



2015/2074(BUD)

5.6.2015

DRAFT REPORT

on the mandate for the trilogue on the 2016 draft budget
(2015/2074(BUD))

Committee on Budgets

Rapporteur: José Manuel Fernandes

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	3
ANNEX: JOINT STATEMENT ON THE DATES FOR THE BUDGETARY PROCEDURE AND MODALITIES FOR THE FUNCTIONING OF THE CONCILIATION COMMITTEE IN 2015	12
ANNEX: JOINT STATEMENT ON A PAYMENT PLAN 2015-2016	13

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the mandate for the trilogue on the 2016 draft budget (2015/2074(BUD))

The European Parliament,

- having regard to Articles 312 and 314 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to the draft general budget of the European Union for the financial year 2016, which the Commission adopted on xx June 2015 (COM(2015)0000),
- having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020¹,
- having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management²,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³,
- having regard to its resolution of 11 March 2015 on general guidelines for the preparation of the 2016 budget, Section III – Commission⁴,
- having regard to the Council conclusions of 17 February 2015 on the 2016 budget guidelines,
- having regard to Title II, Chapter 8 of its Rules of Procedure,
- having regard to the letters of...
- having regard to the report of the Committee on Budgets and the opinions of the other committees concerned (A8-0000/2015),

Draft Budget 2016: respecting the commitments and financing priorities

1. Recalls that, in its resolution of 11 March 2015, Parliament placed the creation of employment and the development of enterprises and entrepreneurship for smart, sustainable and inclusive growth across the Union (the ‘three Es’), together with internal and external solidarity within a secure Europe, at the centre of its priorities for

¹ OJ L 347, 20.12.2013, p. 884.

² OJ C 373, 20.12.2013, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ P8_TA(2015)0061.

the 2016 budget; reiterates Parliament's attachment to respecting legal as well as political commitments and its call on the institutions to deliver on their promises;

2. Underlines the fact, in that context, that the Multiannual Financial Framework (MFF) 2014-2020 set ceilings for all headings but also provided for specific and maximum possible flexibility to allow the Union to fulfil its legal obligations, and for special instruments to allow the Union to react to specified unforeseen circumstances or to finance clearly identified expenditure over and above the ceilings;
3. Welcomes the fact that the Commission Draft General Budget of the European Union for the financial year 2016 reinforces those priorities and proposes to step up EU support for investment, knowledge, jobs and growth-orientated programmes, and in particular for an emblematic mobility programme such as Erasmus+; is satisfied that, in addition to duly expected increases throughout Heading 3 (Security and Citizenship) and Heading 4 (Global Europe), the Commission is taking up the challenge of responding to new developments such as the crises in Ukraine, Syria and the Mediterranean by responding to the EU's and Member States' needs in the area of security and migration and by demonstrating strong political will in the field of external action;
4. Welcomes the inclusion of the European Fund for Strategic Investment (EFSI) in the Draft Budget for 2016 and, in particular, the mobilisation of the Global Margin for Commitments to cover part of the expenditure needed, instead of relying only on the cuts to Horizon 2020 and the Connecting Europe Facility (CEF); stresses that the deal struck by the co-legislators further reduces those cuts by EUR 1 billion overall, sparing in particular fundamental research; expects the final agreement to be reflected as soon as possible in the 2016 budget on the basis of an amending letter aiming at minimising to the maximum extent the impact of the reductions on these two programmes; points out, however, that the cuts remain significant and commits to further offsetting them through a reinforcement of Horizon 2020 and the CEF in the context of the budgetary procedure, in order to allow these programmes to fully accomplish the objectives agreed only two years ago as a result of the negotiations on their respective legal bases;
5. Regrets that the programme for the competitiveness of enterprises and small and medium-sized enterprises (COSME) is the only new programme of the 2014-2020 MFF undergoing a nominal cut in commitment appropriations from 2015 to 2016, together with Horizon 2020 under the Commission's initial proposal; highlights the very negative signal such a decrease would give at a time when SMEs' potential as innovators and job creators is badly needed in order to stimulate EU recovery; recalls that promoting entrepreneurship, improving the competitiveness and access to markets of Union enterprises, and improving access to finance for SMEs are priorities clearly shared by all the institutions, which have been the justification for frontloading and reinforcing COSME appropriations over the past two years, taking into account the programme's high rates of implementation; intends, therefore, to ensure that this programme evolves positively in 2016;
6. Reiterates its concerns about the funding of the Youth Employment Initiative (YEI) as a key tool for the fight against youth unemployment in the Union, which is a top priority for all European decision-makers; notes that, owing to the frontloading of the YEI top-

