Basic information

2008/2026(BUD) BUD - Budgetary procedure	Procedure completed
2009 budget: Section III, Commission **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	LEWANDOWSKI Janusz (PPE-DE) HAUG Jutta (PSE)	24/01/2008 24/01/2008

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets	HAUG Jutta (PSE)	24/01/2008

Former committee for opinion	Former rapporteur for opinion	Appointed
AFET Foreign Affairs	DE KEYSER Véronique (PSE)	27/11/2007
DEVE Development	MARTENS Maria (PPE-DE)	29/01/2008
INTA International Trade	MARKOV Helmuth (GUE/NGL)	25/02/2008
CONT Budgetary Control	The committee decided not to give an opinion.	26/02/2008
ECON Economic and Monetary Affairs	BERÈS Pervenche (PSE)	11/03/2008
EMPL Employment and Social Affairs	JÖNS Karin (PSE)	23/01/2008
ENVI Environment, Public Health and Food Safety	OLAJOS Péter (PPE-DE)	29/01/2008

ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	27/02/2008
IMCO	Internal Market and Consumer Protection	CREȚU Gabriela (PSE)	31/01/2008
TRAN	Transport and Tourism	LICHTENBERGER Eva (Verts/ALE)	21/01/2008
REGI	Regional Development	KOTEREC Miloš (PSE)	26/03/2008
AGRI	Agriculture and Rural Development	VIRRANKOSKI Kyösti (ALDE)	18/12/2007
PECH	Fisheries	FERNANDES Emanuel Jardim (PSE)	23/01/2008
CULT	Culture and Education	TRÜPEL Helga (Verts/ALE)	26/02/2008
JURI	Legal Affairs	FRASSONI Monica (Verts /ALE)	21/01/2008
LIBE	Civil Liberties, Justice and Home Affairs	DÜHRKOP DÜHRKOP Bárbara (PSE)	27/02/2008
AFCO	Constitutional Affairs	BOTOPOULOS Costas (PSE)	23/01/2008
FEMM	Women's Rights and Gender Equality	GERINGER DE OEDENBERG Lidia Joanna (PSE)	21/02/2008
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2883	2008-07-17
Economic and Financial Affairs ECOFIN	2866	2008-05-14
Economic and Financial Affairs ECOFIN	2906	2008-11-21
Justice and Home Affairs (JHA)	2908	2008-11-27
Employment, Social Policy, Health and Consumer Affairs	2893	2008-10-02

European Commission	Commission DG	Commissioner
	Budget	GRYBAUSKAITĖ Dalia

Key events

Date	Event	Reference	Summary
06/05/2008	Commission preliminary draft budget published	COM(2008)0300	Summary
14/05/2008	Debate in Council		
17/07/2008	Council draft budget published	11950/2008	Summary
23/09/2008	Committee referral announced in Parliament		
13/10/2008	Vote in committee		Summary
14/10/2008	Budgetary report tabled for plenary	A6-0398/2008	
22/10/2008	Debate in Parliament		
23/10/2008	Decision by Parliament	T6-0515/2008	Summary
23/10/2008	Results of vote in Parliament		
27/11/2008	Amended budget adopted by Council		
27/11/2008	Debate/examination by Council scheduled	16257/2008	Summary
04/12/2008	Committee referral announced in Parliament, 2nd reading		
04/12/2008	Vote in committee, 2nd reading		Summary
08/12/2008	Budgetary report tabled for plenary, 2nd reading	A6-0486/2008	
17/12/2008	Debate in Parliament		
18/12/2008	Decision by Parliament, 2nd reading	T6-0622/2008	Summary
18/12/2008	Results of vote in Parliament		
18/12/2008	End of procedure in Parliament		
13/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/2026(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/69317

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	ENVI	PE409.436	04/09/2008	
Committee opinion	PECH	PE404.475	09/09/2008	
Committee opinion	FEMM	PE409.464	09/09/2008	
Committee opinion	TRAN	PE407.755	10/09/2008	
Committee opinion	ECON	PE407.786	10/09/2008	
Committee opinion	INTA	PE409.408	10/09/2008	
Committee opinion	REGI	PE409.469	10/09/2008	
Committee opinion	JURI	PE409.792	10/09/2008	
Committee opinion	EMPL	PE407.741	11/09/2008	
Committee opinion	CULT	PE409.409	11/09/2008	
Committee opinion	AFCO	PE409.430	11/09/2008	
Committee opinion	IMCO	PE409.466	11/09/2008	
Committee opinion	AFET	PE409.745	11/09/2008	
Committee opinion	LIBE	PE409.721	17/09/2008	
Committee draft report		PE412.037	24/09/2008	
Amendments tabled in committee		PE414.117	06/10/2008	
Committee opinion	DEVE	PE409.800	08/10/2008	
Committee opinion	AGRI	PE412.009	09/10/2008	
Budgetary report tabled for plenary, 1st reading		A6-0398/2008	14/10/2008	
Budgetary text adopted by Parliament		T6-0515/2008	23/10/2008	Summary
Committee draft report		PE415.179	24/11/2008	
Amendments tabled in committee		PE416.388	27/11/2008	
Budgetary report tabled for plenary, 2nd reading		A6-0486/2008	08/12/2008	
Final budget adopted by Parliament		T6-0622/2008	18/12/2008	Summary

Council of the EU

Document type	Reference	Date	Summary
Council draft budget	11950/2008	17/07/2008	Summary
Document attached to the procedure	11948/2008	29/07/2008	Summary
Amending/supplementary letter on draft budget	13702/2008	02/10/2008	Summary
Council amended draft budget	16257/2008	27/11/2008	Summary
Amending/supplementary letter on draft budget	16259/2008	27/11/2008	Summary

Amending/supplementary letter on draft budget	16260/2008	27/11/2008	Summary

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	SEC(2008)0534	29/04/2008	Summary
Commission preliminary draft budget	COM(2008)0300	06/05/2008	Summary
Document attached to the procedure	SEC(2008)2435	10/09/2008	Summary
Document attached to the procedure	SEC(2008)2707	28/10/2008	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2009/0165
OJ L 069 13.03.2009, p. 0001 Summary

Corrigendum to final act 32009B0456R(01)
OJ L 157 19.06.2009, p. 0067

2009 budget: Section III, Commission

2008/2026(BUD) - 17/07/2008 - Council draft budget

The Council unanimously established the draft budget for 2009 at 1st reading. It used the preliminary draft budget (PDB) of the European Communities for 2009, submitted by the Commission, as the basis for establishing this draft budget.

In keeping with the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and budgetary management (IIA), a conciliation meeting between the Council and a delegation from the European Parliament, with the participation of the Commission, was held on 17 July 2008, prior to the discussions in the Council.

As a result of the Council's discussions, the PDB as established by the Council amounts to:

- **EUR 133 932.76 million in commitment appropriations** (including EUR 89 778.84 million of non-compulsory expenditure);
- **EUR 114 972.33 in payment appropriations** (including EUR 70 836.40 million of non-compulsory expenditure).

Under the draft budget for 2009 established by the Council, commitment appropriations increase by 2.8% compared to the 2008 budget and payment appropriations decrease by 4.7%.

The rate of increase in non-compulsory expenditure (NCE) for the draft budget for 2009 is 2.3% in commitments; there is a decrease of 9.4% in payments.

The total payment appropriations provided for in the draft budget for 2009 correspond to **0.89% of Community GNI**.

AA. Generally: in establishing the draft budget for 2009, the Council followed a number of guidelines:

- due regard to the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and budgetary management;
- particular care was taken: i) to establish a draft budget that is realistic and comprehensively balanced; ii) not to adopt expenditure relating to the implementation of the Lisbon Treaty; iii) to provide adequate funding for the European Union's various priorities, determining appropriations on the basis of the budget implementation rate in 2007, budget forecast alerts in 2008 and realistic implementation capacities for the programmes (including for executive agencies); iv) to determine the appropriate level of payment appropriations in comparison with 2008, adjusting the amounts on the basis of the 2007 implementation rate and budget forecast alerts in 2008; v) to leave adequate margins below the ceilings for the headings of the Financial Framework, with the exception of subheading 1b, in order to be able to cope with unforeseen situations.

Further principles have been observed as regards the PDB 2009:

- the Council decided to retain the nomenclature proposed in the PDB and application of the classification in line with the provisions of Annex III to the Interinstitutional Agreement; activity statements proposed by the Commission covering a wide range of operational policies were analysed in depth. This exercise was conducted with attention to the emergence of a comparative approach within the framework of political families;
- the Council did not propose any further preparatory actions or pilot projects;
- to keep the volume of appropriations for the decentralised agencies under control, by taking account of assigned revenue – with the Community contribution to be understood as the amount of subsidy granted in the budget and assigned revenue available – and by applying different uniform criteria linked to those agencies' stage of development: for "**agencies which have reached cruising speed**": increase in the Community contribution limited to 2% on the 2008 budget and refusal of the new posts requested; for "**agencies which are expanding**": increase in the Community contribution limited to 5% on the 2008 budget and acceptance of 50 % of the new posts requested; for "**agencies which are starting up**": increase in the Community contribution limited to 12% on the 2008 budget and acceptance of 75 % of the new posts requested; for an "a**gency in a priority sector under the budget guidelines for 2009**": the Council accepts the appropriations and posts proposed by the Commission in its preliminary draft budget.

B. Expenditure by heading of the financial framework : as to expenditure under the different headings of the Financial Framework the Council decided to:

Heading 1: Sustainable growth:

1.a) as regards **competitiveness for growth and employment** expenditure: the amount of this heading is set at **EUR 11 112 million** in commitment appropriations, decreasing by EUR 78.3 million compared to the PDB 2009 as set out by the Commission. This heading is characterised by the following elements:

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 69.83 million on a number of budget lines of this subheading, based on past and current budget implementation and on realistic implementation capacities for the programmes;
- limit the change in subsidies for decentralised agencies (-EUR 8.48 million compared to the PDB) and accept a total of 141 new posts for the following agencies: European Medicines Agency; Chemicals Legislation and European Chemicals Agency; European Aviation Safety Agency; European Maritime Safety Agency; European Railway Agency. There being no legal basis, the posts requested for the European Agency for the Cooperation of Energy Regulators were not accepted;
- set the level of payment appropriations, by making a reduction of a total amount of EUR 471.31 million in the appropriations requested in the PDB in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008.

