

Draft general budget 2008, modified by the Council (all sections)

European Parliament resolution of 13 December 2007 on the draft general budget of the European Union for the financial year 2008 as modified by the Council (all sections) (15717/2007 – C6-0436/2007 – 2007/2019(BUD) - 2007/2019B(BUD)) and Letters of amendment Nos 1/2008 (13659/2007 - C6-0341/2007) and 2/2008 (15716/2007 - C6-0435/2007) to the draft general budget of the European Union for the financial year 2008

The European Parliament,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
- having regard to Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources¹,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities²,
- having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management³,
- having regard to its resolution of 24 April 2007 on the Commission's annual policy strategy for the 2008 budget procedure⁴,
- having regard to the draft general budget of the European Union for the financial year 2008, which the Council established on 13 July 2007 (C6-0287/2007 - C6-0288/2007),
- having regard to its resolution of 25 October 2007 on the draft general budget of the European Union for the financial year 2008, Section III – Commission (C6-0287/2007) and Letter of amendment No 1/2008 (13659/2007 – C6-0341/2007) to the draft general budget of the European Union for the financial year 2008⁵,
- having regard to its resolution of 25 October 2007 on the draft general budget of the European Union for the financial year 2008, Section I – European Parliament, Section II – Council, Section IV – Court of Justice, Section V – Court of Auditors, Section VI – European Economic and Social Committee, Section VII – Committee of the Regions, Section VIII – European Ombudsman, Section IX – European Data Protection Supervisor (C6-0288/2007)⁶,

¹ OJ L 253, 7.10.2000, p. 42.

² OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

³ OJ C 139, 14.6.2006, p. 1.

⁴ Texts Adopted, P6_TA(2007)0131.

⁵ Texts Adopted, P6_TA(2007)0473.

⁶ Texts adopted, P6_TA(2007)0474.

- having regard to Letter of amendment No 2/2008 (15716/2007 - C6-0435/2007)_to the draft general budget of the European Union for the financial year 2008,
- having regard to its amendments and proposed modifications of 25 October 2007 to the draft general budget¹,
- having regard to the Council's modifications to the amendments and proposed modifications adopted by Parliament to the draft general budget (15717/2007 – C6-0436/2007),
- having regard to the results of the budget conciliation meeting of 23 November 2007,
- having regard to the statement by the Council on the outcome of its deliberations on the amendments and proposed modifications adopted by Parliament to the draft general budget,
- having regard to Rule 69 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgets (A6-0492/2007),

Key issues - Overall figures, MFF revision proposal, Letters of amendment No 1 and No 2

1. Recalls that its political priorities for the 2008 budget were set out in its abovementioned APS resolution of 24 April 2007, building on the approaches taken in the preparation of budget 2007 and the negotiations leading to the Interinstitutional Agreement (IIA) of 17 May 2006; underlines that the "budget for results" approach endorsed in that resolution is built on the pillars of transparent presentation, clear objectives and accurate implementation, such that the Commission is judged not on the basis of bureaucratic process but on the results it delivers towards politically agreed objectives; will continue to emphasise these elements in its further work on the 2008 budget;
2. On overall figures, sets the final level of commitment appropriations at EUR 129 149 million; ensures that multi-annual programme envelopes that have only recently been agreed between Parliament and Council are respected, contrary to the cuts proposed by Council, in particular in heading 1a; sets the overall level of payments at EUR 120 346,76 million, equivalent to 0,96% of EU GNI; notes that this leaves a very significant margin of EUR 9 411 241 388 million beneath the payments ceiling of the multi-annual financial framework (MFF) for 2008; underlines the importance of effective budget implementation and reducing unpaid commitments (reste à liquider - RALs), in light of the modest overall level of payments;
3. Welcomes the outcome of the 23 November 2007 conciliation with the Council, in particular as regards the financing of Galileo, via a revision of the 2007 - 2013 MFF and use of the flexibility instrument, and the European Institute of Innovative Technology from the margin of heading 1a; underlines that this financing solution is fully in line with the approach advocated by the European Parliament, in particular as it does not reduce planned appropriations for multi-annual financial programmes in heading 1a, as the Council had previously advocated; notes the joint statements, annexed to this resolution as Annex 2, which set out the detailed arrangements for financing Galileo and EIT;

¹ Texts adopted of that date, Annex.

