The Multiannual Financial Framework and European Union Budget in Theory and Practice

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Summary:

The article studies the Multiannual Financial Framework as well as the annual common budget of the European Union. The budget of the European Union is an important instrument for the implementation of the European Union`s priorities and putting policies in place. It provides the opportunity to finance projects and actions that member states cannot fund by their own resources. The Multiannual Financial Framework sets political priorities for the future – the political and budget framework. The system of own resources shows where the financing of the EU budget comes from. The contribution of each member state to the EU budget is calculated based on the own resources system. The discharge procedure is aimed at closing the annual budget cycle. Both legal and historical perspectives of the MFF and the EU budget are analysed. However, the theoretical issues inevitably raise practical aspects of the adoption of the MFF 2014 – 2020, 2015 and 2016 Annual Budgets. It is noted that the Treaty on the Functioning of the European Union has introduced new tools in the budgetary sphere. Outstanding problems linked to the payments, own resources and the budget implementation are also identified. In conclusion, the Plan for Jobs, Growth and Investment is briefly presented because of the new budget "vision" of the now acting European Commission.

Key words: multiannual financial framework; annual budget; discharge; own resources; direct budget management; shared budget management; EU programmes and funds

JEL Classification: H3; H4; H7; N4.

1. The Multiannual Financial Framework – financial resources to support the political agenda

The Multiannual Financial Framework (MFF) is defined for a budget cycle of seven years. It determines the EU policies by providing financial resources for programmes and measures. The aim of the MFF is to set up the limits that determine how much money the EU can spend; to identify on what the money should be spent; and to regulate how the expenditure should be financed. It also ensures budgetary discipline and facilitates the adoption of the annual EU budget. The Treaty on the Functioning of the European Union, the so called Lisbon Treaty of 2009, stipulates the Multiannual Financial Framework to be set out in a regulation – a legal act that is of high rank and is directly applicable

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and binding in all member states. The four previous multiannual financial frameworks were part of inter-institutional agreements between the Council, the Parliament and the Commission – those are legal acts that are binding only for the contracting parties.

The idea of a multiannual financial framework was provoked by the EU budget crisis in 1979, 1984, 1985 and 1987 when the Council and the European Parliament were not able to agree in time on the budget for the following year. The system of provisional twelfths was applied which caused delays in the implementation of programmes.[1] The first MFF was adopted in 1988 that helped since then the EU budget to be agreed before the end of the previous year. Each MFF is focused on a set of priorities of vital importance for the EU. The first MFF - Delors I package was focused on establishing the internal market. The second MFF - Delors II package (1993 – 1999), was concentrated on social and cohesion policy and as well as on the introduction of the euro. The third MFF - Agenda 2000 (2000- 2006), was aimed at preparing the enlargement of the EU. The Financial Perspective from 2007 to 2013 gave priority to sustainable growth and competitiveness. The MFF 2014 – 2020 is orientated towards jobs, growth and competitiveness.

1.1. MFF – legal basis and adoption

The budgetary powers and procedures are stipulated in a broad array of legislative acts that could be called budgetary package. To begin with, the Treaty on the Functioning of the European Union sets out the main guiding principles as well as the core elements of the EU budget and budgetary procedures. Title II – Financial Provisions of the Treaty, is devoted to the Multiannual Financial Framework, the annual budgets, discharge procedure, protection of financial interests. The Council, acting in accordance with a special legislative procedure, is empowered to adopt a regulation laying down the multiannual financial framework (art. 312).

The Multiannual Financial Framework lays down the maximum annual amounts (ceilings) which the EU may spend in different political fields (headings) that allow the EU to carry out common policies over a period of time of 7 years. Proposed by the European Commission, the regulation laying down the MFF must be adopted by the Council by unanimity after obtaining the consent of the European Parliament. The MFF is adopted under a special legislative procedure (not the ordinary legislative procedure). The proposal is submitted by the European Commission. Unanimity by the Council (or qualified majority, if the Council unanimously so decides), with Parliament`s prior approval is required. Members of the European Parliament have a kind of veto, allowing them to reject or accept the proposal as a whole, without the possibility of proposing amendments. The MFF reflects the standpoints and interests of the three European institutions – the European Commission, European Parliament and Council. They all should reach an agreement by making compromises in order the MFF to happen.

The negotiations within the Council take place on four levels: Technical experts; Ambassadors (Committee of Permanent Representatives); Ministers (Council); Heads of State or Government (European Council). The negotiations are twin-track – political (political compromise should be reached) and legal (legal work when the political agreement is settled). With the aim of facilitating the MFF negotiations, the rotating presidency outlines the key issues in the form of a "negotiating box".

[1] The system of provisional twelfths is still envisaged to be applied in case the annual budget is not adopted till the end of the calendar year.

The "negotiating box" is updated regularly and constitutes a basis for the unanimous agreement of the European Council. The discussion about the MFF within the European Parliament is held among the members of the European political parties.

1.2. MFF 2014 – 2020 – content and structure

The MFF 2014 – 2020 is the basis for the European Union to spend up to 960 billion euro in commitments and 908 billion euro in payments over the next seven years.[2] The decreased level of financing in comparison to the MFF 2007-2013 (approx. by 3% in commitments and payments) is a result of both the economic crisis across Europe and the persistent problems with payments of the European Commission. The MFF is a part of a complex package that contains acts on the EU own resources system as well as sector-specific legislation guiding each EU programme in areas such as: research, cohesion policy, agriculture and fisheries, environment, justice and home affairs, foreign affairs, etc.

The MFF 2014-2020 comprises budget headings and ceilings. Headings describe four target areas of intervention that are of high priority for the European Union. The ceilings on the other hand indicate the maximum annual amounts which may be spend on these four policy areas over the period of 2014-2020 (headings 5-6 are devoted to administration expenditure and compensations). The headings or the six priority areas for financing are as follows:

1. Smart and Inclusive Growth – the heading is divided into two sub-headings dedicated to:

a) Competitiveness for growth and jobs – the sub-heading comprises programmes that are managed by the European Commission in the field of research and innovation, education and training, trans-European networks in energy, transport and telecommunications, development of enterprises, etc.;

b) Economic, social and territorial cohesion sub-heading includes programmes managed by the member - states in the field of regional policy, inter-regional cooperation aimed at reaching convergence of the least developed countries and regions;

2. Sustainable Growth and Natural Resources heading is devoted to the common agricultural policy, common fisheries policy, rural development and environmental measures;
3. Security and citizenship heading includes justice and home affairs, border protection, immigration and asylum policy, public health, consumer protection, culture, youth, information and dialogue with citizens;
4. Global Europe: external actions of the EU (foreign policy) - development assistance or humanitarian aid with the exception of the European Development Fund;
5. Administration - administrative expenditure of all the European institutions, pensions and European Schools;
6. Compensations - temporary payments (for Croatia).