The margin available under subheading 1a would be EUR 160.34 million.

1.b) concerning **cohesion for growth and employment** expenditure: the Council provides **EUR 48 414 million**, which is the same amount as the PDB. It also reduces the appropriations requested in the PDB by a total of EUR 250 million. That amount represents a reduction in payment appropriations totalling EUR 300 million concentrated on the objective of regional competitiveness and employment under the cohesion policy (EUR 170 million in respect of the European Social Fund and EUR 130 million in respect of the European Regional Development Fund), corresponding to budgeting which takes account of the available information and the realistic prospects for implementation of the programmes in the period from 2007 to 2013, and an increase of EUR 50 million for the convergence objective of the cohesion policy (in respect of the European Regional Development Fund), reflecting the political importance of the development of the States and regions covered by this objective.

The margin available under subheading 1b would be EUR 14.12 million.

Heading 2: Preservation and management of natural resources: the total amount of this heading is EUR 57 144 million, representing EUR 382 million less that the PDB. The Council intends to:

- impose a limited reduction totalling EUR 150 million in the commitment and payment appropriations requested in the PDB applied across-the-board to all budget lines of Chapter 05 02 (Interventions in agricultural markets) except those relating to food programmes, free distribution of fruit and vegetables, promotion measures, other plant products/measures, and school milk;
- reduce by a total of EUR 230 million the commitment and payment appropriations requested in the PDB on the budget line for clearance of accounts;
- set the level of payment appropriations for rural development, reducing the appropriations requested in the PDB by a total of EUR 115 million on the basis of available information.

This reduction is in line with the overall approach of keeping payment appropriations under control, which it is proposed should cover both compulsory expenditure (heading 2) and non-compulsory expenditure (subheadings 1a and 1b). These amounts estimated on the basis of past budget implementation and available information may be reviewed in the light of the autumn letter of amendment provided for by the Interinstitutional Agreement.

The Council also limits the change in subsidies for decentralised agencies (-EUR 2.11 million compared to the PDB) and accept a total of 5 new temporary posts for the Community Fisheries Control Agency (CFCA).

The margin available under heading 2 would be EUR 2 495.38 million.

Heading 3: Citizenship, freedom, security and justice: the total amount for this heading is **EUR 1 448 million** in commitments split into 2 sub-headings (representing EUR 20.4 million less than the PDB 2009).

3.a) for **freedom, security and justice** expenditure: the Council intends to:

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 4.25 million on a number of specific budget lines of this heading, based on past and current budget implementation and on realistic implementation capacities for the programmes;
- limit the change in subsidies for decentralised agencies (-EUR 2.15 million compared to the PDB) and accept a total of 39.5 new posts for the: European Agency for the Management of Operational Cooperation at the External Border (Frontex). The appropriations and posts for the Frontex agency were accepted as proposed in the PDB; European Union Agency for Fundamental Rights; European Police College; Eurojust;
- set the level of payment appropriations by making a reduction of a total amount of EUR 23.73 million in the appropriations requested in the PDB in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008.

The margin available under subheading 3a would be EUR 39.27 million.

3.b) as regards **citizenship** expenditure, the Council proposes to:

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 6.22 million on a number of specific budget lines of this heading, based on past and current budget implementation and on realistic implementation capacities;
- abandon preparatory action in the field of sport in connection with the implementation of the Treaty of Lisbon;
- limit the change in subsidies for decentralised agencies (-EUR 7.79 million compared to the PDB) and accept a total of 15 new temporary posts for the European Food Safety Authority;
- set the level of payment appropriations by making a reduction of a total amount of EUR 34.24 million in the appropriations requested in the PDB in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008.

The available margin under subheading 3b would be EUR 36.28 million.

Heading 4: The EU as a global partner: the Council envisages a total amount of **EUR 7 554 million in commitments** (an increase of EUR 113.738 million from the PDB 2009). It has also been decided to:

- retain an increase in commitment appropriations over and above the PDB by a total amount of EUR 160 million regarding **Palestine** (+EUR 100 million) and **Kosovo** (+EUR 60 million), bearing in mind the political importance of the European Union's actions in those geographical areas. These amounts are entered in the reserve and are in anticipation of an amending letter of which the Commission has stated the principle without defining the amounts;
- as a precaution, retain for the CFSP the amounts included in the PDB which are in line with the underlying amounts in the IIA, while bearing in mind that the international situation may change very rapidly in this area;
- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 44.73 million on a number of specific budget lines of this heading, based on past and current budget implementation and on realistic implementation capacities for the programmes;
- limit the change in subsidies for decentralised agencies (-EUR 1.53 million compared to the PDB);
- set the level of payment appropriations, on the one hand by reducing the appropriations requested in the PDB by an amount of EUR 147.12 million in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008, and on the other hand by not retaining the amount proposed in the PDB of EUR 244 million regarding the Emergency Aid Reserve.

The margin available under heading 4 would be EUR 129.83 million to cover unforeseen expenditure.

Heading 5: Administration: the Council decided not to adopt the expenditure and posts relating to the implementation of the Lisbon Treaty and to carry out targeted reductions under specific budgetary headings for all the institutions, taking into account the budget outturn in 2007 and real needs. It also intends to apply to some institutions an additional reduction of 1.3% on current expenditure requested for 2009, to take into account efficiency gains and the impact of interinstitutional cooperation (on this point refer to BUD/2008/2026B). When examining the administrative budgets, the Council also focused on administrative operating expenditure linked to operational programmes and on administrative expenditure by executive agencies. In this

respect, it was decided to carry out targeted reductions, in particular on the basis of the 2007 budget outturn. The Council continued its examination of decentralised agencies in the context of the Commission's intention to launch a thorough evaluation of such agencies.

A margin of EUR 224.13 million is available under heading 5.

Heading 6: Compensations: the Council decided to accept the PDB for this heading (EUR 209.112 million) and to set the margin available under this heading at EUR 0.89 million.

Heading 7: Revenue: the Council decided to accept the PDB subject to the technical adjustments arising from the changes made to expenditure and staff in the draft budget for 2009.

2009 budget: Section III, Commission

2008/2026(BUD) - 17/07/2008

The Council **unanimously adopted**, at 1st reading, the draft general budget for 2009 and confirmed the **six joint statements** following the conciliation meeting the European Parliament and the Commission. The joint statements concern the following issues:

1. the Structural and Cohesion Funds and rural development 2007-2013 programmes,
2. recruitment in relation to the 2004 and 2007 enlargements,
3. the EU Solidarity Fund,
4. the European Globalisation Adjustment Fund and Emergency Aid Reserve,
5. the implementation of the budget in 2009,
6. the update of the financial programming under Heading 5.

The Council also confirmed 2 unilateral statements relating respectively to **payment appropriations and decentralised agencies**.

The European Parliament entered **3 unilateral statements** relating to payment appropriations, decentralised agencies and follow-up to point 32 of the conclusions of the European Council of 19 and 20 June 2008.

The Commission entered **a unilateral statement** on Structural and Cohesion Funds and rural development 2007-2013 programmes.

Joint statements

1. Structural and Cohesion Funds and rural development 2007-2013 programmes: the European Parliament and the Council attach the greatest importance to a smooth and good implementation of the operational programmes and projects presented by Member States in relation with the new Structural and Cohesion Funds and rural development programmes for the 2007-2013 period. In order to avoid repeating experiences from the early phase of the 2000-2006 programming period, acknowledging the approval of most of these operational programmes and projects the European Parliament and the Council consider that it is now very important to ensure that the corresponding Management and Control Systems are implemented harmoniously and effectively as soon as possible, within the timeframe established by the Regulations.

The European Parliament and the Council will therefore monitor rigorously and on a regular basis the state of approval of these Management and Control Systems in the Member States, together with the state of approval of major projects. To this end, the Commission is requested to continue to provide regularly specific monitoring tools during the budgetary procedure and, if necessary, present an updating of its payment forecasts for 2009 at the latest by the end of October 2008.

2. Recruitment in relation with the 2004 and 2007 enlargement: the European Parliament and the Council again stress the importance of full recruitment related to the 2004 and 2007 enlargement posts and insist that all efforts should be made by the institutions and specifically by EPSO to ensure that the necessary action is taken to speed up the whole process of filling these posts with officials. They intend to continue to monitor closely the ongoing recruitment process. To this effect, they request each institution and EPSO to report twice a year, in March and October, on the state of affairs regarding recruitments in relation with the 2004 and 2007 enlargement.

3. EU Solidarity Fund: the European Parliament, the Council and the Commission confirm the importance of ensuring a smooth process for the adoption of decisions on the mobilisation of the EU Solidarity Fund. Therefore they welcome the Commission commitment according to which, as from now, every preliminary draft amending budget required by the mobilisation of the Solidarity Fund will be solely for that purpose.

4. European Globalisation Adjustment Fund and Emergency Aid Reserve: the European Parliament and the Council and the Commission confirm the importance of ensuring a rapid procedure with due respect of the Interinstitutional Agreement for the adoption of decisions on the mobilisation of the European Globalisation Adjustment Fund and of the use of the Emergency Aid Reserve.

5. Declaration on implementation budget in 2009: in order to ensure a smooth running of the implementation of the budget during 2009 to allow to reduce any difficulty deriving from the end of term of the European Parliament and the recess period for European elections, the European Parliament, the Council and the Commission agree on the following points:

a. Transfers: the Commission will ensure to introduce all requests for transfers on good time for the last ordinary meeting of the Committee on Budgets of the European Parliament, foreseen for the 27 April 2009;

b. Amending budgets: the Council and the Commission note that urgent and unforeseen decisions might occur during the electoral period: a delegation of competences from the plenary to the committee on budgets could avoid unnecessary delays.

6. Update of the financial programming under Heading 5: the European Parliament, the Council and the Commission invite the Secretaries General of all Institutions to present an updated report on the financial programming of administration expenditure under Heading 5 by the end of October.

