



BUDGET PROCEDURE OF THE EUROPEAN UNION **and how to increase this budget for SRHR**

Introduction

How is the EU budget decided?

The annual EU budgets are based on multi-annual financial frameworks agreed upon for 7 years. The multi-annual financial framework is negotiated by the Council, the European Parliament (EP/Parliament) and the European Commission (EC/Commission). The financial framework sets out maximum amounts (ceilings) that can be spent by the EU for each policy area (headings). Based on that, the EC proposes annual budgets which are agreed by the Council of Ministers and the EP. The EC is in charge of implementing the budget. Find more details on the EC's website on the decision making process on the EU budget on http://ec.europa.eu/budget/budget_detail/deciding_en.htm¹

Relevant Actors

CODEV (Council working group on development) is for the moment the most relevant actor within the Council, and not the Economic and financial matters configuration of the Council (EFMC). CODEV is the entity that can put our issues - such as health - on the agenda, as well as granting it more importance within the budget. The EFMC focuses mostly on ensuring budgetary discipline. Regarding the EP, it plays a very important role because it is the main responsible for the yearly budgets, as to what concerns non compulsory expenditure. The EC of course initiates, implements and very importantly executes the different spending programmes decided by the legislator, in most cases the EP and Council in co-decision. Under the so-called comitology rules the Commission also draws up indicative multi-annual and annual programmes, country strategy and regional strategy papers, hence, the priorities for EU spending under the programmes concerned. Despite the Parliament having the supervisory power of verifying that such implementing measures do not exceed the mandate given in the legislative programme, the Commission has rather large discretionary powers in that respect. It is also important to understand that the EC is free, under certain circumstances and within limits, to shift money within instruments and budgetary titles and chapters, sometimes with, sometimes without EP involvement. These detailed and complicated rules are laid down in the financial regulation and it's implementing rules (1605/2002 as amended by 1995/2006 ²).



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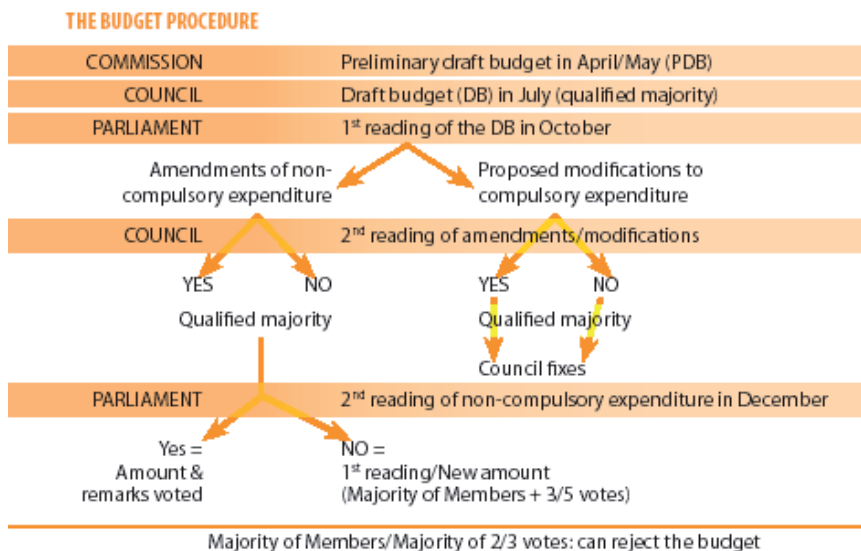
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Where does SRH fit in?

Human and social development is a so called thematic programme under the DCI (instrument for development cooperation) which falls under heading 4: External Relations Actions (7.3 billion in 2008 of which development cooperation composes 2,3 billion). Heading 4 falls under section III of the budget which concerns the Commission. More specifically under Heading 4, Title 21 is on “development and relations with African, Caribbean and pacific (ACP) states”³, and title 2105 more specifically on “social and human development”⁴. Within this title there is a title on health: 21050101, that specifically concerns the Cairo agenda. The DCI is a programme co-decided by the Parliament and Council with a fixed budget of 16.897 Billion Euros over the period 2007-2013. In the programme indicative allocations are provided for its different components; for human and social development 1, 060 Billion Euros is foreseen over the same period.

Budgetary Process



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Timeline with interventions

Please note that this time line might be subject to change during the Review.