The MFF 2014 – 2020 is focused on the following priorities - employment; culture; support for the scientists bridging the gap between research and market; encouraging an entrepreneurial culture; a better connected Europe; financial instruments to address specific market failures; competitive economy; supporting agricultural beneficiaries; simpler rules; safer Europe; helping the poorest in the world. The EU priorities and policies that are highlighted in the MFF are implemented through 46 programmes and financial mechanisms. Those programmes as well as the amounts allocated to each of them

[2] Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the Multiannual Financial Framework for the years 2014-2020; OJ L 347, 20.12.2013, p. 884–891

are listed in the 2014-2020 MFF. Each programme supports the corresponding priority (heading) of the MFF. It is put in place and in practice by the respective regulations as well as an allocation of financial resources. For example, the Cohesion Fund supports the Economic, social and territorial cohesion sub-heading. The Cohesion Fund is aimed at reducing economic and social discrepancies of member states with GDP per inhabitant less than 90 % of the EU average. The legal foundation is the Regulation (EU) No 1303/2013 laying down common provisions for the funds covered by the Common Strategic Framework and the respective allocation is 74 928,36 million euro. The Horizon 2020 programme that supports Competitiveness for growth and jobs sub-heading is focused on enhancing European competitiveness at global level, strengthening its position in science and innovation.[3]

Pre-allocations are amounts assigned to Member States for certain kinds of EU support such as Cohesion Policy Funds, direct payments within the Common Agricultural Policy, the European Agricultural Fund for Rural Development, the European Fisheries Fund, and the Nuclear Decommissioning Assistance Programme. The full amount for the Cohesion policy is allocated to the Cohesion Funds, less developed regions, European Territorial Cooperation and Youth Employment Initiatives. The allocations under the CAP are envisaged to be spent for the direct payments and rural developments. The pre-allocations assigned to Bulgaria by category of expenditure are listed in the table below:

Table 1. Pre-allocations for Bulgaria (in million euro)

	Total Cohesion Policy	Total Common Agricultural Policy (CAP)	European Maritime and Fisheries Fund	Nuclear decommissioning	Total 2014-2020
Bulgaria	7 588	7 476	88	293	15 445

Source: European Commission, Financial Programming and Budget

The functioning of the MFF 2014-20 will be reviewed by the Commission in 2016 taking account of the economic situation as well as the latest macroeconomic projections. The review is compulsory in order to serve for a basis to revise the MFF. That mid-term review will be used to orient the EU budget further towards jobs, growth and competitiveness.

The existence of different funds that are managed under separate regulations but at the same time geared towards achieving similar objectives complicates the implementation. That fact leads to allocating financial resources to many programmes – national and regional, that could harm the EU budget by not lining with the principle of effectiveness of budgeting and spending the money. Yet, a number of activities are lacking sound justification that additionally aggravates the application of the budget principles.

The new guiding principle of simplification was adopted as a clear evidence of the general tendency to the elimination of the

[3] Other programmes and funds to support the MFF: Asylum, Migration and Integration Fund; Civil Protection Mechanism; Common Agricultural Policy (pillar I); Common Foreign and Security Policy; Connecting Europe Facility; Consumer Programme; Copernicus; Competitiveness of Enterprises and SMEs (COSME); Customs, Taxation and Fight against Fraud; Creative Europe; Erasmus+; Europe for Citizens; Nuclear decommissioning assistance programmes; Transition regions;Youth employment initiative, etc.

unattractive administrative procedures. The "simplification" is an attempt to lessen the administrative burden, to provide easy way for financing ideas, to speed up the reimbursement of payments and implementation, etc.The Final Simplification Scoreboard was adopted in March 2014 by the Commission. It comprises over 120 measures to simplify the EU funding rules for potential beneficiaries of EU programmes. That new approach could be both combined and seen in the light of the initiave of the European Commission to less the administrative burden for businesses and for future improvements in reducing bureaucracy. Simplified cost options represent another aspect of the issue. Those options are envisaged to be embarked on projects under the European Social Fund and YEI operations. The aim is to allow quicker reimbursement of funds and programmes to be simpler and more oriented towards outputs and results.

1.3. Budget instruments outside the MFF

The special budget instruments are designed to enabling the EU to mobilise the necessary funds to react to unforeseen events such as crisis and emergency situations. Those special instruments - Emergency Aid Reserve, Solidarity Fund, Flexibility Instrument and the European Globalisation Adjustment Fund, are parts of the EU budget and financed through EU own resources but are kept outside the MFF. The special instruments are budgeted outside the MFF due to the fact that the funding they mobilise is above the MFF expenditure ceilings. The management procedures are set up in the Inter - institutional Agreement.

The Flexibility Instrument was used in 2009 to contribute to the energy projects in the context of the European Economic Recovery Plan and to the decommissioning of a nuclear power plant in Bulgaria. The Flexibility Instrument is used for the financial year 2015 to provide financing under the heading 1b – Economic, Social and Territorial Cohesion for the Cypriot Structural Funds programmes. The Emergency Aid Reserve is designed to help in humanitarian and civilian crisis management in non-EU countries - the conflict in Syria and in Mali. The Solidarity Fund is aimed at providing financial aid to overcome major disasters in member state or candidate countries (for example, the 2009 earthquake in the Italian Abruzzo region or the 2014 flood disasters in Bulgaria). The European Globalisation Adjustment Fund financial support is designed to support workers redundant as a result of major structural changes. The European Development Fund (EDF) is neither part of the EU budget nor financed by own resources. The EDF provides aid for development cooperation with African, Caribbean and Pacific countries. As it is not funded from the EU budget but from direct contributions from EU Member States (according to an ad - hoc key which is different from the standard GNI key), the EDF is not a part of the MFF.

