2.0%
— External personnel	90.3	90.6	0.3%
— Other management expenditure	187.7	185.6	-1.2%
— Other expenditure for major research infrastructure		17.0	
— Executive agencies for research	97.4	99.0	+1.6%
TOTAL ADMINISTRATIVE EXPENDITURE OUTSIDE HEADING 5	1 210.3	1 220.8	0.9%

Overall support expenditure restricted



New Programme Statements and revised nomenclature for 2014-2020

The EU Budget will emphasise the results to be delivered

- **Simplified and result-oriented budget nomenclature:**
 - Clear link between the objectives of the new legal bases and allocation of appropriations enabling political choices to be made;
 - Reduction of the total number of operational budget chapters and lines.
- **Programme Statements providing more focused and relevant performance information:**
 - More relevant and focused information for budget procedure linking budget lines to results to be achieved;
 - Political priority of programmes: Contribution to Europe 2020 Strategy and mainstreaming of climate action.