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COMMISSION OF THE EUROPEAN COMMUNITIES

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**AMENDING LETTER No 1  
TO THE PRELIMINARY DRAFT BUDGET 2009**

**STATEMENT OF EXPENDITURE BY SECTION  
Section III - Commission**

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Having regard to:

- the Treaty establishing the European Community, and in particular Article 272 thereof,
- the Treaty establishing the European Atomic Energy Community, and in particular Article 177 thereof,
- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>, as last amended by Council Regulation (EC, Euratom) No 1525/2007<sup>2</sup>, and in particular Article 34 thereof,

the European Commission hereby presents to the budgetary authority the amending letter No 1 to the Preliminary Draft Budget for 2009 for the reasons set out in the explanatory memorandum.

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.  
<sup>2</sup> OJ L 343, 27.12.2006, p. 9.

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### **STATEMENT OF EXPENDITURE BY SECTION**

The statement of expenditure by section is forwarded separately via the SEI-BUD system. An English version of the expenditure by section is attached for information as a budgetary annex.

## **1. INTRODUCTION**

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;
- 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).

## **2. KOSOVO**

### **2.1. Background**

Kosovo has been under United Nations (UN) administration since 1999 on the basis of UN Security Council Resolution 1244 (UNSCR). On 17 February 2008, the assembly of Kosovo adopted a resolution declaring Kosovo an independent and sovereign state. Kosovo's constitution came into force on 15 June. To date, Kosovo's independence has been recognized by 46 members of the UN and 21 European Union Member States.

On 12 June 2008, the UN Secretary General issued his proposals to reconfigure the United Nations Mission in Kosovo, acknowledging the need for the UN to adjust the operational aspects of the international presence in Kosovo and the European Union's readiness to play an enhanced role in Kosovo as reflected in the Council Conclusions of 14 December 2007. The reconfiguration process should be completed by the autumn of 2008. UNSCR 1244 will continue to apply until further notice.

The Commission's Communication on the Western Balkans issued on 5 March 2008<sup>3</sup> confirmed Kosovo's clear and tangible European Union perspective and the Commission's intention to support its institution-building and development, and to organise a Donors' Conference to mobilise funding to address Kosovo's most pressing needs.

The 2008 June European Council confirmed its conclusions of December 2007 and the General Affairs and External Relations Council (GAERC) conclusions of February 2008<sup>4</sup>, stating that the European Union remained committed to playing a leading role in ensuring the stability of Kosovo. The Council welcomed the UN Secretary General's report facilitating the

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<sup>3</sup> COM(2008) 127.

<sup>4</sup> Council of the European Union, document 11018/08 of 20.6.2008.

deployment of a European security and defense policy (ESDP) rule of law mission (EULEX) throughout Kosovo and allowing for an enhanced operational role of the European Union in the area of rule of law. 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 preparation for the conference, the Kosovo authorities, with the assistance of the International Financial Institutions (IFI) and the Commission have established a Medium-Term Expenditure Framework (MTEF)<sup>5</sup> for the years 2008-2011, which incorporates all foreseeable public revenue and expenditure. In addition, detailed sectoral strategy papers have been drafted on areas such as education, transport, and rule of law. This documentation was presented and discussed at the Conference and served as a basis for pledging by participants to fill an identified gap of some EUR 1.4 billion, of which EUR approximately 1 billion is estimated to be required for socio-economic development. This gap is being addressed by the European Union, the USA, but also individual European Union Member States, IFIs and other bilateral donors.

Total pledges made at the conference amounted to EUR 1,236 million, of which EUR 102 million were for the stabilisation reserve<sup>6</sup>. In line with its political commitment that Kosovo is a profoundly European matter, the European Union in its entirety pledged 2/3 of the total collected.

In addition to EUR 285 million from Member States, 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<sup>7</sup>. 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 that will be transferred to the IPA programme already in 2008; this would also mean a faster translation of pledge into reality for the development of Kosovo.