up allocation in 2014 and 2015, no new commitments are proposed in 2016; recalls that the MFF has provided for a global margin for commitments to be made available over and above the ceilings as of 2016 for policy objectives related to growth and employment, in particular youth employment; recalls that, consequently, the Regulation on the European Social Fund has provided that the resources for the YEI may be revised upwards for the years 2016 to 2020 in the framework of the budgetary procedure; calls, therefore, for the Youth Employment Initiative to be continued by making use of any flexibility provision contained in the MFF;

7. Notes that, thanks to a timely agreement on the re-programming of commitments under shared management within the MFF 2014-2020 by reason of the late adoption of the relevant rules and programmes, the Commission has included in its Draft Budget 2016 (Headings 2 and 3) EUR 4.5 billion in commitment appropriations which could not be used in 2014; recalls that amending budget 1/2015 has already allowed for a transfer of EUR 16.5 billion from 2014 to 2015 under Headings 1b, 2 and 3; stresses that these are, however, pure transfers from already agreed 2014 appropriations and should therefore, for comparison purposes, be deducted from any assessment of the evolution of the 2016 budget vis-à-vis the 2015 budget; points out, therefore, that the programmes concerned are in fact benefiting from enhanced commitment appropriations in the Draft Budget 2016;
8. Is concerned at the slower-than-planned take-off of new programmes under the 2014-2020 MFF period owing to the late approval of the legal bases and of the operational programmes as well as to the shortages of payment appropriations in 2014; undertakes to examine whether the requested commitment and payment appropriations will in fact enable those new programmes to reach cruising speed; urges the Commission and the Member States to take all necessary measures in order to make good the delays in their implementation;
9. Notes that the EU Draft Budget for 2016 amounts to EUR 153.5 billion in commitment appropriations (including EUR 4.5 billion reprogrammed from 2014) and EUR 143.5 billion in payment appropriations; points out that, disregarding the effect of the reprogramming in 2015 and 2016, this corresponds to an increase of +2.4% in commitments and +1.6% in payments as compared to the 2015 budget; stresses that these are overall moderate increases following the path set by the MFF;
10. Underlines that the Commission is leaving margins of EUR 2.2 billion in commitment appropriations (of which EUR 1.2 billion are in Heading 2) and EUR 1.6 billion in payment appropriations under the MFF ceilings; recalls that available margins in commitments and payments as well as unexecuted payments feed into the global margins to be used in subsequent years, when the need arises; notes that the Global Margin for Commitments is being made available for the first time, part of which will be used for EFSI; welcomes in principle the proposed use of the Flexibility Instrument for clearly identified expenditure as part of new EU initiatives in the areas of asylum and migration, which cannot be financed within the limits of Heading 3; intends to make use of part of the remaining margins and of the relevant flexibility provisions provided by the MFF to reinforce crucial priorities;