Unilateral statements

1. Payment appropriations: the Council asks the Commission to submit an amending budget if the appropriations entered in the 2009 budget are insufficient to cover expenditure under sub-Heading 1a (Competitiveness for growth and employment), sub-Heading 1b (Cohesion for growth and employment), Heading 2 (Preservation and management of natural resources) and Heading 4 (EU as a global partner). The European Parliament considers that during the procedure, it will evaluate the needs for payments across all headings for the whole year, based on the forecasts available in the different stages of the procedure.

2. Structural and Cohesion Funds and rural development 2007-2013 programmes: the Commission has been asked to present by the end of October 2008 updated payments forecasts for 2009. Given the degree of uncertainty concerning implementation conditions in Member States, for such an updating the Commission will have to rely also on updated payment forecasts to be provided by Member States.

3. Evaluation of agencies: the Council welcomes the intention of the Commission to launch a thorough evaluation of the regulatory agencies. It considers that this evaluation should allow it to assess to what extent the regulatory agencies are an adequate tool, in the context of good governance and sound financial management, for implementing European policies at present and in the future. Moreover, the evaluation should especially address the following issues:

- the rationale, relevance and purpose of the agencies, in accordance with good governance;
- the impact, effectiveness and efficiency of the agencies' work, including determining factors such as programming, reporting and monitoring mechanisms;
- the budgetary process and accountability of the agencies.

This evaluation would also provide to the budgetary authority adequate tools and means to assess, in the context of the allocation of the Community contribution during the annual budgetary procedure, the comparability of performance targets, administrative and operational expenditure, evolution of the staff (types and vacancy rate) and impact of the size of the agency. The European Parliament request the creations of an interinstitutional working group on the agencies. It recalls that the prerogatives of the budgetary authority as safeguarded for the creation of new decentralised agencies under Point 47 of the IIA of 17 May 2006 must be fully preserved in the evaluation and control process concerning already existing agencies.

4. Follow-up of point 32 of the conclusions of the European Council of 19-20 June 2008: the European Parliament recalls that the financing of new measures must respect the principles laid down in the Financial Regulation (notably specification) and in the IIA of 17 May 2006 (notably the ceilings of the different headings). It invites the Commission to present the necessary proposals for their financing in the framework of the 2008-2009 budgetary procedures.

2009 budget: Section III, Commission

2008/2026(BUD) - 23/10/2008 - Budgetary text adopted by Parliament

The European Parliament adopted, by 509 votes to 60 against 25 abstentions, a resolution on the draft general budget of the European Union for the financial year 2009 and letter of amendment No 1/2009.

The report had been tabled for consideration in plenary by Jutta **HAUG** (PES, DE) on behalf of the Committee on Budgets.

The European Parliament adopted the 2009 draft budget substantially higher than that adopted by Council in its July first reading. **Commitments are set at EUR 136 billion** (1.048 % of GNI), **payments are EUR 124.5 billion** (equivalent of 0.959% of EU GNI). Council had adopted a draft budget of 133.9 billion in commitments and EUR 114.9 billion in payments. With this vote, Parliament has stayed within the margins of the Financial Perspective.

MEPs deplore the fact that Council has reduced an already low-level PDB even further with a full EUR 1 771 million beneath PDB corresponding to 0.89% of GNI, bringing payments down to an unprecedentedly low level and which has even further increased the disparity between the level of commitments and payments, which is contrary to the principle of equilibrium.

Parliament calls for the ceiling for **heading 4** to be adjusted at the first opportunity to correspond to actual needs and deplore the fact that Council is not willing to budget appropriately in this way.

It also supports Letter of amendment No 1 to the PDB 2009 as adopted by the Commission as it seems to give a slightly more realistic picture of needs in heading 4 than the PDB. It regrets, however, that due to the constraints of the MFF 2007 - 2013 it is not in a position to take over new unforeseen and urgent needs such as food aid and the reconstruction needs of Georgia, Kosovo, Afghanistan and Palestine. They underline that it is only recourse to the possibilities provided for by the provisions of the Interinstitutional Agreement of 17 May 2006 (IIA) and firm political determination which is an absolute necessity to allow the EU to fulfil its commitments undertaken in the external policy area.

Unrealistic budget: MEPs consider that the figure adopted by Council for payment appropriations is far from being coherent with the various EU political priorities and commitments. They express their astonishment that Council can officially propose a mere 0.89% of GNI in payments, given an overall RAL of already EUR 139 000 million in 2007. In consequence, they decide to increase the overall level of payments.

Supporting EU priorities: MEPs have decided to accept Council's small cuts in the administrative expenditure lines of some multi-annual programmes. However, they stress that these reductions in one annual budgetary procedure must under no circumstances lead to reductions in the overall co-decided envelopes of the programmes concerned. They insist that the Commission compensate for the amounts reduced in later years of the programme period. MEPs consider **growth and employment**, the **fight against climate change** and strengthening the **safety and security of the**

European Union's citizens and its **social dimension**, for instance through the growth for jobs initiative and the support for SMEs and for research and innovation, as well as by supporting cohesion amongst regions, to be important priorities of Budget 2009 and they will reinforce appropriations on budget lines financing these priorities.

MEPs also wish to increase the commitments for aid to projects of common interest in the **trans-european energy network** (in particular the Nabucco pipeline) with the aim of guaranteeing the EU's gas supplies in the long term. Generally speaking, MEPs are of the opinion that the EU budget in its present format cannot address effectively and realistically the goals that the EU has set for climate change given the fact that the support for climate change measures is still very limited.

Key issues – analysis by budget heading:

On sub-heading 1a – "Competitiveness for Growth and Employment": MEPs are astonished by Council's additional cuts on lines supporting the Lisbon strategy which is, after all, based on a European Council decision. They point out that the objectives of growth and employment are at the very core of the Lisbon strategy and that the Commission, in its PDB, had already decreased some lines compared to the previous year. MEPs will do its utmost to secure adequate financing for all activities and policies under this heading which can bring direct and tangible advantages for European citizens. They are prepared to use all the available margin to finance pilot projects and preparatory actions in this sub-heading. As regards the European Institute of Technology and Innovation (EIT), MEPs cannot accept the Commission's attempt to reverse the decisions taken by the budgetary authority in the 2008 budget. Therefore, they insist that the budget of the EIT be included in policy area "Research" and that its governing structure, being of an administrative nature, be financed under heading 5.

On sub-heading 1b - "Cohesion for growth and employment": MEPs underline that this sub-heading finances numerous important policies and activities aimed at fighting climate change and supporting growth for jobs. They regret however, that the PDB has been cut by Council in particular as regards European Social Fund financing devoted to regional competitiveness and employment.

On heading 2 - "Preservation and Management of Natural Resources": noting that the Commission has claimed that the fight against climate change is one of its priorities for Budget 2009, it considers that this priority is not sufficiently reflected in the PDB. The committee intends, consequently, to put stronger emphasis on this key policy. It proposes, for reasons of visibility, to allocate appropriations in one specific budget line solely for this purpose; will top up resources going to LIFE+ and to the European Rural Development Fund accordingly. MEPs take note of the recent proposals by the Commission on the CAP health check and defend the view that any modulation from the first to the second pillar must remain budgetarily neutral. MEPs note the creation of budget lines for three new funds in the common agricultural and fisheries policy: i) the fund for restructuring in the dairy sector, ii) the Eco-Aid to maintain sheep and goat farming in the EU, iii) the ad-hoc financial instrument – Adaptation of the fishing fleet to the economic consequences of the rise in fuel prices). They consider that these funds should primarily be financed from unused agriculture budget appropriations. MEPs welcome the setting up of the "school fruit scheme".

On sub-heading 3a - "Freedom, Security and Justice": MEPs stress the importance of sufficient funding being made available via the EU budget to manage legal immigration and integration of third country nationals while, in parallel, tackling illegal immigration and strengthening border protection, including the strengthening of the European Refugee Fund to facilitate solidarity between the Member States.

On sub-heading 3b - "Citizenship": MEPs reiterate its disappointment about the low increase compared to 2008. They cannot accept that Council has cut these "citizens' lines" even further, and will make sure that adequate resources are guaranteed in this important area. They point out that it will make use of the small remaining margin in this sub-heading to finance pilot projects and preparatory actions to boost this policy area.

On heading 4 - "EU as a global player": MEPs note the significant re-shuffling of funds carried out by Council in heading 4 and consider this a strong indication of the serious shortage of resources available under the MFF ceiling. They believe that the funds available do not, as they stand, allow the European Union to assume its role as a global partner. The European Council is called on not to make far-reaching political commitments in which the heads of State and government called for stronger EU financial support to developing countries, or to commit, at the same time, to the necessary budgetary suggestions and actions when there is an obvious contradiction with the funds available under the annual ceilings of the current MFF. MEPs reiterate their assessment of the urgent need for a **massive and concrete mobilisation** of the European Union to **tackle soaring food prices** and the resulting food crisis and reiterate the need to respond in a sound budgetary way. They recall that the available margins under heading 2 cannot be spent for heading 4 purposes since the current ceiling of heading 4 does not suffice to finance the instrument without jeopardising existing priorities. It is considered that the two branches of the budgetary authority should make every effort and examine all possibilities provided for in the IIA to finance the amounts foreseen for food aid under heading 4. MEPs continue to count support for the peace process in Palestine and for Kosovo amongst its unchanged key priorities for which sufficient resources have to be entered in the EU budget. They note, however, that such an adequate level of funding might require reprogramming under heading 4, with some budgetary compensation being provided by other budget lines. MEPs support the police mission launched under the European Security and Defence Policy in **Kosovo**, however, they ask the Commission to provide a concrete plan and timetable for the European Union Rule of Law Mission in Kosovo (EULEX). As regards Georgia, Parliament intends to assist this country and calls on the Commission to present proposals fulfilling the EU's commitments (but contrary to the wishes of the committee responsible, Parliament decided by a small majority not to provide measures for Belarus at this stage). MEPs note in this connection the Commission's intention to consider the provision of up to EUR 500 million in the period from 2008 to 2010 inclusive and, if necessary, pledge these funds in connection with a donor conference for Georgia.

