



2.9.2009

# NOTICE TO MEMBERS

(06/2009)

Subject: NOTE ON THE 2010 BUDGETARY PROCEDURE  
Summary analysis of the PDB 2010 and DB 2010 - Section III: Commission

## 1. Introduction

On 29 April, the Commission presented a Preliminary Draft Budget (PDB) 2010 with a total of EUR 138,6 billion in commitment appropriations and EUR 122,3 billion in payment appropriations. According to the Commission, the main focus of the PDB, in response to the global economic and financial crisis, is the economic recovery and the biggest share of funds (45%) should be allocated to the growth and employment measures. Compared to 2009, the Commission therefore proposed an increase for the growth and employment headings; for Heading 1a - "Competitiveness for Growth and Employment" the commitments would increase by 8,4% (excluding the Economic Recovery Plan), and for Heading 1b - "Cohesion for Growth and Employment" by 2,0%.

On 10 July, the Council agreed on the Draft Budget 2010 at first reading, reducing the total general budget to EUR 137,9 billion in commitments and to EUR 120,5 billion in payments. According to the Council, the cuts in appropriations in comparison with the PDB were made, against the background of the financial and economic crisis, on the basis of a thorough examination of budget implementation in past years and in the current year, and by taking into account the 2009 budget forecast.

This note summarises the state of play of the 2010 budgetary procedure since the PDB has been published, while highlighting some aspects of interest for the Employment and Social Affairs (EMPL) Committee. Aimed at facilitating the finalisation of the EMPL Committee opinion on draft general Budget 2010, the note provides an overview of figures and some observations regarding budgetary chapters, the PROGRESS programme, the agencies in

EMPL remit and on the ongoing Pilot Projects and Preparatory Actions.

## 2. Budget structure by chapter

(in million EUR)

Chapt.	Title/Line	Budget 2008		Budget 2009	PDB 2010		DB 2010	
		CA	Impl. <sup>1</sup>	CA	CA	PA	CA	PA
04 02	European Social Fund	10.623,054	100%	10.793,147	10.827,965	8.216,400	10.827,965	8.091,732
04 03	Working in Europe – Social dialogue and mobility	68,666	96,2%	67,426	68,000	59,100	67,000	55,600
04 04	Employment, social solidarity and gender equality	134,718	88,4%	147,220	155,691	132,900	155,136	119,996
04 05	European Globalisation Adjustment Fund	49,036	100%	p.m.	p.m.	p.m.	p.m.	p.m.
04 06	IPA – Human resources development	71,600	100%	76,900	87,500	29,835	77,900	16,035
04 - total	Employment and social affairs	11.482,619	96,03%	11.186,838	11.242,570	8.541,650	11.228,720	8.384,082
15 02	Lifelong learning, including multilingualism	1.079,362	103,7%	1.076,137	1.144,668	1.108,802	1.141,668	1.086,942

Margin under Heading 1a

118,590

218,411

### Observations:

- Compared to PDB, the Council decreased both commitments (–13,850 million) and payments (–157,568 million) of the Title 04 - Employment and Social Affairs. Compared to 2009, the Council's DB figures under this Title represent a slight increase in commitments (+0,37%) and a substantial decrease in payment appropriations (–25,15%).
- Following information provided by the Commission, the ESF appropriations for 2010 are in total increased by 0,3% versus 2009, in conformity with the financial perspectives and the programmes for 2010 as adopted in 2007. In this context, the reduction of commitments for budget line 04 02 19 - "Regional competitiveness and employment" reflects, according to the Commission, the diminution of the transitional support included in Article 8(2) of Council Regulation 1083/2006.
- In line with Point 28 of the Interinstitutional Agreement on budgetary discipline and sound financial management of 17 May 2006 and Regulation (EC) No 1927/2006 establishing the European Globalisation Adjustment Fund (EGF), a ceiling of EUR 500 million is put in the reserve. The exact amount of commitment appropriations to be entered in the operational part of budget (Chapter 04 05) is decided when the applications for the mobilisation of the EGF are submitted. The Fund started its activity in January 2007. By the end of 2008, 14 applications had been submitted to the Commission, of which 12 applications had been adopted by the European Parliament and the Council.

<sup>1</sup> Implementation rates as presented in the Working Document Part I, COM(2009)300, May 2009; rate for Title 04 - total calculated by author.

- All in all, the implementation rates on the commitment side of the 2008 Budget were satisfactory, with the exception of Chapter 04 04 - "Employment, social solidarity and gender equality" which lags behind with an implementation rate of only 88,4%, and Chapter 04 03 - "Working in Europe: Social dialogue and mobility" with a rate of 96,2%.