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<sup>5</sup> The International Monetary Fund, in its Letter of Assessment (on the MTEF and accompanying policies) gave a broadly positive assessment on the macroeconomic policy framework for the period 2008/2011.

<sup>6</sup> To build up a contingency reserve for instance for expenditure related to debt obligations which Kosovo may inherit.

<sup>7</sup> EUR 258 million are already programmed under the Instrument for Pre-Accession Assistance (IPA) over the three-year period covered by the MTEF, and EUR 150 million are still available as macro-financial assistance (MFA).

Should additional funding for Kosovo become available, the Commission would want to mobilise grant funding to address the substantial infrastructure needs identified in the MTEF. The IPA Infrastructure Preparation Facility is indeed rapidly building a track record in financing preparatory activities for sizeable investment projects in Kosovo. The absorption of such grant funding would be ensured in close cooperation with the relevant International Financial Institutions. By way of follow-up, the government of Kosovo is committed to establish, within the next 3 months, a coherent framework for donor coherent coordination that fully takes account of Kosovo's European integration ambitions.

The Authorities will also develop and implement a comprehensive action plan to improve budget management, including in the areas of internal control and audit, to integrate better the capital and current budget, and to accelerate the execution of the public investment programme by raising the capacity to plan, prioritise, implement and monitor public investment. The Authorities will take account of last year's Public Expenditure and Financial Accountability (PEFA) Assessment Report, which concluded that 'the level of fiduciary risk is low enough for external partners to consider budget support for Kosovo.

## **2.2. Budget lines, legal bases and remarks**

The global amount needed (EUR 40 million in 2009) will be included under article 22 02 02 "Transition and institution-building assistance to potential candidate countries" of title 22 "Enlargement", chapter 02 "Enlargement process and strategy".

### **Article 22 02 02 Transition and institution-building assistance to potential candidate countries**

#### *Figures*

Appropriations PDB 2009		Amending Letter No 1		New amount	
Commitments	Payments	Commitments	Payments	Commitments	Payments
429 330 000	225 489 000	40 000 000		469 333 000	225 489 000

As already mentioned, EUR 40 million in commitment appropriations are requested as a front-loaded assistance under the 2009 budget.

## **3. PALESTINE**

### **3.1. Background**

As measured in mid-year 2008, the overall economic and social trends in the occupied Palestinian territory are in decline over the expectations formulated at the end of 2007. The Palestinian Donors' Conference held in December 2007, co-chaired by the Commission, stressed the shared responsibility for Palestinian economic growth of the Palestinian Authority (PA) (as described in the Palestinian reform and Development Plan 2008-2010), Israel (for lifting restrictions on movement and access) and the donor community (financial assistance). According to the May 2008 World Bank report for the Ad Hoc Liaison Committee (AHLIC), "the virtuous cycle of economic growth arising from parallel actions by

the PA, Israel and the donors has not been realised".<sup>8</sup> As a result, the actual GDP growth for 2008 will be much lower than projected in the Palestinian Reform and Development Plan (3.5 %), and possibly only around 1 % (still under the assumption that there will be a slight reduction of the restrictions during the second part of the year). At this stage, the growth rate for 2009 forecast by the International Monetary Fund (IMF) is 3,6 %, but this also will probably have to be reviewed downward.

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. The small reduction of a few checkpoints in the West Bank did not create the necessary freedom of movement. The five crossing points to transfer commercial goods use a back-to-back cargo transfer system, which is unlikely to accommodate a significantly higher volume of traffic. The prospect of opening the Gaza crossings, including Karni considered the lifeline for the Gazan economy, remains uncertain following the truce between Israel and Hamas in June 2008. Current flows to Gaza are limited to humanitarian supplies and fuel.

