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EUROPEAN COMMISSION

Brussels, 20.10.2010
COM(2010) 598 final

**DRAFT AMENDING BUDGET N°10
TO THE GENERAL BUDGET 2010**

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

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Having regard to:

- the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,
- the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹, and in particular Article 37 thereof,
- the general budget of the European Union for the financial year 2010 adopted on 17 December 2009²,
- the amending budget 1/2010 adopted on 19 May 2010³,
- the amending budget 2/2010 adopted on 16 June 2010⁴,
- the amending budget 3/2010 (former draft amending budget No 2/2010⁵ in part) adopted on 7 September 2010,
- the amending budget 4/2010 (former draft amending budget No 5/2010⁶) adopted on 21 September 2010,
- the amending budget 5/2010 (former draft amending budget No 7/2010⁷) adopted on 22 September 2010,
- the draft amending budgets No 2/2010⁸, 3/2010⁹, 6/2010¹⁰, 8/2010¹¹ and 9/2010¹².

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 10 to the 2010 budget.

¹ OJ L 248, 16.9.2002, p. 1.
² OJ L 64, 12.3.2010.
³ OJ L 183, 16.7.2010.
⁴ OJ L 206, 6.8.2010.
⁵ COM(2010) 108
⁶ COM(2010) 320
⁷ COM(2010) 383
⁸ COM(2010) 108
⁹ COM(2010) 149
¹⁰ COM(2010) 315
¹¹ COM(2010) 533
¹² COM(2010) xxx

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The changes to the statement of revenue and expenditure by section are available on EUR-Lex (<http://eur-lex.europa.eu/budget/www/index-en.htm>). An English version of the changes to these statements by section is attached for information as a budgetary annex.

1. INTRODUCTION

Draft Amending Budget (DAB) No 10 for the year 2010 covers the following elements:

- a net increase in the forecast of revenue (EUR 466 million) after the revision of the forecasts of own resources and other revenue;
- a decrease of payment appropriations in budget lines for headings 1a, 1b, 2 and 4 (EUR 755,6 million), after taking into account the redeployments proposed in the so-called "Global Transfer" rebalancing payments across budget lines to take account of progress in budget implementation thus far;
- the creation of a new budget item 06 04 14 04 for the financing of projects in areas of energy efficiency and energy from renewable sources under the European Economic Recovery Plan;
- a decrease in commitment appropriations of EUR 15 million for some measures under heading 1a;
- a decrease in commitment and payment appropriations of EUR 330 million under heading 2 on the budget article 05 02 03 Refunds on non-Annex 1 products and on the budget article 05 02 12 Milk and milk products, and a further reduction of EUR 28 million in commitment appropriations and EUR 5 million in payment appropriations from the reserve;
- the creation of budget item 26 01 51 31 EU contribution to the so-called "Type 2" European Schools. The amount of EUR 4,83 million in commitment and payment appropriations needed for 2010 will be made available from redeployment within policy area 26 Commission's administration.

The overall consequence on expenditure is a reduction of EUR 373 million in commitments and EUR 1 090,6 million in payments.

2. INCREASE IN THE FORECAST OF REVENUE

2.1. Revision of own resources

In accordance with Article 16 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000¹³, the Commission has revised the forecasts for own resources. This refers in particular to VAT (value added tax) and GNI (gross national income) balances and to traditional own resources.

As far as the VAT and GNI own resources balances are concerned, and on the basis of the available information, the Commission proposes to enter an amount of - EUR 627,9 million. This decrease relates to chapters 31¹⁴ and 32¹⁵ of the revenue side of the budget.

¹³ OJ L 130, 31.5.2000, p. 1.

¹⁴ Balances and adjustment of balances based on VAT for the previous financial years resulting from application of article 10(4), (5) and (8) of Regulation (EC, EURATOM) No 1150/2000.

At this stage the calculations for Member States' balances are still provisional because of the on-going verification of VAT and GNI data. This may lead the Commission to revise the figures in the course of the procedure for this DAB.

The Commission also proposes to decrease Traditional Own Resources (TOR) by EUR 100 million in chapter 12¹⁶ of revenue. If new data for the last quarter of the year implies significant changes to this estimation, the Commission will revise its figures in the course of the budgetary procedure.

