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AMENDING LETTER No 2
TO THE DRAFT GENERAL BUDGET 2014

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Having regard to:

– the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

– the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the Financial Regulation applicable to the general budget of the Union[1], and in particular Article 39 thereof,

– the draft general budget of the European Union for the financial year 2014 presented by the Commission on 28 June 2013[2],

– the amending letter No 1 to the draft general budget of the European Union for the financial year 2014 presented by the Commission on 18 September 2013[3]

the European Commission hereby presents to the budgetary authority the amending letter No 2 to the draft general budget of the European Union for the financial year 2014 for the reasons set out in the explanatory memorandum.

[1] OJ L 298, 26.10.2012, p. 1.
[2] COM(2013) 450.
[3] COM(2013) 644.

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STATEMENT OF EXPENDITURE BY SECTION

The changes to the statement of revenue and expenditure by section are available on EUR-Lex (http://eur-lex.europa.eu/budget/www/index-en.htm). An English version of the changes to these statements by section is attached for information as a budgetary annex.

1 INTRODUCTION

The Amending Letter No 2 (AL 2) to the Draft Budget for 2014 (DB 2014) covers the following:

- A revision of the forecast of Traditional Own Resources (TOR, i.e. customs duties and sugar sector levies) to be received in 2014, to take account of the trend observed in TOR received to date in 2013.

- The line by line updating of the estimated needs for agricultural expenditure. In addition to changing market factors, the AL 2/2014 also incorporates the impact of decisions in the agricultural sector since the DB 2014 was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have a significant effect during the coming budget year.

- An update of the situation for International Fisheries Agreements.

- The consequences, in terms of human and financial resources, of the foreseen delegation of the management of operational programmes under the new multiannual financial framework (MFF) to executive agencies.

- The integration of the new function group AST/SC in the establishment plans of the EU institutions and bodies.

The net budgetary impact of these changes is a reduction of EUR 4,9 million compared to the Draft Budget 2014 (including AL 1/2014), in commitment and payment appropriations.

Finally, by means of this Amending Letter the Commission draws the attention of the European Parliament and the Council to some necessary measures in case of a delay in the adoption of certain new legal bases under the 2014-2020 multiannual financial framework (MFF), and the proposed remedial action that might be required before the new legal bases enter into force.

The political agreement on the new MFF was reached in June 2013 and work concerning the legal bases of certain 2014-2020 programmes is still ongoing. In case some of these programmes would not be adopted before the end of 2013, this would create a legal vacuum, in particular for the ongoing programmes which expire at the end of 2013 and which will be consolidated in new programmes and instruments. In order to ensure the continuity of implementation of the ongoing programmes (which are already approved), and given the underlying political agreement reached in the MFF negotiations on the new programmes and the related financial envelopes, the Commission intends to continue to make use of the appropriations for technical assistance and administrative support expenditure necessary for the proper implementation of programmes, also in the event of a transitional phase before the final adoption of the new legal bases.

2 UPDATE OF TRADITIONAL OWN RESOURCES (TOR)

In September 2013, the Commission adopted an Amending Letter to Draft Amending Budget No 6/2013[4], so as to revise its forecasts for the Traditional Own Resources (TOR, namely customs duties and sugar levies) to be cashed in 2013. In accordance with Article 16 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000, this revision was necessary to take account of a

[4] COM(2013) 655, 18.9.2013.

significant shortfall in the customs duties actually paid into the EU budget by August 2013, as compared to the amount foreseen to be received by that date.

On that basis, the Commission proposed to offset the additional shortfall in Traditional Own Resources of some EUR 1,8 billion (or minus 11 %) relative to the amount budgeted in DAB 6/2013 by a corresponding increase of Member States' GNI contributions in 2013.

Further to the correction proposed for 2013 in the Amending Letter to DAB 6/2013, the Commission proposes to adjust the forecast for TOR included in the 2014 DB (EUR 18 086 million) by revising the estimate for 2014 to EUR 16 186 million, on the basis of the following assumptions:

— In line with the Amending Letter to DAB 6/2013, the extrapolated TOR outturn for year-end 2013 would amount to EUR 14 984 million;

— The forecasted evolution of extra-EU imports in 2014 agreed in the ACOR meeting of May 2013 of 8 % is then to be applied to the extrapolated outturn for 2013.

The resulting shortfall in TOR of EUR 1,9 billion (or minus 11 %), compared to the initial forecast included in the 2014 DB, needs to be offset by a corresponding increase of Member States' GNI contributions in 2014. The distribution of this impact by Member State is shown in the budgetary Annex.

3 AGRICULTURE AND FISHERIES

3.1 Main changes proposed

According to the present AL 2/2014, overall appropriations requested for heading 2 in 2014 are estimated at EUR 59 247,7 million. This leaves a margin of EUR 55,3 million in commitment appropriations below the corresponding ceiling of the multiannual financial framework. The modifications proposed in AL 2/2014 are neutral in terms of appropriations as compared to the DB 2014, both for the European Agricultural Guarantee Fund (EAGF) and for International Fisheries Agreements.

As in DB 2014, agricultural expenditure financed under the EAGF in AL 2/2014 is budgeted at its net sub-ceiling for 2014, i.e. EUR 43 778,1 million[5]. The financial discipline mechanism for direct aids still needs to be applied, as forecasts for market-related expenditure and direct aids exceed this net sub-ceiling. However, the forecasted level of expenditure above the ceiling is lower than in DB 2014 so that the amount of financial discipline can be revised downwards accordingly. This is the net result of higher assigned revenue estimated to be available in 2014 (mostly due to an increase in amounts available in 2013 and carried over to 2014) and revised estimates for needs to cover EAGF expenditure. EAGF payment appropriations in AL 2/2014 also remain unchanged compared with the DB 2014, i.e. EUR 43 777 million.

As far as International Fisheries Agreements are concerned, AL 2/2014 proposes to increase commitment appropriations by EUR 7,3 million and payment appropriations by EUR 10,3 million for budget article 11 03 01 Sustainable Fisheries Agreements (SFAs), balanced by a corresponding reduction on the reserve line.

[5] The EAGF sub-ceiling for 2014 amounts to EUR 44 130 million. After taking into account an amount of EUR 351,9 million to be transferred to Rural Development that had already been incorporated in the 2014 DB, the net amount available for the EAGF ('net sub-ceiling') amounts to EUR 43 778,1 million. The EAGF needs for 2014 are assessed against such a net amount.