Payments: restoring trust

11. Recalls that payment shortages, largely due to insufficient payment ceilings and under-budgeting, reached unprecedented heights in 2014 and remain acute in 2015; fears that this continues to penalise the beneficiaries and to jeopardise the proper implementation of the new 2014-2020 MFF programmes; while supporting active management of payments by the Commission, is concerned at the postponement of calls for proposals, at the reduction of pre-financing and at late payments;
12. Welcomes the fact that the EU Draft Budget reflects the joint statement on a payment plan 2015-2016 agreed between Parliament, the Council and the Commission following the shared diagnosis and commitment entered into by the three institutions to reduce this backlog; recalls that, according to the Commission's estimations, the payment appropriations requested in the Draft Budget would bring the backlog of unpaid bills down to EUR 2 billion for the cohesion programmes 2007-2013, and would also reduce the abnormal backlog in other headings; undertakes to fully support the Commission proposal and expects the Council to respect its commitments in this regard;
13. Underlines that Parliament and the Council have committed to avoiding the future build-up of an unsustainable backlog of outstanding payment claims at year's end, while fully respecting and implementing the agreements reached as part of the multiannual financial framework and of the annual budgetary procedures; invites the Commission to develop its medium- and long-term forecasting tools and to set up an early warning system by early 2016 so that the budgetary authority can take duly informed decisions in the future;
14. Welcomes the fact that the balance within the overall payment appropriations is finally shifting significantly from the completion of the past 2007-2013 programmes to the execution of the new 2014-2020 programmes;

Subheading 1a – Competitiveness for growth and jobs

15. Notes that in comparison with 2015 the Commission proposal for 2016 corresponds to an increase in commitments under subheading 1a of +6.1% to EUR 18.6 billion; points out that the increase in commitments is largely due to the integration of EFSI, to increases for Erasmus+ and the Connecting Europe Facility (CEF) and, to a lesser extent, to increases for Customs, Fiscalis and Anti-Fraud as well as Employment and Social Innovation;
16. Regrets, however, the reductions in appropriations for large infrastructure projects, Horizon 2020 and COSME, as well as the slower progression of CEF Transport owing to the redeployment to EFSI; recalls that the Commission's initial proposal on EFSI would have resulted in a cut of EUR 170 million for Horizon 2020 in 2016 as compared to 2015, thus giving a contradictory signal on a programme widely recognised as a flagship priority under the current MFF; commits to seeking to further compensate for the proposed decreases in these programmes by means of reinforcements during the budgetary procedure through the use of the EUR-200-million margin still available below the ceiling for heading 1a;
17. Underlines that past under-budgeting of payment appropriations has widened the gap

between commitments and payments in several programmes under Heading 1a, thereby contributing to the sharp increase in the RALs as compared to the other headings; is concerned that the Commission has had to lower the amount of pre-financing and, more worryingly, to postpone new calls for proposals and delay the signing of contracts; notes for instance that under Horizon 2020 the Commission estimates that ‘in a normal implementation scenario without limits on payment appropriations, by the end of 2014, around 1 billion more would have been spent’; while welcoming the Commission’s efforts to keep the payments situation under control, reiterates that it will under no circumstances tolerate a slowing down of the 2014-2020 programmes being seen as a way to deal with the payment shortages;

18. Welcomes, therefore, the increase in payment appropriations by +11.4% up to EUR 17.5 billion as compared to 2015 and the increase in the payments/commitments ratio for 2016; notes, in particular, that for several programmes (Copernicus, Erasmus+, Horizon 2020, CEF Transport, nuclear safety and decommissioning) payment appropriations exceed the level of commitment appropriations;