2.2. Other revenue

Taking into account the amounts that at this stage of the year are cashed or will probably be cashed, it is proposed to increase the initial forecasts by a net amount of EUR 1 194 million. The detail by line is shown in the table below.

Revenue lines	Budget 2010	DAB 10/2010	New amount
6 6 0 1 - Other non-assigned contributions and refunds	30 000 000	30 000 000	60 000 000
7 0 0 0 - Interest due on late payments into the accounts held with the treasuries of the Member States	5 000 000	8 000 000	13 000 000
7 0 1 - Interest on late payments and other interest on fines	15 000 000	161 000 000	176 000 000
7 1 0 - Fines, periodic penalty payments and other penalties	100 000 000	995 000 000	1 095 000 000
Total	150 000 000	1 194 000 000	1 344 000 000

3. DECREASE IN PAYMENT APPROPRIATIONS

The Commission proposes to adjust the level of payment appropriations for certain budget lines in order to align them more closely to the latest estimates of needs and working on the assumption that the rebalancing of payment appropriations between budget lines requested separately by the Commission in the so-called "Global Transfer" (DEC 53/2010) will be accepted by the Budget Authority. The proposed reduction in the level of payment appropriations amounts to EUR 755,6 million. The sections below provide the justifications for the proposed reductions in the level of payments for the seventeen budget lines concerned.

3.1. Heading 1a Competitiveness for Growth and Employment

06 04 14 01 Energy projects to aid economic recovery – Energy networks (- EUR 34 million)

Contrary to expectations, some beneficiaries have not requested pre-financing payments because certain conditions were not met, e.g. bank guarantees, environmental permits or a formal investment decision. Pre-financing requirements are therefore lower than expected.

¹⁵ Balances and adjustment of balances based on gross national income/product for the previous financial years as a result of the application of article 10(6) to (8) of Regulation (EC, EURATOM) No 1150/2000.

¹⁶ Customs duties and other duties referred to in article 2(1)(a) of Decision 2007/436/EC.

This delay was already signalled in the Budget Forecast Alert information note in June¹⁷ and will not effect the overall implementation of the Recovery Plan.

3.2. Heading 1b Cohesion for Growth and Employment

19 08 02 02 Cross-border cooperation (CBC) contribution from Heading 1b (- EUR 18,1 million)

The lower than expected payment needs for the European Neighbourhood Policy Instrument (ENPI) CBC programmes are due to the fact that the finalisation of the calls for proposals and the signature of grant contracts have taken much longer than foreseen. This in turn has been caused by the complex nature of the CBC programmes (participation of different countries, involvement of the Joint Monitoring Committee in the selection process, political character of the CBC programmes) and the innovative character of the calls for proposals (the standard procedures of the Practical Guide to contract procedures for EC external actions have been adapted to a large extent to the specific needs of the participating countries).

3.3. Heading 2 Preservation and Management of Natural Resources

05 04 02 01 Completion of the EAGGF, Guidance Section - Objective 1 regions (2000 to 2006) (- EUR 345,4 million)

With regard to the EAGGF-Guidance section, the 2010 Draft Budget proposal was based on the hypothesis that the closure of programmes would start in 2009, and that payments would reach up to 50 % of outstanding commitments. However, while the closure of programmes has already started in 2010, Member States have only been sending the closure documents at the very end of the deadline set up in the Regulation (31 of March 2010 for 40 programmes, and 30 of September 2010 for 106 others which have a 6-month extension to the final date of eligibility). Under these circumstances, the estimate of payment needs for the rest of the year have been revised downwards by EUR 345,4 million for Objective 1.

11 06 12 European Fisheries Fund (EFF) – Convergence objective (- EUR 85,7 million) and 11 06 13 European Fisheries Fund (EFF) – Outside convergence objective (- EUR 26,9 million)

The acceptance of the Management and Control Systems for operational programmes representing almost 40% of the EFF is still pending and interim payments cannot be made for these programmes. In addition, the interim payments amount to less than foreseen for some operational programmes where implementation on the ground is lagging behind. It is also anticipated that various cost claims will arrive very late at the end of the year - too late for processing the payment in 2010. Finally, problems with the implementation of axis 1 measures (for the adaptation of the Community fishing fleet), notably regarding concerns as to the compliance with the EFF provisions of public aid granted for temporary and permanent cessation in some Member States, have led to the interruption of the related interim payments.