The following table summarises the effect of AL 2/2014 on heading 2:

(in million EUR, rounded figures at current prices)

	Draft Budget 2014 (incl. AL1/2014)		Amending Letter No 2/2014		Draft Budget 2014 (incl. AL1 to 2/2014)	
	Commitments	**Payments**	**Commitments**	**Payments**	**Commitments**	**Payments**
— European Agricultural Guarantee Fund (EAGF)	43 778,1	43 777,0			43 778,1	43 777,0
— European Agricultural Fund for Rural Development (EAFRD)	13 991,0	11 655,1			13 991,0	11 655,1
— European Maritime and Fisheries Fund (EMFF), Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs), of which:	1 017,3	765,7			1 017,3	765,7
— Sustainable Fisheries Agreements (SFAs) — Operational line (11 03 01)	22,4	22,4	+ 7,3	+ 10,3	29,7	32,7
— Sustainable Fisheries Agreements (SFAs) — Reserve (40 02 41)	122,7	122,7	- 7,3	- 10,3	115,3	112,3
— Environment and climate action (Life)	404,6	263,0			404,6	263,0
— Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	6,3	3,0			6,3	3,0
— Pilot projects and preparatory actions	p.m.	18,3			p.m.	18,3
— Decentralised agencies	50,4	50,4			50,4	50,4
Total	**59 247,7**	**56 532,5**	**0,0**	**0,0**	**59 247,7**	**56 532,5**
Ceiling	***59 303,0***				***59 303,0***	
Margin	***55,3***				***55,3***	
***Of which* EAGF**	**43 778,1**	**43 777,0**	**0,0**	**0,0**	**43 778,1**	**43 777,0**
Sub-Ceiling	***44 130,0***				***44 130,0***	
Net transfer between EAGF and EAFRD	*351,9*				*351,9*	
Sub-Margin	***0,0***				***0,0***	

3.2 European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments

3.2.1 Overview

The purpose of AL 2/2014 is to ensure that the agricultural budget is based on the most up-to-date economic data and legislative framework. By the month of September, the Commission has at its disposal a first indication of the level of production for 2013 and perspectives for the agricultural markets, which is the basis for the updated estimates of the budgetary needs for 2014. Apart from taking into account market factors, this AL 2/2014 also incorporates the impact of any legislative decisions adopted in the agricultural sector since the DB 2014 was drawn up, proposals made by the Commission, as well as the outcome of the political negotiations on the new legal bases 2014-2020 for agriculture.

Overall, **2014 EAGF needs (before applying the 'financial discipline mechanism')** in AL 2/2014 are estimated at EUR 45 720 million compared to EUR 45 653 million in the 2014 DB. This is the net result of somewhat lower needs in chapter 05 02 'Intervention in agricultural markets' (- EUR 27 million) and additional needs for chapter 05 03 'Direct aids**'** (+ EUR 38 million), for chapter 05 07 'Audit of agricultural expenditure**'** (+ EUR 53 million) as well as for chapter 05 08 'Policy strategy and coordination**'** (+ EUR 3 million).

Regarding **assigned revenues**, the amount assumed to be available in 2014 increases substantially, from EUR 828 million in the 2014 DB to EUR 1 464 million in AL 2/2014 (+ EUR 636 million). This increase mostly results from a carry over of assigned revenues from 2013 to 2014:

— At the time of the preparation of the 2014 DB, it is was too early in the year to make an assumption for the execution of the EAGF in 2013.

— In fact, part of the 2013 expenditure can be covered by higher than expected carry-over of assigned revenue from 2012 and additional assigned revenue resulting from clearance of accounts decisions taken in 2013. As a consequence, an amount of EUR 615 million of assigned revenues received in 2013 will not be needed to cover expenditure that same year.

— The AL 2/2014 incorporates the carry over of this amount of EUR 615 million from 2013 to 2014, which will reduce the amount of appropriations requested in the 2014 DB accordingly.

— Furthermore, the Commission expects a small increase in the assigned revenue freshly generated in 2014 (+ EUR 21 million) resulting from the expected 'milk superlevy' based on the figures communicated by Member States within the legal deadline.

As a result of these updates, commitment appropriations of EUR 44 681 million would be needed to cover EAGF needs for 2014, including an amount of EUR 424,5 million to establish the 'Reserve for crises in the agricultural sector'. As for the 2014 DB, this overall amount exceeds the EAGF net sub-ceiling of EUR 43 778,1 million, meaning that the appropriations for direct aids need to be reduced by applying the financial discipline mechanism. However, the amount of the financial discipline in AL 2/2014 (EUR 902,9 million) is less than initially estimated in the 2014 DB (EUR 1 471,4 million). Accordingly, the Commission will propose a new adjustment rate for direct payments considerably below the level established on the basis of the 2014 DB (- 2,453658%, as compared to - 4,001079%).[6]

After applying the 'financial discipline mechanism', EAGF needs to be covered in 2014 in AL 2/2014 amount to EUR 45 242,1 million, compared to EUR 44 606,1 million in the DB 2014. Taking into account assigned revenue of EUR 1 464 million, **EAGF commitment appropriations requested for 2014** in AL 2/2014 remain (as in the 2014 DB) at the level of the net sub-ceiling, i.e. EUR 43 778,1 million. Payment appropriations requested for the EAGF in 2014 also remain unchanged compared to the 2014 DB, i.e. EUR 43 777 million.

3.2.2 Detailed comments

<u>05 02 — Interventions in agricultural markets</u> ***(appropriations - EUR 263 million)***

(in million EUR, rounded figures at current prices)

Interventions in agricultural markets	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
Needs	2 724	- 27	2 697
Estimated assigned revenue available in 2014	228	+ 236	464
Appropriations requested	**2 496**	**- 263**	**2 233**

In general, the hypotheses underlying this AL 2/2014 confirm the assessment made at the moment of the 2014 DB, with favourable prospects for most agricultural markets. The modifications proposed by this AL 2/2014 are mostly of a technical nature and concern small amounts only. Overall needs for intervention measures on agricultural markets decrease by EUR 27 million compared to the 2014 DB. Furthermore, EUR 236 million of additional assigned revenues are estimated to be available for chapter 05 02, so that appropriations requested can be reduced by EUR 263 million compared to the 2014 DB.

The most important modifications are briefly explained below.