4. Supports letter of amendment No 1/2008 to the preliminary draft budget (PDB) 2008 adopted by the Commission on 17 September 2007 and in particular the increases in commitment appropriations proposed for Kosovo (EUR 120 million) and Palestine (EUR 142 million) totalling EUR 262 million over the PDB figures; agrees, in the context of the 23 November 2007 conciliation, to appropriations of EUR 285 million for CFSP in the 2008 budget, notably in light of the forthcoming needs in Kosovo; demands that the Commission keeps the Parliament fully involved and informed in the implementation; supports letter of amendment No 2/2008 in its entirety, as part of the outcome of the 23 November 2007 conciliation;
5. Has authorised the "Global" transfer request DEC 36/2007 in its entirety and welcomes the lower amount of transferred appropriations in 2007, compared to the 2006 and 2005 global transfers; recognises that the current under-implementation of certain lines in 2007 might be a consequence of the late adoption of legal bases in the first year of the MFF; points out that further significant payments decreases of EUR 1,7 billion in 2007 are being proposed in Amending Budget 7/2007 and "global" transfer; insists on closely monitoring the implementation of the 2008 Budget through the different tools such as the regular Budget Forecast Alert and Monitoring Groups; invites its specialised committees to give an early input about the funds needed and possible problems of implementation as regards multi-annual programmes; underlines that there will certainly be a need for a higher amount in payments in the 2008 budget, and expects the best use of this moderate increase in payments by 5,9% compared to 2007; with reference to the Council's joint statement on this issue, expects the Commission to propose higher payments where appropriate during 2008, if necessary via an amending budget;
6. Awaits with interest the results of the consultation process initiated by the Commission on "reforming the budget, changing Europe" (SEC(2007)1188); calls for full involvement of Parliament in both the review of EU spending and the review of the EU own resources system, as foreseen by Declaration No 3 on the review of the Financial Framework of the IIA of 17 May 2006;

Delivering a budget for results - building on the first reading conciliation

7. Refers to the agreement of five joint statements, annexed to its abovementioned resolution of 25 October 2007 on the draft general budget for the financial year 2008, Section III - Commission, between the European Parliament and Council at the first reading conciliation on the 2008 budget of 13 July 2007; has reinforced the political importance of these statements by taking them into account in the preparation of the 2008 budget in line with the "budget for results" approach; takes note of the Commission's executability letter and expects to see solutions for the implementation of the suggested amendments;
8. Welcomes the developments in approval of operational programmes by the Commission in structural funds, cohesion fund and rural development but, in line with the joint statement agreed with the Council on 13 July 2007, wishes to see significantly more progress so that operational money can be spent; regrets that over 50 % of ERDF programmes and over 67 % of ESF and EAFRD programmes are still not approved although the first year of the programming period has nearly ended; maintains certain administrative costs of the Commission in reserve; underlines that no operational funds are placed in reserve; will release the reserves on administrative costs in line with an

improved rate of approval of operational programmes;

9. Notes the descriptive report provided by the Commission on activity-based management (ABM) in advance of its second reading; on the basis of a firm commitment provided by the Commission to produce a study, including some proposals for improvements to be presented at a hearing foreseen in Spring 2008 in Parliament's Committee on Budgets, agrees to place only EUR 5 million in reserve; expresses its intention to produce an own initiative report on improving the implementation of ABM;
10. Recalls that the study on ABM implementation should include the following information for the budgetary authority:
 - how can the different components of the SPP-ABM cycle (APS, CLWP, AMP ...) be better integrated with each other?
 - how can the integration of the SPP-ABM cycle with other cycles (HR cycle, risk management, evaluation, etc.) be improved, possibly via an integrated IT system?
 - the communication of a list of clear pre-determined performance indicators to be used throughout the whole cycle in order to improve performance management;

and requests:

- a commitment from the Commission to present a follow-up to its report "on planning and optimising Commission human resources to serve EU priorities" by 30 April 2008 which will include in particular a detailed breakdown of staff per category, and by Directorate General, and the evolution foreseen for the coming years,
 - a communication from the Commission on the current situation and the state of play concerning the implementation of Point 44 of the IIA of 17 May 2006;
11. Further asks the Commission:
 - for an action plan with detailed measures to reorganise every sector examined in the screening (Human Resources, IT, Document Management/Logistics/Security, Internal Auditing, Evaluation, ABM, Interinstitutional Relations, Communication/Information/Publication, Policy coordination); calls for the staff of the executive agencies also to be included in these figures; asks the Commission to inform Parliament by January 2009 about the state of play and the results of these ongoing procedures; asks the Commission to integrate the results of this follow-up in its Communication on policy for the accommodation of Commission services in Brussels and Luxembourg (COM(2007)0501) and revise the space needs mentioned therein accordingly;
 - to commit itself more seriously to interinstitutional cooperation and put it into practice in a more tangible way; supports the demands formulated in the European Court of Auditors' special report 2/2007 on the Institutions' expenditure on buildings, and calls for more concrete steps towards common arrangements; asks the Commission to report in a more detailed way to Parliament on the factors that led it to conclude in its abovementioned Communication COM(2007)0501 that the