40 02 41 Reserve for Fisheries Agreements (- EUR 13 million)

The reserve line 40 02 41 includes appropriations for the new Fisheries Agreements which might be concluded with certain third countries. However, no new agreements will enter into

¹⁷ SEC(2010)767/2

force before 31 December 2010. In consequence, the available payment appropriations of EUR 13 million are not needed. This also implies a decrease of EUR 13 million in commitments, which is recalled in section 5.2 below.

3.4. Heading 4 EU as a Global Player

04 06 01 Instrument for Pre-Accession Assistance (IPA) – Human resources development (- EUR 19 million)

When drawing up the 2010 budget, the payment appropriations entered on budget article 04 06 01 were calculated in order to secure a smooth implementation of IPA component IV (Human Resources Development Operational Programme) taking into consideration that the process of conferral of management took much longer than initially foreseen in Candidate Countries. It also took into account the N+3 rule (art. 166 of the Financial Regulation) which may lead to a possible de-commitment of funds as early as the end of 2010 for Turkey and 2011 for Croatia and Former Yugoslav Republic of Macedonia (FYROM).

However, in the case of Turkey and of FYROM the level of expenditure incurred by and paid to the final beneficiaries and certified by the National Authorising Officer will still be far below the forecasts.

In Turkey the preparations for the accreditation and conferral of decentralised management by the Turkish authorities took much longer than initially expected by the Turkish authorities. As a consequence, the Commission decision for conferral of decentralised management was only adopted in August 2009 and the Financing Agreement concerning the Human Resources Development operational programme for Turkey was only concluded in September 2009. As a consequence, the launching of calls for proposals was delayed with the same effect on payments.

For FYROM the reasons are of the same nature. The state of readiness of operations to be financed under the Human Resources Development Operational Programme remains insufficient due to a lack of administrative capacity. Even though progress to build up the administrative capacity was made in the first quarter of 2010, it is insufficient to make up for lost time and a lack of consumption of the available resources.

05 05 01 01 The SAPARD pre-accession instrument – Completion of the programme (2000 to 2006) (- EUR 78 million)

In December 2009 the applications were submitted for the final balance of the three SAPARD programmes (Croatia, Romania and Bulgaria). The closure proceedings now underway have shown that no new payment has to be made, and that the closure will result in recoveries which will probably be settled in 2011. As a consequence, the payment appropriations of EUR 78 million entered in the 2010 budget will not be implemented.

This situation is explained by the fact that payment needs for 2010 were calculated on the basis of budgetary commitments outstanding at the time of the budget preparation in early 2009. However, the interruption of payments from June 2008 to September 2009, and the increase of controls that followed the implementation of the action plans by two beneficiary countries (Romania and Bulgaria) resulted in a total contracted amount significantly below the budgetary commitments. The increase of controls also led to a volume of payments lower than the amounts of claims submitted by beneficiaries.

07 02 04 Preparatory action – Environmental monitoring of the Black Sea Basin and a common European framework programme for the development of the Black Sea region (- EUR 1,7 million)

This preparatory action was voted under the 2010 budget, and the Commission indicated that the appropriations voted would not be needed in their entirety to achieve the objective of the action. Taking into account the need to build on existing projects and the results of the preceding pilot project, to avoid overlaps with ongoing or planned activities, and to consider the absorption capacity of possible implementing organisations in the region, the Commission estimated that possible activities for 2010 would not require financial resources exceeding EUR 500 000.

The financing decision adopted by the Commission (Decision C (2010)5759 of 25/08/2010) foresees the implementation of the preparatory action by way of grants to the Black Sea Commission and the OECD. Grant agreements are expected to be signed by November 2010 and pre-financing payments for a maximum of EUR 300 000 will be made in December 2010. Therefore, the remaining amount of payment appropriations (EUR 1,7 million) are not needed.