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6 The rate is established in Commission Implementing Regulation (EU) No 964/2013 of 9 October 2013 on fixing an adjustment rate to direct payments provided for in Regulation (EC) n° 73/2009 in respect of calendar year 2013. AL 2/2014 reduces the adjustment rate from the initial 4,981759% in the 2014 DB to 4,001079%, taking account of the reduction in the threshold from EUR 5 000 to EUR 2 000 in line with the agreement on the CAP reform.

For **fruit and vegetables**, estimated needs for operational programmes of producer organisations (budget item 05 02 08 03) are somewhat lower (- EUR 5 million) than assumed for the 2014 DB. This results from an updated assessment of the actual uptake of the measures and sligthly revised figures for national plans 2013 and 2014, as well as taking into account the estimated financial impact of the possible partial reimbursement by the EU budget of national financial assistance granted by some Member States according to Article 103e(1) of Regulation (EC) 1234/2007. However, the appropriations proposed in this AL 2/2014 are actually lower than in the 2014 DB (- EUR 241 million), because of an increase of revenue assigned to fruit and vegetables of EUR 236 million .

For the **wine sector**, the 2014 DB figures have been updated to incorporate the outcome of the negotiations on the new Single CMO (Common Market Organisation) Regulation in the CAP (Common Agricultural Policy) reform, in which the overall amount for national support programmes increased by EUR 5,6 million[7], as well as to include the most recent figures on execution of these programmes. Consequently, the AL 2/2014 proposes an increase of EUR 8 million for budget item 05 02 09 08.

Modifications for **other plant products/measures** (budget article 05 02 11) concern the POSEI programmes and aid for producer organisations of hops. DB 2014 estimates on the use of the modified ceilings for the POSEI regions[8] have been updated, resulting in a small additional increase of appropriations (+ EUR 2 million) for market support measures financed from budget item 05 02 11 04, while needs for direct aids in these regions (financed from budget item 05 03 02 50 and 05 03 02 52) have been revised downwards. An increase of EUR 2,3 million compared to the 2014 DB is requested for hops, since the aid scheme for the supporting of producer organisations will continue following the outcome of the negotiations on the new Single CMO Regulation.

For **milk and milk products**, the AL 2/2014 proposes to decrease appropriations for the school milk scheme (budget item 05 02 12 08) by EUR 3 million, in line with provisional figures on execution in 2013 that point towards a somewhat lower uptake of the scheme in Member States than initially expected. Accordingly, the assumptions of the 2014 DB have been revised and a lower amount is now proposed. Furthermore, appropriations needed in 2014 for private storage of butter (budget item 05 02 12 04) are reduced by EUR 3 million, reflecting the smaller quantities for which aid requests were presented in 2013.

Appropriations for budget article 05 02 15 (**pigmeat, eggs and poultry, bee-keeping and other animal products**) are proposed to be decreased by EUR 27 million, reflecting revised needs for export refunds for poultry (budget item 05 02 15 05) after refund rates have been set at zero.

<u>05 03 — Direct Aids</u> *(appropriations + EUR 206 million)*

(in million EUR, rounded figures at current prices)

Direct Aids	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
Before financial discipline (without the 'Reserve for crises in the agricultural sector')			
Needs	42 888	+ 38	42 926
Estimated assigned revenue available in 2014	600	+ 400	1 000
Appropriations requested	**42 288**	**- 362**	**41 926**

7 Article 41 and Annex IV of Regulation (EU) xx/xxxx of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products (Single CMO Regulation), which still needs to be adopted formally by the EP and the Council (COM(2012) 535).

8 Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006.

(in million EUR, rounded figures at current prices)

Direct Aids	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
After financial discipline (including the 'Reserve for crises in the agricultural sector')			
Needs	41 841	+ 606	42 447
Estimated assigned revenue available in 2014	600	+ 400	1 000
Financial discipline	1 471	- 569	903
Appropriations requested	**41 241**	**+ 206**	**41 447**

Compared to the 2014 DB, appropriations requested for chapter 05 03 are revised upwards by EUR 206 million. This change is the combined effect of somewhat higher needs before financial discipline (+ EUR 38 million) and a lower amount of the financial discipline (EUR 569 million), which are parially compensated by an increase in the amount of assigned revenue (EUR 400 million). The most significant variations affect the Single Payment Scheme (SPS), the Single Area Payment Scheme (SAPS) and specific support measures under Article 68 of Council Regulation (EC) No 73/2009.

AL 2/2014 reduces the appropriations for the **SPS** (budget item 05 03 01 01) by EUR 24 million compared to the 2014 DB. Needs for this scheme (before financial discipline) have been reduced by around EUR 79 million, corresponding to the transfer of some Member States to coupled measures under Article 68 of Regulation (EC) No 73/2009. Furthermore, the financial discipline amount applied to this budget item has been reduced by EUR 455 million, while the revenue assigned to it has increased by EUR 400 million.

For the **SAPS** (budget item 05 03 01 02) AL 2/2014 proposes to increase the budget appropriations by EUR 80 million, of which EUR 23 million correspond to higher needs compared to the 2014 DB and EUR 57 million to the modification of the financial discipline amount. The higher needs are mainly explained by the modification of the agricultural area under the SAPS in one Member State, the decision of another Member State to transfer EUR 7 million to coupled support under Article 68 of Regulation (EC) No 73/2009 as well as the expected evolution of execution in 2014 taking into account the most recent figures from 2013.

(in million EUR, rounded figures at current prices)

Decoupled direct aids[9]	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
05 03 01 01 — SPS (Single Payment Scheme)	30 107	- 24	30 083
05 03 01 02 — SAPS (Single Area Payment Scheme)	7 302	+ 80	7 382
Total	**37 409**	**+ 56**	**37 465**

AL 2/2014 proposes to increase budget appropriations for the **specific support under Article 68** of Regulation (EC) No 73/2009 by EUR 14 million for decoupled support (budget item 05 03 01 05) and by EUR 102 million for coupled support (budget item 05 03 02 44). While needs for decoupled specific support measures increase only slightly compared to the DB 2014 (+ EUR 5 million), needs for coupled specific measures change more substantially (+ EUR 88 million). This corresponds mostly to the transfer by some Member States from the SPS and SAPS to the decoupled support under Article 68 as mentioned above, combined with an adjustment in the expected execution rate.

[9] In appropriations and after financial discipline.

