

# EUROPEAN PARLIAMENT

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2009

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*Committee on Budgets*

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## **DRAFT REPORT**

on the Commission's annual policy strategy for the 2008 budget procedure  
(2007/2017(BUD))

Section III - Commission

Committee on Budgets

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the Commission's annual policy strategy for the 2008 budget procedure, Section III - Commission (2007/2017(BUD))

*The European Parliament,*

- having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Annual Policy Strategy for 2008 (COM(2007)0065),
  - 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 management<sup>1</sup>
  - having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
  - having regard to Rule 112(1) of its Rules of Procedure,
  - having regard to the report of the Committee on Budgets and the opinions of the Committees on ... (A6-0000/2007),
- A. whereas the EU budget for 2008 will be the second to be agreed in the framework of the Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management agreed on 17 May 2006,
- B. whereas the 2008 budget will be the first to be agreed with Romania and Bulgaria as members of the EU,
- C. whereas the process of globalisation continues apace, with all of its attendant opportunities and challenges in the economic, social, and environmental spheres; whereas the 2008 budget must ensure that the EU continues to be in a position to benefit from the opportunities and to meet the challenges of globalisation through an appropriate mix of forward-looking internal and external policies,
- D. whereas 2007 will be the first year of implementation of many new EU spending programmes for the 2007 - 2013 financial programming period, further to the adoption of many new legal bases during 2006; whereas data on implementation will provide important information as to the effectiveness of EU spending,

#### *Political context*

1. Highlights that the 2008 budget will be prepared, presented and debated against a backdrop of the 50th anniversary of the signature of the Treaty of Rome and a renewed push to see progress on the Constitutional Treaty; notes that 2007 will see the commencement of preparatory work for the mid-term review of the 2007 - 2013 multi-annual financial framework (MFF), also notes its resolution of xx March 2007 on the Union's system of own resources;

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

2. Underlines the importance it attaches to the capacity of an EU of 27 members continuing to benefit from the opportunities of globalisation and to lead international action in meeting the challenges that globalisation presents; highlights in this context the importance of ensuring that the EU has the financial and human resources necessary to ensure the appropriate functioning of the EU institutions;
3. Notes the proposals indicated by the Commission under the headings prosperity, solidarity, security, external projection; considers that, in many cases, such as the area of energy policy and climate change, these proposals are an example of a more flexible approach by the EU to engaging with the real challenges that European society faces, both internally and externally;
4. Recalls, however, that this resolution sets out the views of the European Parliament as regards the forthcoming budgetary procedure; expects to see due account taken of this resolution in the 2008 preliminary draft budget (PDB); emphasises that the various initiatives proposed by the Commission in the 2008 APS should be seen in the context of the very recently agreed spending programmes and political priorities that underpin the overall financial envelopes agreed for the 2007 - 2013 MFF in the IIA of 17 May 2006; requests a greater degree of coherence between the annual legislative and budgetary timetables;

***A budget for results - transparent presentation, clear objectives, accurate implementation***

5. Underlines the importance that it attaches to EU spending programmes delivering on the political objectives which they were legislated to achieve; considers that policy delivery, and clear evidence thereof, is fundamental to the legitimacy of the EU in the eyes of its citizens; affirms its intention, therefore, to give to its work on the 2008 budget the philosophy of a "*budget for results*";
6. As a first step towards a budget for results, stresses the importance of clarity, consistency and transparency in the presentation of the budget; supports the Activity-based budgeting (ABB) approach, which aims to match financial and human resources to political objectives according to the policy areas of Commission spending; notes that the ABB nomenclature is not easily reconciled with the categories of the MFF headings; further regrets that the APS classifications of *prosperity, solidarity, security, and external projection* represent a third classification system that might not have any major value from a budgetary perspective and cannot easily be reconciled with the ABB and MFF categorisations; demands the Commission to respect more closely the ABB and MFF structures;
7. Considers that the Activity Statements produced by the Commission for each policy area in the PDB constitute a key element in the effective oversight of EU spending by the Budgetary Authority; underlines that, if policy objectives are not clear, then effective policy evaluation is impossible; requests an improvement in the clarity of presentation of these Activity Statements in the 2008 PDB; demands greater focus on policy objectives and measurement of policy outcomes and less information on administrative process than has frequently been the case in previous PDB documents;
8. Underlines the importance of monitoring budget implementation as a tool for examining the delivery of policy; welcomes the recent improvements in the provision

of data on implementation by the Commission, and in particular the Budget Forecast Alert system; notes that implementation figures for the first year of spending of the new programmes for 2007 - 2013 will become available during 2007; considers that this information may prove useful in building upon the value for money approach elaborated in its work on the 2007 budget;