Other economic indicators in the occupied Palestinian territory have also deteriorated further. Unemployment stood at nearly 23 % in 2007, up from only 10 % before the beginning of the Second Intifada. The unemployment rate is the highest in Gaza, at nearly 33 % of the active work force, and at 19 % in the West Bank. 70 % of households in Gaza and 56 % in the West Bank live under the poverty line (mid-2007; source UNDP). In view of the strict closure regime in Gaza, the current deep poverty rate is now even above the 35 % reported in 2006. 38 % of the Palestinian population is food insecure (56% in Gaza)<sup>9</sup>. Furthermore, a double digit inflation rate is foreseen for 2008.

The deficit of the current budget of the Palestinian Authority is expected to reach USD 766 million in 2008. The PA made efforts to control the public sector wage bill and reduce net lending (subsidies to electricity and fuel utilities). On the other hand, the PA made an effort to reimburse all arrears to the private and public sector accumulated over the period 2006-2007 by the Hamas-led Government. While this has led to extraordinary financial expenses in 2008, the early repayment of all arrears will decrease the burden on PA's expenditure in 2009 and 2010.

#### Rationale for Community intervention

It is difficult to estimate the precise overall needs in 2009 at this stage, especially with regard to recurrent expenditures. The IMF will make its revised forecast known only before the next Ad Hoc Liaison Committee meeting planned for 22 September. A number of contextual factors need to be taken into account, in particular uncertainties about the outcome of the political process launched in Annapolis by the end of 2008, possible delays in organising Palestinian presidential elections scheduled for January 2009, and prospects for substantial changes on the ground, in particular with regard to movement and access restrictions, which have major implications for economic activity.

If the current pattern of developments continues, the Commission expects for 2009 the situation to remain stable or marginally improve in the West Bank, but probably worsen

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<sup>8</sup> Implementing the Palestinian Reform and Development Agenda, Economic Monitoring Report to the AHLC, May 2nd, 2008.

<sup>9</sup> WFP/UNRWA/FAO survey on food security in the Occupied Palestinian Territories.



further in the Gaza Strip. Therefore, the needs of the Palestinian population are likely to remain high.

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.

The Action Strategy launched in November 2007 in the context of the Annapolis process put a major focus of the European Union's commitment on assisting Palestinian state-building efforts as well as providing support for the transition period. The General Affairs and External Relations Council (GAERC) of May 2008<sup>10</sup> confirmed that "the EU remains committed to assisting Palestinian state-building efforts across a broad range of areas" and stressed "the need to deliver on pledges made at the International Donor's Conference for the Palestinian State in Paris last December".

Taking into account the above factors, Commission support to the Palestinians in 2009 is envisaged for:

- A high level of financial assistance to the Palestinian Authority, in coordination with other donors and international organisations. These actions will continue to aim at improving the fiscal stability of the Palestinian Authority, and thereby at strengthening its capacity to deliver services to the Palestinian population and enforce law and order (support to current expenditure is foreseen at EUR 14 million/month i.e. EUR 168 million per annum).
- Building the institutions of the Palestinian Authority. The target of the assistance is to strengthen the PA ministries and other institutions in view of Palestinian statehood. Specific focus will be given to the Palestinian capacity building in the area of civil security and the rule of law, where the European Union's major role was confirmed at the Berlin conference held in June 2008. The Commission will continue to provide funding for specific projects in support of measures launched by the Quartet Representative (Institution building, Civil Society, Rule of Law, Education, Health is foreseen at EUR 18 million and Twinning at EUR 2 million).
- Support to the East Jerusalem institutions. The status of East Jerusalem as possible capital of the future Palestinian state is of paramount political importance (support to current expenditure is foreseen at EUR 2 million).
- Possible measures to support the implementation of an agreement on final status issues that could be due to be finalised by December 2008. This would constitute the main result of the Annapolis Process supported by the European Union, although the detailed needs will not be known until the end of the year, in view of the secrecy surrounding the bilateral negotiations (no amount planned currently).
- Development projects. The Commission will continue and expand its programme of infrastructure and other development projects to support the implementation of the Palestinian Reform and Development Plan and to resume development activities in the Gaza Strip as soon as conditions allow (support to current expenditure is foreseen

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<sup>10</sup> Council of the European Union, document 9674/1/08 of 26.6.2008.

for infrastructure at EUR 26 million and for Gaza Business Regeneration at EUR 18 million).