(in million EUR, rounded figures at current prices)

Direct Aids[10]	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
05 03 01 05 — Decoupled support	473	+ 14	487
05 03 02 44 — Coupled support	987	+ 102	1 089
Total	**1 460**	**+ 116**	**1 576**

There are some other changes for budget lines within chapter 05 03, but the variations are very small, in particular for lines related to coupled direct aids. These variations compared to the 2014 DB are mostly related to the modification of the amount of financial discipline applied to each individual budget item:

(in million EUR, rounded figures at current prices)

Direct Aids[11]	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
05 03 01 03 — Separate sugar payment	274,0	+ 3,0	277,0
05 03 02 06 — Suckler cow premium	882,0	+ 20,0	902,0
05 03 02 07 — Additional suckler cow premium	47,0	+ 2,0	49,0
05 03 02 13 — Sheep and goat premium	21,0	+ 2,0	23,0
05 03 02 39 — Additional amount for sugar beet and cane producers	20,0	+ 1,0	21,0
05 03 02 40 — Area aid for cotton	230,0	+ 9,0	239,0
05 03 02 50 — POSEI – EU support programmes	406,0	+ 1,0	407,0
05 03 02 52 — POSEI – Aegean Islands	19,0	- 1,0	18,0
05 03 02 99 — Other (direct aids)	12,2	- 2,5	9,7
Total	**1 911,2**	**+35,5**	**1 946,7**

<u>05 07 Audit of agricultural expenditure</u> *(appropriations + EUR 53,4 million)*

(in million EUR, rounded figures at current prices)

Audit of agricultural expenditure	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
05 07 02 — Settlement of disputes	6,8	+ 53,4	60,2
Total	**6,8**	**+ 53,4**	**60,2**

Appropriations for budget article 05 07 02 (Settlement of disputes) need to be increased by EUR 53,4 million to cover the potential reimbursement of compensatory interests under national law of the Member State following the Court of Justice judgement in case C-113/10 Jülich et al. invalidating the Commission Regulations fixing sugar production levies for marketing years 2002/03 to 2005/06.

<u>05 08 Policy strategy and coordination</u> *(appropriations + EUR 3 million)*

(in million EUR, rounded figures at current prices)

Policy strategy and coordination	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
05 08 06 — Enhancing public awareness of the common agricultural policy	32,6	+ 3,0	35,6
Total	**32,6**	**+ 3,0**	**35,6**

Appropriations for budget article 05 08 06 (Enhancing public awareness of the common agricultural policy) are proposed to be increased by EUR 3 million to finance information campaigns with a particular focus on corporate aspects of the EU policy related to the 2014-2020 MFF programming period, as far as the objectives of the CAP are concerned.

[10] After financial discipline.
[11] After financial discipline.

3.3 International fisheries agreements

As foreseen in point C of Part II of the draft Interinstitutional Agreement (IIA)[12], the Commission has examined the most recent information available concerning fisheries agreements. To reflect the latest situation, i.e. the recent conclusion of bilateral agreements with Ivory Coast[13], Gabon[14], the Comores Islands and Seychelles[15], the Commission proposes to shift commitment and payment appropriations from the reserve article 40 02 41 to budget article 11 03 01 Establishing a governance framework for fishing activities carried out by Union fishing vessels in third country waters (SFAs), for an amount of EUR 7,3 million. Furthermore, to cover the payment appropriations for the sectoral support component in the agreement with Mauritania for the second year, an additional amount of EUR 3 million for payment appropriations is proposed to be shifted from the same reserve article to the operational line 11 03 01.

(in million EUR, rounded figures at current prices)

Sustainable fisheries agreements	Draft Budget 2014 (incl. AL1/2014)		Amending Letter No 2/2014		Draft Budget 2014 (incl. AL1 to 2/2014)	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
Operational line (11 03 01)	22,4	22,4	+7,3	+10,3	29,7	32,7
Reserve (40 02 41)	122,7	122,7	-7,3	-10,3	115,3	112,3
Total	**145,0**	**145,0**	**0,0**	**0,0**	**145,0**	**145,0**

3.4 Changes to the budgetary remarks

The budgetary remarks for the following chapters, articles and items have been updated:

Heading		Explanation
Expenditure		
05 02	Interventions in agricultural markets	Figures for assigned revenues
05 02 11 03	Hops – Aid to producer organisations	Budgetary remarks
05 03	Direct aids	Figures for assigned revenues
11 03 01	International fisheries agreements	Change in budgetary remarks: table
Revenue		
6 7 0 1	Clearance of EAGF accounts – Assigned revenue	Figures for assigned revenue
6 7 0 2	EAGF irregularities – Assigned revenue	Figures for assigned revenue
6 7 0 3	Superlevy from milk producers – Assigned revenue	Figures for assigned revenue

4 DELEGATION OF SPENDING PROGRAMMES TO EXECUTIVE AGENCIES

4.1 Reasons for delegation

4.1.1 Making the best use of executive agencies

An important element of the Commission's proposals for the 2014-2020 Multiannual Financial Framework (MFF) was to simplify and rationalise further the administration of the EU institutions, agencies and bodies to make it a modern, effective and dynamic organisation, while reducing staffing by 5 % over 5 years[16]. This commitment is now enshrined in the draft Interinstitutional Agreement

[12] Draft Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, cooperation in budgetary matters and on sound financial management.

[13] Provisional application of the Protocol following adoption of Council Decision 2013/303/EU (OJ L 170, 22.6.2013, p. 1).

[14] The Council Decision on the provisional application (as from 24 July 2013) of the Protocol has been adopted on 16 July 2013 but has not yet been published in the Official Journal.

[15] The Commission estimates that the Council Decisions on the provisional application of Protocols related to these two agreements will be in force as from 1 January 2014.

[16] Communication 'A Budget for Europe 2020', p.21, COM(2011) 500, 29.6.2011.

(IIA) on budget discipline, cooperation in budgetary matters, and sound financial management[17], on which the European Parliament, the Council and the Commission have reached political agreement.

Within this general context, the Commission has to make the best use of reduced human resources by focusing more than ever on its core institutional tasks, such as policy-making, implementation and monitoring of the application of EU law, and strategic management, whilst guaranteeing the most effective and efficient implementation of spending programmes for which it remains ultimately responsible.

In view of the positive experience of management of EU programmes by the executive agencies, as confirmed by the European Court of Auditors[18], the Commission proposals for the 2014-2020 MFF also included making more use of the existing executive agencies to implement certain new programmes.