2. The Annual Budget of the European Union

2.1. The common EU budget – legal foundation

The budgetary procedure under the Lisbon Treaty puts the Council and the European Parliament on an equal footing for the whole EU budget. Previously, under the Nice Treaty, the Council had the final say on compulsory expenditure, mainly related to agriculture, and Parliament the last word on other areas such as cohesion policy. The EU budget is adopted for every financial year in compliance and within the limits of the Multiannual Financial Framework. The annual EU budget is usually lower than the expenditure ceilings in the MFF Regulation.

The only exception is cohesion policy where the MFF ceiling is actually considered as an expenditure objective. The European Commission prepares the draft budget, and submits it to the Council and the Parliament. The budgetary authority, comprised of the Council and the Parliament, amends and adopts the draft budget.

The annual budget is adopted under a special legislative procedure in accordance with art. 314 of the Treaty on the Functioning of the European Union that lasts from 1 September to 31 December. All EU institutions with the exception of the European Central Bank draw up their estimates before 1 July. The Commission consolidates these estimates and establishes the annual draft budget which is submitted to the Council and the European Parliament by 1 September. The Council adopts its position on the draft budget and transmits it to the European Parliament before 1 October. The Parliament has 42 days to adopt amendments on the Council`s position. The Council may accept the amendments within 10 days and adopt the draft budget. If the Council does not accept the Parliament`s amendments, a Conciliation Committee is set up, composed of the members of the Council and an equal number of members representing the European Parliament. The Committee is also expected to address the draft amending budgets. The Conciliation Committee is assigned to reach an agreement on a joint text within 21 days. Once a joint text is negotiated by the Conciliation Committee, the Council and the Parliament have 14 days to approve or reject it. The Parliament may adopt the budget even if the Council rejects the joint text. The conciliation committee is composed of 27 members each from the Parliament and the Council as well as representatives from the Commission, including Budget Commissioner. If the conciliatory procedure fails, the Commission has to submit a new draft budget. If the Council and the European Parliament do not reach an agreement by the end of the year, the system of provisional twelfths is applied. That means that each month, for each chapter of the budget, a sum not larger than one twelfth of the budget appropriations of the previous year, or of the draft budget proposed by the Commission, whichever is smaller, is applied. In order the process of adopting the annual budget to be facilitated and speeded up, the consensus is beginning to be build in early June.

The European Commission is ultimately responsible for the implementing the budget. But in reality, around 80 % of the budget is implemented under "shared management" between European Commission and the individual member-states (Agriculture, Structural policies, etc.) as well as under the decentralized implementation system (pre-accession assistance).[4]

The budget consists of expenditure and revenue parts. The expenditure part is in compliance with the headings of the MFF i.e. Smart and Inclusive Growth; Sustainable Growth and Natural Resources; Security and citizenship, etc. The appropriations should be covered pursuant to art. 1 of the Council Decision 2014/335/EU, Euratom of 26 May 2014 by the system of the own resources of the European Union. The revenue part consists of surplus available from the preceding financial year; net amount of customs duties and sugar levies; VAT-based own resource at the uniform rate, etc. The contribution by each member state by type of own resources is enclosed in tables. The contribution by a member state due to the

[4] The Commission can manage payments from the budget in four ways: centralised direct management – the budget is managed directly by Commission (selecting contractors and awarding grants, transferring funds, monitoring activities, etc.); centralised indirect management - external management by agencies; shared management – the budget implementation is delegated to EU countries; decentralised management – the budget implementation is delegated to non-EU countries; joint management – the implementation is delegated to intergovernmental/international organisations which have internationally accepted standards.

UK correction mechanism is presented in a separate table.

The revenue and expenditure of each institution is presented in sections: Section I - Parliament; Section II - European Council and Council; Section III - Commission; Section IV- Court of Justice; Section V - Court of Auditors; Section VI - Economic and Social Committee; Section VII- Committee of the Regions; Section VIII - European Ombudsman; Section IX - European Data Protection Supervisor; Section X - European External Action Service. It is important to note that the great deal of the budget expenditure – approx. 95% is spent to finance the areas of EU policy. That expenditure called "operational appropriations" [5] is a part of Section III – Commission and is paid by the Commission (Section III also includes a small amount of administrative expenditure necessary for the Commission to function). All the other sections of the budget deal only with the administrative expenditure of the respective institution (e.g. the Parliament, the Court of Auditors, etc.). That means in fact that the section of the European Commission is the core part of the budget.

There are two types of budget expenditure - the commitment and payment appropriations. The commitment appropriations constitute a legal engagement to pay for an initiative or a programme. The payment appropriations are actual amounts to be paid for those initiatives or programmes. The total payment appropriations ceilings are always lower than the own resources ceilings (because the budget is not allowed to exceed the ceiling of own resources). The margin between the payment appropriations ceilings and the own resources ceilings forms a margin to allow the MFF to cover unforeseen expenses.

[5] Operational appropriations for commitments and payments often differ because multiannual programmes and projects are usually committed in the year they are contracted and are paid over the years of implementation.

2.2. Draft Amending Budgets

The annual budgets are changed several times per year in exceptional or unforeseen circumstances. The Commission may propose an amendment by submitting draft amending budgets (DABs). In fact, DABs are induced either by changes in the revenue part, or in the expenditure part of the budget. Art. 41 of the Financial Regulation stipulates that the EC may present a DAB that is revenue – driven provided that: entering of the budget balance of the preceding year is needed; revision of the own resources contribution is ongoing; review of the availability for payment appropriations is carried out. The amendments may be initiated at the request of the other institutions within their own budget section by a letter of amendment. Both amending budgets and letters of amendment are subject to the same procedure for adoption of the initial budget.

The 2014 annual budget was proposed to be amended eight times[6]. The Amending Budget No 1 for the year 2014 concerned a number of technical adjustments which were necessary to implement the 2014 budget; Draft Amending Budget No 3 was aimed at increasing the payments in the 2014 EU budget by 4.7 billion euro in order to cover outstanding bills. The Commission proposed to finance the amount via the contingency margin. The draft amending budget also aimed at incorporating additional revenue amounting to 1.6 billion euro from fines and interest. The DAB

[6] Draft Amending Budget No 2 was aimed at incorporating a surplus of 1.01 billion euro into the budget for 2014; Draft Amending Budget No 4 was aimed at incorporating additional revenue amounting to 2.4 billion euro mainly from fines; Draft Amending Budget No 5 was aimed at mobilising 47.0 million euro out of the EU Solidarity Fund in order to remediate damages caused by floods in Italy, an earthquake in Greece, as well as ice storms in Slovenia and Croatia; Draft Amending Budget No 7 was intended to mobilise 79.7 million euro out of the EU Solidarity Fund to remediate damages caused by floods in Serbia, Bulgaria and Croatia.

was a part of the "conciliation package" together with the draft budget of 2015 on which the Council and the European Parliament adopted different positions; Draft Amending Budget No 6 was designed to revise the forecast of Traditional Own Resources (customs duties), VAT and GNI own resources balances as well as to justify the reduction European Maritime and Fisheries Fund; Draft Amending Budget No 8 was designed to budget the surplus resulting from the implementation of the budget year 2013. Annual budget for 2015 is annexed six times.

