



Brussels, 8 February 2016
(OR. en)

5846/16

FIN 74
INST 37
PE-L 9

"I" ITEM NOTE

From: Budget Committee
To: Permanent Representatives Committee
Subject: Commission's Performance-Based Budgeting initiative: a pragmatic approach
– *Draft reply letter*

1. On 30 April 2015, the Commission submitted to the Council a proposal for the Terms of Reference of an Inter-Institutional Working Group on Performance-Based Budgeting (IIWG). This proposal included a description of the mandate and of working methods of the IIWG. This initiative was part of a larger context related to a Performance-Based Budgeting cycle which the current Commission has committed itself to.
2. The discussions on the Terms of References of the IIWG took place within the Council and the European Parliament. Due to diverging views between the Institutions, both on the content of the mandate and on the working methods, the Commission decided to review its proposal and to adopt a "pragmatic approach" instead. This approach was presented in a letter addressed to Ambassador Braun dated 17 December 2015 (see ANNEX 1). It consists in launching the discussion on Performance-Based Budgeting at technical level, via a series of expert meetings.

3. The Budget Committee examined this proposal for a pragmatic approach at its meeting on 27 January 2016 and was able to support it.
 4. Therefore, the Budget Committee suggests that the Permanent Representatives Committee, pursuant to Article 19(7)(k) of the Council's Rules of Procedure, approve the draft reply recorded in ANNEX 2, welcoming the pragmatic approach proposed by the Commission.
-



Kristalina Georgieva
Vice-president
Budget and Human Resources

Brussels,
A(2015) 17 DEC. 2015

Dear Chair Arthuis,
Dear Chair Gräßle,
Dear Ambassador Braun,
Dear President Caldeira,

I wrote to you on 30 April 2015 to announce my intention to establish an Inter-institutional Working Group on Performance-Based Budgeting (IIWG).

This initiative was inspired by the European Parliament's resolution of 3 July 2013 on the Integrated Internal Control Framework (2012/229KINI), pledging for "the establishment of a performance-based public budgeting model in which each budget line is accompanied by objectives and outputs to be measured by performance indicators." The resolution also called upon the setup of the Working Group composed of representatives of the Commission, the Parliament, the Council and the Court of Auditors.

This initiative is part of a larger work done at the Commission to put in place, over the years, a framework for a performance budgeting cycle. This framework has been reinforced over time in particular with the 2014-2020 Multiannual Financial Framework which introduced performance features such as macro-economic conditionality taking account of Country Specific Recommendations, performance reserves in cohesion policy, doubling the use of financial instruments – just to name a few. All these actions aimed at attaining more results for each euro spent from the EU budget and are at the core of the Commission's strategy on EU budget focused on results. The effectiveness of these novelties still needs to be assessed but we believe these steps established the right foundation which we can now build on.

Mr Jean ARTHUIS
MEP and Chair of the EP Committee on Budgets

Ms Ingeborg GRÄßLE
MEP and Chair of the EP Committee on Budgetary Control

Mr Christian BRAUN
Ambassador Extraordinary and Plenipotentiary
Permanent Representative of Luxembourg

Mr Vítor Manuel DA SILVA CALDEIRA
President of the European Court of Auditors

Rue de la Loi/Wetstraat 200
B - 1049 Bruxelles - Office: BERL 12/297
Tel.: +32-2-298.7137 - Fax: +32-2-299.5372
E-mail: kristalina.georgieva@ec.europa.eu



The Commission presented its proposal for an IIWG to the Council on May 21 (COMBUDG meeting) and to the European Parliament in the Joint CONT/BUDG meeting on 15 September 2015.

The valuable feedback received on these occasions was integrated in a revised version of the Terms of Reference discussed at technical level. However, further contacts highlighted some critical differences among the Institutions' views concerning the structure and objective of the working group. Despite the readiness of political leaders to address the topic, hands-on work has been slow to start, including due to particularities in each institution's nomination procedures. I am grateful to the European Court of Auditors for nominating a representative at my initial invitation.

I am firmly committed to overcome the differences expressed over this process and to arrive to a constructive exchange of views between the Council, European Parliament and the Court of Auditors in order to establish a common understanding on the methods and principles of performance-based budgeting applicable to the EU budget and possible improvements to the existing framework.

In this respect I propose a pragmatic approach: the work should be started with a series of expert meetings. These meetings will be organized by the Commission for practitioners, academic experts, European Parliament, Council, European Court of Auditors and Commission experts who will be invited to participate and discuss topics related to performance-based budgeting.

The work of these expert meetings will feed into the work of the annual high-level Conference on EU Budget Focused on Results. Once the work at expert level has sufficiently progressed, a political meeting at inter-institutional level would be organised with the objective to jointly agree on the methods and principles of performance-based budgeting applicable to the EU budget.

I am confident that this configuration of technical and political elements would allow the flexibility and the technical knowledge required to elaborate such concept at the core of the performance structure of the EU Budget.

I am hopeful that this proactive and pragmatic approach will receive your favourable reply and I will count on your support and on an active participation of your experts to these meetings. I suggest having the first of these meetings on 22 April 2016.

I am looking forward to working with you for an EU budget focused on results.

Yours sincerely,



Kristalina Georgieva

DRAFT LETTER

from : Mr Pieter de GOOIJER, Chairman of the Committee of Permanent Representatives of the Council

to : Ms Kristalina GEORGIEVA, Vice-President of the European Commission

copy: Mr Jean ARTHUIS, Chair of the European Parliament's Committee on Budgets
Ms Ingeborg GRÄBLE, Chair of the European Parliament's Committee on Budgetary Control
Mr Vítor CALDEIRA, President of the European Court of Auditors

Madam,

Thank you very much for your letter of 17 December 2015 where you outline the "pragmatic approach" in regard to the Working Group on Performance-Based Budgeting.

The Council acknowledges improvements in the performance framework accomplished so far. However, further steps are necessary in order to achieve a more results-oriented EU budget. It therefore, while being cautious not to prejudge conclusions, welcomes the Commission's Budget for Results initiative, including the organisation of a series of expert meetings on Performance-Based Budgeting.

The Council welcomes the Commission's efforts to move things forward in a pragmatic way. It underlines that the "pragmatic approach" now put forward has to be considered as a platform for an informal "multi-stakeholder" exchange of views, the results of which cannot bind the Council as an institution as to the outcome of any future discussions at inter-institutional level. On that basis, the Council can support your initiative and stands ready to contribute constructively.

The Council can support the idea of launching the process with a first meeting of experts foreseen on 22 April this year.

(Complimentary close).