At present, there are six executive agencies, set up under Council Regulation No 58/2003[19]: the Executive Agency for Competitiveness and Innovation (EACI), the Education, Audiovisual and Culture Executive Agency (EACEA), the Executive Agency for Health and Consumers (EAHC), the Trans-European Transport Network Executive Agency (TEN-T EA), the European Research Council Executive Agency (ERCEA) and the Research Executive Agency (REA).

The Regulation provides for a clear division of programme management tasks between the Commission and the executive agencies. The Commission's departments perform tasks involving a large measure of discretion implying policy choices, in particular: setting objectives and priorities, adopting work programmes (including financing decisions), representing the Commission in the programme committee and adopting award decisions subject to comitology. The agencies are responsible for implementing tasks, such as the launch and conclusion of grant and procurement procedures, the adoption of award decisions, project monitoring, financial control and accounting, the contribution to programme evaluation and various support tasks.

4.1.2 Cost-benefit analysis: chosen delegation scenario

A cost-benefit analysis (CBA), required by the Regulation prior to any delegation of programmes to the executive agencies, has been carried out over the last year and took into account the political agreement reached by Parliament and Council in June 2013 on the 2014-2020 MFF[20]. The CBA highlights the following comparative advantages of delegating certain 2014-2020 programmes to the executive agencies:

— As a result of their experience and specialisation in specifically defined tasks, the agencies guarantee a high quality of programme management and better service delivery in terms of faster contracting, faster approval procedures for technical and financial reports and quicker payments.

— Giving the agencies coherent programme portfolios will create synergies between closely related policy domains and foster knowledge spill-over. For example, pooling all aspects of the small and medium-sized enterprises (SME) instrument that falls under the Framework Programme for Research and Innovation (Horizon 2020) is expected to result in economies of scale, easier coordination and consistency in delivery of services. At the same time, all potential beneficiaries will have a single entry point.

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17 Point [23] of the draft Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and on sound financial management.

18 Special Report No 13/2009, *Delegating implementing tasks to executive agencies: a successful option?*.

19 Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

20 Draft Council Regulation laying down the MFF for the years 2014-2020.

— The new programmes can capitalise on the agencies' existing communication and outreach channels, which have developed over time to keep them close to beneficiaries and to improve the EU's visibility as the promoter of the programmes. In particular, the agencies provide an increased level of direct exchanges with beneficiaries through 'info days', kick-off meetings for larger and multi-annual projects, and monitoring visits.

— Continuous simplification of processes and procedures (e.g. simplified forms of grants, proportionate controls and electronic application forms) results in higher productivity, which should further increase with simpler procedures for the new programmes.

— The lower number of full-time equivalents (FTEs) required to manage the programmes and the scope for recruiting a larger percentage of contract agents at the executive agencies than at the Commission entails significant savings compared with the in-house scenario.

The CBA compared four scenarios depicting varying levels of programme delegation: *an in-house scenario* in which new programmes would be managed by the Commission while EAs would remain responsible for the delivery of legacy work (2007–2013 programmes); *an initial scenario* for delegation defined by the Commission; and *two alternative scenarios* exploring options for delegation different from that of the initial scenario.

The CBA pointed to the 'alternative scenario 2'[21] as the most efficient in terms of cost savings and qualitative benefits than the other scenarios taken into consideration. Since the EAs will benefit from economies of scale as they become larger, this scenario would lead to the highest estimated efficiency gains (EUR 509 million at present value[22] over the 2014-2020 period) in relation to the in-house scenario.

4.1.3 Refining the cost-benefit analysis

On the basis of the CBA, the Commission has defined an overall approach for the delegation of the management of operational programmes to the executive agencies for the period 2014-2020. Besides taking into account the latest major developments in the still on-going negotiations between the European Parliament and the Council on the legal acts of programmes to be delegated, the Commission has placed particular emphasis on the safeguarding of two key objectives in the delegation process:

— Productivity: to ensure a sustained or improved level of underlying productivity in each of the agencies compared to 2013, the staffing numbers of all agencies have been reviewed;

— 5 % staff reduction: to reconcile the staffing levels of the executive agencies with the overall 5 % staff reduction in all EU institutions and bodies, a 5 % reduction has been applied to the 2013 staffing levels of all executive agencies, to be spread evenly over the 2014-2020 period, and to be compared with the initial assessment of the resources to be allocated to each agency. As for all EU institutions and bodies, the 5 % staff reduction is accompanied by the increase in working hours from 37,5 to 40 hours per week.

[21] Within the 'boundary conditions' set by the Commission of keeping the current number of executive agencies unchanged and having broadly similar-sized agencies (in terms of their staffing), the contractor developed a scenario in which certain programmes would be managed by other agencies compared to the 'initial scenario', as follows: the new Space programme and the societal challenge *Food security, sustainable agriculture, marine and maritime research and bio-economy* under Horizon 2020 would be delegated to REA, whereas EACI would manage the second and third generation of the Intelligent Energy programme, the entire SME instrument under Horizon 2020 as well as the Integrated Maritime Policy, Control and Scientific Advice actions under the EMFF.

[22] Calculated following the Commission's guidelines for impact assessments for policy proposals (SEC(2009) 92), applying the standard discount rate of 4 % to future benefits to calculate their net present value.

4.1.4 Adjusting the ‘steady state’ approach applied in the 2014 DB

The 2014 Draft Budget was based on a ‘steady state’ approach, whereby the staffing and subsidy levels of each executive agency was kept constant at the 2013 level, awaiting the results of the cost-benefit analysis and the subsequent review of the CBA results as part of the Commission’s proposals for the delegation of spending programmes. The adjustments made in this Amending Letter take account of the resources implications of the foreseen delegation of the 2014-2020 programmes, both on the side of the executive agencies and on the side of the Commission, as outlined below.

4.2 Proposed delegation of programmes by MFF heading

The level of operational appropriations to be managed by the executive agencies for the programmes concerned is foreseen to increase substantially over the next MFF period, whereas the agencies will also remain responsible for the management of the outstanding commitments for the programmes currently delegated. The growing workload for programmes under the 2014-2020 MFF should be seen in connection with the gradually decreasing workload related to the management of 2007-2013 programmes. The spending programmes foreseen to be delegated to executive agencies by MFF heading are set out below.