2.3. 2015 EU budget under stress and lessons learnt for the 2016 budget procedure

The draft budget for 2015 was presented by the European Commission in June 2014.[7] It was the first budget of the EU prepared under the budgetary framework set out in the Lisbon Treaty. The 2015 EU budget was aimed at recovering Europe from the economic crisis but by means of reduced financial resources. It justified the use of 146 483 million euro in commitment appropriations and 141 901 million euro in payment appropriations. In addition, the EU budget for 2015 reflected the beginning of the new programming period under 2014-2020 MFF. It could be stated that there was an overall increase in comparison with the EU budget for the year 2014.[8] The main budget priorities comprise growth, jobs and innovations (Youth Employment Initiative and COSME programme for SMEs are financially supported) as well as strengthening the EU`s responsiveness (CEF-Energy programme). Measures to assist Ukraine were also foreseen.

The Council proposed to define the level of appropriations of the 2015 budget so as to take account of the budgetary constraints faced by the member states and the focus to be on measures that promote growth and jobs. The estimates of the Council reduced both commitment and payment appropriations to respectively 145 077 million euro and 139 997 million euro. The Council`s reduction of commitment and payment appropriations covered all the headings. The level of commitments under 1b "Economic, social and territorial cohesion" was maintained as it is proposed by the Commission`s draft budget but the level of payment appropriations was reduced for programmes under the new programming period, in particular in the field of transition regions, competitiveness, outermost and scarcely populated regions, Cohesion Fund, Connecting Europe Facility, European territorial cooperation, etc. The "1b" heading is known as a heading that includes programmes and funds assigned to be managed by the individual member states under the EU Structural and Investment Funds (the budget is under shared management both by the European Commission and the member states). The largest cuts requested by the member states were in the budget heading 1a "Competitiveness for growth and jobs" as well as Global Europe. Just the opposite, the "1a" heading is known as a heading that includes programmes and funds managed by the European Commission.

The European Parliament put as a high priority on the political agenda the strengthening of innovative and prosperous economy. The programmes that are encompassed by the Europe 2020 strategy - Horizon 2020, COSME, Erasmus+, the Digital Agenda, Progress and the Social Agenda are strongly supported to get

[7] 2015 EU draft budget to help Europe's economic growth despite financial constraints- Brussels, 11 June 2014, European Commission; available at http://ec.europa.eu/budget/index_en.cfm

[8] The 2014 EU budget, as adopted, contains 135.50 billion eur in payment appropriations and 142.64 billion eur in commitment appropriations.

financing from the 2015 budget. The Neighbourhood Policy, Development and Humanitarian Aid were also considered of significant importance due to the fact that they are instruments for of the EU external policy. The Europe for Citizens Initiative and fight against inequalities were also supported. That is why the European Parliament reversed the Council cuts. The European Parliament emphasized the necessity of avoidance of rolling over of 2014 year's debt to 2015 and added amounts to the Commission proposal to ensure payments for closing programmes. The Members of the Parliament warned the unpaid bills would rise further, threatening an eventual collapse of the budget. Besides, the European Union could lose credibility as a reliable partner towards the contractors.

The announcement of the Council of 22 October 2014 of the disapproval of the amendments proposed by the European Parliament gave start to a three-week conciliation period from 28 October onwards, aimed at bridging the gap between the positions of the two institutions. The unsuccessful conciliation resulted in submitting a new draft budget for 2015 by the European Commission on 28 November. The talks between the EU institutions covered the 2015 budget proposal, but also draft amending budgets for 2014. The Commission proposed the DABs for 2014 to cover payments in research and innovation, education and support for small and medium-sized enterprises, as well as reimbursement claims from member states in cohesion policy.[9]

The table below indicates the corrections to the commitment and payment appropriations of the 2015 budget made by each institution:

Table 1. Real GDP and real GDP per capita growth rates in North Africa and other regions (1995-2012)

	European Commission (first draft of June)	**European Council**	**European Parliament**	**European Council**	**European Commission (second draft of 28 November)**
Commitment appropriations	EUR 146 483 million* eur	EUR 145 077.35 million** eur	EUR 146 380.9 million eur	Proposal of the EP not adopted	145 200 million eur
Payment appropriations	EUR 141 901 million eur	EUR 139 996.92 million eur	EUR 146 416.5 million eur	Proposal of the EP not adopted	141 300 million eur

Source: 2014/2040(BUD) - 24/06/2014 Commission draft budget; 2014/2040(BUD) - 02/09/2014 Council position on draft budget

** The share of the commitment appropriations represents 1.05 % of EU GNI whereas the payment appropriation corresponds to 1.02 % of GNI.*

*** 2014/2040(BUD) - 02/09/2014 Council position on draft budget. Under the Council`s position, commitment appropriations are increased by 1.71% compared to the 2014 budget and payment appropriations increased by 3.32%.*

The annual budget clashes the the interests of the three European institutions - the European Commission, European Parliament and Council, as well as the ideas of the the European political parties. They all should reach an agreement each year

[9] The European Commission has an obligation to reimburse amounts of payment claims submitted by member states for Cohesion policy programmes and projects. At the end of 2014 those payment claims for 2007-2013 period amounted to billion of euros.

following series of tough debates in order the budget to happen. It could be stated that the adoption of the EU budget opposed the Council on the one hand and the Parliament and Commission, on the other hand and contrasted their opinions on reduction and increase of the appropriations.

The major stumbling problem was the growing lack of resources to execute payments. The bottleneck for the EU budget comes from the fact that every year certain payments are transferred to the following year because the payment claims (mainly on cohesion policy programmes) are stopped being paid by October. That means that the claims that arrive later on are transferred to the subsequent year. In the past years, payment appropriations were approved that were significantly below the European Commission`s forecasts. Thus, a "hole" in the budget emerged. For the first time, that happened in 2011. Due to the fact that the "hole" is not filled, the snowball effect transmits that lack of financial resources to the following year. The other side of the problem is the outstanding payments as well as commitments for research, SMEs and Erasmus+ projects that are managed by the European Commission.