Subheading 1b – Economic, social and territorial cohesion

19. Takes note of the proposed EUR 50.8 billion in commitments (+3.2% compared to 2015, with the impact of the reprogramming neutralised) and EUR 49.1 billion in payments (-4%) for subheading 1b, leaving a small margin of EUR 15.3 million under the ceiling for commitments;
20. Highlights the fact that 44% of the proposed 2016 payment appropriations cover outstanding payment claims for previous programming periods, leaving only EUR 26.8 billion in payments for the start-up of the new 2014-2020 cohesion programmes; considers the proposed payment appropriations, therefore, to be the bare minimum needed in this subheading;
21. Recalls that an amount of EUR 21.6 billion is needed in the 2016 budget to bring down the level of outstanding payment claims for the 2007-2013 cohesion programmes from EUR 24.7 billion at the end of 2014 and EUR 20 billion at the end of 2015 to around EUR 2 billion by the end of 2016, as described in the Commission’s assessment annexed to the joint statement on a payment plan 2015-2016; urges avoiding a similar ‘abnormal’ build-up of unpaid bills in the future;
22. In addition to its call for a continuation of the Youth Employment Initiative, stresses that an acceleration of its implementation in the Member States has now become urgent; encourages the Member States and the Commission to take all necessary measures to put the national Youth Guarantee schemes into operation as a matter of priority; reiterates that the recently approved increase in the pre-financing rate to 30%, strongly supported by the EP, is dependent on the speedy submission of interim payment claims by the Member States within one year, which should materialise in 2016; insists that the increased YEI pre-financing should not negatively affect the implementation of other components of the European Social Fund (ESF);

Heading 2 – Sustainable growth: natural resources

23. Takes note of the proposed EUR 63.1 billion in commitments (-0.1% compared to 2015,

with the impact of the reprogramming neutralised) and EUR 55.9 billion in payments (-0.2%) for Heading 2, leaving a margin of 1.2 billion under the ceiling for commitments and a margin of 1.1 billion under the sub-ceiling for the European Agricultural Guarantee Fund; points out that the financial discipline mechanism is applied only in order to establish the reserve for crises in the agricultural sector; awaits the Commission's Letter of Amendment, expected in October, which should be based on updated information on the EAGF funding; emphasises that transfers between the two pillars of the CAP result in an overall increase in the amount available for rural development;

24. Stresses that the 2016 Draft Budget shows a decrease in needs for interventions in the agricultural markets compared with the 2015 budget, mainly owing to the impact in 2015 of emergency measures related to the Russian embargo on imports from the EU of certain agricultural products; notes that, according to the Commission, no further measures are needed under the 2016 budget;
25. Underlines the fact that the reformed Common Fisheries Policy provides an ambitious legal framework with which to meet the challenges of responsible fishing, and is pleased that the European Maritime and Fisheries Fund benefited from a transfer of unused 2014 appropriations to 2015, whereas, with the impact of this reprogramming neutralised, commitment appropriations for that Fund are further progressing in 2016; notes, however, that in payments the phasing out of the past programme is only partly offset by the uptake of the new one, resulting in lower appropriations in 2016;
26. Welcomes the increased appropriations provided for the LIFE Programme for the Environment and Climate Change, in both commitments and payments;

Heading 3 – Security and Citizenship

27. Welcomes the fact that the DB 2016 steps up its support across all programmes in Heading 3, reaching EUR 2.5 billion in commitment appropriations (+12.6% compared with the 2015 budget with the reprogramming neutralised) and EUR 2.3 billion in payment appropriations (+9.7%); points out that this does not leave any margin for further reinforcements or pilot projects and preparatory actions under Heading 3; is of the opinion that, in the current geopolitical situation, the level of the ceilings set for what is by far the smallest heading of the MFF might be outdated and should be addressed in the context of the post-electoral MFF revision;
28. Reiterates its backing for the enhancement of the EU's means and the development of a culture of fair burden-sharing in the areas of asylum, migration and the management of external borders, and therefore praises the increases in commitment appropriations for the Asylum, Migration and Integration Fund and for the Internal Security Fund; welcomes the Commission proposal to mobilise the Flexibility Instrument with EUR 124 million in order to respond to the current crisis in the Mediterranean;
29. Recalls also the strong support consistently given by the European Parliament to adequate funding for culture and media programmes; welcomes, therefore, the increase for the Creative Europe Programme, including multimedia actions, compared with the 2015 budget; also supports the proposed increase in 'Europe for Citizens', as this programme is vital to civic participation in the democratic process in Europe; takes the

view that the European Citizens' Initiative (ECI) is a central instrument for participatory democracy in the EU and calls for its visibility and accessibility to be improved;