European Quarter should remain the centre of the Commission's activities; asks the Commission to develop and to present in a comparable way alternative scenarios of the Commission's presence in Brussels outside the European Quarter;

12. On assigned revenues, insists on improved transparency; proposes changes to the assigned revenues instrument for decentralised agencies with a view to a closer matching of assigned revenues to specific agencies; expresses its concern that the use of assigned revenue within the sugar restructuring fund has created a *de facto* "budget within a budget" that is difficult to reconcile with the budgetary principle of universality enshrined in the Financial Regulation; expresses its openness to revise the Financial Regulation as regards assigned revenue;
13. On decentralised agencies, restores PDB levels with the exception of Frontex for which an increase of EUR 30 million is adopted and with the exception of the European Environment Agency with a slight increase under Title 3; welcomes the progress made by the newest agencies in expanding their activities in an effective and efficient manner; requests greater clarity in the future regarding work-plans and medium-term staffing needs;
14. Stresses that in order to establish the Joint Undertakings, as well as the announced new decentralised Agency for the Cooperation of Energy Regulators, the procedure provided for in Point 47 of the IIA of 17 May 2006 must be opened;
15. On executive agencies, recalls the obligations of the Commission set by the "Code of Conduct on the setting up of an Executive Agency"¹; considers that executive agencies must not, either now or in the future, lead to an increase in the share of administrative cost; underlines that any proposal for the creation of a new executive agency, and the expansion of existing executive agencies, must be based on a comprehensive cost-benefit analysis and that lines of accountability and responsibility should be clearly set out in the proposal; welcomes its agreement with the Commission on revised working arrangements on executive agencies of 16 October 2007 annexed to this resolution as Annex 1;
16. Demands that the activity statements and Annual Activity Reports deliver an improved focus on objectives and indicators of results rather than long descriptions of administrative process; notes, however, that there remains a significant gap between Commission Directorates-General as regards the quality of Activity Statements and Annual Activity Reports; expects further improvements in future years;
17. Considers that ex-ante and ex-post performance indicators are integral tools in implementing activity based management (ABM) and activity-based budgeting (ABB); requests that performance indicators should play a stronger role in ex post performance evaluation; is of the opinion that the data provided in activity statements should be better integrated with the annual activity reports of each Directorate-General in order to better evaluate the efficiency and results of management; considers that this would assist the Budgetary Authority in monitoring the extent to which additional resources requested

¹ "Code of Conduct on the setting up of an Executive Agency" as agreed by the Commission in its letter of 20 April 2004 (Annex to the European Parliament resolution of 22 April 2004 on Draft amending budget No 6 of the European Union for the financial year 2004 (OJ C 104 E, 30.4.2004, p. 951)).

lead to the delivery of results and not simply to the creation of additional bureaucracy;

18. Welcomes the monitoring group exercise conducted by its Committee on Budgets in the course of 2007; hopes that this exercise can continue to contribute to an enhanced level of budgetary monitoring; continues to support the Budget Forecast Alert (BFA) system as a contribution to improving budget implementation; requests that the second BFA document be presented in September, and not October, 2008 so that Parliament may take this document into account in preparing its first reading on the 2009 draft budget;
19. Recalls that, in accordance with Article 53b of the Financial Regulation and Point 44 of the IIA of 17 May 2006, which aim at ensuring effective and integrated internal control of Community funds and national management declarations as a final goal, the Member States have committed themselves to "produce an annual summary at the appropriate national level of the available audits and declarations"; notes that, according to information received from the Commission, only a limited number of Member States have complied with the provisions of the IIA so far; regrets that none of the concrete proposals on national (management) declarations put forward by the European Parliament in its 2003, 2004 and 2005 discharge resolutions are incorporated in the Commission's Audit Strategy and requests the Commission to keep the Parliament informed; reminds the Member States of their obligation to comply with the provisions of the revised Financial Regulation, to which they only recently agreed; reiterates that Member States are further obliged to fulfil the conditions set out in Point 44 of the IIA as well as being obliged under Article 274 TEC to cooperate fully with the Commission according to the principles of sound financial management;
20. Reiterates the importance of improving budget implementation in line with the declaration adopted at the November 2006 budget conciliation; requests the Commission to provide information on the actions undertaken or foreseen in order to apply this declaration; recalls that this information should be presented regularly at the triologue meetings;
21. Urges the Commission to apply in full Council Regulation No 1/1958 of 15 April 1958 determining the languages to be used by the European Economic Community and dismisses financial grounds for derogations as invalid, since they have not been advanced during the budgetary procedure;