Parliament notes the growing importance of the Energy Community and welcomes Turkey's intention to join it. It is of the opinion that the entry of Ukraine, Georgia, Azerbaijan and Armenia into the Energy Community should be facilitated and the energy solidarity measures between its members should be developed. The report also points out that the EU priority of combating climate change has also an external component and that relevant activities, such as those in connection with the Global Climate Change Alliance, are to be financed under heading 4.

Lastly, MEPs remind the Council that the Emergency Aid Reserve is supposed to finance unforeseen emergency needs and believes not only that the appropriations on this budget line are justified but also that the deletion of these appropriations would jeopardise the EU's capacity to react properly to a possible crisis situation in the early months of 2009. MEPs therefore restore the PDB for the Emergency Aid Reserve.

On heading 5 - "Administration": MEPs will, as a general principle, restore Council's cuts of PDB figures in this heading. They point out that in PDB 2009 an overall amount of EUR 1 120 million is budgeted to finance administrative expenditure outside heading 5. MEPs consider this amount quite substantial.

In an amendment adopted in plenary, Parliament underlines the fact that administrative spending continues to rise **well above the average EU level of inflation**, leading to concerns as to whether taxpayers are getting value for money. It calls on the Commission to launch a fundamental review of all aspects of administrative expenditure reporting on progress since the 2000 reforms, paying particular attention to the impact of the 2004 enlargement and the need to continue the search for efficiency savings. It requests that this review be made available by **31 July 2009**.

MEPs are also concerned about the fact that the amounts taken from operational programme envelopes in order to finance executive agencies are continually increasing and have already reached a substantial level, financing over 1300 staff in 2009. They would like to get a clearer picture of the effects of the creation of executive agencies and the ongoing extensions of their tasks on those parent Directorates General which were responsible for the implementation of the relevant programmes before the executive agencies took over. In addition, MEPs regret the lack of consistency and coherence regularly noticeable in the communication policy implemented by the Commission and they are in favour of the development of a coherent and recognisable "EU identity" to be used in all communication measures.

On pilot projects and preparatory actions: MEPs recall that the IIA allows for a total amount for pilot projects of up to EUR 40 million in any budget year and for a total amount for preparatory actions of up to EUR 100 million. They consider these projects an indispensable tool for Parliament to initiate new policies that are in the interest of European citizens. They have analysed a series of interesting proposals out of which only a small number could be entered into the Budget 2009 due to the constraints of IIA and MFF ceilings. MEPs intend to monitor closely the implementation of these projects and actions under their legal bases during the financial year 2009.

On agencies, Parliament welcomes the Commission's decision to finally follow the requests of the budgetary authority and take assigned revenues into account when drawing up the PDB for the decentralised agencies for 2009. It considers that this is undoubtedly a step towards more budgetary transparency even if the agencies depend to a large extent on revenue generated by fees.

Plenary welcomes the Commission's communication of 11 March 2008, entitled 'European Agencies - The way forward" (COM(2008)0135), noting, in particular, the Commission's commitment to conducting an evaluation of regulatory agencies during 2009. It requests that that evaluation pay particular attention to examining the effectiveness, efficiency and impact of the agencies' work, identifying commensurate efficiency savings within the Commission's own services as work is outsourced to agencies, and that it be completed by 30 June 2009.

2009 budget: Section III, Commission

2008/2026(BUD) - 29/07/2008 - Document attached to the procedure

This document is to be annexed to the draft budget for 2009. in accordance with the agreements on budgetary procedure

As in previous years, this document sets out:

- the implementation of the EDFs (7th to 9th) at 31 December 2007;
- the financial implementation forecasts for the current year (2008);
- the expenditure forecasts for 2009.

The Member States contribute funds directly to the European Investment Bank (EIB) for the instruments which it manages under the 9th and 10th EDFs (the Investment Facility and interest-rate subsidies). Contributions for other instruments, including contributions for the old instruments managed by the EIB (risk capital and interest-rate subsidies), go to the Commission.

The Commission and the EIB have updated their commitment and payment forecasts for 2008 and 2009 for each of the ACP countries and the Overseas Countries and Territories. The payment forecasts in particular have been compiled with great care with the aim of helping the Member States to assess as accurately as possible the amounts they need to earmark in their national budgets while ensuring that sufficient financial resources are available for the EDF to avoid liquidity problems. In accordance with Article 8 of the Financial Regulation applicable to the 9th EDF and Article 7 of the Internal Agreement on the 10th EDF3, these forecasts will be adjusted in the October 2008 Communication.

The document shows the general trend in commitments and payments, including projections for 2008 (Commission and EIB). It clearly shows the **structural upward trend of payments since 2000**.

Implementation of the European Development Funds at 31 December 2007: the document shows clearly that the Commission has achieved its goal of committing all funds available under the 9th EDF and sums transferred from previous EDFs. In line with the rules, several tens of millions of euro remain to be committed between 1 January 2008 and the entry into force of the 10th EDF.

Implementation of the EDFs in 2007 (commitments, payments and financial situation): the document gives a breakdown of commitments and payments in 2007 by instrument and compares them with the 2006 figures. It also shows actual implementation in 2007 compared with the forecasts made in October 2007. The Commission was unable to make all the payments forecast owing to insufficient financial contributions by the Member States. However, at **EUR 2 920 million** payments were once again higher than ever before.

The Commission also presents the financial situation and the projections made in October 2007: for the Commission the cash balance available to the Commission at the end of 2007 was only EUR 57 million (excluding EUR 211 million in 2008 contributions paid in at the end of December 2007). This was the lowest ever cash balance. The EIB's cash balance was EUR 77 million, compared with a forecast of EUR 6 million.

Financial implementation forecasts for 2008 and 2009: the new forecasts for 2008 put the Commission's needs at EUR 3 000 million and the EIB's at EUR 305 million. These figures are based on the assumption that the 10th EDF comes on stream in early summer 2008. The sums decided by the Council in December 2007 for 2008 are EUR 2 857 million for the Commission and EUR 343 million for the EIB.

Contributions for **2009** are forecast at **EUR 3 100 million** for the Commission and EUR 370 million for the EIB. It should be stressed that these figures are just a preliminary forecast and must be treated with caution. The Commission and the EIB will make more reliable forecasts after the summer (October 2008).

The Commission urges the Council to make available **all the contributions necessary** to guarantee proper implementation of the EDF in 2008 and 2009.

2009 budget: Section III, Commission

2008/2026(BUD) - 06/05/2008 - Commission preliminary draft budget

PURPOSE: to present to present the preliminary draft general budget (PDB) of the European Communities for the financial year 2009 (Section III: Commission).

CONTENT: the Preliminary Draft Budget for 2009 is the expression in financial terms of the European Union’s policies and political priorities.

The Preliminary Draft Budget for 2009 is the third of the multi-annual financial framework for 2007-2013, and the focus is on consistency and consolidation. The Commission’s objectives of prosperity, solidarity, security, and their external projection are maintained, Supporting **sustainable growth and fostering an economic climate** in which job creation can flourish remains firmly at the top of the agenda. The EU has a leading role to play in **combating climate change**. Bringing the ‘Energy and Climate Change’ package into the implementation phase will be a priority. Agriculture funds remain stable.

In terms of **commitment appropriations**, the total for the preliminary draft budget (PDB) 2009 is EUR **134 395 million**, corresponding to 1.04% of GNI, or 3.1% more than in 2008. This leaves a margin of EUR 2 638 million under the ceiling. Compulsory expenditure increases by 4.7%, and non-compulsory expenditure increases by 2.4 %.

For **payment appropriations**, the total amounts to **EUR 116 736 million**, corresponding to 0.9% of GNI. This is a decrease of 3.3% compared to payments in the 2008 budget, and leaves a margin of EUR 7 444 million under the ceiling. Payments for compulsory expenditure rise by 4.8% on 2008, while those for non-compulsory expenditure fall by 7.6%. This evolution in payments is in line with what is planned in the multiannual financial framework, as the ceiling on payments is declining in 2009. The margin under the ceiling is reduced compared to 2008.

Long-term economic progress and employment remain firmly at the top of European Union spending, taking the biggest share – nearly 45% - of the proposed 2009 budget - a 3% rise on 2008. The second budget priority concerns energy and the environment, with a massive **10% of the budget going on environment**. Money for agriculture will remain stable.

All headings in the budget will grow, reaching a total of EUR 134.4 billion in commitments and EUR 116.7 billion in payments.

KEY ASPECTS OF PDB 2009 BY FINANCIAL FRAMEWORK HEADINGS: the following presentation is set out according to the budget headings of the Financial Framework 2007-2013:

Heading 1: *Sustainable Growth*: this heading covers expenditure for competitiveness and employment as well as cohesion:

- **Heading 1a: *Competitiveness for Growth and Employment***: commitments for sub-heading 1a increase by 5.5% to EUR 11 690 million, leaving a margin of EUR 82 million. Payments also increase by 5.3% to EUR 10 285.2 million.This sub-heading encompasses the key policies in achieving the Lisbon Strategy. The main programmes of this subheading are the 7th Framework Programme for research and technological development (FP7), the Lifelong Learning Programme, the Competitiveness and Innovation Programme (CIP), the Trans-European Networks (TENs), Marco Polo II and GALILEO, and the PROGRESS Programme. Other actions contributing to the goals of competitiveness, sustainable growth and employment are internal market, statistics, the fight against fraud, and taxation and the customs union. Funding for the EU Competitiveness and Innovation Programme (CIP) will grow by 17% and money for employment incentives and improving social inclusion through the PROGRESS programme will rise by 8%. Lifelong learning programmes will grow by 7%, including funding for the new European Institute of Technology.

- **Heading 1b: *Cohesion for growth and employment***: total commitment appropriations amount to EUR 48 414 million, an increase of 2.5% relative to 2008. The overall payments budget is EUR 34 914 million, a decrease of 13.9% over 2008. Almost EUR 40 billion will go to the structural funds and over EUR 9 billion for the Cohesion Fund. An important development is that spending on structural actions for the EU-12 will grow, hitting the 50% mark - double the share for new members in 2006 and up from 47% in 2008. The 'phasing-in' of new members to regular levels of aid in agriculture will also see overall spending rise, growing by 5%, with the new members receiving 18% of funds – up from 10% in 2006 and up from 16% in 2008.