1st Quarter – January/February/March

Budget committee of the EP meets on the 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 Preliminary Draft Budget (PDB) by the end of April.

...Influence coordinators meeting in DEVE that decides on who will be the rapporteur for this committee on the budget (this is a very important first step and it might be useful to get into contact with the secretariats of the PES to make sure they are aware and fighting to get the report on the budget).

...Read the APS⁵ and ensure mentioning of Development assistance.

... Ms. Jutta Haug is the rapporteur on the budget of the EP Budget committee for 2009 and MEP Maria Martins is the rapporteur of the Development committee.

Contact with both and their assistants should be pursued.

2nd quarter: April/May/June

European Commission adopts the preliminary draft budget.

...Read PDB and think about arguments for proposing modifications/ increases for the DCI and about amendments that may need to be proposed during the budgetary procedures as a result. Discuss this with DEVE's rapporteur on the budget.

...Concentrate visits to permanent representations (CODEV) discussing health needs in PDB and inform partners in MS on the procedure and content while trying to gather more information through them.

3rd quarter: July/August/September

COREPER discusses the proposals and ECOFIN adopts a draft budget. During this so-called first reading stage all 3 EU institutions meet - "a trilogue" and "conciliation" in eurospeak - to hammer out positions. Sometimes the EP precedes this conciliation and adopts a report setting out its mandate for these first negotiations with the Council. The different committees are invited to deliver an opinion on this resolution but often lack time to do so efficiently. After the Council's first reading, the Parliament's specialized committees continue to analyze the budget lines within



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their policy area and may propose amendments to the Budget Committee.
...Through an MEP: propose budgetary amendments to figures and or comments accompanying the budget lines of interest and strengthen wording on SRH in draft resolution.

4th quarter: October/November/December

MEPs in the Budget committee are faced with piles of budget documents several meters high. The committee takes a detailed look at the budget lines and discuss whether they agree with the priorities identified by Parliament. It may also choose to reverse cuts by the Council, suggest increases, or suggest cuts to budget areas within the limits imposed by the ceilings of the financial perspectives. Conciliation between EP and council takes place regarding the main problems of the budget year ahead on issues that require a common agreement, or are of common interest between the institutions. Second reading: adoption of Council's 2nd reading position by COREPER and ECOFIN right after the conciliation meeting. Budget committee: vote on 2nd reading budgetary amendments and resolution. Plenary vote EP on 2nd reading of Budget

...Keep on monitoring and sharing information with partners, ensuring that SRHR budget is safeguarded in the negotiation process between Council and EP and / or EP second reading.

Ways to increase the budget of a specific year or the whole period for SRHR

- The inter-institutional agreement on the financial perspectives for 2007-2013 foresees "legislative flexibility", i.e. the possibility of a 5 % budget increase or decrease in programmes. That percentage could be asked for the whole of DCI and is calculated for the period of 7 years. Within programmes it could then be argued that IIP needs to go up more than 5 percent and other sub-programmes should go up less than 5 percent. In other words, the increase can be greater for IIP and smaller for other sub programmes. This does not have to be linear regarding time frame for each allocation- although as a simple calculating rule one could count an annual 1/7th of an eventual extra 5 % for the envelope for IIP. It is important to understand that an increase voted in a particular year beyond the indicative budget actually means frontloading the money that has been allocated. Only when almost all the money allocated for those 7 years has been spent will it become clear whether the



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Council and EP will allow for a real increase beyond the programmes envelope as laid down in the legislative programme, or whether the budgetary increase will just stay a frontload and not imply a real increase beyond the envelope. If the Council and EP do not want to increase the financial envelope of the programme, there will have to be a cut during the last years of the financial perspectives.

Theoretically, there is another way to get extra money during the year: via transfers and in particular the end of year transfer. However, under heading 4 transfers are usually made for crises (such as Palestine etc). In order to get a transfer from a budget line or part of a programme that is implemented under social and human development, in addition to creating political will you would need to prove that the money can be quickly absorbed. Therefore, it is easier to argue for a transfer when a call for proposal has led to a substantial project reserve list where extra money could be spent on. It is also important to get an idea from Aidco where they feel allocations are (too) high and where they are too low and when and where the Commission has the intention to propose transfers. Finally, the budget rapporteur in the EP needs to be in favor of the issue at hand in order to agree to a transfer proposed by the Commission. The transfers are being discussed all year round and the end of year transfer in November-December.