***Human resources - appropriate allocation, personal responsibility, monitored outsourcing***

9. Is strongly of the view that an effective administrative system for the European Union must be equipped with the necessary depth of resources; recalls its support for a number of elements of the Commission's approach to the administrative resources issue during the 2007 budget procedure; awaits with interest the results of the screening exercise being carried out by the Commission services on the Commission's real, medium-term staff needs that is due to be presented on 30 April 2007;
10. Welcomes the further indications in the 2008 APS of the Commission's efforts to re-direct its human resources towards political priorities but rejects the presentation of these priorities according to the headings prosperity, solidarity, security, and external projection; therefore requests the Commission to set out clearly in the PDB, according to the ABB structure, further information regarding human resources policy and redeployment strategy for 2008, taking into account the results of the screening exercise;
11. Considers that personal responsibility of EU officials is an important element of the ABB approach; notes that further work may be necessary to clarify some of the chains of responsibility within the EU institutions; considers that this issue is of particular importance in light of the apparent trend towards "outsourcing" or "externalisation" of implementation tasks to executive agencies and other ad hoc bodies;
12. Is concerned that the creation of executive agencies and other ad hoc bodies may lead to a growth in the number of EU officials and contractual agents, unless posts in the relevant Commission Directorate-General are reduced to offset the increase, and to a weakening of the oversight of the EU administration; requests the Commission to explain in the 2008 PDB how posts requested in new executive agencies and other ad hoc bodies will be offset by reductions in the responsible Directorate-General; further requests the Commission to address in the 2008 PDB the issue of appropriate oversight of executive agencies and other ad hoc bodies so as to ensure democratic accountability;

***Financial framework - programming, margins, front- and back-loading***

13. Underlines that the overall financial envelopes for the 2007 - 2013 MFF are those set out in Annex I of the IIA of 17 May 2006; takes note of the Commission's latest update of the Financial Programming 2007 - 2013 in its letter of 26 January 2007, in line with point 46 of the IIA; notes that the projected margins available for additional commitments for the 2008 budget are very limited in a number of MFF headings and sub-headings;
14. Recalls that, as regards pilot projects and preparatory actions for the 2008 budget procedure, according to Annex II, Part D, of the IIA *"both arms of the budgetary*

*authority will inform the Commission by mid-June of their intentions"*; expresses its concern that in some headings and sub-headings of the budget, there may not be sufficient margins available for major new pilot projects and preparatory actions;

15. Notes with concern the changes that the Commission proposes to the financial programming in Section III of the 2008 APS especially the creation of new funds; regrets that such proposals should be necessary less than one month after the most recent financial programming update; expects the Commission to present these proposals in due course in the 2008 PDB and next Financial Programming, especially if they would imply a change to the MFF;
16. Expresses its concern about the proposed back-loading of certain programmes in the 2008 APS and the problems that this may be storing up for future years of the MFF taking into account the problem of increasing RALs; further notes that in the 2007 budget, for its own priority areas, Parliament adopted commitment levels above the average level of commitments foreseen in the multi-annual programme envelopes for a number of programmes; observes that some degree of interinstitutional cooperation regarding front- and back-loading of commitments across the budget may be necessary to ensure a coherent programming of commitments over the duration of the MFF;