Heading 2: *Preservation and Management of Natural Resources*: this increase of 3.5% on 2008 leaves a margin of EUR 2 113 million under the ceiling. Meanwhile, payments rise by 3% to EUR 54 834 million. Within this heading there is an amount foreseen for market related agricultural expenditure and direct aids. In PDB 2009, this amounts to EUR 42 860 million in commitments, and EUR 42 814 million in payments.

The Commission proposes EUR 314.7 million for veterinary and phyto-sanitary measures and EUR 29.5 million for fisheries markets and EUR 13 402 million is for rural development. Furthermore, EUR 941 million is foreseen for fisheries (including the European Fisheries Fund) and **EUR 322 million for environment**. Support for the EU's main environmental protection programme, Life+, will rise by 8%, reaching EUR 288 million.

Heading 3: *Citizenship, Freedom, Security, Justice*: this heading is divided into two sub-sections:

- **Heading 3a: *Freedom, Security and Justice***: this sub-heading sees an increase in commitment appropriations of 15%, rising to EUR 839 million, and maintaining a margin of EUR 32.9 million. Payments also increase by 11.7 % to EUR 596,7 million.

- **Heading 3b: *Citizenship***: this sub-heading covers issues of key concern to the citizens of Europe, including public health, consumer protection, and civil protection. The crucial task of reaching out to the citizens and communicating Europe also fall within this category, through the funding of cultural programmes and the policy area Communication. Commitment appropriations decrease by 28.8% to EUR 628.7 million, leaving a margin of EUR 22.3 million. Payments for this sub-heading decrease by 31.4% to EUR 669 million. The apparent reduction in appropriations for this heading must be seen in the context of the inclusion in the 2008 budget of EUR 260.4 million for the Solidarity Fund.

Heading 4: *the EU as a Global Player*: heading 4 sees an increase in commitments of 1.8% to EUR 7 440 million, with a margin of EUR 243.6 million available under the ceiling. Payment appropriations decrease by 6.6% to EUR 7 579 million. The Instrument for Stability to manage better crises in third world countries levels up to EUR 258 million, an increase of 43%, while programmes to foster democracy and human rights, development cooperation and humanitarian aid continue to rise steadily at around 3.5%.

In 2009 a number of deviations from the 2009 indicative financial programming can be identified: i) the Commission proposes to reinforce the Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy (ENRTP) under the Development Cooperation Instrument for strengthening the Global Climate Change Alliance (GCCA) and the co-financing of public/private partnerships for technology transfer in the area of climate change with an additional EUR 10 million for 2009; ii) a change to the profile of expenditures is proposed for the reinforcement of initiatives for 5 countries in Central Asia by 'frontloading' funding over the period 2009-2013; iii) the requirements for provisioning mechanism of the Guarantee Fund for external actions allows for the freeing of EUR 107.54 million.

In line with the priorities of the APS 2009 and taking into account that the nature and the level of the requirements to support the **Middle East peace process** will depend on developments in the coming months, the Commission intends to revise its requests later during the budgetary procedure as was the case in previous years.

Similarly, additional appropriations related to the settlement of the status of **Kosovo** might appear to be necessary during the course of the budget procedure.

In addition to these two politically sensitive regions, there have been important developments since 2007 on the **world food markets**, where export prices of staples have risen significantly. These increases might have an influence on the capacity of the European Union to meet its commitments in terms of Food Aid to developing countries. Therefore a re-assessment of food aid financial needs might also be necessary at a later stage of the budgetary procedure.

The Commission proposes to use the margin of heading 4 primarily to address those outstanding issues.

Heading 5: *Administration*: commitments and payments are set at the same level. They increase by 5% to EUR 7 648 million in both cases. The margin amounts to EUR 129.1 million (see also BUD/2008/2026B : 2009 Budget – Other sections).

Heading 6: *Compensation*: both commitments and payments for budgetary compensation to Bulgaria and Romania, 2009 being the last year for such a budgetary compensation, are set at EUR 209.1 million, which is an increase of 1.2% compared to 2008. This leaves a small margin of EUR 0.9 million.

2009 budget: Section III, Commission

2008/2026(BUD) - 18/12/2008 - Final budget adopted by Parliament

The European Parliament adopted by 539 votes to 33, with 27 abstentions, a resolution approving, in second reading, the draft general budget of the European Union for the financial year 2009 as modified by the Council (all sections) and Letters of amendment Nos 1, 2 and 3/2009 to the draft general budget of the European Union.

The report had been tabled for consideration in plenary by Jutta **HAUG** (PES, DE) and Janusz **LEWANDOWSKI** (EPP-ED, PL), on behalf of the Committee on Budgets.

In its resolution, the Parliament sets the overall level of expenditure as follows:

- EUR 133 846 million in commitment appropriations, equivalent to 1.03% of EU GNI;
- EUR 116 093 million in payment appropriations, equivalent to 0.89% of EU GNI.

It notes that this leaves a significant margin of EUR 7 762 million beneath the payments ceiling of the multi-annual financial framework (MFF) for 2009, while underlining the joint commitment of both arms of the budgetary authority to a prompt **provision of additional payment appropriations**, particularly in the event of structural policies being more quickly implemented during the budgetary year.

In terms of **budget conciliation**, the Parliament welcomes the overall agreement reached on 21 November 2008, especially with regard to the financing of the Food Facility. It is extremely concerned, however, about the possible effects of a recession on European citizens and regrets, therefore, that at the conciliation meeting, the Commission was reluctant to disclose any information on the possible budgetary impact of its coming proposal on tackling the economic crisis (see COM(2008)800). Yet, this plan will have a significant impact on Budget 2009. The Parliament therefore requests the

Commission to provide concrete figures relating to its implementation. In an amendment adopted in plenary, the Parliament calls on the Council to enter into negotiations on the basis of the Commission's proposal for a revision of the multi-annual financial framework (MFF) 2007-2013 for **EUR 5 billion** in the framework of the proposed European Economic Recovery Plan.

Do not delay the environmental commitments of the budget: even if the crisis will have detrimental effects on investment, the Parliament insists that the current crisis should not be used as a pretext to delay spending towards "green" investments, but should rather be used as an extra incentive. In this context, the plenary reiterates the importance of the budgetary review planned for 2009, which should not be limited to a theoretical vision what the budget could look like after 2013, but which should include bold proposals for a shift in programming at the time of the mid-term review of the multi-annual programmes to respond to the current crisis, taking into account the challenges posed by climate change.

Moreover, the Parliament recalls that initiatives for sustainable development, growth in jobs and support for SMEs and for research and innovation are of the utmost importance in the current economic situation and have to be top priorities reflected in the Union's budget for 2009.

At the same time, Parliament approves Letters of amendment Nos 1, 2 and 3 to the draft budget.

Level of payments: while Parliament is overall satisfied with the agreement of 21 November with the Council, it strongly regrets the unprecedented disparity between the level of commitments and payments in 2009. It points out that there is some danger of future budgets becoming unrealistic and reiterates the terms of the joint declaration adopted at the budget conciliation meeting, instructing the Commission to provide for higher payment appropriations, if the amounts in the budget for 2009 prove insufficient.

Better implementation of the EU budget: once again, the Parliament insists on the importance of effective budget implementation and calls for unpaid commitments to be reduced in light of the very modest overall level of payments: this is particularly true for heading 1b of the budget which finances both activities aimed at tackling climate change and growth for jobs initiatives. Moreover, the Parliament raises the recurring problem of heading 2 and reiterates its view that it is necessary to accelerate the implementation of structural and cohesion funds. The plenary also notes with great concern that the Commission has, on the basis of evidence, seen fit to cut EUR 220 million of funding for Bulgaria. It therefore asks the Commission to support both **Bulgaria** and Romania in their reforms and to report to Parliament every three months on problems or irregularities in implementing EU funds.

Sectoral issues: the Parliament welcomes the agreement on the EUR 1 billion financing over three years for the Food Facility, reached in the conciliation meeting (EUR 420 million will be financed via the flexibility instrument, while EUR 340 million will come from the Emergency Aid Reserve and EUR 240 million will be redeployed within heading 4). The plenary recalls the Commission's commitment to present to the budgetary authority an **assessment of the situation within heading 4**, accompanied, if necessary, by relevant proposals, in the course of 2009, taking into account political evolution as well as budget execution.

Furthermore, the Parliament confirms in second reading the creation of new budgetary lines: (i) climate change; (ii) the Small Businesses Act (SBA); (iii) the financial instrument for the adaptation of the fishing fleet to the economic consequences of fuel prices; (iv) the EU Baltic Sea Strategy; (v) aid for rehabilitation and reconstruction of Georgia.

It also recalls that the reductions in the administrative expenditure lines of some multi-annual programmes, that the budgetary authority has decided on for 2009, must under no circumstances lead to reductions in the overall co-decided envelopes of the programmes concerned. The Commission should therefore compensate for the amounts reduced in later years of the programme period, preferably on the operational lines of the programmes.

Adequate funding of heading 4: the Parliament expresses its regret that, once more, heading 4 has been under steady pressure since its available margins are not sufficient to finance priorities. It reiterates its concerns that the funds available in this heading do not allow the Union to assume its role as a global player despite its various declarations of intent. The plenary expects the ongoing mid-term review of the current MFF to provide additional resources for the growing commitments under heading 4, as the Union’s credibility in third countries is at stake. In fact, if, year after year, the budgetary authority is not able to provide the adequate financing to the EU’s external political commitments, the Union will lose its influence.

The Parliament also regrets that appropriations for commitments for Palestine (EUR 300 million in 2009), have decreased by 21% compared to the level of funds committed in 2008. The Commission will likely present transfer requests in the course of 2009 to increase appropriations for Palestine. In terms of Kosovo, the plenary notes that appropriations for assistance to this region of the Western Balkans will only just suffice to keep pace with reforms and investment. However, it is important for these funds to be monitored, which is why the Parliament insists on a proper follow-up of the conclusions of the final report from the ITF (Investigation Task Force), as well as on the creation of a successor organisation for combating fraud and financial irregularities.

