



»» The Annual Budget Procedure of the European Union: A Practical Guide for SRH Advocates

July 2010

The annual EU budgets are based on a seven-year Multi-annual Financial Framework (MFF), currently from 2007-2013, that is negotiated between the Council of Ministers of the EU, the European Parliament (EP) and the European Commission. The MFF is agreed in the form of an inter-institutional agreement¹ between the three actors and sets out maximum amounts (ceilings) that can be spent by the EU for each policy area (headings), as well as an overall annual ceiling on payment and commitment appropriations. Every year, the Commission then proposes a draft annual budget based on the MFF, which is to be jointly adopted by the Council of Ministers and the EP.² Once the annual budget is in place, the Commission is in charge of its implementation.

The Annual Budget Procedure

Relevant Actors

At national levels, it is notably the finance ministries of the 27 EU Member States that, in consultation with sector ministries such as foreign affairs or development cooperation, decide on the national negotiating positions for the annual EU budget procedure. Member States representatives then meet in Brussels and negotiate the Council of Ministers' position vis-à-vis the Commission's draft budget in the Council's Budget Committee. However, the Council does not discuss individual titles or budget lines, but negotiates spending allocations more generally according to headings, with the main aim of ensuring budgetary discipline. No consultation takes place with the representatives of the Council's Committee on Development (CODEV), since the sector ministries are being consulted already on national levels.

Next to the Council, the European Parliament, and notably its Committees on the Budget (COBU) and on Development (DEVE), plays a vital role in the procedure as the second arm of the budgetary authority, whereas the Commission on its part initiates, implements and importantly executes the different spending programmes after the adoption of the budget. The legal basis for the establishment and implementation of the EU's general budget is set-out in the so-called "financial regulation and implementing rules"³, first established by the Commission and the Council in December 2006.

Sexual and Reproductive Health in the EU Budget

The relevant section for SRH advocates is Section III of the annual EU budget, as it concerns the Commission's spending. Out of its Heading 4 "The EU as a global partner", almost one third of commitments are earmarked for the so-called Development Cooperation Instrument (DCI). The DCI's Title 21 is on "Development and Relations with African, Caribbean and Pacific (ACP) states", and chapter 2105 more specifically on "Human and social development", which corresponds to the DCI's thematic programme "Investing in People". Within this title, funds committed under item 21050101 on health are the only ones that can specifically support the ICPD agenda, and are thus the main target for SRH advocacy during the EU budgetary process.



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Financial Allocations under Heading 4 (2007-2013)

In million EUR

		2007 budget	2008 budget	2009 budget	2010 budget	Draft budget 2011*	FP 2012**	FP 2013**	MFF (2007-2013)
Heading 4	The EU as a global partner	6.812	7.551	8.103	8.141	8.613	9.123	9.724	55.935
Title 21	Development and Relations with African, Caribbean and Pacific (ACP) states	1.216	1.317	1.869	2.514	2.612	1.257	1.317	16.897
Chapter 21 05	Human & Social Development (Investing in People)	117	132	141	152	168	n/a	n/a	1.060
Item 21 05 01 01	Health	62	29	31	45	30	n/a	n/a	

* As of 27 April 2010, proposed by the European Commission and potential subject to budgetary amendments.

**FP = Financial Programming, as foreseen in the MFF and subject to amendments in the annual budget procedure.

Sources: <http://eur-lex.europa.eu/budget/www/index-en.htm>; http://ec.europa.eu/budget/library/documents/annual_budgets_reports_accounts/2011/2011_Draft_budg_preparation_en.pdf

However, it is the European Commission that is responsible for the programming of allocated funds for health under Investing in People – both from the MFF and from the annual budgets. While a specific envelope of a total of 86 million EUR is foreseen for “Sexual and Reproductive Health (Cairo Agenda)” in the Strategy Paper for Investing in People (2007-2013)⁴, these funds cannot be influenced directly via the annual budget procedure. Yet, increased funds for health under item 21050101 can be earmarked for SRH through the inclusion of specific language in a budgetary amendment.