30. Stresses that food and feed safety, consumer protection and health are areas of key concern to EU citizens; appreciates, therefore, the increases in commitment appropriations for the Food and Feed programme, the Health programme and the Consumer programme compared with the 2015 budget;

Heading 4 – Global Europe

31. Welcomes the overall increased financing for Heading 4, reaching EUR 8.9 billion in commitment appropriations (+5.6% compared with the 2015 budget), while leaving a margin of EUR 261.3 million below the ceiling; notes that this demonstrates a high level of solidarity with third countries; believes that the EU budget is instrumental in reaching out to people in need and in promoting European fundamental values; is satisfied that the economic and social difficulties encountered by the EU over the past years have not detracted from the attention paid to the rest of the world;
32. Welcomes the increase in payment appropriations requested by the Commission across all programmes under Heading 4 (+28.5% up to EUR 9.5 billion), whereby payments exceed commitments especially in the areas of development, humanitarian aid and EU assistance to Palestine and to UNRWA; believes that such increases are fully justified by the need to redress the effects of the dramatic payment shortages encountered in that heading in 2014 and 2015, which have led the Commission to decrease pre-financings and postpone legal commitments; recalls that EUR 1.7 million in interest for late payments had to be paid in 2015 under Heading 4; expects the gap between commitments and payments to be progressively reduced and the backlog of unpaid bills to be brought back to a normal level; stresses that such a move is indispensable for the financial sustainability of the vulnerable beneficiaries and for the EU to act as a reliable partner vis-à-vis international organisations;
33. Believes that external financing instruments provide tools to address, in a multifaceted manner and alongside their respective objectives, the root causes of those internal security and migration challenges which are at the core of next year's budget, with particular reference to the southern and eastern borders of the Union and more generally to conflict-stricken areas; points, in particular, to the Development Cooperation Instrument and the European Neighbourhood Instrument but also to policies undergoing more moderate increases such as humanitarian aid, the Instrument contributing to Stability and Peace, Common Foreign and Security Policy and the European Instrument for Democracy and Human Rights; calls on the Commission to clearly identify areas which can help in coping with those topical challenges and where potential reinforcements can be efficiently absorbed;
34. Underlines the noticeable increase in the amount to be provisioned in the 2016 budget to the Guarantee Fund for external actions managed by the European Investment Bank and notes that this is partly due, among other factors, to the launch of macrofinancial assistance loans to Ukraine;
35. Calls on the Commission and the EEAS to ensure that a joined-up approach is applied in strategic countries benefiting from a relatively large amount of funding from multiple

EU sources, such as Ukraine and Tunisia; takes the view that a stronger political and economic impact on the part of the EU can be achieved by ensuring more coherence and coordination among the main players in the EU and on the ground, by simplifying and shortening procedures and by offering a clearer picture of the EU's action;

Heading 5 – Administration

36. Notes that Heading 5 expenditure increases by 2.9 % compared with Budget 2015 to EUR 8 908.7 million, that figure accounting globally for the administrative expenditure of the institutions (+2.2%) and for Pensions and European Schools (+5.4%); notes that a margin of EUR 574.3 million is left under the ceiling; underlines that Heading 5 's share of the EU budget remains stable at 5.8 %; recalls, however, that this figure does not take into account technical assistance accounted for as operational expenditure;

Special instruments

37. Reaffirms that special instruments are crucial to the full respect and implementation of the MFF and should, by their very nature, be counted over and above the ceilings both in commitments and payments, notably for the purpose of calculating the global margin for payments; welcomes the proposed parity between commitments and payments for the Emergency Aid Reserve; notes that the amounts set aside for the Emergency Aid Reserve (EAR), the European Globalisation Adjustment Fund (EGF) and the EU Solidarity Fund (EUSF) in the 2016 Draft Budget are broadly stable or slightly increased;