However, the Parliament welcomes the fact that the Union has decided to contribute to the reconstruction process in Georgia with a pledge of up to EUR 500 million over 3 years.

Heading 5 of the budget: finding a solution for European schools: the Parliament has decided to maintain a reduced amount of the Commission's administrative expenditure in reserve and restores fully its first reading position as regards the "other institutions", including the decision to frontload some building expenditure to 2009. Under this budgetary heading, the plenary expresses its concern, in an amendment, about the situation of present and future young pupils in the European schools in Brussels resulting from the delayed and still pending opening of the fourth school in Laeken and the current enrolment procedure leading to long and unacceptable travelling times for the children. The Parliament expects the Commission, in cooperation with the Secretariat General of the European schools in Brussels, to present a revised enrolment procedure by the end of March 2009 with objective and comprehensible criteria (including principal residence and already enrolled siblings), which will come into force with the next enrolment period.

Other points raised by the Parliament can be summarised as follows:

- **School fruit scheme**: the Parliament welcomes the political agreement of the Council on the legal base for a school fruit scheme and expects the programme to start in time for the 2009/2010 school year. It regrets, however, that the Council refused to create a token entry ("p.m.") in the budget for this;

- **Food programme for the most deprived persons in the European Union**: the Parliament welcomes the financing to improve the current food distribution programme for the most deprived persons in the Union by increasing the budget to around EUR 500 million;
- **Communication policy**: the Parliament regrets the lack of consistency and coherence in communication measures from the Commission. It wishes for an adequate level of harmonisation in the presentation of communication policy with the aim of developing one recognisable EU trademark to be used in all communication measures;
- **Pilot projects and preparatory actions**: the Parliament proposes a series of initiatives and innovative projects that respond to the real need of EU citizens. It has decided to allocate an amount of EUR 124.4 million to pilot projects and preparatory actions, as agreed upon in the Interinstitutional Agreement on budgetary discipline (IIA);
- **Decentralised agencies**: the Parliament maintains its 1st reading position as regards restoring the amounts proposed in the PDB for decentralised agencies. It decides to maintain the increase in the amounts for operational expenses of FRONTEX, in order to enable it to run permanent missions all year round. It has also decided to maintain the increase in the amounts for tackling illegal immigration, to bolster the European Refugee Fund to facilitate solidarity between Members States, to maintain in the reserve one third of the amounts for its operational expenses for GALILEO pending the adoption of the revised legal basis, to maintain in the reserve 10% of the amounts for administrative expenses of European Food Safety Authority until it has been informed of the results of the "Staff satisfaction survey" carried out in 2007.

2009 budget: Section III, Commission

2008/2026(BUD) - 02/10/2008 - Amending/supplementary letter on draft budget

PURPOSE: to present the **letter of amendment No 1** to the draft general budget of the European Communities for the financial year 2009.

CONTENT: on 15 September 2008 the Commission submitted to the Council letter of amendment No 1 to the preliminary draft budget for 2009.

That letter of amendment concerns expenditure in Section III – Commission – of the general budget, and in particular the following (refer to summary 10 /09/2008):

- the inclusion of an additional amount, of EUR 40 million in commitment appropriations, to support the stability and development of Kosovo;
- the inclusion of an additional amount, of EUR 139 million in commitment appropriations and EUR 180 million in payment appropriations, to support the Palestinian authority;

- the creation of a new budget article 19 06 06 ("Consular cooperation");
- the budgetary adjustments relating to the third extension of the mandate of the Education, Audiovisual and Culture Executive Agency (EACEA) to Community actions in the TEMPUS and ICI programme fields. The Agency's establishment plan has been amended so that eight temporary agent posts can be added in 2009 for the second extension of the mandate;

- the release of the appropriations which were entered in the 2009 PDB following the extension of the Executive Agency for the Public Health Programme and the Trans-European Transport Network Executive Agency.

On 2 October 2008, the Council established letter of amendment No 1 to the draft budget for the financial year 2009 **on the basis of letter of amendment No 1 to the preliminary draft budget for 2009 as submitted by the Commission**.

Accordingly, the commitment appropriations entered in reserve for Articles 19 08 01 02 (EUR 100 million) and 22 02 02 (EUR 60 million) that appeared in the draft budget for 2009 will be deleted.

The margin remaining under the ceiling for Heading 4 amounts to EUR 110 829 640.

2009 budget: Section III, Commission

2008/2026(BUD) - 27/11/2008 - Amending/supplementary letter on draft budget

On 28 October 2008, the Commission forwarded to the Council letter of amendment No. 2 to the preliminary draft budget for 2009. Since then, the Commission has made a new estimate of agricultural expenditure as compared with the preliminary draft budget (PDB) for 2009. The new estimates drawn up by the Commission take account of the situation on the various agricultural markets and of all the legislative decisions and proposals adopted in the agricultural sector since the PDB was established.

New estimates: the new estimates lead to an overall reduction of EUR 1 280.4 million in c/a and EUR 1 227.9 in p/a as against the estimates in the 2009 PDB.

These figures result from:

- on the one hand, an updating of estimates to the tune of + EUR 361 million broken down into an increase in requirements in certain sectors relating to Interventions in agricultural markets (+ EUR 421 million), certain savings in the Direct aid sector (- EUR 87 million) and certain minor adjustments (+ EUR 26.3 million);
- on the other hand, an increase in assigned revenue of + EUR 1 641 million resulting from the updating of the estimate of assigned revenue for 2009 (+ EUR 307 million) and the carryover of assigned revenue not spent in 2008 (+ EUR 1 334 million).

Letter of amendment No. 2 to the preliminary draft budget for 2009 also proposes the creation of new budget lines for the **Food Facility in Title 2** and the placing in reserve of a total of EUR 250 million in commitment appropriations and EUR 900 million in payment appropriations, pending adoption of the legal basis.

Finally, the letter of amendment proposes amendments to the budgetary remarks concerning various items and changes to the nomenclature concerning the new Items 05 02 08 12 (School fruit scheme) and 05 03 01 99 (Other (Decoupled direct aids), giving them a "p.m." entry.

Following the conclusions of the Conciliation meeting with the European Parliament and the Commission of 21 November 2008, the Council agreed to accept the letter of amendment as proposed by the Commission with:

1. the exception of the creation of the new Item 05 02 08 12 (School fruit scheme);
2. the inclusion of the following **new amounts** regarding the financing of the Food Facility:
    - **EUR 480 million** in c/a and EUR 440 million in p/a on Article 21 02 03 (Rapid response to food price increases in developing countries) and EUR 10 million in c/a and p/a on Item 21 01 04 05 (Rapid response to food price increases in developing countries - Expenditure on administrative management);
    - **- EUR 134.77 million in c/a and EUR 140 million in p/a** on Item 19 06 01 01 (Crisis response and preparedness(Instrument for Stability);
3. the inclusion of modified comments for Article 40 02 42 (Emergency Aid Reserve).

On 27 November 2008, the Council established letter of amendment No. 2 to the draft budget for the financial year 2009 on the basis of the elements set out above and as set out in the technical annex to this explanatory memorandum (see Council doc. *16259/08 ADD 1*).

2009 budget: Section III, Commission

2008/2026(BUD) - 18/12/2008 - Final act

PURPOSE: final adoption of the general budget of the European Union for the financial year 2009.

LEGISLATIVE ACT: 2009/165/EC, Euratom.

CONTENT: the general budget of the European Union for the financial year 2009 has been finally adopted in accordance with the budgetary procedure ended on 18 December 2008. The Union’s budget is therefore adopted in accordance with the priorities set out by the budgetary authority and the vote in Parliament’s second reading (please see the summary of Parliament’s resolution of 18.12.2008).

The 2009 budget is the third one to be issued under the 2007-2013 multiannual financial framework which covers the period until 2013. In 2009, the biggest share of the EU budget – 45% or EUR 60 billion - will go to research, innovation, employment and regional development programmes, combining short and longer-term measures to help Europe **respond to the current economic crisis as quickly and effectively as possible**. An 11% increase in research and a 22% increase in the EU's innovation programme will help boost competitiveness in difficult times as well as EU efforts to move to a low-carbon economy.

Funds for agriculture remain stable, taking over 40% of EU cash, while spending on the environment and rural development will rise by 2.9%.

Europe's role in the world will also see spending grow in 2009, including EUR 0.6 billion for the EUR 1 billion **food facility** to help developing countries respond to rising food prices, decided by a joint agreement between the European Parliament and the Council.

In global figures, the budget 2009 amounts to **EUR 133.8 billion** in commitment appropriations. This corresponds to an increase of 2.5% compared to 2008, and represents 1.03% of Community GNI. A margin of EUR 3.2 billion is left under the expenditure ceiling of the financial framework.

In payment appropriations, the budget 2009 is set at **EUR 116.1 billion**, or 0.89% of GNI. This represents an increase of 0.3% on 2008, and leaves a margin of EUR 7.8 million beneath the ceiling for payment appropriations.

The 2009 budget is broken down heading by heading as follows (in brackets the % of the total EU budget):

Heading 1: Sustainable development: in 2009, almost EUR 12 billion of the EU budget in 2009 will go on projects to boost Europe's competitiveness, 6.2% more than in 2008. In its entirety, this heading includes EUR 60.2 billion in commitments and around EUR 46 billion in payment appropriations. It includes 2 sub-headings:

- **1a – Competitiveness for growth and employment**: commitments under this heading amount to EUR 12 billion which includes funds for research which will rise by 11% for the second year running. A record investment of EUR 500 million will also be set aside for the EU's Competitiveness and Innovation programme (CIP) to finance ground-breaking sustainable technologies - an increase of 22% on 2008. More than EUR 1 billion will go to programmes to improve Europeans' skills, mainly through the Lifelong Learning Programme - a 6.5% rise on 2008;
- **1b – Cohesion for growth and employment**: funding for cohesion will continue to grow in 2009 with nearly EUR 48.5 billion for Europe's regions (a 2.5% rise on 2008). This will also be strengthened by the recent agreement to accelerate Structural Funds financing in 2009, providing Member States with cash fast to support people hit by the crisis and increase financing for small and medium sized enterprises (SMEs). Efforts to integrate new Member States into common EU policies are also bearing fruit with 50% of all Cohesion and Structural Funds now going to the EU-12.