Budgetary Process

The Treaty of Lisbon has simplified the annual budgetary procedure. As from 2010, the Council and the EP will each only have one single reading, after which, in case these two branches of the budgetary authority cannot agree, a Conciliation Committee is convened. In practice, this also means that due to the streamlined process, the three EU institutions will be required to work together in a “special spirit of cooperation”.⁵

Timeline with opportunities for intervention

1st Phase – Run-up to the Draft Budget

February	EP: 1st meeting with budgetary rapporteurs of specialized Committees
February/March	EP: Presentation & Adoption of Draft Report on Budgetary Priorities (COBU)
March	Council: Budgetary orientations (ECFIN)
March	EP: Adoption by Plenary of Report on Budgetary Priorities
March	EP/Commission/Council: 1st Trialogue meeting

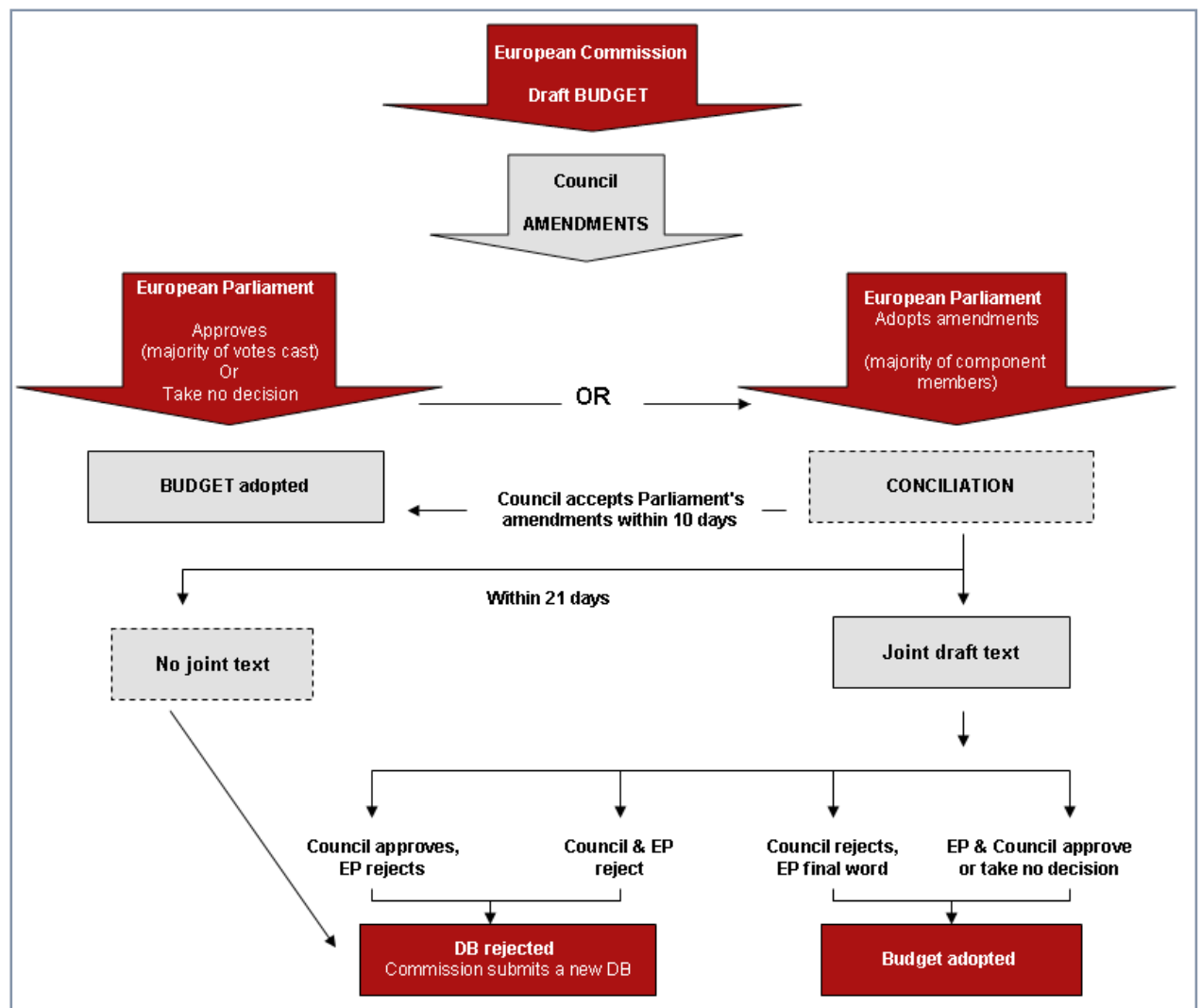


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Every year there is a different rapporteur on the annual budget procedure in the Budget Committee (COBU) of the European Parliament, and in the specialized Committees, such as DEVE and FEMM. The appointments are based on a point system representing the relative weight of the different groups in the EP. Both the budget committee of the EP and the group of budgetary rapporteurs from the specialized committees hold meetings on the Commission's Annual Policy Strategy (APS) for the budget. Normally the European Parliament adopts a report on the Commission's APS, which ideally should guide the Commission when drawing up the Draft Budget by the end of April.⁶ The Spring Trilogue, where all three EU institutions meet to define their positions, has therefore become an important moment for the EP and the Council to discuss their budgetary priorities.



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Action Points

- Influence coordinators meeting in DEVE that decides on who will be the rapporteur on the budget (this is a very important first step and it might be useful to get into contact with the secretariat of the S&D group, a traditional SRHR ally, to make sure they are aware and fighting to get the report on the budget).
- Read the APS and ensure mentioning of development assistance and Millennium Development Goals (MDGs), with a special focus on health and MDG 5, if possible.
- Influence Budgetary Priorities through DEVE.⁷
- The rapporteur for the budget 2011 of the EP's Budget Committee is MEP Sidonia Elzbieta Jedrzejewska (EPP), while MEP Thijs Berman (S&D) is the rapporteur of the Development Committee. Contact with both and their assistants should be pursued.

2nd phase: Influencing the Draft Budget

April	Commission: Draft Budget (DB) adopted and presented to COBU
May	EP: 2nd meeting with specialized Committee budgetary rapporteurs
June	EP/Commission/Council: 2nd Trilogue meeting
July	Council's Reading: Adoption of the Council's position on the DB
September	EP: Deadline for tabling budgetary amendments through MEPs, Committees (COBU, DEVE, FEMM...) and political groups
September	EP: 3rd meeting with specialized Committees budgetary rapporteurs
September	EP: Consideration of and vote on budgetary amendments (COBU)