### 3. PROGRESS Programme

(in million EUR)

	Title	Budget 2008		Budget 2009	PDB 2010		DB 2010	
		CA	Impl. <sup>1</sup>	CA	CA	PA	CA	PA
	PROGRESS – total	95,720	91,38%	102,580	110,070	86,630	109,070	74,280
04 01	Progress – admin. expend.	4,500	86,17%	3,650	4,630	4,630	3,630	3,630
04 04 01	PROGRESS	91,220	91,64%	98,930	105,440	82,000	105,440	70,650
01	Employment	20,000	83,44%	22,120	23,400	19,000	23,400	15,000
02	Social protection and inclusion	28,030	99,89%	30,400	32,450	25,000	32,450	23,000
03	Working conditions	10,200	68,43%	10,200	10,320	7,500	10,320	5,400
04	Anti/discrimination and diversity	20,520	100,69%	22,470	24,050	19,000	24,050	18,000
05	Gender equality	10,720	99,80%	11,990	13,470	10,000	13,470	8,500
06	Support for implementation	1,750	32,32%	1,750	1,750	1,500	1,750	0,750

Financial programming <sup>2</sup>	2007	2008	2009	2010	2011	2012	2013	Total
PROGRESS	81,900	95,720	102,580	110,070	113,630	116,960	122,390	743,250

#### Observations:

- The global budget of EUR 743,25 million of the PROGRESS programme for 2007-2013 is allocated for each policy area as follows: Employment - 23%; Social protection and inclusion - 30%; Working conditions - 10%; Anti-discrimination and diversity - 23%; Gender equality - 12%. The remaining 2% covers costs linked to the implementation of the programme.
- The rates of implementation of the 2008 Budget (commitment appropriations) indicate low levels of implementation, in particular under the "working conditions" strand (only 68,43%), as well as under the "employment" strand (83,44%).

### 4. Agencies

(in million EUR)

Article	Agency	Outturn 2008		Budget 2009		PDB 2010		DB 2010	
		CA	PA	CA	PA	CA	PA	CA	PA
04 04 03	European Foundation for the Improvement of Living and Working Conditions	20,000	20,000	19,450	19,450	19,067	19,067	19,067	19,067

<sup>1</sup> Author's calculation

<sup>2</sup> Commission's financial programming 2010-2013, SEC(2009)610, Document V, May 2009.

	(EUROFOUND)								
04 04 04	European Agency for Safety and Health at Work (EU-OSHA)	14,400	13,785	13,800	13,800	13,743	13,743	13,743	13,743
15 02 25	European Centre for the Development of Vocational Training (CEDEFOP)	17,060	16,351	15,910	15,910	16,920	16,920	16,920	16,920
15 02 27	European Training Foundation (ETF)	17,984	17,984	14,772	14,772	18,282	18,282	18,282	18,282

#### Observations:

- The Community contribution to the revenue of individual agencies is composed of a contribution from the General Budget and of "assigned revenues" deriving from previous years. For the budgetary year 2010, the total Community contribution is equal to the amount requested by the agency; therefore the budget for agencies has been adjusted to take into account the assigned revenues - agency surpluses for 2008, which have been deducted so that the respective amounts were not entered in the PDB/DB 2010 (for details, see table in Annex).
- Globally, the budget for agencies is increasing by 2%.
- Agencies under Heading 1a (in this case EUROFOUND, EU-OSHA and CEDEFOP) are also affected by the reduction of subsidies as a consequence of agreement on the financing of Galileo.

### **5. Pilot Projects (PP) and Preparatory Actions (PA)**

(in million EUR)

Line	Title	Outturn 2008		Budget 2009		PDB 2010		DB 2010	
		CA	PA	CA	PA	CA	PA	CA	PA
04 03 06	PA - ENEA Active ageing and mobility of elderly people	0,027	0,825	–	0,500	–	0,500	–	0,500
04 03 09	PP - Working and living conditions of posted workers	–	–	1,000	1,000	p.m.	0,700	p.m.	0,700
04 04 10	PP - Accompanying workers during industrial change	0,998	0	p.m.	0,500	p.m.	0,500	p.m.	0,500
04 04 11	PP - Preventing elder abuse	–	–	1,000	1,000	p.m.	0,500	p.m.	0,500
17 03 08	PP - New employment situation in the health sector	0,880	0	1,000	1,500	p.m.	0,600	p.m.	0,600

- Of the existing PPs and PAs initially requested by EMPL, the PA on "active ageing and mobility of elderly people ENEA", the PP on "accompanying workers during industrial change" and the PP on "new employment situation in the health sector" are in the completion phase. Two PPs, both adopted under the 2009 budgetary procedure, are being implemented: the PP on "working and living conditions of posted workers" and the PP on "preventing elder abuse".
- In PDB 2010, existing PP/PAs in this policy area had no commitment appropriations.