Heading 2: Preservation and management of natural resources: spending on agriculture will remain stable in 2009, absorbing more than EUR 40 billion. The shift within this policy area towards development in rural areas also means more spending on the environment the fight against climate change. Over 40% of rural development funding (EUR 13.6 billion) will be for environmental goals. On top of that, the LIFE+ environmental protection programme will grow by 19%, reaching EUR 317 million. The 22% increase in the EU's innovation programme will also help EU efforts to move to a **low-carbon economy** by financing sustainable technologies. In total, the amounts under this heading are characterised by the following: EUR 56.1 billion for market related expenditure and direct payments and EUR 52.5 billion in payment appropriations.

Heading 3: Citizenship, Freedom, Security and Justice: (1.1%) terrorism, crime as well as immigration are still big concerns for Europeans and support for these specific areas will see one of the biggest increases in spending in 2009 at EUR 864 million - up 18% from 2008. With EUR 1.5 billion in commitments (and EUR 1.3 in payments).

This heading is split into two separate headings:

- **Heading 3a**: Freedom, Security and Justice: with EUR 864 million;
- **Heading 3b**: Citizenship (including assistance to youth and culture): with EUR 651 million in commitments.

Heading 4: the EU as a global player: the European Union will maintain a central role as a global player, with the budget for external actions increasing by 7.3% to EUR 8.1 billion. The recent surge in food prices has hit the most vulnerable in the world worst and the EU is stepping up its support by providing a Food Facility package of EUR 1 billion over 2008, 2009, 2010. The largest share - up to EUR 568 million - will come from the 2009 EU budget. Maintaining its role as a global player, the EU will also channel over EUR 8 billion into external policies – a 7% rise on 2008. Support for the peace process in the Middle East, in Afghanistan and ensuring stability in Kosovo will be key investments in 2009 – EUR 361 million for Palestine and EUR 231 million for Afghanistan and €261m for projects in Kosovo.

Heading 5 – Administration: (5.8%) costs related to the administration of all EU institutions total EUR 7.7 billion. For the Commission, the 2009 foresees the last tranche of 250 new posts following the 2007 enlargement to Bulgaria and Romania.

Heading 6 – Compensations: (0.2%) the final tranche of budgetary compensation of EUR 209.1 million will be available in 2009, to ensure that Bulgaria and Romania keep a positive budgetary balance in the years immediately following their accession to the European Union.

2009 budget: Section III, Commission

2008/2026(BUD) - 28/10/2008 - Document attached to the procedure

PURPOSE: presentation of amending letter No 2 to the preliminary draft budget 2009.

CONTENT: this ad hoc amending letter (AL No 2/2009) to the preliminary draft budget 2009, concerns the **update of the estimated needs for agricultural expenditure for 2009**.

To recall, the Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management provides that, "if it considers it necessary, the Commission may present to the two arms of the budgetary authority an ad hoc letter of amendment to update the figures underlying the estimate of agricultural expenditure in the preliminary draft budget (PDB) and/or to correct, on the basis of the most recent information available concerning fisheries agreements in force on 1 January of the financial year concerned, the amounts and their breakdown between the appropriations entered in the operational items for international fisheries agreements and those entered in reserve." This letter of amendment must be sent to the budgetary authority by the end of October.

This ad hoc amending letter (AL No 2/2009) to the preliminary draft budget 2009 contains a careful, line by line update of the estimated needs for agricultural expenditure. In addition to changing market factors, the AL also incorporates legislative decisions adopted in the agricultural sector since the PDB was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have effect during the coming budget year. The AL is based, in the same way as the PDB itself, on the needs of the Community as a whole.

As far as the market measures are concerned, no breakdown of the appropriations between Member States is available. In addition, it must be stressed that these appropriations are to be understood as a forecast and not as an objective of expenditure. The **actual expenditure will depend**, in particular, **on actual market conditions, on the actual euro-dollar exchange rate, and on the rhythm of the payments by Member States**. Since this is compulsory expenditure, whatever the amount a Member State is obliged to pay in accordance with the regulations – within the limits set by the financial framework - will be reimbursed in full.

For clarification and transparency purposes, some budgetary comments have been updated.

Conclusions: according to the present Amending Letter, overall appropriations for Heading 2 are estimated at EUR 56 495.5 million, leaving a margin of EUR 3 143.5 million in commitment appropriations below the corresponding ceiling of the Financial Framework. The commitment appropriations for agricultural expenditure (including veterinary and fisheries expenditure financed under EAGF) amount to EUR 41 579.9 million, a r**eduction of EUR 1 280.4 million compared to the PDB 2009**.

As far as the international fisheries agreements are concerned, no change is foreseen.

This amending letter also proposes the creation of new budget lines for the "Food Facility" (rapid response to food price increases in developing countries) in 2009, pending the adoption of the legal base.

It also takes into consideration the Commission's current revision of the 2009 budgetary needs for the eradication of bluetongue disease, at the request of many Member States. After analysis of past execution and assessment of the situation, the Commission will in early 2009 make the necessary proposals for adjusting the 2009 budget with an additional amount of approximately EUR 100 million on top of the amount of EUR 62 million proposed in the PDB 2009, as part of a multi-annual strategy for dealing with this disease in a sustainable way.

The corrections made in the PDB, in conformity with amending letter 2/2009 can be presented as follows:

- **Commitment appropriations: - EUR 1 030 200 000** under heading 2 of the Financial Framework (Preservation and Management of Natural Resources, of which market related expenditure and direct payments);

- **Payment appropriations: - EUR 377 700 000** under the same heading.

2009 budget: Section III, Commission

2008/2026(BUD) - 27/11/2008 - Amending/supplementary letter on draft budget

On 17 November 2008, the Commission sent the Council letter of amendment No. 3 to the preliminary draft budget for 2009 concerning Section II - Council.

This letter of amendment covers the expenditure relating to the proceedings of the Reflection Group established by the European Council on 14 December 2007 (please refer to procedure file BUD/2008/2026B concerning the 2009 budget “Other sections”).

Given the specific activity of the Reflection Group and for the sake of transparency, it is proposed to include the expenses relating to this Working Group (EUR 1 060 000) in a new Title 4 which is separate from Section II – Council – of the General Budget.

This amending letter is neutral in terms of the budget with the required appropriations to be taken from the contingency reserve (EUR 2.5 million), which is included in the preliminary draft budget for 2009.

On 27 November 2008, the Council established letter of amendment No. 3 to the draft budget for the financial year 2009 on the basis of letter of amendment No. 3 to the preliminary draft budget for 2009 as submitted by the Commission.

2009 budget: Section III, Commission

2008/2026(BUD) - 27/11/2008 - Council amended draft budget

PURPOSE: presentation of the Council’s second reading of the 2009 budget.

CONTENT: at its meeting of 21 November 2008, the ECOFIN Council (Budget) reached agreement on the following points:

general conclusions on the second reading of the 2009 budget;

- the establishment of amending budget no. 9/2008 including items concerning the funding of the food facility in 2008;
- the establishment of amending budget no. 10/2008 concerning the financing of the EU Solidarity Fund in favour of Cyprus;
- the establishment of amending letter 2/2009 including the budgetary aspects concerning the financing of the food facility in 2009;
- the establishment of amending letter 3/2009 ensuring the funding of the reflection group set up by the European Council.

The European Parliament, the Council and the Commission reached agreement to :

1. accept preliminary draft amending budget No 10/2008, as amended by the Commission, and to include in it the budgetary aspects concerning the financing of the food facility in 2008;
2. accept preliminary draft amending budget No 11/2008 as proposed by the Commission;
3. accept amending letter No 2/2009, except for the creation of the new item relating to the programme to promote the consumption of fruit at school, and to include in that amending letter the budgetary aspects concerning the financing of the food facility in 2009;
4. accept amending letter No 3/2009, as proposed by the Commission;
5. set the total amount of payment appropriations (in absolute figures) for the 2009 budget at **EUR 116 096 million**, including the payment appropriations allotted for the food facility.

At the same time, at the conciliation meeting several declarations were adopted which may be summarised as follows:

Technical results of Council’s 2nd reading: overall, the amounts are as follows:

EUR 133 016 153 144 in commitment appropriations;

EUR 114 364 223 474 in payment appropriations (representing 0.88% of GNI).

The Council amended the budget in the following way:

a) to **maintain the draft budget** established by the Council, as amended by letter of amendment No. 1/2009, with regard to competitiveness for growth and employment (**sub-heading 1a** of the Financial Framework);

b) to **maintain the draft budget** established by the Council with regard to cohesion for growth and employment (**sub-heading 1b** of the Financial Framework);

c) regarding the preservation and management of natural resources (**heading 2** of the Financial Framework): i) approval of letter of amendment No. 2 to the draft budget for 2009 for the elements relating to agriculture, except for the creation of the new item relating to the programme to promote the consumption of fruit in schools, pending the adoption of the relevant legal basis; ii) to maintain the draft budget established by the Council, as amended by letter of amendment No. 1/2009, for the other budget lines of heading 2 which are not affected by letter of amendment No. 2/2009; iii) additional reduction of EUR 180 million in the amount entered in the draft budget drawn up by the Council for the budget line for clearance of accounts;

d) to **re-establish the draft budget** established by the Council with regard to the other budget lines in the field of freedom, security and justice (**sub-heading 3a** of the Financial Framework);

e) to **maintain the draft budget** established by the Council, as amended by letter of amendment No. 1/2009, with regard to citizenship (**sub-heading 3b** of the Financial Framework);

f) to **maintain the draft budget** established by the Council, as amended by letter of amendment No. 1/2009, with regard to the EU as a global partner (**heading 4** of the Financial Framework), and to include in letter of amendment No. 2/2009 the budgetary aspects relating to the financing of the Food Facility in 2009, as resulting from the joint declaration on the financing of the Food Facility;

g) to **maintain the draft budget** established by the Council with regard to administrative expenditure (**heading 5** of the Financial Framework), as amended by letters of amendment No. 1/2009 and No. 3/2009, apart from the European Parliament amendments to its own section of the budget ("Gentlemen's

Agreement") which were accepted.

