

Opening Speech - Presentation on the EU Budget Guidelines 2015
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*Honourable Members of the European Parliament and European Commission,
Ladies and Gentlemen,*

It is my great pleasure to **present** to you the Council's Recommendation **on the EU Budget Guidelines for 2015**, the second year in the new programming period.

The Council **adopted** its Budget Guidelines at the ECOFIN Council on **February, 18th**.

Guidelines that will play a key role in the development and delivery of the Union's objectives and priorities.

Allow me to **present** briefly the main **elements** of these Guidelines.

The budgetary procedure for 2015 **will take place** at a time when many Member States still face **major economic difficulties** and **considerable budgetary constraints**.

It will therefore be important to agree on a budget which, on the one hand, takes into account the need for further **fiscal consolidation** and **discipline**, while, on the other hand, recalling the **principle of solidarity**, allows the Union to **invest in measures generating sustainable growth, fostering competitiveness, creating new jobs and enhancing social cohesion**.

Let me recall in this context the agreement reached last year on the **frontloading of funds for specific policy objectives**, notably the *Youth Employment Initiative*, but also *Erasmus+*, *research* and *support to small and medium-sized enterprises*.

These policy priorities and allocation of resources **will need to be pursued** in 2015 as well.

The Council **highlights** in its budget guidelines the need for a **realistic budget, respecting the principle of sound financial management**, as well as **respecting the provisions and ceilings** foreseen in the Multi-annual Financial Framework Regulation.

Sufficient margins and **flexibility** should be left under the various ceilings in order to be able to cope with possible unforeseen needs.

From the Council's point of view, **good quality forecasts** are required in order to **establish**

an **accurate draft budget** and to **avoid successive amending budgets, reflecting** genuine needs.

This goes together with the need for more *precise, transparent* and *frequent information on past and planned budget implementation*.

During the debate in the Council, many Member States expressed their concern about the **high level of outstanding commitments** and in particular the **considerable backlog of unpaid bills in the Cohesion policy area**.

The Council invited the Commission to carefully look into the **nature** of these amounts, to **apply** a prudent approach, to **settle** or **de-commit** them in a timely manner, and to **develop** appropriate tools for their monitoring in a long-term perspective.

In the area of **administrative expenditure**, the Council recalls the objective of a **progressive reduction of staff in all EU institutions, agencies and bodies** by **5% over five years**, as stated in the new Inter-institutional Agreement on budgetary discipline and cooperation in budgetary matters.

It invites the Commission to **consolidate** the efforts already made by the institutions, agencies and bodies in this respect, and to **closely monitor** the implementation of the staff reduction target.

The staff reduction **should be complemented** by further efforts of all institutions, agencies and bodies to **exploit** all possibilities for **rationalisation** and **savings**, to **keep** their administrative expenditure to the **strict minimum necessary**, to **avoid** any **over-budgeting** and to **request financing only for fully justified needs**.

Let me summarise:

The Council emphasised in its guidelines for the 2015 budget that **sufficient resources** should be made available to **boost growth and employment**, and to **mitigate the negative effects** of the current economic and social situation in Europe.

At the same time the Council **underlined** that an **accurate** and **accountable use** of Union resources is one of the essential elements to **reinforce** the trust of our citizens into the work of the institutions.

The Council **encourages** all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure.

But at the same time, the Council **invites** the Commission to take these recommendations duly into account when preparing the draft budget for the coming financial year.

Supplementary material

- As regards commitment and payment appropriations, their level should be kept under strict control taking into account real needs.
- The level of appropriations has to reflect the payment profiles of the programmes.
- The appropriations included in the draft budget have to reflect genuine needs, taking into account outstanding commitments, future needs, payment profiles, past implementation and absorption capacities.
- Corrective budgetary tools, such as amending budgets, should be kept to the strict minimum and in line with the Financial Regulation. However, if corrective measures prove to be necessary, the Council reaffirms its commitment to take a position on a potential draft amending budget as soon as possible.
- The Council is concerned about the volume of the outstanding commitments¹ (RAL). The Council urges the Commission to carefully monitor these amounts and to settle or decommit them in a timely manner and in line with the relevant rules. In preparing the draft budget, the Commission should take into account the close relationship between commitment and payment levels, the level of outstanding commitments, the need to respect the MFF ceilings, the absorption capacity and past implementation rates. The Council invites the Commission to develop the appropriate tools to monitor the evolution of the RAL by heading and by programme on a yearly basis.
- The Council encourages the Commission to continue improving the documents accompanying its draft budget in line with the Financial Regulation.
- The Council acknowledges the usefulness of the Commission's "Budget Forecast Alert" system. Thus, if adjustments are required to the level of appropriations, they can be made in a realistic and rigorous way at the various stages of the budgetary procedure.
- While recalling the importance of "Activity Based Budgeting", the Council underlines that high quality programme statements and timely financial information on spending proposals are crucial for the European Parliament and the Council to establish, confirm or modify budgetary priorities. Programme statements should, in particular, focus on performance information, including the results achieved, the justification for the level of appropriations requested, and on the added value of EU activities. This analysis should be clearly linked to the relevant budget lines in order to support the budgetary decision-making process.

¹ At the end of 2013, outstanding commitments (RAL) amounted to EUR 221.6 billion.