Additional information- important to know

Specific rules concerning votes and other procedures:

- In plenary, budgetary amendments can be brought forward by a committee or by 40 members. These amendments have already been tabled before in the Budget Committee by a political group, a committee, or at least 40 members. “New” amendments are possible for the resolution accompanying the budget but they cannot replace budgetary amendments and thus not increase the budget. The resolution is intended to “describe” the budgetary votes.
- Parliament conducts its first reading in October on the basis of the Council's draft budget; amendments to non-compulsory expenditure require the votes of an absolute majority of members of the EP (i.e. 393 votes), and can be done in the first and second reading. However, in the second reading amendments can only be made where the Council made amendments in its own first reading. Proposed modifica-



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tions to compulsory expenditure require a majority of votes cast and can only be done in the first reading.

- The opinions of the different committees of the EP will also be voted upon but are mostly seen as "covered" and most do not get a meaningful discussion.
- Separately, split and roll call votes on budgetary amendments can be asked by political groups until the mid-day of the Tuesday that precedes the vote taken on Thursday, of the October and December plenary sessions in STB.
- 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 is the maximum amount that can be paid out for projects contracted in that year or preceding years.
- Every year there is a different rapporteur in the Budget Committee of the EP (2008: Jutta Haug). The appointments are based on a point system representing the relative weight of the different groups in the EP. In the Budget Committee, the different rapporteurs for the 5 years are normally decided upon at the beginning of the legislative term of the Parliament.

Where will eventual extra money for health come from?

The amount requested will, as a rule, have to be found within heading 4 (External Relations). However, only in a couple of years, when it becomes clear how much has been spent under heading 4 and more specifically within the DCI, will it be possible to understand whether the Council simply frontloads the money to the DCI, or whether it truly increases its allocation. If the Council does not want to increase the budget of DCI, there will have to be a cut during the last years of the financial perspectives. In theory, the budgetary review foreseen (see later) could also lead to shifts between different ceilings of spending, or increases of spending for certain headings, however, this remains to be seen.

Outcome documents of the budget procedure

- Amendments adopted by the Council in second reading (compulsory expenditure) and EP (non compulsory expenditure) and resolution by EP (Report on the draft general budget of the European Union for the financial year 2008 as modified by the Council (all sections) accompanying the budgetary amendments;
- Final budget, published by the Commission a couple of months later.



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Changes to the budget procedure induced by the Lisbon Treaty

Mrs. Guy-Quint will write an initiative report on the consequences of the Lisbon treaty on the budget procedure ⁶. Afterwards MEP Böge – the standing rapporteur on budget review - will react to that with another report.

With the Lisbon Treaty the EP will stand on an equal footing with the Council of Ministers. Member states will no longer have the final word regarding the compulsory expenditure.

The current procedure entailing 2 readings by the EP and the Council of the draft budget proposal will be reduced to one single reading. If consensus is not reached, a conciliation committee is immediately established. If consensus is still not reached, the Commission can be asked to elaborate a new draft budget proposal.

The Parliament is in the process of analysing the modifications needed to its internal rules and working methods because of the changes resulting from the Lisbon Treaty, especially the preparation of the conciliation which will cover most likely a much larger number of points to be resolved than hitherto.

This will also influence the way that NGO´s will have to lobby. It will be more important to ensure that the Council of (Finance) Ministers is aware of the issues raised by NGOs to CODEV and/ or approach them directly.

¹ See <http://act4europe.horus.be/module/FileLib/Briefing%20EU%20budget%20review%20consultation%20final.pdf>

² Council Regulation (EC, Euratom) No 1995/2006 of 13/12/2006, OJ L 390 of 30/12/2006

³ See e.g. the 2007 Budget http://eur-lex.europa.eu/budget/data/D2007_VOL4/EN/nmc-titleN19A00/index.html.

⁴ See e.g. the 2007 Budget http://eur-lex.europa.eu/budget/data/D2007_VOL4/EN/nmc-titleN19A00/nmc-chapterN60591554223-84/index.html#N60591554223-84

⁵ Regarding the Annual Political Strategy it is now in the hands of the European Parliament's political groups and not the Budget committee. This committee will produce a study in April about budgetary means and priorities. In July the EP will give its resolution on the Proposed Draft Budget.

⁶ For the sake of formality, this report has not been officially authorized by the Conference of Presidents



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