

AMENDMENT FORM

Suggestion for amendment of Article : Article 39: The budgetary and financial principles

Suggestion for protocol :

By ~~Ms~~/ Mr : Hain

Status : - Member ~~-Alternate~~

1. OK (but see first paragraph of explanatory material below).
 2. OK.
 3. OK.
 4. As a general rule, the implementation of expenditure shown in the budget shall require the prior adoption of a binding legal act which provides a legal basis for Union action and for the implementation of the expenditure in accordance with the law referred to in Article B (Part II, ex-279: Financial Regulation). This act must take the form of a European law, a European framework law, a European regulation or a European decision.
 5. With a view to maintaining budgetary discipline, the Commission shall not make any proposal for a Union act, or alter its proposals, or adopt any delegated or implementing measure which is likely to have appreciable implications for the budget without providing the assurance that that proposal or that measure is capable of being financed within the limit of the Union's own resources and the ceilings of the financial perspective established in accordance with article 40. The ceilings of the financial perspective shall be binding on all institutions throughout the annual budget process and on the Commission in the implementation of the budget.
 6. The Union's budget shall be adopted and implemented in accordance with the principle of sound financial management, which encompasses the principles of economy, efficiency and effectiveness. Member States shall cooperate with the Union to ensure that the appropriations entered in the budget are used in accordance with the principles of sound financial management.
 7. OK.
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Explanation (if any) :

The related Part II provisions will need to reflect the special financing arrangements not only for CFSP/ JHA operational expenditure but also for expenditure resulting from implementation of enhanced co-operation arrangements. The income and expenditure of the European Development Fund however falls entirely outside the Union budget and (on current arrangements) will not need to be covered in the related Part II provisions .

The requirement for prior adoption of a binding legal act is currently covered expressly in the Interinstitutional Agreement of 6 May 1999, and is subject to certain exceptions, for example for pilot schemes and preparatory actions, under paragraph 37 of that Agreement. The proposed Article B will need to provide for the current Financial Regulation to be amended to include the relevant provisions of this Interinstitutional Agreement.

Delegated as well as implementing measures need to be subject to the same budget discipline constraints.

The financial perspective proposed under article 40 will be a key mechanism, alongside the own resources ceiling, for maintaining budget discipline.

The principle of sound financial management extends to encompass the principles of economy, efficiency and effectiveness, as is clear from article 27 of the Financial Regulation. These principles should apply to the adoption as well as implementation of the budget: the principles of economy and efficiency, for example, are particularly important in determining the sound financial management in the allocation of resources, as part of the process of adopting the budget.