- United Nations Relief and Works Agency (UNRWA), in its five fields of operation, and in particular in Gaza. Rising food prices across the countries of the region, and current pace of developments in Gaza point to the fact that even more people may be dependent on external assistance and the pressure on UNRWA is likely to increase (support to current expenditure is foreseen at EUR 66 million).

The situation in the occupied Palestinian territory continues to be volatile and this makes the task of estimating needs in the medium term difficult. 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 2006, the assistance to the Palestinians on “MEDA”, “Peace Agreement” and “UNRWA” lines reached EUR 222 million, a large part of which being allocated to the Temporary International Mechanism and UNRWA.

In 2007, the assistance to the Palestinians on the ENPI budget line for Palestine, UNRWA and Peace Process (which corresponds to the “MEDA”, “Peace Agreement” and “UNRWA” budget lines under MEDA Regulation) was increased from an initial EUR 172 million to EUR 447 million.

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.

In the course of the year 2009, the Commission may, as in previous years, have to reassess the situation in view of budget execution, eligibility of the different types of assistance to Palestine under the various budgetary instruments, and efforts made by other donors.

### **3.2. Budget lines, legal bases and remarks**

The additional amount needed (EUR 139 million in commitment appropriations in 2009) will be included under item 19 08 01 02 "European Neighbourhood and Partnership financial assistance to Palestine, the peace process and UNRWA" of title "External Relations", chapter 19 08 "European Neighbourhood policy and relations with Russia".

**Item 19 08 01 02 European Neighbourhood and Partnership financial assistance to Palestine, the peace process and UNRWA**

## Figures

Appropriations PDB 2009		Letter of amendment No 1		New amount	
Commitments	Payments	Commitments	Payments	Commitments	Payments
161 000 000	100 000 000	139 000 000	180 000 000	300 000 000	280 000 000

As mentioned above, EUR 139 million are requested in order to satisfy needs for financial assistance to the Palestinian Authority especially focusing on direct financial assistance to the government and institution building of the future Palestinian state as declared during the GAERC meeting in May 2008.

### 4. FOOD AID

As mentioned in the 2009 PDB, the sustained increase of world food prices will affect the capacity of the European Union to address food aid crises. In order to cover the most pressing humanitarian food needs and for the European Union to meet its international obligations and maintain the planned burden share in respect of support to food aid, the Commission intends, where necessary, to make use of all budgetary instruments available, including the Emergency Aid Reserve.

In addition, the Commission adopted in July 2008 a draft regulation establishing a facility for rapid response to soaring food prices in developing countries. Such a facility is primarily aimed at supporting agriculture in developing countries hence enabling them to enhance production levels. It will also help those countries to mitigate the negative effects of high food prices on the poorest.

### 5. GEORGIA

On 1 September 2008, the extraordinary European Council stated the European Union is ready to commit itself to support every effort to secure a peaceful and lasting solution to the conflict in Georgia. To that end, a fact finding mission has been decided with the task of helping to gather information and defining the modalities for an increased European Union commitment on the ground, under the European Security and Defence Policy.

The Commission has already supplied emergency aid in response to the crisis. Both the European Council and Parliament have declared the European Union should be prepared to supply aid for reconstruction in Georgia and to support confidence building measures and the development of regional cooperation. The European Council has called for an international donors conference to take place to assist reconstruction in Georgia. The Commission has already started preparations for such a conference. Once the need assessment is completed and the necessary burden-sharing among donors takes shape, the Commission will reflect the resulting budgetary implications in the budgetary procedure accordingly.