The European Commission adopts the draft budget (DB)⁸, which constitutes the proposal on which the whole procedure will run, and presents it to the Budget Committee. The appropriations in the EU budget are divided into commitments and payments. The former is the maximum amount of funding that can be contracted in a certain year, the latter the maximum amount that can be paid out for projects contracted in that year or preceding years. Therefore, all advocacy efforts should always be aimed at increasing the commitments for SRHR funding in a given year, not the payments.

The budget rapporteurs of the specialized committees meet for the second time, and a second trilogue meeting is held. Sometimes the EP precedes this conciliation and adopts a report setting out its mandate for these first negotiations with the Council.⁹ The different committees are invited to deliver an opinion to this resolution, but in practice often lack time to do so efficiently.

During the Council's reading, the Budget Committee and the Committee of the Permanent Representatives (COREPER) discuss the proposals at working level, before the Finance Ministers meeting in the framework of the Economic and Financial Affairs Council (ECOFIN) adopt an official position on the draft budget. After the Council's reading, the Parliament's specialized committees continue to analyze the budget lines within their policy area and may propose amendments to the



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Budget Committee, which takes a detailed look at the budget lines and whether they accord with the priorities previously identified by Parliament. It may also choose to reverse cuts by the Council or suggest increases or cuts to budget areas within the limits of the ceilings of the financial perspectives.

Action Points

- SRH partners in EU Member States' capitals should get involved in the budget procedure: discuss the Commission proposal for the relevant title under the DCI with their sector ministries and advocate for an increase of funds for health through the Council of Ministers.
- Analyse the Commission's Draft Budget and develop arguments for proposing modifications/ increases for the DCI and about concrete budgetary amendments that may need to be proposed during the budgetary procedures. Discuss this with the rapporteur on budget of DEVE and other SRH champions in the EP.
- Propose concrete budgetary amendments through an MEP in any of the Parliament's Committees to increase figures and/or comments accompanying the budget lines of interest, and strengthen wording on SRH in draft resolution

3rd phase: Safeguarding Achievements in the Conciliation Phase

October	EP: Adoption of Draft Resolution (COBU)
October	EP's Reading: Adoption of EP's amendments on Council's position
October	EP/Council: Conciliation Committee establishes joint text
November	EP: Adoption of a joint text (Plenary)

In the EP plenary, budgetary amendments can be brought forward by the committee responsible, a political group or by at least 40 MEPs. New amendments are possible for the resolution accompanying the budget but they cannot replace budgetary amendments or increase the budget. The resolution is intended to "describe" the budgetary votes. The EP's reading in October is based on the Council's draft budget, and amendments require the votes of an absolute majority of members (i.e. 369 votes). The opinions of the different specialized Committees of the EP will also be voted upon but are mostly seen as "covered" and most do not get a meaningful discussion.