The technical mechanisms are another issue that provokes diverging positions of the three institutions. Those concern the flexibility principle (strongly supported by the European Parliament) and the contingency margin to be applied in case the European Commission has enough money in the "coffer". There is no need for amending budgets in those cases. However, it is required the budget to be amended in the same way as it is adopted. The contingency margin is a new mechanism provided for in the regulation on the multiannual financial framework for 2014-2020. It makes possible an increase of the MFF payment ceiling for the current year by offsetting that increase by a corresponding decrease in the MFF payment ceilings for the following years. It should be noted, however, that the introduction of the flexibility in times of extraordinary circumstances was supported in the Council`s conclusion of 7 November 2014. The flexibility is seen as a possibility to solve the outstanding problem with unpaid funds (payment appropriations) between years. In case of extra revenues, mostly from fines during the particular financial year, there would be no need to amend the budget.

The aim of the European Commission is to put the EU budget "back on track". Those efforts are supported by the European Parliament whose priorities are directed towards tackling the payments issue thus reducing the negative consequences on beneficiaries. That is why the Commission proposed an amendment to the budget (Draft Amending Budget No 3). The Commission proposal is the budget "hole" to be filled by additional resources available in the EU budget, coming from fines imposed on companies under EU's competition, bank fines as well as additional resource to be paid by the member states. The Parliament agreed with the approach.

On the one hand, the Council insists to cut the Commission`s draft budget for 2015 risking being in contradiction with EU priorities. In the context of the DAB No 3/2014, it could be pointed out that the Council (the member states) would prefer to channel that extra income (coming from fines) back into the national budgets. The reduction of the payment levels is "a rule" for the Council. It is supported by a declaration that in case of any additional need of money, the member states would cover it by themselves. A legally binding declaration has always been attached to the annual budget.

It could be stated the tension around the 2015 EU budget had implication on the adoption of the operational programmes from the budget cycle 2014-2020. In particular, till the end of 2014 only two of Bulgarian operational programmes were approved by the European Commission. Bulgaria could implement operations and projects under Operational Programme Human Resources Development, Youth Employment Initiative and the Fund for Most Deprived Operational Programme[10]. The delay in the adoption of operational programmes will result in the year 2015 to be a "zero" year for the implementation of most of the operational programmes.

The European Parliament and the Council reached a compromise in December 2014 that resulted in the new submission of the draft budget for 2015 by the European Commission. The "deal" was closer to the Commission`s initial proposal than to the Council`s position and provided for the establishment of a payment plan to reduce the level of unpaid bills as well as close inter-institutional monitoring of payment implementation and forecasts in 2015. More funding both for the Horizon 2020 programme and the student exchange programme Erasmus+ was agreed that "satisfied" the European Parliament. The budget for foreign policy is also increased. Banking supervisory agencies and Frontex also received more funding[11].

It could be concluded, that the 2015 budgetary crisis is a "red flag" that raises the issue of snowballing debts to be addressed. Besides, a necessity of reform to use the available pool of resources at the disposal of the Commission is identified. It is of vital importance a solution to be found as soon as possible. However, the plan of action presented by the Commission has to be supported by the Council and Parliament in order to succeed.

[10] The Fund for Most Deprived Operational Programme is not negotiated within the Partnership Agreement between Bulgaria and the European Commission.

[11] The Parliament and Council negotiators agree to EU budget deal - BUDG Press release - Budget - 08-12-2014 - http://www.europarl.europa.eu/news/en/news-room

The flexibility mechanisms versus the budget discipline constitute two opposing problems inherent to the Multiannual Financial Framework. For the first time, the acceptance of those flexibility mechanisms was proposed together with 2000 – 2006 financial perspective. Those mechanisms either allow transfer of funds between certain headings or funds not spent in the year to be absorbed in the subsequent year in exess to the annual celings. The own resources ceiling set an upper limit of spending the EU budget whereas the MFF through its maximum expenditure levels by category of expenditure fosters the financial discipline. On the other hand, the growing number of challenges the EU has faced over the past years together with urgent and unforeseen circumstances bring up to the agenda the use of the flexibility mechanism. All in all, the flexibility opposes the misgivings of budgetary excess that could be deemed efficient in terms of financial resources to be allocated to those objectives that are of utmost importance by the date. Regardless of the efforts stepped up the budget to be made more transparent and easy to implement, there are still issues awaiting to be solved.

On the positive side, amids the bitter debates on the adoption of 2015 annual budget key diverging issues emerged. Moreover and to some extent those issues were tackled to pave a smoother way for voting the annual budgets in the subsequent years. For the first time during the current financial perspective the EU institutions clashes visions, standpoints and estimations in order to get each other's notions to be respected in the future. The budget of 2016 budgetary year is a subject of series of trialogue discussions in advance between the European Commission, the European Parliament and the Council of Ministers. The texts and figures agreed during the trialogue meetings will be further voted on by the European Parliament and the Council of Ministers, although these votes are unlikely to lead to any changes.

2.4. The annual 2016 EU budget – the exercise would probably be easier

The negotiations on the 2016 budget are streamlined on a trilateral basis from the very beginning of the budget procedure. That fact allows the budget authority together with the EC to adapt positions in due time avoiding discussions to start in October within the Conciliation Committee under a strict calendar. Thus, the three institutions to illustrate the endeavours for adopting the EU budget with less stress and on time. At the dawn of the negotiations of 2016 annual budget the EP voted on the general guidelines for the preparation of the 2016 budget. MEPs recommended that the 2016 EU spending should focus on fostering economic growth, solidarity among EU member states and with third countries in need, and slowing down the payment backlog. The budget guidelines are the first document that the Parliament produces during the annual budget procedure. It sets out the targets that the Parliament expects the Commission to take into account when drawing up the draft budget proposal. The guidelines urged the Commission to include help for start-ups and small and medium-sized enterprises to create more jobs in their draft budget. The Commission should also ensure that European Youth Initiative job creation schemes for young people are properly financed. Solidarity among EU member states should extend over EU borders, in particular by delivering humanitarian assistance and development aid to Ukraine. Lastly, the Commission is encouraged to present a plan to reduce the EU's growing payments backlog in cohesion and regional development spending. The work of the Monti Group on proposals for in-depth reform of the own resources system must also be urged and put high on the political agenda[12].