### 6. EFFECT ON THE HEADING 4 MARGIN

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.

## **7. CONSULAR COOPERATION**

Due to the increasing significance and frequency of major crises in third countries, the European Union institutions and the Member States have initiated reflection on the reinforcement of their capacity for crisis response, including in the area of consular cooperation. The guidelines for the consular protection of the EU citizens in third countries, which have been adopted by Council in June 2006<sup>11</sup>, foresee that the "Commission delegations should be included in contingency planning. It is understood that – at the request of the Presidency and as appropriate – Commission delegations/representations could provide logistic support to Member States' missions, especially during crises."

Based on article 20 of the TEC, concerning the protection of EU citizens not represented in third countries by their Member States, and on article 20 of the TEU, providing a role for the Commission delegations in the implementation of the TEC article, the possible actions could include, for example, placing personnel, office space or material at a disposal of Member States' consulates; participation in the renting of transport, material or space; or logistic support.

As these actions could go beyond the possibilities for the use of the administrative support expenditure of the delegations, which is strictly limited to the needs of functioning of the delegations, the Commission proposes to create a specific budget line 19 06 06 Consular cooperation on the basis of article 49, §6 point d) of the financial regulation (specific powers of the Commission under the Treaties), which would allow for financing of potential operational expenditure in favour of European citizens.

The annual amount necessary for this potential expenditure would be limited (in the range of EUR 50 000 to EUR 500 000), and cover actions undertaken in third countries. The budget line is proposed with a token entry (p.m.) for both commitment and payment appropriations. If necessary a transfer could be made within chapter 19 06 Crisis response and global threats to security.

## **8. EDUCATION, AUDIOVISUAL AND CULTURE EXECUTIVE AGENCY (EACEA)**

### **8.1. Set-up and extensions**

On 14 January 2005, the Commission adopted Decision 2005/56/EC setting up the Executive Agency for the management of Community action in the fields of education, audiovisual and culture (EACEA).

The mandate of EACEA was extended, for the first time, by Commission Decision 2007/114/EC of 8 February 2007 to include management of:

- the new generation of programmes previously delegated to the Agency (MEDIA 2007, Long Life Learning (LLL), Culture, Youth in Action, Europe for Citizens);

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<sup>11</sup> Council of the European Union, document 10109/2/06 of 16.6.2006.

- the projects in the fields of education, vocational training and youth, governed by the agreements made in these fields by the European Community and the United States of America and Canada;

- other programme strands, in particular the Erasmus Mundus External Cooperation Window (including Latin America, Asia and the Balkans).

A second extension of the mandate of the Agency was proposed to cover the remaining files of the Media II programme (1996-2000). This proposal was accompanied by a request for the human resources required for the Erasmus Mundus External Cooperation Windows relating to Latin America, Asia and the Balkans, in order to implement the extension of the Agency's mandate agreed upon in 2007.

After approval by the Committee on Executive Agencies (CREA) on 15 April 2008, and after the positive opinion of the European Parliament's Committee on Budgets (COBU) on 29 May 2008, the mandate of the Agency was indeed extended to cover the remaining files of the Media II programme (1996-2000) by Commission Decision C (2008)2554 of 12 June 2008.

An external cost-benefit study finalised in April 2008 demonstrated that recourse to the Agency is the best solution for managing the Tempus programme (fourth phase and closure of the third phase) and for strengthening cooperation in the areas of education and youth with the industrialised countries and other high-income countries and territories (ICI) in order to include new activities and bilateral projects with Australia, New Zealand, Japan and South Korea. Therefore, the Commission has proposed a third extension of the mandate of the Agency to Community actions in the field of TEMPUS III and IV programmes and the ICI programme. This proposal was submitted to the Regulatory Committee for Executive Agencies which gave a favourable opinion on 7 July 2008 and was also submitted in accordance with the working arrangements applicable to the creation/extension of executive agencies, to the opinion of the European Parliament Committee on Budgets (COBU).