Pilot projects – preparatory actions

38. Stresses the importance of Pilot Projects (PP) and Preparatory Actions (PA) as tools for the formulation of political priorities and the introduction of new initiatives that might turn into standing EU activities and programme; notes with concern that the Commission has not foreseen appropriations for the continuation of highly successful PP-PAs, especially in Heading 3; intends to proceed to the identification of a balanced package of PP-PAs; notes that in the current proposal, the margin in some headings is quite limited, or even non-existent, and intends to explore ways to make room for possible PP-PAs;

Decentralised agencies

39. Underlines the crucial role decentralised agencies play in EU policy-making and is determined to evaluate the budgetary and staffing needs of all the agencies on a case-by-case basis, in order to ensure adequate appropriations and staff for all the agencies and particularly for those that have recently been assigned new tasks or face a higher workload for political-priority-setting or other reasons; is particularly determined to provide the agencies in the area of justice and home affairs with the necessary resources to tackle the current migratory challenges; highlights once more its opposition to the redeployment pool and expects to find a solution during the budgetary procedure to stop the additional staff cuts in decentralised agencies; reiterates, furthermore, its intention to use the Interinstitutional Working Group on decentralised agencies to find common ground between the institutions on the treatment of agencies in budgetary terms, also with a view to the conciliation on the 2016 budget;

o

o o

40. Recalls that, with programmes expected to reach full swing, with the integration of new major initiatives in the areas of investment and migration, with the opportunity to settle issues of the past such as payments and special instruments, and with the first activation of new MFF provisions such as the global margin for commitments, the 2016 budgetary procedure will be a test case for the assessment of the current MFF, which will culminate in the process of review/revision to be launched next year;
41. Acknowledges the broad consensus which has driven the consideration of the 2015 draft amending budgets as well as the negotiation of the payment plan so far, thus demonstrating a shared will to respect the MFF, to implement the carefully negotiated legal bases and to ensure the financing of the new programmes; expects the same spirit to prevail in the negotiation of the 2016 budget and in finding means to cope with emerging, unforeseen future challenges;
42. Instructs its President to forward this resolution to the Commission and Council.

**ANNEX: JOINT STATEMENT ON THE DATES FOR THE BUDGETARY
PROCEDURE AND MODALITIES FOR THE FUNCTIONING OF THE
CONCILIATION COMMITTEE IN 2015**

- A. In accordance with Part A of the Annex to the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, the European Parliament, the Council and the Commission agree on the following key dates for the 2016 budgetary procedure:
1. A trilogue will be called on 14 July before the adoption of the Council's position;
 2. The Council will endeavour to adopt its position and transmit it to the European Parliament by week 38 (third week of September), in order to facilitate a timely agreement with the European Parliament;
 3. The European Parliament's Committee on Budgets will endeavour to vote on amendments to the Council's position by the end of week 42 (mid-October) at the latest;
 4. A trilogue will be called on 19 October before the reading of the European Parliament;
 5. The European Parliament's Plenary will vote on its reading in week 44 (Plenary session of 26-29 October);
 6. The Conciliation period will start on 29 October. In agreement with the provisions of point c of Article 314(4) TFEU, the time available for conciliation will expire on 18 November 2015;
 7. The Conciliation Committee will meet on 9 November hosted by the European Parliament and on 13 November hosted by the Council and may resume as appropriate; the sessions of the Conciliation Committee will be prepared by trilogue(s). A trilogue is scheduled on 11 November. Additional trilogue(s) may be called during the 21-day conciliation period.
- B. The modalities for the functioning of the Conciliation Committee are set out in Part E of the annex to the above-mentioned interinstitutional agreement.

ANNEX: JOINT STATEMENT ON A PAYMENT PLAN 2015-2016

Building on the joint statement on a payment plan agreed in December 2014 as part of the agreement reached on the 2014 and 2015 budgets, the three institutions have commonly assessed the state of play and outlook for payments in the EU budget on the basis of the document transmitted by the Commission on 23 March 2015.