Specific issues - main elements by budget heading, pilot projects, preparatory actions

22. On heading 1a, "Competitiveness for growth and employment", rejects the cuts in commitment and payment appropriations made by the Council in its first reading, especially where these cover multi-annual programmes recently co-decided with Parliament that aim to deliver on the Lisbon Strategy; notes that this approach was facilitated by the agreement to finance Galileo on the basis of a revision of the MFF and through use of the flexibility instrument; proposes a number of pilot projects and preparatory actions in line with its budgetary prerogatives; underlines the importance of reducing the stigma of business failure and the importance of financial support for the Oslo Agenda for Entrepreneurship Education in the context of the Competitiveness and Innovation Programme (CIP); places amounts in reserve for the CIP programme pending improvements in implementation;
23. On heading 1b, "Cohesion for growth and employment", regrets the delays in execution

and underlines that also time is money;

24. Recalls the decision to establish the EU Long Range Identification and Tracking Data Centre (LRIT) operated by the European Maritime Safety Agency (EMSA) by 31 December 2008 (EP Position of 25 April 2007¹ and Council resolution of 2 October 2007); acknowledges the need for additional financing in 2008 for EMSA in order to cover this new function;
25. Welcomes the documentation and explanations provided by the Commission and the European Investment Bank (EIB) concerning the Risk Sharing Finance Facilities (RSFF); is of the opinion that the reserve on these lines can be taken out of the budget; asks however to be informed and for the relevant documents to be forwarded to it when the guidelines are adopted for the second component of CIP, the venture capital instruments, and asks to be informed on the outcome of the negotiations between EIB and Commission on the joint cooperation for the Loan guarantee instrument for TEN-Transport (LGTT);
26. On heading 2, "Preservation of natural resources", demands clearer presentation of the figures for market measures and direct aids in future budgetary procedures; is concerned by the slow rate of adoption of operational programmes as regards the rural development pillar of the CAP, a long-standing priority of Parliament; expects to see rapid improvements in this regard;
27. Emphasises the need to speed up the procedure regarding the drawing-up of special national programmes for the recovery of crops and animal production in the areas affected by fires and other forms of natural disasters; stresses that those programmes should be financed from the EAFRD (European Agriculture Fund for Rural Development) by internal transfers or subsidies within a Member State;
28. Rejects the Council's attempt to re-classify a small number of lines as compulsory expenditure in heading 2, in particular lines 17 04 05 01 and 17 04 05 02 which concern the Plant Variety Office;
29. Acknowledges the need for additional financing of the funds for school milk (to extend the product line by adding new, innovative products); reiterates the importance of proper support for the restructuring process in the milk sector (by the setting up of a Milk Fund restructuring scheme);
30. Re-emphasises its strong commitment to the proper budgetary endowment of funds for school fruit and vegetables and school milk (and other dairy products); regrets the Commission's lack of progress in presenting proposals due to slow execution of the required impact assessments; expresses its astonishment that the Council did not implement their political commitments concerning these issues by creating a new line and a reserve in the budget, pending establishment of the legal base; calls on the Commission to put forward a legislative proposal in this connection, as laid down in the June 2007 Agriculture Council conclusions;
31. On heading 3a, "Freedom, security and justice", underlines the importance of the work of the Frontex agency; considers that the Frontex agency must play a more effective role

¹ Texts Adopted, P6_TA(2007)0146.

in strengthening the EU's external borders, notably in alleviating the burden currently faced by Member States in connection with illegal immigration; calls on the Agency to present regularly to Parliament's competent committee the state of play and the scheduled forthcoming operations; urges the Member States to deliver on their promises and support the Agency's missions so that the Agency can perform its tasks more effectively; takes note of Council's agreement to increase funding for Frontex by EUR 30 million, albeit with a different breakdown for administrative and operational expenditure; modifies this breakdown in a way it considers most appropriate to ensure maximum added value; invites the Commission to present an amending budget should the establishment plan need modification as well.