At the same time, several declarations were adopted during the conciliation meeting which may be summarised as follows:

1. a Joint Declaration on the financing of a facility for rapid response to soaring food prices in developing countries: the European Parliament and the Council agreed to finance the Food Facility **over a 3-year period within heading 4** of the multiannual financial framework (MFF). The total amount of EUR 1 billion available in commitments for the Food Facility will be

shared out over the years as follows:

- EUR 262 million in 2008,
- EUR 568 million in 2009 and
- EUR 170 million in 2010.

The Council and Parliament envisage the following amounts:

- **EUR 240 million** in commitment appropriations will be redeployed within heading 4 from the Instrument for Stability (budget article 19 06 01 01) of which EUR 70 million in 2009. Regarding the redeployments for 2010, the Commission is invited to present a revised financial programming in order to ensure an orderly progression of the amounts planned over the period 2010-2013, while keeping the annual level of the margin unchanged.

The food prices crisis is a new and objective circumstance under the terms of Point 37 of the Interinstitutional Agreement (IIA) which justifies the redeployment from a non-programmed crisis instrument.

- EUR 420 million in commitment appropriations will be made available through the mobilisation of the Flexibility Instrument for the 2009 budget.

- EUR 340 million in commitment appropriations will be made available through the Emergency Aid Reserve in the following manner:

- EUR 22 million from appropriations still available in the 2008 budget;
- EUR 78 million from the appropriations budgeted for the year 2009;
- EUR 240 million through a one-off increase in the amount of the Emergency Aid Reserve to be budgeted in 2008.

The Commission will propose an amendment of the Interinstitutional Agreement on budgetary discipline and sound financial management (IIA) of 17 May 2006 as regards Point 25 to provide the additional funding required for the proposed Food Facility.

The one-off increase in the commitment appropriations for the Emergency Aid Reserve for the year 2008 will be formalised by a joint decision of the three institutions amending the Interinstitutional Agreement of 17 May 2006.

2. Coordination of Community Assistance (Food Facility and EDF): taking into account that ACP countries could benefit from EU assistance from both the general budget of the European Union and the European Development Fund, the three Institutions declare that, when implementing the Facility for rapid response to soaring prices in developing countries (hereinafter "Food Facility"), special attention should be paid to the coordination of aid originating from these various sources in order to maximise the synergy and the possible results. In this context, the ACP partner countries should also be encouraged to adapt, if necessary, the objectives and priorities of their programming regarding future cooperation under the EDF, ensuring consistency and complementarity with the objectives as foreseen by the Food Facility. The Commission will present a list of programmes financed by the EDF which could include elements related to food security.

3. Improving the visibility of Community assistance: the European Parliament and the Council stress that the visibility of Community assistance in third countries is a legitimate concern for the European Union and should be fully taken into account for donorship in a multi-annual context. With a view to maintaining public and political support for the EU external action, they call on the Commission to present together with the PDB for the year 2010 a report with a list of initiatives taken to improve the visibility of EU external aid, without compromising its efficiency and effectiveness, especially when implemented through international organisations.

4. Implementation of the cohesion policy: without prejudging the upcoming proposals from the Commission in the context of the economic downturn, the European Parliament, the Council and the Commission:

- recognise that, in view of the challenges posed by the current economic downturn, the economy may benefit from accelerating the implementation of structural and cohesion funds within the ceilings of the agreed multiannual financial framework 2007-2013;

- recognise that, under the established control framework, interim payments cannot take place until management and control systems in Member States have been judged to be compliant with the requirements and, as concerns major projects, until such projects have been adopted by the Commission;
- encourage the Member States to submit the description of their management and control systems and the compliance assessments as soon as possible so as to allow the Commission to rapidly start their analysis.

Within this framework, the European Parliament and the Council invite the Commission to take the necessary measures, within the existing legal framework, to rapidly assess the most critical aspects of the Member States' management and control systems (MCS), to accelerate the examination of applications for major projects so as to facilitate their launch. They also call on the Commission to cooperate closely with the Member States in order to have a rapid agreement of all aspects of compliance of the MCS and to submit a monthly report to the budgetary authority on the approval of the MCS and the major projects. The Commission is also invited to present a report on the implementation together with the PDB for the purpose of the budgetary and discharge procedures.

5. Agencies: the European Parliament and the Council have agreed on the Commission proposal for the creation of an Interinstitutional working group on agencies and ask for the first meeting to take place as soon as possible.

6. Payment appropriations: the European Parliament and the Council ask the Commission to submit an amending budget if the appropriations entered in the 2009 budget are insufficient to cover expenditure under sub-Heading 1a (Competitiveness for growth and employment), sub-Heading 1b (Cohesion for growth and employment) as it could be justified within the current legal framework in the light of a possible acceleration of the implementation of structural policies, Heading 2 (Preservation and management of natural resources) and Heading 4 (EU as a global partner). In that context, the European Parliament and the Council will consider the appropriate financing of any possible proposal that the Commission could make for new initiatives, particularly regarding the economic crisis.

Lastly, the European Parliament asks the Commission to present in the budget review an evaluation of **the situation of heading 4** in order to examine and to review the role of the EU as a global partner in a multiannual context. It expresses its deepest concern as to the **extremely low level of payments** , far below the MFF, which does not correspond to the real challenges of the European Union in a situation of economic crisis. It therefore calls on the Commission and the Member States to adopt all measures possible to ensure its adequate implementation.

2009 budget: Section III, Commission

2008/2026(BUD) - 29/04/2008 - Document attached to the procedure

In a letter from the European Commission addressed to the Secretary-General of the European Parliament, it notes that, in accordance with Article 272 (9) of the EC Treaty, the maximum rate of increase for "non-compulsory" expenditure is set at 5% for the 2009 budget with the current 27 Member States.

2009 budget: Section III, Commission

2008/2026(BUD) - 10/09/2008 - Document attached to the procedure

PURPOSE: to present Amending Letter No 1 to the Preliminary Draft Amending Budget for 2009 (PDB 2009).

CONTENT: the Amending Letter No 1 (AL 1) to the Preliminary Draft Budget for 2009 (PDB 2009)

covers the following:

- the mobilisation of new funds for an amount of **EUR 40 million** in commitment appropriations to support the stability and development of **Kosovo**;
- the mobilisation of additional funds for an amount of **EUR 139 million** in commitment and **EUR 180 million** in payment appropriations to support the **Palestinian Authority**;
- the creation of a new budget article 19 06 06 Consular cooperation (see BUD/2008/2284);
- the budgetary adaptations arising from the extension of the mandate of the Education, Audiovisual and Culture Executive Agency (EACEA) to Tempus and ICI programmes;
- the lifting of the reserves entered in the 2009 preliminary draft budget after approval of the extensions of the Executive Agency for the Public Health Programme (PHEA), and the Trans-European Transport Network Executive Agency (TEN-T EA).

Remarks on the additional amounts requested by Kosovo and the Palestinian Authority (Heading 4 of the Financial Framework):

1) **Kosovo**: the Council also expressed its support to the Donors' Conference which was organised by the Commission and took place on the 11th July 2008 and recalled its willingness to assist the economic and political development of Kosovo through a clear European perspective. In response, the Commission pledged EUR 508 million, composed of some EUR 358 million from the Instrument for Pre-Accession Assistance (IPA) and a further EUR 150 million in Macro-Financial Assistance (MFA). This pledge is conditional to the Kosovo government's commitment to the sound and efficient management of donated funds and the implementation of agreed policy reforms. It is also subject to sufficient budgetary appropriations being voted by the Budgetary Authority as the European Union pledge currently stands above the current financial programming for Kosovo by EUR 100 million as some EUR 408 million are programmed under IPA and Macro Financial Assistance funding (MFA) over the period 2008/2010. Thus the Commission intends to increase the amounts foreseen for Kosovo in the financial programming by some EUR 100 million to meet the EUR 508 million pledging target. In order to minimize the impact of additional funding for Kosovo on the limited margin foreseen for 2009, the Commission is requesting **EUR 40 million as additional front-**

loaded assistance under the 2009 budget. This amount is to be directed towards development assistance via IPA. The remaining EUR 60 million would stem from internal redeployments within heading 4.

2) **Palestine**: while the PA pursued its reform programme and donors have provided generous financial contributions, restrictions by the Government of Israel on Palestinian movement and access continue to weigh heavily on the Palestinian economic outlook. Other economic indicators in the occupied Palestinian territory have also deteriorated further. Unemployment stood at nearly 23% in 2007. The deficit of the current budget of the Palestinian Authority is expected to reach USD 766 million in 2008. In view of the current situation and high needs set out above and considering the large deficit of the PA, pressure for external assistance, in particular from the European Union, as the largest donor to the Palestinians, will remain high. In recent years (2008, 2007 and 2006), the amounts allocated initially for the Palestinians were systematically below the actual needs. The Commission had to call on other budget lines within the Community budget to cover the gap. In 2008, the initial allocation of EUR 300 million on the ENPI budget line for Palestine, UNRWA and Peace Process was reinforced to EUR 380 million, to respond to Prime Minister Fayyad's request to the donor community to fund the increasing deficit for recurrent expenditures. In light of the need to continue a realistic level of funding in 2009, taking account of the state of Palestinian public finances and the need for assistance by the Palestinian Authority government, **the Commission proposes to increase the budget line 19 08 01 02 in 2009 by EUR 139 million to reach EUR 300 million**. As regards payment appropriations, the amount requested in the PDB (EUR 100 million) should also be reinforced in line with the Commitment appropriations and past execution. **An additional EUR 180 million is estimated necessary**. The combined additional needs for heading 4 amount to EUR 179 million in commitments, of which EUR 40 million for Kosovo and EUR 139 million for Palestine. This leaves a margin under the ceiling of EUR 64 million for heading 4. The additional payment appropriations are EUR 180 million for Palestine.

It should be noted that the additional amounts do not take account of the **facility for rapid response to soaring food prices in developing countries**, pending a decision on its legal base (see COD/2008/0149) or of the potential assistance to **Georgia** following the conflict at the end of 2008 which the Council has committed itself.