## 6. Remarks on some other budget lines

(in million EUR)

Line	Title	Budget 2009		PDB 2010		DB 2010	
		CA	PA	CA	PA	CA	PA
04 03 03 01	Industrial relations and social dialogue	16,000	14,390	16,000	14,000	16,000	13,000
04 03 03 02	Information and training measures for workers' organisations	16,400	15,049	16,400	15,000	16,400	15,000
04 03 03 03	Information, consultation and participation of representatives of undertakings	7,300	7,110	7,300	5,500	6,300	4,500
04 03 04	EURES	19,050	17,154	19,100	16,000	19,100	15,300
04 04 09	Support for the running costs of Social Platform	0,680	0,680	p.m.	0,150	p.m.	0,150

### Observations:

- Answering to questions from EMPL Rapporteur Mr Csaba Öry on the reasons for reducing the payment appropriations in budget lines under title 04 03 "Working in Europe: social dialogue and mobility", compared to the 2009 budget, in particular the budget lines 04 03 03 and the EURES line 04 03 04, the Commission explained that the payment appropriations "have been estimated as carefully as possible in order to avoid under-execution, notably for budget lines 04 03 03 03 (executed at 85% in 2008) and 04 03 04 (executed at 90% in 2008)".
- According to information from the Commission, the support for the running costs of the Social Platform will be provided from the budget line 15 06 66 (Europe for Citizens programme) instead of 04 04 09 as it was the case in 2008 and 2009 budgets. The Commission states that the amount available will be added to a call for proposal under the budget line 15 06 66. However, the PDB 2010 only slightly increased the budget line in commitments by 0,1% and decreased it in payments by 16%. In 2008 and 2009 respectively, EUR 0,680 million was attributed to the Social Platform.

## 7. European Microfinance Facility

On 2 July 2009 the Commission adopted a proposal regarding the establishing of a European Microfinance Facility for Employment and Social Inclusion (COM(2009)0333). The Facility aims to give the unemployed the chance of a new start and to open the way to entrepreneurship for some of Europe's most disadvantaged groups, including the young. It will extend the range of targeted financial support to new entrepreneurs in the current context of a reduced credit supply. Individual entrepreneurs and founders of microenterprises will also be assisted by way of mentoring, training, coaching and capacity building, in addition to interest-rate support from the ESF.

The Commission proposes to fund this new instrument through a reallocation of EUR 100 million (over 4 years) from the PROGRESS programme. Therefore the Commission adopted

on 2 July 2009 an accompanying proposal amending the Decision No 1672/2006/EC which established the Community Programme for Employment and Social Solidarity - PROGRESS (COM(2009)0340) in this respect.

During their meeting on 21 July 2009, the coordinators of the EMPL Committee decided to link the two proposals from the Commission and to have one rapporteur for both from the S&D (Ms Kinga GÖNCZ).

Members will have to take into consideration that, ahead of these legislative procedures, the EMPL Committee will adopt its opinion for the Budget 2010. Given the fact that decisions taken during the budgetary procedure overrule other legislative decisions on the same item, it might, in some cases, be useful to address the financing of the Facility also in the opinion on the Budget 2010. Particularly, amendments that propose to finance the Facility out of the margin of Heading 1a (see above) should already be integrated into the budget procedure at this stage.

An adoption of such an amendment would entail both a different approach towards the financing of the Facility compared to the Commission proposal and a discussion on the Facility during the different steps of the budgetary procedure within the Parliament to justify the use of the very small margin under heading 1a.

ANNEX: Key budgetary information for decentralised agencies in EMPL remit

(in million EUR)

Name	Budget line	Location	Budget 2009				2010					Difference	
			Total revenues of the agency	Community contribution			Revenues estimated by the agency	of which agency subsidy request	Foreseen Community contribution			Community contribution 2010/2009	PDB 2010 / Budget 2009
				Total	of which Budget 2009	of which assigned revenues			Total Community contribution	of which PDB 2010	of which assigned revenues		
EUROFOUND	04 04 03	Dublin	20,060	19,450	19,450		20,440	19,830	19,830	19,067	0,763	2,0%	-2,0%
EU-OSHA	04 04 04	Bilbao	14,040	13,920	13,800	0,120	14,370	14,250	14,250	13,743	0,507	2,4%	0,4%
CEDEFOP	15 02 25	Thessaloniki	17,125	16,590	15,910	0,680	17,443	17,185	16,920	16,920		2,0%	6,3%
ETF	15 02 27	Turin	19,872	19,872	14,772	5,100	19,460	20,271	19,460	18,282	1,178	-2,1%	23,8%