32. On heading 3b, "Citizenship", restores the PDB for multi-annual programme envelopes and proposes appropriations for a number of new and ongoing pilot projects and preparatory actions in this regard; draws attention to the fact that funding for the information and prevention campaign HELP comes to an end in the budget for 2008 and expects the Commission to submit a follow-up initiative; supports, additionally, within the Civil Protection Financial Instrument, the provision of a complementary capability in the form of a stand-by force for handling natural or man-made disasters as well as in cases of acts of terrorism or environmental accidents;
33. Calls on the Commission to give repeated backing for investment in infrastructure to improve accommodation for refugees;
34. Seeks to encourage a stronger voice for less well represented groups in civil society, combating all forms of discrimination and strengthening the rights of women, children, disabled and older persons;
35. Calls on the Commission to use the appropriations earmarked for information to provide diverse information, which, inter alia, caters for the public information needs of parliamentary minorities;
36. On heading 4, "EU as a global partner", is concerned by the chronic under-financing of this heading in the 2007-2013 MFF; supports the increases, including for Kosovo and Palestine, in the Commission's letter of amendment No 1/2008 to the PDB of 17 September 2007; welcomes the use of the flexibility instrument to fund EUR 70 million of the increase for CFSP; adjusts its first reading for heading 4 in line with its priorities in light of the outcome of the 23 November 2007 conciliation;
37. Points out that, following developments at the recent Annapolis conference, estimates for the EU contribution for Palestine may well increase and invites the Commission to come forward with an amending budget when necessary;
38. Is of the opinion that respect for human rights and democratic values should be one of the conditions of allocation of EU funds to neighbouring and developing countries;
39. Reminds the Council that the regular joint committee meetings on CFSP should promote a real, ex ante political dialogue, instead of being used merely to inform Parliament in an ex post manner;
40. Welcomes the Commission's commitment to enter into a regular political dialogue three times a year, as per the declaration attached to this resolution as Annex 3, with the

European Parliament on democratic scrutiny and coherence of external actions in implementation of Declarations Nos 4 and 5 of the IIA of 17 May 2006;

41. Asks the Commission to provide the European Parliament with all the necessary information related to the establishment of the new Global Energy Efficiency and Renewable Energy Fund (GEEREF), in particular the written mandates given to the European Investment Fund, so as to enable the European Parliament to assess the full budgetary and financial implications of this fund;
42. Believes that the EU should better coordinate its various and laudable initiatives to fight and eradicate poverty-related diseases in neighbouring and developing countries; proposes to allocate adequate budget resources to provide these countries with the necessary technical assistance instruments; has decided to create a separate budget line for the Global Fund to Fight AIDS, Tuberculosis and Malaria in order to improve transparency and guarantee the necessary funding for both the Global Fund and the other health priorities;
43. On heading 5, "Administration", considers that clear lines of responsibility and accountability are an essential component of continuing the process of modernising the EU's administration; recalls that clear political objectives and individual responsibility for carrying them out against indicators to be laid down when the data from the various studies requested by its Committee on Budgets on the subject are submitted should be the direction of future reforms of the system;
44. In this context, deplores the inefficiencies inherent in a competition system that can leave "approved candidates" languishing on a reserve list for years with no guarantee of being offered a position; considers that maintaining this approach would contribute to lowering the average standard of new EU officials as the best candidates will seek employment in more dynamic sectors of the EU economy; requests a serious commitment from the Commission to look again at this issue in the context of follow-up work to the screening exercise and provide further information with a more detailed breakdown of staff per category and by Directorate General and the evolution foreseen for the coming years;
45. Restores the PDB for the cuts made by Council to appropriations and establishment plans in heading 5; wishes to maintain and develop a constructive inter-institutional dialogue regarding ongoing efforts to improve administrative practices in the EU institutions; underlines the importance of adequate recruitment from "EU 12" Member States; takes the view that, in connection with enlargement, documents of relevance to discussions and decisions, such as, for example, impact assessments, should be made available in all languages necessary, since those documents are tools for better lawmaking; recalls in this connection that its Committee on Budgets has launched, via two studies, a process to analyse the objectives of the administrative reform of the Commission, focusing on the introduction of ABB and ABM, the introduction of the strategic planning cycle and allocation of the related administrative expenditure;
46. Asks the Commission to monitor the impact on the real estate sector of the implementation of the new methodology designed to improve existing procedures when signing buildings contracts and to compare it to the current situation, to pursue its efforts to reinforce interinstitutional cooperation in this matter and to keep Parliament regularly informed;

47. Calls on the Commission to present a report on benchmarks with staff in other international organisations as a follow-up to its report on planning and optimising human resources; further calls on the Commission to present guidelines to facilitate the financing of public infrastructure under public-private partnerships (PPP);
48. On pilot projects, proposes a range of innovative projects that respond to current policy challenges in the EU;
49. On preparatory actions, proposes a range of initiatives that should pave the way for future actions that enhance the European Union's capacity to deal with the real needs of its citizens;