Full details on the envelopes of operational approprations foreseen to be managed by the executive agencies are provided in the legislative financial statements accompanying the Commission proposals to re-establish the six executive agencies and extend their mandates and lifetime (see section 4.5 below).

— Heading 1a – Competitiveness for growth and jobs

  Several new programmes under heading 1a are foreseen to be delegated to executive agencies, including the ICT and Energy strands of the Connecting Europe Facility. Furthermore, a series of programmes currently delegated to EACI, EACEA, TEN-T EA, ERCEA and REA are foreseen to be continued in the executive agencies. This concerns notably substantial parts of Horizon 2020, COSME, Erasmus+ and the Transport strand of the Connecting Europe Facility.

— Heading 2 – Sustainable growth: natural resources

  Two new programmes under heading 2 are foreseen to be delegated to executive agencies, as from 2014: LIFE – Environment and Climate Action and certain activities under EMFF – Fisheries Control, Integrated Maritime Policy and Scientific Advice.

— Heading 3 – Security and citizenship

  Five programmes under heading 3 are foreseen to be delegated to executive agencies. This concerns the continuation of programmes currently delegated to EACEA and EAHC: Creative Europe, Europe for Citizens, Consumer Protection, Public Health and Better Training for Safer Food (transferred from heading 2 in the 2007-2013 MFF).

— Heading 4 – Global Europe

  Two programmes under heading 4 are foreseen to be delegated to executive agencies: the projects in the field of higher education which are currently delegated to EACEA as well as the new programme for EU Aid Volunteers.

4.3 Impact on human and financial resources in the executive agencies

The Commission intends to keep the same number of executive agencies. However, it proposes to adapt the names of three of the six current agencies, to reflect the extended scope of their mandates, namely:

— The Executive Agency for Competiveness and Innovation (EACI) will become the Executive Agency for Small and Medium-sized Enterprises (EASME);

— The Executive Agency for Health and Consumers (EAHC) will become the Consumers, Health and Food Executive Agency (CHAFEA); and

— The Trans-European Transport Network Executive Agency (TEN-T EA) will become the Innovation and Networks Executive Agency (INEA).

The overview table below compares, agency by agency, the total level of operational appropriations managed by the agencies with the number of human resources (FTE) and the corresponding EU contribution to cover the running costs of the agencies. The table presents the situation in 2013, the 'steady state approach' as originally foreseen in the 2014 DB and the changes proposed in the present Amending Letter.

(in million EUR, rounded figures at current prices)

Executive agency	Budget 2013			Draft Budget 2014			Amending Letter 2/2014			DB 2014 (incl. AL 2)		
	Envelope managed	**Running costs**	**Staff (FTE)**	**Envelope managed**	**Running costs**	**Staff (FTE)**	**Envelope managed**	**Running costs**	**Staff (FTE)**	**Envelope managed**	**Running costs**	**Staff (FTE)**
EASME (former EACI)	583	15,680	159	pm	15,827	144	1 194	+ 15,321	+ 164,5	1 193,5	31,148	308,5
EACEA	847	48,012	431	pm	47,546	431	543	- 0,004	+ 4,9	543,3	47,542	435,9
CHAFEA (former EAHC)	68	7,070	50	pm	7,070	50	76	-	-	76,3	7,070	50,0
INEA (former TEN-T EA)	1 470	9,805	100	pm	9,805	115[23]	2 395	+ 4,371	+ 47,0	2 395,2	14,176	162,0
ERCEA	1 707	39,000	389	pm	39,415	389	1 451	-	-	1 451,0	39,415	389,0
REA	1 171	49,300	558	pm	50,298	558	1 603	+ 6,071	+ 22,4	1 603,0	56,369	580,4
Total	**5 846**	**168,867**	**1 687**	**pm**	**169,961**	**1 687**	**7 262**	**+ 25,759**	**+ 238,8**	**7 262**	**195,720**	**1 925,8**

As shown in the table, the overall financial envelope to be managed by executive agencies as a whole in 2014 increases by 24,2 % compared to 2013. The overall increase in the number of staff in 2014 (+ 14,2 %) is mostly concentrated in EASME (former EACI), and to a lesser extent in INEA (former TEN-T EA) and REA, whereas no staff increase is foreseen for CHAFEA (former EAHC) and ERCEA.

The targeted increase in human resources for EASME, INEA and REA will translate into an increase in the EU contribution to cover their running costs. The corresponding salary needs of the additional staff numbers in the executive agencies have been calculated on an eight month basis, to take into account the estimated time required for recruitment. However, the increase in expenditure of the agencies is offset by a correponding decrease of administrative expenditure in the budget, as set out below.

4.4 Impact on human and financial resources in the Commission

4.4.1 Transfer of tasks to executive agencies: savings in the Commission

Part of the increased workload for the executive agencies will result from further delegation of programmes currently implemented by Commission services. The transfer of those implementing

[23] This staffing number takes account of the proposed transfer of the Marco Polo programme from EACI to INEA (15 FTE), since this will become part of the CEF-Transport programme.

tasks will save human resources in the Commission (see below), since they are no longer carried out in the Commission. For 2014, the CBA estimates the maximum number of additional officials to be seconded to executive agencies (‘*frozen*’ posts) at 28 posts, whereas the overall number of posts ‘*freed*’ in the Commission is estimated at 30 FTEs[24].

In the past, those ‘freed’ human resources were redeployed to other tasks in accordance with Article 13(6)(c) of Council Regulation No 58/2003. Given the Commission’s commitment to the overall reduction in staff, and with a view to ensuring budget neutrality with regard to administrative expenditure, the human resources ‘freed’ in the Commission as a result of delegating programme management will translate into a reduction in the number of posts in its establishment plan (on top of the general 5 % staff reduction in the Commission over the period 2013-2017) and related expenditure, to offset the expenditure corresponding to the additional FTEs in the executive agencies.

Likewise, expenditure related to posts ‘frozen’ to take account of secondments to the executive agencies will also be reduced, accordingly. More details on freed and frozen posts by executive agency are presented in the tables below.