The Commission proposal for 2016 Budget of 26 May 2015 sets out 153.53 billion euro in commitment appropriations and 143.54 billion euro in payment appropriations. Those amounts represent a decrease of -5.2 % from the 2015 budget commitments and + 1.6% increase in payments. The funding for administration and security and citizenships and Global Europe are at increase whereas the financing for sustainable and inclusive growth and smart and inclusive growth is shrinking. Competitiveness for growth and jobs sub-heading constitutes an exclusion from the downwards tendency by 11.4 % increase in payment appropriations. It could be seen from the EC proposal that more money will be available to tackle today`s migration challenges, making the EU more responsive to new developments. Political priorities like the Energy Union and the Digital Single Market, Erasmus+ and Horizon 2020 and the European Fund for Strategic Investment are also supported[13].

The European Parliament has welcomed most of the draft EU budget for 2016 as tabled by the European Commission. But it opposed cuts for small and medium-sized enterprises, Youth Employment Initiative and reiterated that total outstanding EU bills for regional policy must be reduced to the amount previously agreed by the Commission and the Council[14].

The Council supported the provisional amounts proposed by the Commission for a number of priority areas: the European

[12] The Guidelines for the preparation of the budget were adopted on 2 March 2015 by virtue of a motion for resolution following a report drawn up by José Manuel Fernandes (EPP, PT).

[13] Commission proposes draft EU budget 2016: focus on jobs, growth, migration and global action- press release of 26 May 2015; http://europa.eu/rapid/press-release_IP-15-5046_en.htm

[14] Motion for a European Parliament Resolution on the mandate for the trilogue on the 2016 draft budget (2015/2074(BUD)) voted on 26 June 2015

fund for strategic investments, humanitarian aid and Erasmus. The Council`s position also reflects the payment plan agreed with the European Parliament in May 2015 to phase out the backlog of outstanding payment claims for the 2007-2013 cohesion programmes. The Council revised the commitments to 153.27 billion euro and the payments to 142.12 billion eur. This is 563.6 billion eur in commitments and 1.04 billion eur in payments less than the Commission proposal.[15]

Besides the tremendous efforts to reach a political agreement on the EU annual budget in advance by eliminating the preconditions for long-lasting debates that often reach a stalemate, the pathway for adopting 2016 budgets could reveal another tendency of great importance – the increase and concentration of resources to the so called "public goods". Despite reform efforts, it is not obscure that the structure of the budget through the years remains the same. In general, it could be stated that the share of agricultural funds is shrinking and the share of the structural funds is at increase. Both budget items represent approx. 80% of the Multiannual Financial Package. The reaming part goes to the so called "public goods" – research, development and innovation, security and defense[16]. Those goods are well-known for producing economies of

Table 3. Comparison between the commitment and payment appropriations proposed by the European Commission and revised by the Council of the European Union for the 2016 draft budget by headings (in billion euro)2012)

Appropriations by heading	**European Commission** *(nominal change since 2015)*		**Council of the European Union**	
	Commitments	Payments	Commitments	Payments
1. Smart and Inclusive Growth	69.44(-10.9%)	66.58 (0.4%)	69.6	65.9
a) Competitiveness for growth and jobs	18.62 (6.1%)	17.52 (11.4%)	18.8	17.1
b) Economic, social and territorial cohesion	50.82 (-15.9%)	49.06 (-4.0%)	50.8	48.8
2. Sustainable Growth	63.10 (-1.2%)	55.82 (-0.2%)	62.9	55.6
Market related expenditure and direct costs	42.82 (-1.4%)	42.82 (-1.4%)	42.7	42.7
3. Security and Citizenship	2.62 (9.7%)	2.53 (17.1%)	2.6	2.2
4. Global Europe	8.82 (5.6%)	9.54 (28.5%)	8.7	9.1
5. Administration	8.91 (2.9%)	8.91 (2.9%)	8.9	8.9
Other Special Instruments	0.52 (-9.8%)	0.39 (-7.0%)	0.5	0.4
Total appropriations	153.53 (-5.2%)	143.54 (1.6%)	153.3	142.1
In % of EU-28 GNI	1.04 %	0.98%	1.04%	0.97%

Source: EU budget 2016: Council agrees its position; http://www.consilium.europa.eu/
Commission proposes draft EU budget 2016; http://europa.eu/rapid/

[15] EU budget 2016: Council agrees its position – press release of 9 July 2015; http://www.consilium.europa.eu/en/press/press-releases/2015/07/09-eu-budget-2016/

[16] Santos, Indhira; Neheider, Sussane, Reframing the EU Budget Decision-making Process; Bruegel Working Paper, No 2009/03

scale and externalities; they are of non-excludable composition and contribute to the welfare of the citizens. By supporting the allocation of resources to political priorities such as security and citizenships as well as the will to make the EU more responsive to new developments worldwide, the emphasis is swung to the goals considered more "European" and more close to the idea of a public good. The expenditure for economic and territorial cohesion and natural resources still remains high but is shrinking representing an overall downward tendency.

3. Financing the common EU Budget – the system of own resources

The system of own resources is regulated by art. 311 of the Treaty on the Functioning of the European Union. It also sets out special legislative procedure for the adoption of the Own Resources Decision: the Council shall act unanimously after consulting the European Parliament. The European Parliament is only consulted that means the latter has less authority. Own resources constitute the EU revenue to cover the expenditure. In fact, the system of own resources constiturtes of resources that are not owned by the EU. The system of own resources of the European Union consists of three elements:

1. Traditional own resources - customs duties on imports from outside the EU and sugar levies;
2. Own resource from value added tax (VAT) - a standard percentage is levied on the harmonised VAT base of each EU country. The VAT base to be taxed is capped at 50% of GNI for each country. This rule is intended to prevent less prosperous countries to pay a disproportionate amount.
3. Own resource based on gross national income (GNI) - a standard percentage is levied on the GNI of each EU country. It is used to balance revenue and expenditure, i.e. to fund the part of the budget not covered by other sources of income.

The budget also has other sources of revenue - taxes on EU staff salaries; contributions from non-EU countries to certain programmes; fines on companies for breaching competition laws, etc. Those component parts of the budget cannot altogether exceed 1.24 % of the GNI of the member states. The first three shares of the own resources - traditional own resources, VAT – based resource and the own resource based on the GNI basically do not exceed 86% of the budget thus leaving the rest of the budget pie to the taxes, fines, etc. It is interesting to note that initially the European Coal and Steel Community was financed through a tax levied on the prodiction of steel that made it independent from the member state. That financing system went down into the history by the succeeding European Economic Community.