Other sections of the 2008 budget

50. Draws attention to Article 29 of the Statute for Members of the European Parliament, which states "each Member State may adopt, for the Members elected in it, rules different from the provisions of this Statute as regards the salary, transitional allowance and pensions for a transitional period which may not exceed the length of two European Parliament parliamentary terms"; in view of the entry into force of the Statute at the start of the parliamentary term following the 2009 European elections, mandates the Quaestors to invite the Member States to inform Parliament in due time, and in particular in time for the drawing up of its budgetary forecasts for 2009, as to whether they intend to have recourse to the options provided for under Article 29 and Article 12(3) and (4) of the abovementioned Statute;
51. Recalls that its first reading was based on the examination of the specific requests and needs of each institution; was consequently expecting to reach a common position with the Council when deciding its second reading;
52. Takes note of the fact that the Council has endorsed its position as regards the budget of the European Economic and Social Committee; considers however that the other institutions have made substantial proposals to reduce their estimates by prioritising their requests; wishes to encourage them to pursue this approach in the future and decides to retain its original position taken in first reading and thus restore the cut made by the Council;
53. Notes that despite signals given to the European Economic and Social Committee and the Committee of the Regions, the renewal of the cooperation agreement is still not signed; recalls that 10% of the appropriations of the Joint Service are entered in the reserve pending renewal of the agreement which is expected by no later than December 2007; considers that new governance could come from the new cooperation agreement which could be beneficial for both committees;

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54. Instructs its President to declare that the budget has been finally adopted and arrange for its publication in the Official Journal of the European Union;
55. Instructs its President to forward this resolution and the Annexes to the Council, the

Commission, the Court of Justice, the Court of Auditors, the European Economic and Social Committee, the Committee of the Regions, the European Ombudsman, the European Data Protection Supervisor, and the other bodies concerned.

ANNEX 1

Revised working arrangements on Executive Agencies

1. In accordance with article 3(4) of Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes and with article 54 (2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, the Commission shall state its intention to set-up an executive agency in the explanatory memorandum of its proposal for a legal act of the programme itself.
2. The Commission shall decide on the establishment of a new, or the modification of scope and competences of an existing, Executive Agency on the basis of its assessment of the criteria laid down in Article 3 of Council Regulation (EC) No 58/2003.
3. The creation of executive agencies can constitute a contribution to the efficiency of the methods used by the Commission to implement EU policies and programmes, but only if this method fully respects the principle of sound financial management and total transparency. This means that such executive agencies must not, either now or in the future, lead to an increase in the share of administrative cost. Therefore, the principle of freezing of posts as defined in Council Regulation (EC) No. 58/2003, as a result of such a reorganisation of tasks, must be adhered to rigorously. The Commission shall submit complete and detailed information on staffing levels and their utilisation to enable the budgetary authority to assess whether the share of administrative cost for implementing a programme has indeed not been increased.
 - a. Any proposal for the creation of a new Executive Agency should be based on a comprehensive cost-benefit analysis. Lines of accountability and responsibility should be clearly set out in the proposal.
4. The budgetary authority shall be informed of the results of the cost-benefit analysis and related cost at least six weeks before the Commission takes the final decision to set up the Executive Agency. In the event of duly justified reasons being raised within this period by either branch of the budgetary authority to the setting up of the Executive Agency, the Commission will review its proposal.
5. When the Commission contemplates setting up a new, or modifying scope and competences of an existing, Executive Agency, it informs the budgetary authority in accordance with the budgetary procedure and respecting the principle of transparency. There should be a specific financial statement for the Executive Agency. It should include quantified elements where the Commission justifies the reasons why it considers appropriate to set up an Agency to assist it in the implementation of the programme concerned.
6. The budgetary authority must be in possession of all the requisite information enabling it

to monitor closely the implementation of the principle of sound financial management and total transparency both currently and in the future. The information in the specific financial statement for the executive agency should therefore cover:

- a. the resources in terms of appropriations and staff required to run the Executive Agency, showing a breakdown of staff expenditure (seconded officials, temporary staff recruited directly by the Executive Agency and contractual staff) and other administrative expenditure;
- b. the planned secondments of officials from the Commission to the Executive Agency;
- c. administrative resources freed by transferring tasks from the Commission departments to the executive agency, and the re-allocation of the human resources; in particular the number of staff (including external staff) assigned to each relevant task within the Commission, the number of this staff to be transferred to a proposed new or enlarged Executive Agency, the number of Commission posts to be frozen as a consequence and the number of Commission staff to be proposed to be redeployed to other tasks;
- d. consecutive redeployment within the Commission's establishment plan;
- e. the impact of the creation of the Agency under the relevant headings of the multiannual financial framework;
- f. the advantages of delegating implementing tasks to an Executive Agency versus direct management by the Commission services: any comparison of a "Direct management by the Commission services"-scenario to an "Executive Agency"-scenario shall be based on the resources used to implement the existing programme(s) in its (their) current form in order to have a sound and factual basis for comparison; for new and expanding programmes the evolution of the related financial envelope to be managed by the Executive Agency will also be taken into consideration;
- g. a draft establishment plan per grade and per category as well as a well-founded estimate of the number of contractual staff planned and provisionally budgeted;
- h. a clear breakdown of all actors involved in the implementation of the programme including the remaining share of the operational programme envelope for the implementation of which they are responsible (Commission, Executive Agencies, remaining Technical Assistance Offices, Member States, national agencies, etc.);
- i. a clear breakdown of the total overall cost of implementing the Community programme indicating the share per actor involved (Commission, Executive Agencies, national agencies) and a comparison of the estimates of all administrative, staff and infrastructure expenditure linked to the implementation of the programme in question and charged to the EU budget, regardless of which heading of the financial framework, with the remaining share of the operational programme envelope.

7. The global administrative cost of the programme including internal and management expenditure for the Executive Agency (chapter 01) should be examined case by case and according to the tasks provided for in the programme concerned.
8. The Commission proposes, as part of the annual budget procedure, the annual subsidy to the Agency's operating budget. This subsidy is entered in the general budget of the European Union. The item in the budget may be accompanied by budget remarks, such as the references of the basic act and all appropriate explanations concerning the nature and purpose of the appropriations in accordance with Article 29 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.
 - a. In accordance with Article 12 par. 1 of Council Regulation (EC) No 58/2003, the establishment plan of the Executive Agency during the financial year concerned shall be approved by the budgetary authority and published in an annex to Section III – Commission – of the general budget of the European Union together with an estimate of the number of contractual agents planned and provisionally budgeted for the financial year concerned.
9. The Commission indicates regularly its forecasts (APS, PDB) for new Executive Agencies.
10. The Commission should provide the budgetary authority with the Executive Agency's draft operating budget and annual activity report as well as with an assessment report after 3 years.
11. These working arrangements can in no way affect the Commission's executive powers, as laid down in particular in the Treaty and in the Regulation (EC) No 58/2003 of the Council. They cannot prejudice the Commission's competence to assess the opportunity to create an executive agency and to adopt the relevant decisions in accordance with the procedural requirements. The final decision on staffing remains a matter for the budgetary authority.

ANNEX 2

Joint statement on the financing of the European GNSS programmes (EGNOS-GALILEO) and on the financing of the European Institute of Technology

The European Parliament and the Council

- have taken note of the proposal made by the Commission¹ to amend the Interinstitutional Agreement of 17 May 2006 as regards the Multiannual Financial Framework in order to provide the additional public funding required for the European GNSS programmes (EUR 2 400 million) and for the European Institute of Technology (EUR 309 million);

¹ COM(2007)0549 final/2 of 4 October 2007.

- confirm that the total estimated amount for Full Operational Capability of the GNSS project Galileo is EUR 3 400 million for the period 2007-2013;
- declare that this amount should not be exceeded for the duration of the financial framework 2007-2013.

The European Parliament, the Council and the Commission agree to provide this financing by a revision of the Multiannual Financial Framework 2007–2013 in accordance with Points 21, 22 and 23 of the Interinstitutional Agreement of 17 May 2006, as follows:

- EUR 400 million will be made available within the transport related research activities financed under the 7th Research Framework Programme;
- EUR 200 million will be redeployed within sub-Heading 1a on the following basis:

Line	Definition	(EUR million) 2009-2013
02 03 04	Standardisation and approximation of legislation	28.0
08 20	Euratom	50.0
08 21		
26 02 01	Procedures for awarding and advertising public supply, works and service contracts	46.0
26 03 01	Pan-European eGovernment services to public administrations, enterprises and citizens (IDABC)	15.9
31 02 01	Conference Interpreter Training for Europe "CITE"	10.1
	Decentralised Agencies (linear cut)	50.0
TOTAL		200.0

- EUR 300 million will be made available from the margin available under sub-Heading 1a for the years 2008-2013.
- The ceilings for commitment appropriations under sub-Heading 1a for the years 2008 to 2013 will be increased by an amount of EUR 1 600 million. This increase will be offset by decreasing the ceiling for commitment appropriations under Heading 2 for the year 2007 by the same amount.
- The ceiling for total payment appropriations will be adjusted to maintain an appropriate relationship between commitments and payments. The adjustment will be neutral.
- The revision of the financial framework will be formalised by a Decision of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the Multiannual Financial Framework.
- The redeployments agreed within sub-Heading 1a will be incorporated by the Commission into the financial programming by January 2008.