Posts ‘frozen’ in the Commission establishment plans

Executive agency	Draft Budget 2014 (incl. AL1/2014)	Amending Letter No 2/2014	Draft Budget 2014 (incl. AL1 to 2/2014)
EASME (former EACI)	9	14	23
EACEA	34	-	34
CHAFEA (former EAHC)	6	-	6
INEA (former TEN-T EA)	7	9	16
ERCEA	14	-	14
REA	24	5	29
Total	**94**	**28**	**122**

Posts to be ‘freed’ in the Commission establishment plans

Executive agency	Freed posts in 2014		Freed posts in 2014-2020*	
	Establishment plan posts	Contract agents (FTE)	Establishment plan posts	Contract agents (FTE)
EASME (former EACI)	-	8,0	93	52,2
EACEA	-	1,1	-	1,1
CHAFEA (former EAHC)	-	-	6	3,2
INEA (former TEN-T EA)	-	6,0	95	46,9
ERCEA	-	-	20	-
REA	9	5,8	104	52,2
Total	**9**	**20,9**	**318**	**155,6**

* As estimated in the cost-benefit analysis.

4.4.2 Ensuring overall budgetary neutrality

The expected efficiency gains of the delegation scenario chosen and the resources to be freed in the Commission departments by delegating tasks to executive agencies will allow a bigger budget to be implemented with fewer resources compared to the in-house scenario while guaranteeing a high quality of programme management. For these reasons, the Commission proposes to delegate these tasks to the executive agencies. However, the savings in the Commission which result from the ‘freed’ and ‘frozen’ posts identified in the CBA, as shown in the tables in section 4.4.1 above, are insufficient to fully offset the additional expenditure to cover the running costs of the executive agencies. To achieve budget neutrality over the period, the Commission will offset the increase in expenditure on additional human resources in executive agencies by further reducing its own human resources (officials and contract agents) beyond the ‘freed’ and ‘frozen’ posts identified in the CBA.

[24] The actual breakdown between freed and frozen posts will be fine-tuned in future annual budget procedures to adjust it to actual secondments.

To this end, the Commission has reviewed its own internal organisation, so as to increase the number of posts/contract agents to be freed in order to offset the cost of additional human resources in executive agencies. The review of its own structures has allowed the Commission to propose to free in 2014 a further 114 FTEs in addition to the 58 FTEs identified by the CBA to be freed (30 FTEs) and frozen (28 FTEs). The total number of 'freed' and 'frozen' posts is shown in the table below:

'Freed' and 'frozen' posts: ensuring budgetary neutrality	Total number of freed and frozen posts in 2014		Total number of freed and frozen posts in 2014-2020	
	Establishment plan posts	Contract agents (FTE)	Establishment plan posts	Contract agents (FTE)
Total 'freed'	120	24	484	165
Total 'frozen'	28	-	64	-
Total	**148**	**24**	**548**	**165**

As mentioned above, the proposed reduction in the number of posts in the Commission establishment plans corresponding to the posts 'freed' in the Commission comes on top of the general 5 % staff reduction in the Commission over the period 2013-2017.

In terms of administrative expenditure, the number of freed and frozen posts in 2014 corresponds to EUR 14,0 million in savings in the Commission, of which EUR 4,9 million under heading 5. The remaining administrative savings are spread across the other operational headings, mostly linked to research staff and contract agents financed under Horizon 2020. This reflects that implementing tasks are proposed to be shifted from the Commission to the executive agencies.

4.4.3 Keeping the financial envelopes of programmes unchanged

in order to maintain the financial envelopes of spending programmes unchanged, the increase in the running costs of the executive agencies is offset by a corresponding reduction of Commission administrative expenditure, either under heading 5 or under other headings, notably for research administrative expenditure under heading 1a.

The net impact that the additional staff and the corresponding administrative expenditure required to manage the growing level of operational appropriations in the executive agencies has on the financial envelopes of the programmes concerned, depends on the source of the offsetting in the Commission:

— The transfer of tasks previously carried out by Commission staff under heading 5 to the executive agencies leads to 'freed' and 'frozen' posts and to corresponding savings of EUR 4,9 million in administrative expenditure under heading 5.

— As for the administrative support expenditure charged on the financial envelope of spending programmes under other headings, expenditure foreseen to be made directly by the Commission before delegation will finance the running costs of the executive agencies after delegation. This also applies to certain other administrative support expenditure directly linked to programme implementation which will be incurred in the agencies after delegation, such as development of IT systems. This shift has no impact on the financial envelope of the programmes: the balance between administrative and operational appropriations within the envelope remains unchanged.

— In general, the reduction of administrative support expenditure under the operational headings is sufficient to finance the increased running costs of the executive agencies, with no impact on the operational appropriations within the financial envelope of the programmes concerned. For three programmes under heading 4 an increase in the administrative support expenditure in the Commission is requested, with a corresponding reduction of the subsidy previously foreseen for

EACEA[25]. In three cases, however, a relatively limited contribution from the relevant programme to cover the running costs of the executive agency from the operational appropriations of the programmes is necessary to ensure their proper implementation[26].

The table below shows the way in which the increases in expenditure to cover the running costs of the executive agencies are foreseen to be offset through each of the three sources set out above:

Offsetting of the increased running costs of the executive agencies, while keeping the envelopes unchanged	**In EUR million**
Increase in expenditure to cover running costs of six executive agencies stemming from further delegation	+ 25,759
Reduced administrative expenditure under heading 5 resulting from delegating tasks currently managed by the Commission	- 4,851
Reduced administrative and support expenditure under other headings resulting from delegating tasks currently managed by the Commission	-23,013
Other offsettings within the financial envelope of programmes	-2,747
Total	**-4,851**

The extended delegation to the executive agencies leads to a reduction of the overall level of administrative expenditure, as reflected in the savings in heading 5 (EUR 4,9 million). Further details of the impact of the proposed delegation package on human and financial resources in 2014 are presented in the budgetary Annex.

4.5 Delegation process: next steps

On 4 October 2013, the Commission transmitted a full set of delegation documents to the European Parliament and the Council, consisting of an information note setting out the main elements of the foreseen delegation package, as well as six draft delegation proposals re-establishing the executive agencies and extending their mandates and lifetime.

In accordance with the procedure laid down in Regulation 58/2003, the Committee on Executive Agencies is called upon to deliver an opinion on each of the six individual draft Commission Implementing Decisions. Subject to the positive opinion of the Committee on each of the six individual proposals for delegation, provided that neither branch of the budgetary authority has raised any objections, and the basic acts of the 2014-2020 programmes are adopted in due time by the legislative authority, the Commission intends to adopt the draft proposals by the end of November 2013.