13 05 01 01 Instrument for structural policies for pre-accession (ISPA) – Completion of other previous projects (2000 to 2006) (- EUR 3,7 million)

The budget line covers completion of ISPA pre-accession assistance for Bulgaria, Romania and Croatia. In the case of Bulgaria and Romania, ISPA is managed under shared management between the Commission and the recipient country, under the Cohesion Fund regulation. At the request of Bulgaria and Romania, an extension of the eligibility period of projects can be granted by the Commission (Commission Communication SEC(2010)405 dated 19 April 2010 on the guidelines for closure of Cohesion Fund and ISPA projects). Thus payment claims which were expected in 2010 when drawing up the budget will not be requested and will be postponed (as the extensions of eligibility are taken on a project by project basis, the end of eligibility can now be up to December 2012). In addition, many projects experienced delays in their implementation mainly due to public procurement issues. After consulting the concerned Member States, the forecast of payments appropriations for 2010 was reduced by EUR 7,7 million, part of which (EUR 4 million) has been proposed for use in the Global Transfer, while the remaining amount (EUR 3,7 million) is included in this amending budget.

19 09 02 Preparatory action – Cooperation with middle income countries in Latin America (- EUR 1,9 million)

Payment forecasts under this budget line concern four running Financing Agreements, Uruguay (plus MERCOSUR project), Colombia and Nicaragua (Panama project). The full amount for the action EUR 3,5 million was already contracted in previous years, and it is foreseen to pay out EUR 1,1 million before the end of this year. The remaining amount of EUR 1,9 million is consequently not needed in 2010.

19 10 01 03 Preparatory action – Business and scientific exchanges with India (- EUR 2,5 million)

The combination of the nature of the action and initial difficulties in the implementation of the three contracts related to the Establishment of European Business and Technology Centres in

India (EBTC) have led to a reduction in the need for payments. Only two payments for a total amount of EUR 1,6 million will be further disbursed in 2010.

20 02 01 External trade relations, including access to the markets of non-EU countries (- EUR 2 million)

This line covers initiatives related to new multilateral trade negotiations and EU's external trade policy, assistance in implementation of existing trade agreements, activities concerning the EU's market access strategy, promotion of fair trade and management of the SIGL ("Système intégré de Gestion de Licences"). Some open calls for tender are currently being concluded (in relation to the functioning and evaluation of the Market Access Database, evaluation of TDI (Trade Defence Instrument) measures, and the ex-post evaluation of the trade chapter of the EU-Chile Association Agreement); they are expected to be signed at the end of 2010. As a result, the deliverables stemming from these contracts, as well as the corresponding payments, are only foreseen in 2011.

21 04 01 Environment and sustainable management of natural resources, including energy (- EUR 14 million)

The implementation rate of the Global Energy Efficiency and Renewable Energy Fund (GEEREF) is slower than initially foreseen. This can be attributed primarily to the global financial crisis which affects investment funds in general. Therefore the payment of the 2010 tranche of the contribution from the EU budget to GEEREF has to be postponed to 2011.

21 05 01 07 Preparatory action – Research and development on poverty-related, tropical and neglected diseases (- EUR 1,5 million)

Following a review of the initial forecast made in December 2009. The identification of a new action in the domain of Research and Development required the appropriate expertise and technical discussions with the World Health Organisation, as well as the revision of draft proposals. Given the very time-consuming nature of this process, the new commitment is expected late in the year, with the corresponding pre-financing payment foreseen in 2011.

22 02 01 Transition and institution-building assistance to candidate countries (- EUR 54,6 million)

When the payment forecasts for Turkey were made for the 2010 Draft Budget, certain difficulties were unforeseen, i.e. the need for changes to the technical design of some submitted projects, the additional time required for the preparation of the tender documentation for a number of projects, as well as the capacity limitations of administrative structures (lack of dedicated human resources), and additional unforeseen workload for the Turkish Implementing Agency for component I (Transition Assistance and Institution Building).