It should be noted both from historic and political point of view that several states argued their contribution towards the budget is too high. Measures were taken to compensate those countries that constitute the so called correction mechanism. Those measures gave start to the thorny debate on the "net balances", i.e. the calculation of what a state gets from the budget versus what the same has introduced into it. The United Kingdom is reimbursed by 66% of the difference between its contribution and what it receives back from the budget - the so called "UK rebate".[17] The cost of the UK rebate is divided among member states in proportion to the share they contribute to the EU`s GNI. Bulgaria also participates in sharing the UK rebate. The UK has a kind of veto to the application of the rebate. Any alteration of the mechanism and the figures

[17] The budgetary imbalance correction mechanism in favour of the United Kingdom (UK correction) was adopted by the European Council in Fontainebleau in June 1984. The European Council of Fontainebleau in 1984 agreed on two principles that are the basis for corrections: 1. Expenditure policy is an essential tool of resolving the question of budgetary imbalances. 2. Any member state that has a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction.

should be subject to a political agreement. Apart from that case, the UK is the biggest net contributor to the budget (the second one after Germany). Measures are also applied to cover the imbalances in favour of the Netherlands, Sweden, Germany and Austria - lump-sum payments and reduced VAT rates. In addition, the member states concerned retain 25% of the amount collected for traditional own resources.

The own resources legislation is a part of the MFF comprehensive package. Since the MFF Regulation defines the expenditure side of the package, the own resources and the MFF Regulation are closely linked. The respective legal acts – a Council Decision, two Council Regulations as well as a Commission Staff Working Paper, were adopted in 2014 following the approval of the MFF (2014-2020).[18]

The contribution of Bulgaria to the 2015 Annual Budget is calculated to 462 067 191 euro.[19] In the end of each year, the Commission recalculates the member states` contributions on the basis of the data about their economic performance (GNI), prepared by the national statistic offices. The recalculation is reflected in the Draft Ammending Budget. Depending on the data, some countries have to add to their contributions while others get money back. The contribution should be paid by 1 December (automatic deadline for payments). The Council`s conclusions (Ecofin) of 7 November 2014 provided for the automaticity of payment of the contribution to be removed and the member states to be given a possibility to pay in instalments not later than 1 September of next year. The conclusion was provoked by the payment problems of the contribution towards the EU budget.

The contributions of Bulgaria beginning from the accession to the EU till the latest financial year (2007 – 2014) are presented in the table below:

Table 4 – The contribution of Bulgaria towards the EU budget (in mln. eur)

Financial year	2007	2008	2009	2010	2011	2012	2013	2014
BG contribution	290,8	363,7	389,9	352,6	395,2	416,9	453,2	397,3

Source: General Budget of the European Union - General statement of revenue

Article 311 of the Lisbon Treaty brings a significant change to the legal provisions related to the EU own resources. It provides for the possibility to establish new or to abolish existing own resources that means to change the own resources system. The priority of reforming that system have been put high on the EU political agenda during the MFF 2014-2020 negotiations. Although the existing to date system is not discarded as useless due to the fact it is performing fairly well, ecomomic and financial ideas concerning new taxes to be levied are evolving. A high-level group was set up in February 2014 with the aim of reviewing the own resources system. The high-level group comprises members of the European

[18] Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union; Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union; Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements; Staff Working Paper - Commission report on the operation of the own resources system,accompanying the document Proposal for a Council Decision on the system of own resources of the European Union

[19] Draft General Budget of the European Union for the financial year 2015 – General statement of revenue - Brussels, 27.11.2014 COM 2014) 723 final

Commission, European Parliament and Council. The EP was the institutution that insisted on the establishment of the working group during the MFF discussions. Analysts have debated two opposing models to reform the system of the own resources. The first one is connected with financing the entire budget with a GNI resource and is meant to promote simplicity whereas the other one is targed towards creating one or more new genuine own resources thus increasing the financial autonomy.

Another major point for discussion was the Commission`s proposal to abolish the existing VAT-based resources and to create two new elements to the own resources - a new VAT and a financial transaction tax (FTT) own resource. The proposal was aimed at reducing the share of member states' GNI contributions. The majority of the European Parliament supported the Commission's proposal.[20] However the Council did not accept the proposed reform on the grounds that it needed further work and that the FTT has not yet been adopted by all member states. The new system of own resources is deemed to be put in place together with the next financial prospective. By that moment the exact details of both its components and principles of functioning should be agreed amids bitter debates between the member states and the European institutions.

4. The Discharge – European Union expenditure under microscope

The European Commission is responsible for the execution of the European Union`s budget. In fact as it was already mentioned above, the budget is managed in several ways including the shared management with the member states which means that the Commission delegates implementing tasks related to a significant share of the budget. That is why, each year, the Commission is required to demonstrate to the European Parliament it has made appropriate use of the EU money. This is known as the budget discharge procedure. Discharge is a form of ex-post control and constitutes the final approval of the EU budget for a given year that means that the European Commission is discharged of its responsibility for the budget. It is granted by the Parliament on a recommendation from the Council. The discharge procedure is stipulated in Chapter 4 (art. 317 - 319) of the Lisbon Treaty and is described in details in the Financial Regulation.[21] In order to grant the "discharge", the Council and the European Parliament in turn examine:

- the accounts, the financial statement of the assets and liabilities of the Union and the evaluation report on the Union`s finances based on the results achieved in relation to the indications given by the European Parliament and the Council. The evaluation report is a new tool to the procedure provided by the Treaty of Lisbon. It is aimed at strengthening the monitoring on the achievement of policy objectives;
- the annual report by the Court of Auditors together with the replies of the institutions under audit to the observations of the Court of Auditors;

[20] Joint Public Hearing of the Commissions on Budgets and Budget Control was held on the 6 May 2015. The public hearing was devoted to the control challenges in the EU's own resources system. The purpose was to examine the control aspects of the GNI and VAT own resourceswill focus on the ways own resources are collected. Committees are permitted to organise hearings with experts on subjects that are essential for their work. Most committees organise regular hearings that allows them to hear experts, academics and the representatives of the European Commission, the European Court of Auditors and other institutions and hold discussions on the key issues.