5 CREATION OF FUNCTION GROUP AST/SC

5.1 Staff Regulations review: creation of the new function group AST/SC

Further to the Commission proposal to amend the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union (hereinafter ‘Staff Regulations’)[27], in June 2013 the European Parliament and the Council reached a political agreement on the review of the Staff Regulations. The revised text will enter into force on 1 January 2014.

As part of the political agreement, Parliament and Council endorsed the Commission proposal to modify Article 5 of the Staff Regulations, by creating a new function group in the establishment plans for Secretaries and Clerks comprising six grades (AST/SC 1-6), in addition to the existing function groups for Administrators (AD) and Assistants (AST).

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25 This concerns IPA (EUR 0,1 million), ENI (EUR 1,0 million) and DCI (EUR 1,0 million), in order to finetune the balance between tasks carried out in the Commission and in the executive agency.

26 This concerns CEF-Energy (EUR 0,8 million), EMFF (EUR 1,4 million) and EU Aid Volunteers (EUR 0,5 million), for which the level of administrative support expenditure requested in the 2014 DB did not (fully) reflect actual needs in 2014.

27 COM(2011) 890, 13.12.2011.

5.2 Impact on establishment plans

This Amending Letter contains the necessary changes to the establishment plans to create the new structure for the function group AST/SC, for the institutions as well as for the agencies and other bodies. The revised establishment plans are included in the budgetary Annex.

The Commission proposes to create the structure for the new function group AST/SC in the establishment plans of all EU institutions and bodies, as from 1 January 2014. The actual number of posts to be included in the new function group AST/SC, however, will result from the transformation of existing AST posts for secretaries and clerks. Consequently, the number of staff concerned will depend on the number of existing AST staff leaving, for instance on retirement, who will be replaced with new staff having passed a competition for the AST/SC function group.

Awaiting a reliable estimate of the number of AST/SC posts required in 2014, the Commission proposes to create the new AST/SC function group without indicating at this stage the exact number for each grade, unless individual institutions have already identified the expected level of conversion of AST posts into AST/SC posts[28]. The new structure will be filled progressively as from 2014, in accordance with Article 50 of the Financial Regulation, which allows each institution and body, under certain conditions, to modify its estblishment plan by up to 10 % of the posts authorised in the establishment plan.

6 CONCLUSION

This Amending Letter No 2/2014 constitutes the Commission's second and final update of the 2014 Draft Budget, prior to the start of the Conciliation. On this basis, the European Parliament and the Council are expected to take the revised estimates into account in view of their deliberations on the 2014 budget, within the deadlines foreseen by the Treaty.

[28] The following institutions have provided detailed estimates of the grade structure to be included in the establishment plans for the new function group SC: *European Parliament* (Section I): 5 SC 1 and 25 SC 2; *European Council and Council* (Section II): 15 SC 1; and *Court of Auditors* (Section V): 2 SC 2.

7 SUMMARY TABLE BY HEADING OF THE MULTIANNUAL FINANCIAL FRAMEWORK

Heading	Draft Budget 2014 (incl. AL1/2014)		Amending Letter 2/2014		Draft Budget 2014 (incl. AL1 to 2/2014)	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth	**63 924 732 827**	**62 788 667 818**			**63 924 732 827**	**62 788 667 818**
Ceiling	*63 973 000 000*				*63 973 000 000*	
Margin	*126 647 173*				*126 647 173*	
1a Competitiveness for growth and jobs	16 433 352 827	11 694 938 804			16 433 352 827	11 694 938 804
Ceiling	*16 560 000 000*				*16 560 000 000*	
Margin	*126 647 173*				*126 647 173*	
1b Economic, social and territorial cohesion	47 491 380 000	51 093 729 014			47 491 380 000	51 093 729 014
Ceiling	*47 413 000 000*				*47 413 000 000*	
Margin	*21 620 000*				*21 620 000*	
Flexibility Instrument	*78 380 000*				*78 380 000*	
Margin	*0*				*0*	
2. Sustainable growth: natural resources	**59 247 714 684**	**56 532 492 046**			**59 247 714 684**	**56 532 492 046**
Ceiling	*59 303 000 000*				*59 303 000 000*	
Margin	*55 285 316*				*55 285 316*	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	43 778 100 000	43 776 956 403			43 778 100 000	43 776 956 403
Sub-ceiling	44 130 000 000				44 130 000 000	
Net transfer between EAGF and EAFRD	*351 900 000*				*351 900 000*	
Margin	*0*				*0*	
3. Security and citizenship	**2 139 460 732**	**1 668 006 729**			**2 139 460 732**	**1 668 006 729**
Ceiling	*2 179 000 000*				*2 179 000 000*	
Margin	*39 539 268*				*39 539 268*	
4. Global Europe	**8 175 802 134**	**6 251 299 380**			**8 175 802 134**	**6 251 299 380**
Ceiling	*8 335 000 000*				*8 335 000 000*	
Margin	*159 197 866*				*159 197 866*	
5. Administration	**8 595 115 307**	**8 596 738 107**	**-4 851 000**	**-4 851 000**	**8 590 264 307**	**8 591 887 107**
Ceiling	*8 721 000 000*				*8 721 000 000*	
Margin	*125 884 693*				*130 735 693*	
Of which: Administrative expenditure of the institutions	**6 936 293 672**	**6 937 916 472**	**-4 851 000**	**-4 851 000**	**6 931 442 672**	**6 933 065 472**
Sub-ceiling	*7 056 000 000*				*7 056 000 000*	
Margin	*119 706 328*				*124 557 328*	
6. Compensations	**28 600 000**	**28 600 000**			**28 600 000**	**28 600 000**
Ceiling	*29 000 000*				*29 000 000*	
Margin	*400 000*				*400 000*	
Total	**142 111 425 684**	**135 865 804 080**	**-4 851 000**	**-4 851 000**	**142 106 574 684**	**135 860 953 080**
Ceiling	***142 540 000 000***	***135 866 000 000***			***142 540 000 000***	***135 866 000 000***
Flexibility Instrument	***78 380 000***				***78 380 000***	
Margin	***506 954 316***	***195 920***			***511 805 316***	***5 046 920***
Outside the multiannual financial framework (MFF)	**456 181 000**	**200 000 000**			**456 181 000**	**200 000 000**
Grand Total	**142 567 606 684**	**136 065 804 080**	**-4 851 000**	**-4 851 000**	**142 562 755 684**	**136 060 953 080**