2008 budget: orientations, other sections

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The Council adopted a series of conclusions on the budget guidelines for 2008. In particular, it:

- confirms that the Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management of 17 May 2006 is the base for the establishment of the 2008 budget and has to be applied to the full. The Council underlines the importance it attaches to compliance with the financial framework and the strict respect of the annual limits set therein;

- is aware that a good collaboration between the two arms of the budgetary authority and the Commission is an essential element in achieving a satisfactory result and looks forward to establishing an effective spirit of co-operation throughout the whole 2008 budgetary procedure;

- recalls the importance of maintaining an overall budgetary discipline and reiterates its wish that the annual 2008 budget should provide sufficient and justified level of resources to ensure an efficient and effective implementation of EU policies;

- states that it is important to maintain in the final budget sufficient margin below the ceilings of the various Headings, with the exception of Heading 1b, for the purpose of sound financial management and of dealing with unexpected needs;

- highlights that both commitment and payment appropriations for 2008 should reflect real and well defined needs and be compatible with the ceilings set in the financial framework. Moreover, absorption capacity and past implementation should be carefully taken into account when establishing appropriations;

- encourages the Commission and the Member States to pursue their efforts to deliver better forecasts;

- reiterates the great importance of keeping the payment appropriations firmly under control;

- while acknowledging the progress made recently in the establishment of the Preliminary Draft Budget estimates, it calls on the Commission to increase its efforts to further improve it, so as to substantially reduce the difference between the PDB and outturn. Under these circumstances the PDB would be a benchmark throughout the whole budgetary procedure. In this context, the Council stresses the need for a constant monitoring and improvement of budget implementation to contribute towards avoiding the significant under-use of funds that occurred in the beginning of the financial perspective 2000-2006;

- asks the Commission to provide all the updated information necessary throughout the year to allow the budgetary authority to adapt the budget in a realistic way;

- looks forward to the improvement of the "Activity Based Budgeting" (ABB) in 2008, in particularly regarding performance indicators. The Council reiterates its commitment to make constructive use of the information provided together with the PDB, particularly regarding the justification of the level of appropriations allocated to the different programmes and policies and the proposed variations.

As regards some sectoral issues, the Council:

- encourages the Commission to continue its efforts together with the Member States in order to establish an accurate level of payments for structural funds;

- invites the Commission to present realistic and well defined forecasts regarding CAP expenditure in its Preliminary Draft Budget and in its letter of amendment;
- as regards external actions, recalls the importance it attaches to the Common Foreign and Security Policy funding and stresses that the level of appropriations has to be fully in line with the provisions and amounts established in the IIA;
- strongly believes that an adequate margin within the ceiling of Heading 4 is of the highest importance for the European Union, so as to be able to take quick and effective action in the case of unexpected needs and crisis. In this context, the Council points out that in the 2008 budgetary procedure an amount of EUR 200 millions, earmarked for the Guarantee Fund in the annual financial framework, will become available under Heading 4 because of the recent implementation of a new mechanism for financing the Fund. The Council considers that this amount should remain unused and added to the margin;
- considers it essential to monitor and to improve EU institutions' effectiveness with a view to achieving greater administrative efficiency and stresses the crucial importance of redeployment and reorganisation. To this end, it recalls the importance it attaches to the fact that all institutions as well as an independent body provide a comprehensive cost/benefit analysis of administrative resources. Furthermore, the Council recalls the Commission's commitment to undertake a medium term evaluation of its staff needs by 30 April 2007.

In addition, the Council **exhorts all institutions** to present their analysis and plans for economies of scale. These reports would provide the budgetary authority all the appropriate information to evaluate the situation and take an objective decision on how to allocate and use the resources in the best possible way. The objective should be to achieve a substantial efficiency gain, mainly by further development of targeted measures and by redeployment and reorganisation of administrative structures in each EU institution.

Moreover, the Commission is urged to improve clarity in the area of administrative spending, by presenting a clear consolidated picture of all administrative expenditure, including agencies. As far as the decentralised agencies are concerned, the Council stresses the importance of keeping a tight grip on their funding with the purpose of making economies through realistic appropriations, in line with real needs, and of avoiding over-budgeting. For better clarity and transparency, the Council expects the Commission to provide together with the PDB a concise and comprehensive budgetary overview covering all decentralised agencies.

Lastly, as regards the recruitment process, the Council expects all institutions to take the necessary steps to carry it forward without delay.