The impact of the above for the budget of the year 2008 will be as follows:

- Galileo:
 - c/a: EUR 940 million (EUR 151 million already included in the PDB 2008), of which EUR 50 million from transport related research activities accompanied by a mobilisation of the Flexibility Instrument for this purpose for an amount of EUR 200 million;
 - p/a: EUR 300 million (EUR 100 million already included in the PDB 2008).
- EIT:
 - c/a: EUR 2.9 million;
 - p/a: EUR 2.9 million.

The European Parliament, the Council and the Commission:

- affirm that the use of the Financial Framework revision and the use of funds from the margin of the previous year is an exceptional measure and will in no way set a precedent for future revisions;
- affirm the principle of the commitment to robust and fair competition in the programme to help ensure cost control, mitigation of risk from single supply, value for money and improved efficiency. All work packages for Galileo should be open to the maximum possible competition, in line with EU procurement principles, and to ensure procurement in space programmes are more widely open to new entrants and SMEs. This should be without prejudice to the details elaborated in the Transport Council;
- affirm that any further call on resources concerning Galileo can only be considered if accommodated within the ceilings of the agreed Multiannual Financial Framework and without reverting to the use of Points 21-23 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management.

The Commission confirms that:

- the margin for agriculture (Heading 2) in 2007, available after closure of the agriculture financial year and after the adoption of Amending Budget No. 7/2007, is sufficient to cover the entire additional financing from that Heading required for Galileo. Therefore, the revision will have no impact on the financial framework ceilings for agriculture or on the budget provision for agriculture, including direct payments, in future years;
 - the use of any of the agriculture (Heading 2) margin in 2007 does not constitute a precedent for future years.
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Joint statement on transfer of appropriations No. DEC50/2007

"The European Parliament, the Council and the Commission:

- reiterate the importance of the Galileo programme as a priority for the European Union;
 - recognise that the amount initially allocated for Galileo in 2007 (EUR 100 million) will not be used, pending uncertainty on the adoption of the legal basis before the end of this year, which would make impossible the recourse to carryover, as foreseen by Article 9 of the Financial Regulation;
 - agree that, in order to safeguard the funds already entered in the 2007 budget for Galileo and on the basis of the information forwarded by the Commission on 31 October 2007, taking into account the unforeseen circumstances and without prejudice to the principle of annuality, the amount of EUR 100 million will be temporarily transferred, with the intention of returning these appropriations to the Galileo programme in 2009.
 - welcome therefore the Commission's commitment to present a proposal for a transfer of an equivalent amount of EUR 100 million back to the Galileo programme in 2009, in full accordance with the multiannual financial allocations."
-

Joint statement on Joint Undertakings

"The European Parliament and the Council acknowledged the Community contribution to the ARTEMIS, the Clean Sky, the ENIAC and the IMI Joint Undertakings, stemming from the 7th Framework Programme (EUR 2 666 million) for the period 2008-2013 as a maximum) as proposed by the Commission with the corresponding amount for the current Multiannual Financial Framework period foreseen in the financial programming.

The European Parliament and the Council note, however, that any future financing of the ARTEMIS, the Clean Sky, the ENIAC and the IMI Joint Undertakings will be part of the discussions in the next financial framework and that no financial commitments can be made for the time after 2013."

**Joint statement on the procedure to implement the agreement reached on
23 November 2007**

"The European Parliament, the Council and the Commission agree that the global agreement reached at the Conciliation of 23 November 2007 will be implemented only if there is an agreement on the legal basis of Galileo.

In case the agreement does not fall in time to be considered by the European Parliament at the December Plenary, the European Parliament will vote a second reading in Plenary in the full respect of the ceilings set by the Interinstitutional Agreement of 17 May 2006.

The European Parliament and the Council commit to an accelerated procedure to incorporate the agreement into the 2008 budget on the basis of a proposal from the Commission as early as possible in 2008."

ANNEX 3

Declaration

on the implementation of Declarations 4 and 5

on

the regular political dialogue on democratic scrutiny and coherence of external actions

The Parliament and the Commission agree that the regular political dialogue referred to in declarations 4 and 5 of the IIA should take place at least annually and up to three times per year.

The participation in these meetings should be as follows:

- the Chairman and Members of the relevant committees (AFET/DEVE/BUDG)

The competent Commissioner.