### *Specific points*

17. Supports the Commission's intention to include the concept of Better Regulation in all new initiatives, reforms and working methods;
18. Takes note of the Commission's proposed "backloading" for many of the new programmes under heading 1a; expresses its concern, however, that the creation of new executive agencies and any other bodies according to Article 185 of the Financial Regulation is reducing the overall amounts available for programmes under heading 1a, the funding of which is essential for achieving the Lisbon Goals;
19. Takes note that the Commission proposes to decrease the margin for heading 2 by EUR 2 million in order to cover additional activities of the European Environment Agency (EEA); further notes the Commission's intention under heading 3a to increase the appropriations for Frontex by EUR 10 900 000 in 2008 and to reinforce funding for EUROJUST by an additional EUR 2 500 000 per year for the period 2008 to 2013; reminds the Commission that all of these increases have to be agreed by the Budgetary Authority within the framework of the annual budget procedure;
20. Considers that the core business of communication and information policy is to inform the EU citizens on the actions and programmes realised by the EU and the improvements generated over the last years; is of the opinion that the campaign on political priorities should be defined at a later stage of the budgetary procedure when Parliament's priorities will be known and focused on some policy areas duly identified at the time of the first reading;
21. Notes the Commission's Communication Priorities for 2008 which will not change the financial programming for heading 3b;

22. Broadly endorses the objectives for external actions as set out in the APS, which have been developed on a continuity basis, and which are to be implemented, for the second year, through the new set of EU external instruments adopted in 2006; puts major emphasis on effective implementation within this framework and calls for a first assessment of its launch already in the second half of 2007;
23. Notes the Commission's concept of an "*external projection of priorities*", such as the Global Energy Efficiency Renewable Energy Fund (GEEREF) or the Global Climate Policy Alliance, and the fact that these new priorities in heading 4 appear to require a EUR 23 100 000 reinforcement in 2008; insists, however, upon clarity concerning the origin of the proposed funding for each action;
24. Notes that the overall margin forecast for heading 4 is EUR 334 million in order to allow for an adequate response to future needs such as the outcome of negotiations on the final status of Kosovo, and the Middle-East Peace process; emphasises strongly that this margin of EUR 334 million is in fact artificially high insofar as it contains EUR 200 million originally foreseen for the Guarantee Fund for loans, which will now only need to be provisioned as from 2009 for transitional reasons; underlines, therefore, that an extra EUR 200 million is available in 2008 on an exceptional basis and urges caution that this is not automatically allocated to longer-term needs which could not then necessarily be financed in later years;
25. Notes an increased focus in the APS on linking external and internal objectives, and the use of the term "*full coherence*"; takes the view that this issue merits further analysis and explanation by the Commission, especially given that one of the main criticisms of EU policy in the past has been an alleged lack of coherence between external and internal policies; further underlines the importance of democracy and positive change in partner countries and regions;
26. Considers that the rapidly evolving situation in the field of CFSP merits continuous scrutiny and cooperation between the institutions; underlines, in this respect, the importance it attaches to the fulfilment of the CFSP provisions in the IIA of 17 May 2006 and the tools provided therein; considers that the foreign policy and the linked financial resources needed can only be properly assessed once the Council has consulted Parliament, by 15 June 2007, on the main aspects and basic choices of CFSP;
27. Notes the Commission's proposal for the allocation of human resources in 2008, which includes 890 new posts related to recent enlargements; recalls that 2008 is the final year of the human resources plan related to the 2004 enlargement, according to which 640 additional posts are requested for 2008; further recalls that 250 new posts following the enlargement to Bulgaria and Romania are requested for 2008, with a similar request expected in 2009; notes that only 50% of the additional posts for 2008 are due to be allocated to the extension of activities due to the recent enlargements; considers that the Commission's medium-term review of human resources should be in line with the Better Regulation strategy initiated in 2006;
28. Welcomes the principle of the redeployment of staff according to political priorities but considers that the rate of redeployment should be more ambitious than 1%; recalls

that this redeployment must take full account of the priorities identified by Parliament; notes the Commission's proposed redeployment of 565 staff, with 287 redeployed between departments and 278 redeployed within departments; requests the Commission to supply more detailed information in the PDB regarding the redeployment of staff so that Parliament has the necessary information to assess whether the 1% target for redeployment will be fully met in 2008; considers that the creation of a central redeployment pool should be in line with the principle of administrative simplification and should avoid unnecessary administrative burdens;

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29. Instructs its President to forward this resolution to the Council, the Commission and the Court of Auditors.