After the EP's reading, the conciliation between EP and Council begins, the crucial phase during the budget year. In the Conciliation Committee, political disagreements between the two arms of the budgetary authority must be resolved within 21 days. The discussions are taking place at a high political level, and debates over individual budgetary titles are unlikely. However, it is important to keep in contact with the relevant actors from the EP, notably the budget rapporteurs in COBU and DEVE, to safeguard previous achievements for SRH.

Action Point



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- Keep on monitoring and sharing information with partners at Brussels and EU Member States level, ensuring that SRH budget is preserved in the negotiation process between Council and EP and/or EP's reading, if applicable.

Potential additional strategies to increase SRH funding

- 5% increase of DCI¹⁰: A certain degree of flexibility in the EU's financial framework is ensured by the possibility to revise or adjust the financial framework under strict conditions, one of them being the possibility of a 5 % increase or decrease from the amount foreseen for a given programme in the MFF. In a recent report¹¹, the Budget Committee of the European Parliament points out that the upcoming 2011 budget is the fourth of seven under the current MFF, and that both the shortfalls and positive developments of existing programmes become evident. Therefore, SRH advocates could – next to asking for a further increase of the health budget line under the 2011 budget - advocate for a 5% increase of the DCI for the remaining two years, at the expense of other titles under heading 4. However, the trick would then be to ensure that these additional funds are allocated towards "Investing in People", and title 21 05 01 01 on health in particular.
- End of year transfer¹²: Under very specific conditions, the Commission is entitled to transfer unused budgetary appropriations for the current budgetary year still available under heading 4 to budget titles concerning crisis management aid and humanitarian aid operations. The end-of-year transfers are normally discussed around November-December. However, as the regulation suggests, these transfers are usually made for humanitarian crises (such as Palestine etc) and would require a significant amount of political support and will in order to be used for SRH issues.



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Endnotes*

¹ More information on the current MFF and the inter-institutional agreement of 17 May 2006 can be found at: http://ec.europa.eu/budget/documents/multiannual_framework_en.htm?go=t1_1#table-1_1

² The Treaty of Lisbon, entered into force on 1 December 2009, has brought some major changes to the annual budget procedure, mainly reducing the number of readings of the Commission's budget proposal to one per Council and EP. Find more details on the Commission's website on the decision making process on the EU budget on http://ec.europa.eu/budget/budget_detail/deciding_en.htm

³ For a synoptic presentation, please see: http://ec.europa.eu/budget/library/documents/implement_control/fin_rules/syn_pub_rf_modex_en.pdf

⁴ See http://ec.europa.eu/development/icenter/repository/how_we_do_strategy_paper_en.pdf and http://ec.europa.eu/development/icenter/repository/how_we_do_strategy_annexes_en.pdf

⁵ Janusz Lewandowski, EU Commissioner for financial programming and budget, at the presentation of the Commission's Draft Budget to the Budget Committee of the European Parliament, 27 April 2010. For more info, see <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/468&format=HTML&aged=0&language=EN&guiLanguage=en>

⁶ Note that in 2010, there was no debate on the APS due to the exceptional situation caused by the nomination of the new European Commission.

⁷ For the European Parliament resolution of 25 March 2010 on priorities for the 2011 budget – Section III – Commission, see <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+20100325+ITEMS+DOC+XML+V0//EN&language=EN#sdocta19>

⁸ For the Draft Budget 2011, presented by the European Commission on 27 April 2010, please see <http://eur-lex.europa.eu/budget/www/index-en.htm>

⁹ For the European Parliament resolution of 15 June 2010 on the mandate for the trilogue on the 2011 draft budget, see <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0205+0+DOC+XML+V0//EN&language=EN>

¹⁰ See Inter-institutional Agreement, point 37.

¹¹ <http://www.europarl.europa.eu/document/activities/cont/201003/20100312ATT70523/20100312ATT70523EN.pdf>

¹² See Article 26 of the Financial Regulation.

*All documents retrieved on 2 July 2010.



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