22 02 02 Transition and institution-building assistance to potential candidate countries (- EUR 53,5 million)

Some projects under the Instrument for Pre-accession Assistance (IPA) 2007 national programmes have been delayed and needed extensions due to unforeseen complexity and technical design changes. Contracting and implementation by the national authorities proceeded at a slower pace than initially envisaged and thus the progress in contracting payments has been hampered.

The signatures of IPA 2008 and 2009 Financing Agreements have also been delayed by a few months in some countries because of the length of some specific national procedures. This has caused a chain reaction and has shifted forward the planned contracting/payments operations. Political problems and lack of readiness also caused major postponement of projects with International Financial Institutions.

4. MODIFICATIONS TO HEADING 1A

4.1. Creation of a new budget line

In May 2010, the Commission proposed an amendment to Regulation (EC) 663/2009 to use the uncommitted funds under Chapter II of the EERP Regulation for the creation of a dedicated financial instrument to support energy efficiency and renewable initiatives.

The financial facility shall support the development of bankable energy efficiency and renewable energy projects and facilitate the financing of investments in energy efficiency and renewable energy, in particular in urban settings. In order to foster a large number of decentralised investments, municipal, local and regional public authorities will be the beneficiaries. In compliance with the EERP Regulation, the facility should be limited to the financing of measures that have a rapid, measurable and substantial impact on economic recovery within the EU, increased energy security and reduction of greenhouse gas emissions.

This proposal is fully in line with the Declaration of the Commission referred to in Recital 7 of the EERP Regulation, indicating its intention to propose measures allowing for the reallocation of uncommitted funds to the financing of projects in the areas of energy efficiency and energy from renewable sources.

The proposed amending Regulation is presently being examined by the European Parliament and the Council.

Therefore, the Commission proposes the creation of a new budget item 06 04 14 04 - Energy projects to aid economic recovery - Energy efficiency and renewable initiatives.

4.2. Reduction in commitment appropriations

At the same time, the commitment appropriations available on the following budget items under heading 1a will be reduced:

Line	Amount (million EUR)	Explanation
01 04 09 01 European Investment Fund – provision of paid-up shares of subscribed capital	-0,99	The European Investment Fund capital increase has been achieved this year by the payment of the last instalment. Therefore, unused appropriations can be made available.
02 03 03 01 European Chemicals Agency – Contribution to Titles 1 and 2	-4,4	The 2010 EU budget contribution foreseen for the European Chemicals Agency will not be fully used as fee income from the REACH registration process is flowing into the Agency faster than expected.
02 03 03 02 European Chemicals Agency – Contribution to Title 3	-2,65	
09 02 04 01 Body of European regulators for Electronic Communications (BEREC) – Office – Contribution to Titles 1 and 2	-2,1	The approval of the establishment plan for BEREC took longer than initially foreseen (amending budget No 3/2010 was finally approved on 7 September 2010), therefore the progress towards the setting up of the agency, and in particular in recruitment procedures, was delayed. This delay will prevent the full implementation of the appropriations available on these lines.
09 02 04 02 Body of European regulators for Electronic Communications (BEREC) – Office – Contribution to Title 3	-0,86	
14 04 02 Customs 2013	-2,0	Appropriations available on these budget items will not be fully used in 2010, due to lower than anticipated costs for external IT activities.
14 05 03 Fiscalis 2013	-2,0	
Total	15,0	

5. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES

5.1. Reduction in the estimates for agricultural expenditure

The situation on the dairy market has significantly improved since the preparation of the 2010 budget, and a total of EUR 280 million in both commitment and payment appropriations will be unused on the budget article 05 02 12 Milk and milk products, since there is much reduced need for market intervention. It is therefore proposed to reduce the appropriations (commitments and payments) as follows:

05 02 12 01 Refunds for milk and milk products - EUR 210 million

05 02 12 02 Intervention storage of skimmed milk powder - EUR 20 million

05 02 12 04 Intervention storage of butter and cream - EUR 50 million

This reduction is to be seen in the context of the global evolution of these three budget lines. In the budget 2009, the level of appropriations for these 3 lines (which correspond to export refunds and storage) was EUR 26 million. Due to the milk crisis last year, intervention measures were activated and the budget lines were reinforced. Final implementation in 2009 was EUR 268 million. In the 2010 budget, the Commission took the maximum precaution in order to be sure that it could tackle the crisis if it continued during the year. The budget foreseen for these lines was EUR 560 million – an increase on 2009 implementation. Fortunately the situation on the dairy market improved significantly. Export refunds have been stopped at the end of 2009, and the Commission is selling cautiously the stocks. The price of fresh milk has significantly increased and the price of dairy products such as the butter or milk powder is significantly above the intervention level. This explains why a significant part of the budget 2010 is foreseen not to be used.