The European Parliament, the Council and the Commission agree on the following:

1. State of play

The European Parliament and the Council take note of the Commission's thorough assessment provided in the 'Elements for a payment plan to bring the EU budget back onto a sustainable track' (in annex) as an analytical basis for identifying the main drivers behind the grown level of outstanding payment claims at year-end, and for attaining the objective of reducing the level of unpaid bills, with a particular focus on the implementation of the 2007-2013 cohesion policy programmes.

- a) The constraint on the payment appropriations authorised in the past budgets combined with the implementation cycle of the cohesion programmes have led to the progressive building up of an unsustainable backlog of outstanding payment claims at year-end, reaching an unprecedented level of EUR 24.7 billion at the end of 2014. However, the institutions recognise that the difficult decisions made with regards to the 2014 and 2015 budgets have largely stabilised the backlog.
- b) Moreover, the shortage of payments has translated into a slowing down in the implementation of the 2014-2020 programmes in other headings, notably in view of meeting contractual obligations stemming from past commitments and thus avoiding the risk of interests on late payment, at a time when key programmes are expected to contribute to growth and jobs in Europe and to secure the Union's role on the international stage.

2. Outlook

- c) The European Parliament and the Council take note of the outlook for 2015 and 2016 presented by the Commission: the analysis indicates that it could be possible to reduce the year-end backlog of outstanding payment claims for the 2007-2013 cohesion programmes to a level of around EUR 2 billion by the end of 2016, taking into account in particular that the cohesion programmes are approaching the closure stage, and provided that sufficient payment appropriations are authorised in the 2016 budget. This should help avoid negative repercussions and unnecessary delays for the implementation of the 2014-2020 programmes.
- d) The European Parliament and the Council underline their commitment to phasing out the unsustainable backlog of outstanding payment claims for the 2007-2013 cohesion programmes. They undertake to cooperate fully in view of authorising a level of payment appropriations in the 2016 budget, which allows reaching such a goal. Their deliberations will take into account the current outlook, to be reflected and further refined by the Commission in its estimates for the 2016 draft budget.

- e) The Commission will continue to closely monitor the development of the backlog and, if necessary, will propose appropriate measures to ensure an orderly progression of payment appropriations consistent with the authorised commitment appropriations.
- f) The three institutions recall their commitment to actively monitor the state of implementation of payments throughout 2015. As part of their regular exchange of views, they confirm their willingness to organise dedicated inter-institutional meetings on 26 May, 14 July and 19 October, with a view to ensuring a sustainable budgeting process. In this regard, those interinstitutional meetings should also address the longer-term forecasts on the expected evolution of payments until the end of the current MFF for which the Commission is requested to present, if appropriate, alternative scenarios.
- g) To facilitate the process of monitoring on the state of play for the 2007-2013 programmes, in July and October the Commission will provide reports on the implementation of the budget, both as compared to monthly forecasts for the year and to the previous year to date, as well as on the evolution of the backlog of outstanding payment claims in subheading 1b.
- h) Being committed to avoid a similar build-up of backlog in the future, the European Parliament and the Council call on the Commission to closely scrutinize the implementation of the 2014-2020 programmes and set-up an early warning system. To achieve this result, the Commission undertakes to develop appropriate tools to provide, in the course of the budgetary procedure, rolling forecasts of payments by (sub)heading for (sub)headings 1b, 2 and 5 and by programmes for (sub)headings 1a, 3 and 4 focused on the years N and N+1, including the evolution of unpaid bills and of outstanding commitments (RALs); these forecasts will be regularly updated on the basis of budgetary decisions and of any relevant development having an impact on the payment profiles of the programmes; payments forecasts will be presented in July, in the framework of the inter-institutional meetings on payments foreseen in point 36§3 of the Annex of the IIA;
- i) This should allow the budgetary authority to take the necessary decisions, in due time, in order to avoid the future building up of an unsustainable backlog of outstanding payment claims at year-end, while fully respecting and implementing the agreements reached as part of the multiannual financial framework and of the annual budgetary procedures.