[21] The power to grant discharge was initially been given to the Council by the Treaty of Rome of 1957 and under the Luxembourg Treaty of 1970 was shared by Council and European Parliament, to be ultimately assigned to the latter by the Treaty of Brussels of 1975.

- the statement of assurance of the reliability of the accounts and the legality and regularity of the transactions. The Court of Auditors examines the accounts of revenue and expenditure of all bodies, offices or agencies set up by the EU.

The purpose of the procedure is two - fold. On the one hand, the discharge is the political element of the external control of budget implementation as it represents an assessment by the European Parliament and the Council. Technically, it allows the accounts of a given year to be closed which brings the relevant budgetary cycle to an end. The procedure ends in either the granting, postponement or refusal of the discharge.[22] When granting discharge, the Parliament may recommend that the Commission take action on certain matters. The Commission responds in a follow-up report and action plan which is sent to the Parliament and Council.

The Council and European Parliament (the EU budget authority), the European Commission and European Court of Auditors are the key institutions that participate in the process. Each of the directorates-general of the European Commission prepares an activity report presenting its annual accounts. A declaration of assurance with the activity report is also issued declaring that the EU funds disclosed in the annual accounts were spent regularly. The European Commission uses the activity reports to prepare the synthesis report for all directorates-general. The European Court of Auditors (ECA) is the independent external auditor, whose reports are a fundamental part of the procedure. The Court of Auditors audits the European Union`s finances and issues a statement of assurance regarding the regularity of the use of those funds. The observations are presented in an Annual Report that is a key document in the discharge procedure. The Council of the European Union in charge is the Economic and Financial Affairs Council (Ecofin) that is composed of the economics and finance ministers of the member states. It makes a recommendation to the European Parliament as to whether it should discharge the European Commission for its implementation of the EU budget. The European Parliament and the specific Budgetary Control Committee (CONT) is in fact the institution granting the discharge. The opinion of the EP is based on the European Court of Auditors` annual report, own investigations and Ecofin`s recommendation.

The procedure follows a tight timeframe. By 31 July of the subsequent year, the EC must adopt the final consolidated accounts of the EU and its own final accounts and send them to the EP, the Council and the ECA. By 15 November the final consolidated accounts are published in the Official Journal of the EU with the statement of assurance which is the official opinion of the ECA on the reliability, the legality and regularity of the transactions. By the same date, the ECA transmits the Annual Report on the management of the EU budget. The Report includes the reply of the European Commission on each of the findings. The EC submits a questionnaire to the member states to provide replies on the specific country findings.[23] The Annual Report of the ECA is discussed during the December meeting of Ecofin. By 28 February, the ECA, EP and Council receive from the EC a summary of the replies provided by

[22] The EP twice refused to grant discharge to the EC - in 1984 for financial year 1982 and in 1998 for financial year 1996. In the first case the EC that was very close to the end of its term in office did not resign. The discharge refusal together with a report of independent experts provoked a censure motion by the EP that ended with a resignation of the entire Commission under President Jacques Santer on 15 March 1999. The EP refused to grant discharge for the implementation of the Council`s budget in financial years 2009, 2010 and 2011.

[23] The findings of the ECA for Bulgaria mentioned in the Annual Report for 2013 concern state aid for SMEs, infrastructure projects, agricultural programmes and rural development, financial instruments.

the member states. In February, acting by qualified majority the Council (Ecofin configuration) adopts the recommendation to the EP on whether to grant discharge. Before 15 May the plenary of the EP considers the discharge reports prepared by the CONT Committee and decides either to grant or postpone discharge. If discharge is postponed, in October the EP considers new reports prepared by the CONT Committee with the aim of removing the obstacles to granting discharge.

As regards Bulgaria, it could be pointed out that the European Parliament highlighted the absence of progress in the Decision on the discharge for 2012.[24] The EP was "very concerned" about the lack of progress and about the high level of corruption. The EP "called on" the Commission to adopt a resolute attitude towards Bulgaria and to seriously examine whether "it was even possible for Union funds to be deployed in accordance with the rules in such an environment". The decision was based on the observations expressed by the European Commission and the European Court of Auditors and was targeted towards weaknesses in the field of direct payments, rural development and procurement.

5. Juncker`s Plan for Jobs, Growth and Investment (European Fund for Strategic Investment)

The Juncker Commission`s top priority is to get Europe growing again and increase the number of jobs without creating new debt.[25] That is why the Commission has launched Jobs, Growth and Investment package that will focus on cutting regulation, making smarter use of existing financial resources and making flexible use of public funds. The Commission is intended to provide up to 300 billion euro in additional private and public investment over the period 2015-2017. The Plan reflects the new vision followed by Juncker to get additional financial resources and investment to boast the EU economy and not to cut budget expenditure. The aim is to lessen the financial burden of the member states and to avoid the debts to be paid by future generations. The financing should be provided by the European Commission – 16 billion euro, 5 billion euro by the European Investment bank, and by the member states. The investment projects should be targeted towards: infrastructure – broadband, energy networks and transport infrastructure; education, research and innovation; renewable energy and energy efficiency; projects to help young people find work (the Youth Guarantee scheme). Those priorities should be elaborated by the European Commission in a form of legislative proposals to be further adopted by the Council and European Parliament. Bulgaria will participate in the Junker`s Plan by financing risky projects in the field of innovations, hitech, infrastructure, energy efficiency. The Plan is financially backed by allocating 2 billion euro in commitments and 500 million euro in payments in the budget for 2016 (for the guarantee fund of the EFSI). The financial injection entails unlocking 315 billion euro in investment for Europe. Bulgaria is announced to contribute 100 million euro to the Investment Plan through the Bulgarian Development Bank. The EFSI-Regulation, including the budgetary aspects of the new investment structure, is subject to ongoing negotiations between the European Parliament and the Member States. The European Investment Advisory Hub is arranged to be launched to support the development and financing of investment projects by offering a single point of contact for guidance and a platform to exchange know-how.

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[24] Decision on the discharge in respect of the implementation of the European Union general budget for the financial year 2012, Section III – Commission (COM(2013)0570 – C7-0273/2013 – 2013/2195(DEC)

[25] A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change - Political Guidelines for the next European Commission - Opening Statement in the European Parliament Plenary Session, Strasbourg, 15 July 2014; http://ec.europa.eu/priorities/docs/pg_en.pdf#page=5

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