# 2008 budget: section III, Commission

2007/2019(BUD) - 29/11/2007

The Committee on Budgets unanimously adopted the joint report by Kyösti **VIRRANKOSKI** (ALDE, FI) and Ville **ITÄLÄ (EPP-ED, FI)** approving the 2nd reading of the European Union's 2008 budget (Commission and other sections).

Firstly, the committee recalls that the multi-annual programme envelopes that have only recently been agreed between Parliament and Council should be respected, contrary to the cuts proposed by Council, in particular in heading 1a. It sets the overall level of payments at **EUR 120 346.76 million**, equivalent to 0.96% of EU GNI.

MEPs welcome the outcome of the 23 November conciliation with the Council, in particular as regards the financing of Galileo and the European Institute of Technology from the margin of heading 1a. They underline that this financing solution is fully in line with the approach advocated by the European Parliament.

MEPs support the letter of amendment No 1/2008 to the preliminary draft budget (PDB) 2008 and in particular the increases in commitment appropriations proposed for Kosovo (EUR 120 million) and Palestine (EUR 142 million) totalling EUR 262 million over the PDB figures. They agree, in the context of the 23 November conciliation, to appropriations of EUR 285 million for CFSP in the 2008 budget, notably in light of the forthcoming needs in Kosovo.

The report recognises that the current under-implementation of certain lines in 2007 might be a consequence of the late adoption of legal bases in the first year of the MFF. It points out that further significant payment decreases of EUR 1.7 billion in 2007 are being proposed in AB 7 and "global" transfer and insists on closely monitoring the implementation of the 2008 Budget. It underlines that there will certainly be a need for a higher amount in payments in the 2008 budget.

**Building on the first reading conciliation**: MEPs welcome the outcome of the conciliation with the Council which led to the formulation of several joint declarations at 2nd reading. They take note of the descriptive report provided by the Commission on activity-based management (ABM) in advance of its second reading. On the basis of a firm commitment provided by the Commission to produce a study, including some proposals for improvements to be presented at a hearing foreseen in Spring 2008 in Parliament's Committee on Budgets, they agree to place only EUR 5 million in reserve; expresses its intention to produce an own initiative report on improving the implementation of ABM.

The Commission is called upon to:

- present a follow-up to its report "on planning and optimising Commission human resources to serve EU priorities" by 30 April 2008 which will include in particular a detailed breakdown of staff per category, and by Directorate General, and the evolution foreseen for the coming years;

- present an action plan with detailed measures to reorganise every sector examined in the screening (Human Resources, IT, Document Management/Logistics/Security, Internal Auditing, Evaluation, ABM, Interinstitutional Relations, Communication/Information/Publication, Policy coordination);

- report in a more detailed way to Parliament on the factors that led it to conclude that the European Quarter should remain the centre of the Commission's activities.

On decentralised agencies, the committee restores PDB levels with the exception of FRONTEX for which an increase of EUR 30 million is adopted and with the exception of the European Environment Agency with a slight increase under Title 3.

The report stresses that in order to establish the Joint Undertakings, as well as the announced new decentralised Agency for the Cooperation of Energy Regulators, the procedure provided for in Point 47 of the IIA of 17 May 2006 must be opened. It considers that executive agencies must not, either now or in the future, lead to an increase in the share of administrative cost. Any proposal for the creation of a new executive agency must be based on a comprehensive cost-benefit analysis.

The report highlights that only a limited number of Member States have complied with the provisions of the IIA so far. They are all reminded of their obligation to comply with the provisions of the revised Financial Regulation, to which they only recently agreed.

**Main elements by budget heading**

- **Heading 1a, "Competitiveness for growth and employment":** the committee rejects the cuts in commitment and payment appropriations made by the Council in its 1st reading, especially where these cover multi-annual programmes recently co-decided with Parliament that aim to deliver on the Lisbon Strategy. It notes that this approach was facilitated by the agreement to finance Galileo on the basis of a revision of the MFF and through use of the flexibility instrument.
- **Heading 1b, "Cohesion for growth and employment":** MEPs regret the delays in the execution of this heading.
- **Heading 2, "Preservation of natural resources":** the committee demands a clearer presentation of the figures for market measures and direct aids in future budgetary procedures. Concerned by the slow rate of adoption of operational programmes as regards the rural development pillar of the CAP, it expects to see rapid improvements in this regard. It also emphasises the need to speed up the procedure regarding the drawing-up of special national programmes for the recovery of crops and animal production in the areas affected by fires and other forms of natural disasters. Additional financing of the funds for school milk, fruit and vegetables is needed. It awaits Commission proposals on these issues.
- **Heading 3a, "Freedom, security and justice":** the committee takes note of Council´s agreement to increase funding for FRONTEX by EUR 30 million, albeit with a different breakdown for administrative and operational expenditure.
- **Heading 3b, "Citizenship":** MEPs restore the PDB for multi-annual programme envelopes and propose appropriations for a number of new and ongoing pilot projects and preparatory actions in this regard. They draw attention to the fact that funding for the information and prevention campaign HELP comes to an end in the budget for 2008 and they expect the Commission to submit a follow-up initiative. The Commission is called upon to improve accommodation for refugees and to use the appropriations earmarked for information to provide diverse information, which, inter alia, caters for the public information needs of parliamentary minorities.

- **Heading 4, "EU as a global partner":** the committee is once again concerned by the chronic under-financing of this heading and supports the increases, including for Kosovo and Palestine but it points out that, following developments at the recent Annapolis conference, estimates for the EU contribution for Palestine may well increase. It has decided to create a separate budget line for the Global Fund to Fight AIDS, Tuberculosis and Malaria in order to improve transparency and guarantee the necessary funding for both the Global Fund and the other health priorities.

- **Heading 5, "Administration":** as in its 1st reading, the committee deplores the inefficiencies inherent in a competition system that can leave "approved candidates" languishing on a reserve list for years with no guarantee of being offered a position. It requests a serious commitment from the Commission to look again at this issue. It restores the PDB for the cuts made by Council to

appropriations and establishment plans in heading 5. The report underlines the importance of adequate recruitment from "EU 12" Member States. The Commission is asked to monitor the impact on the real estate sector of the implementation of the new methodology designed to improve existing procedures when signing buildings contracts. Lastly, a report on benchmarks with staff in other international organisations should be presented as a follow-up to its report on planning and optimising human resources.

**Other sections of the 2008 budget**: MEPs recall that its 1st reading was based on the examination of the specific requests and needs of each institution and that they were consequently expecting to reach a common position with the Council when deciding its 2nd reading. However, apart from its own budget and that of the Economic and Social Committee, the Council did not accept the Parliament's proposals. MEPs do consider however that the other institutions have made substantial proposals to reduce their estimates by prioritising their requests and they decide to retain their original position taken in 1st reading and thus restore the cut made by the Council. The report notes that despite signals given to the European Economic and Social Committee and the Committee of the Regions, the renewal of the cooperation agreement is still not signed. It recalls that 10% of the appropriations of the Joint Service are entered in the reserve pending renewal of the agreement which is expected by no later than December 2007.