## **8.2. Budgetary implications**

The additional tasks given to EACEA related to the mentioned extensions will lead to an increase in the subsidy of the Executive Agency, and will be covered by appropriations under items 19 01 04 30 EACEA – Subsidy for External Relations programmes and 22 01 04 30 EACEA – Subsidy for programmes under heading 4 in the Enlargement policy area. The amounts concerning the last extension (Tempus III-IV and ICI) are put in reserve pending of its approval by the Budgetary Authority.

Taking into consideration these two extensions in 2008, the subsidy by programme and by budgetary line under heading 4 is broken down as follows:

(in million EUR)

Budget line	Programme	2009
19 01 04 30	- Erasmus Mundus External Cooperation Window(European Neighbourhood and Partnership Policy, ENPI and Development Cooperation Instrument, DCI ) - ICI bilateral education cooperation - Tempus (ENPI and DCI)	+ 3.794 <sup>12</sup>
22 01 04 30	Western Balkans Youth Erasmus Mundus External Cooperation Window Tempus (Instrument for Pre-accession Assistance, IPA)	+ 1.410 <sup>13</sup>
<b>TOTAL OF EXTENSIONS</b>		<b>+ 5.204</b>

These increases have to be covered by the existing envelopes of the operational programmes they manage as follows:

(in million EUR)

Budget line	Programme	2009
19 05 01	Cooperation with Industrialised non-member countries (ICI)	- 0.203
19 08 01 01	European Neighbourhood and Partnership policy – Financial cooperation with Mediterranean Countries	- 0.847
19 08 01 03	European Neighbourhood and Partnership policy – Financial cooperation with Eastern Europe	- 1.180
19 09 01	Cooperation with developing countries in Latin America	- 0.190
19 10 01 01	Cooperation with developing countries in Asia	- 0.310
19 10 02	Cooperation with the developing countries of Central Asia	- 0.333
Chapter 40 01	Reserve (Education, Audiovisual and Culture Executive Agency – Subsidy for External Relations programmes)	- 0.731
Sub-total		- 3.794
22 02 07 01	Regional and horizontal programmes (IPA)	- 1.410
<b>TOTAL OF EXTENSIONS</b>		<b>- 5.204</b>

The establishment plan of the agency proposed in the 2009 Preliminary Draft Budget needs to be amended in order to add eight temporary agent posts in 2009 for the second extension.

## 9. EXECUTIVE AGENCY FOR THE PUBLIC HEALTH PROGRAMME (PHEA) AND TRANS-EUROPEAN TRANSPORT NETWORK EXECUTIVE AGENCY (TEN-T EA)

On 15 April 2008, the Committee on Executive Agencies (CREA), established by Article 24 of Council Regulation (EC) No 58/2003<sup>14</sup>, approved the extension of the mandate of the Executive Agency for the Public Health Programme (PHEA), and the Trans-European Transport Network Executive Agency (TEN-T EA). This was followed on 29 May by the approval of the European Parliament's Committee on Budgets (COBU).

<sup>12</sup> Of which EUR 2.563 on the reserve subject to the approval of the second extension in 2008 by the budgetary authority.

<sup>13</sup> Of which EUR 1.314 on the reserve subject to the approval of the second extension in 2008 by the budgetary authority.

<sup>14</sup> 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 (OJ L 11, 16.1.2003, p. 1).

By Commission Decisions C (2008)2939 of 20 June 2008 and C(2008)3465 of 11 July 2008, the mandate of these Agencies were further extended to cover respectively the management of the Consumer Policy Programme 2007-2013 and of the Community food safety training measures and to take responsibility for the management of transport projects supported by the new TEN-T Programme 2007-2013.

The 2009 preliminary draft budget foresaw appropriations, as subsidy, allocated to these two agencies which were entered in reserve pending approval by the budgetary authority. As this condition is now met and the extension decided, it is now proposed to transfer the following amounts from the reserve 40 01 40 to the corresponding lines.

<b>Agency for Health and Consumers</b>	17 01 04 30	EUR 1 710 000
	17 01 04 31	EUR 1 100 000
<b>Agency for Trans-European Network</b>	06 01 04 31	EUR 9 794 000

## SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2009 Financial Framework		PDB 2009		AL 1/2009		PDB 2009 + AL No 1/2009	
	CA	PA	CA	PA	CA	PA	CA	PA
<b>1. SUSTAINABLE GROWTH</b>								
1a. Competitiveness for growth and employment	11.272.000.000		11.689.966.000	10.285.190.500			11.689.966.000	10.285.190.500
1b. Cohesion for growth and employment	48.428.000.000		48.413.884.669	34.914.134.166			48.413.884.669	34.914.134.166
<b>Total</b>	<b>59.700.000.000</b>		<b>60.103.850.669</b>	<b>45.199.324.666</b>			<b>60.103.850.669</b>	<b>45.199.324.666</b>
<i>Margin<sup>1</sup></i>			<i>96.149.331</i>				<i>96.149.331</i>	
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES</b>								
Of which market related expenditure and direct payments	46.679.000.000		42.860.252.000	42.814.219.000			42.860.252.000	40.825.600.500
<b>Total</b>	<b>59.639.000.000</b>		<b>57.525.729.686</b>	<b>54.834.932.000</b>			<b>57.525.729.686</b>	<b>54.834.932.000</b>
<i>Margin<sup>2</sup></i>			<i>2.113.270.314</i>				<i>2.113.270.314</i>	
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>								
3a. Freedom, Security and Justice	872.000.000		839.125.000	596.670.000			839.125.000	596.670.000
3b. Citizenship	651.000.000		628.733.000	669.010.000			628.733.000	669.010.000
<b>Total</b>	<b>1.523.000.000</b>		<b>1.467.858.000</b>	<b>1.265.680.000</b>			<b>1.467.858.000</b>	<b>1.265.680.000</b>
<i>Margin</i>			<i>55.142.000</i>				<i>55.142.000</i>	
<b>4. EU AS A GLOBAL PLAYER<sup>3</sup></b>	<b>7.440.000.000</b>		<b>7.440.432.000</b>	<b>7.579.456.769</b>	179.000.000	180.000.000	<b>7.619.432.000</b>	<b>7.759.456.769</b>
<i>Margin</i>			<i>243.568.000</i>				<i>59.786.000</i>	
<b>5. ADMINISTRATION<sup>4</sup></b>	<b>7.699.000.000</b>		<b>7.655.255.982</b>	<b>7.655.255.982</b>			<b>7.655.255.982</b>	<b>7.655.255.982</b>
<i>Margin</i>			<i>121.744.018</i>				<i>121.744.018</i>	
<b>6. COMPENSATION</b>	<b>210.000.000</b>		<b>209.112.912</b>	<b>209.112.912</b>			<b>209.112.912</b>	<b>209.112.912</b>
<i>Margin</i>			<i>887.088</i>				<i>887.088</i>	
<b>TOTAL</b>	<b>136.211.000.000</b>	<b>123.858.000.000</b>	<b>134.402.239.249</b>	<b>116.743.762.329</b>	<b>179.000.000</b>	<b>180.000.000</b>	<b>134.581.239.249</b>	<b>116.923.762.329</b>
<i>Margin</i>			<i>2.630.760.751</i>	<i>7.436.237.671</i>			<i>2.446.978.751</i>	<i>7.256.237.671</i>

1 The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a.

2 The European Union Solidarity Fund (EUSF) amount is entered over and above the relevant headings as foreseen by the IIA of 17 May 2006 (OJ C 139 of 14.6.2006).

3 The 2008 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 244 million).

4 For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 78 million for the staff contributions to the pensions scheme.