The amount for the specific milk action of budget 2010 (EUR 300 million) agreed at the conciliation has been implemented.

In addition to the EUR 280 million on article 05 02 12, it is foreseen that an amount of EUR 50 million in both commitment and payment appropriations will be unused on the budget article 05 02 03 Refunds on non Annex-1 products.

5.2. Reserve for Fisheries Agreements

As explained in section 3.3 above, with no new agreements planned before 31 December 2010, it is possible to reduce commitment and payment appropriations on budget article 40 02 41 Reserve for Fisheries Agreements by EUR 13 million.

5.3. EU Action Programme for Climate Change

In an amendment to the 2010 Draft Budget, the European Parliament created a budget article 07 03 23 EU action programme to combat climate change with an amount of EUR 15 million in commitment appropriations and EUR 5 million in payment appropriations. These amounts were placed in reserve (40 02 41 01). The budgetary remarks stated that "*this article is intend to contribute to the financing of the actions for mitigation and adaptation required within EU in order to reach the objectives agreed at the Copenhagen Climate Change Conference in December 2009*".

In the absence of a legal base (article 49 of the Financial Regulation), the Commission was not be in a position to implement the appropriations. It is therefore proposed to cancel the expenditure for 2010. However, in the Draft Budget 2011, a similar action is proposed under the pilot project on Mainstreaming climate action and adaptation (budget article 07 13 03).

6. TYPE 2 EUROPEAN SCHOOLS

6.1 Introduction

The System of the European Schools (SEE) functions on the basis of an Intergovernmental Convention¹⁸ of which the European Union is a member. The European Commission represents the EU within the Board of Governors (BoG), the body that controls the SEE.

On 23 April 2009, the BoG concluded an overall agreement on the reform of the SEE. This reform started the process of opening up the system through the creation of so-called 'type 2' European Schools (EET2), i.e. schools belonging to the national system in a Member State, with one or more language sections capable of delivering the European Baccalaureate. These schools are normally located near a Union body, e.g. an institution, an agency or a research centre, and host pupils from the Member State where the school is located as well as the children of the Union personnel working there.

For the right to issue the European Baccalaureate, the EET2 receive a particular accreditation from the BoG, ensuring that they satisfy a series of conditions relating to the teaching requirements of the European curriculum. This curriculum and the European Baccalaureate are explicitly mentioned in the Convention, in particular its articles 4 and 5. In its reform of

¹⁸ OJ L 212, 17.8.1994, p. 3-14.

April 2009, the BoG decided on the principle of granting a contribution from the EU budget to such accredited schools. This contribution should be proportional to the number of registered pupils of the Institutions attending these EET2. The reform decision also outlines the method of calculating the amount per pupil, taking into account the particularities of the SEE.

The reform foresees, after the accreditation decision of a school by the BoG, the signature of an approval convention between the EET2 and the Secretariat-General of the EE (SGEE). On that basis, the Commission finally signs a contribution agreement with either the EET2 or the national public authority in charge of the school.

Five schools received an accreditation on the European schooling. In mid-August 2010, the BoG gave accreditation to these five schools to become formally the first EET2¹⁹. This will be ratified once the contribution agreements with the Commission have been signed.

6.2 Major events in the reform process

The main steps leading to the overall reform agreement of April 2009 and its subsequent implementation are described below.

The ministerial meeting of the BoG of November 2006 agreed on a number of key elements of the reform, especially on the principle of a Union contribution to the accredited national schools proportional to the number of registered pupils of the Union, and to be paid either directly to the school or to the authority in charge of the school.

On 16 November 2007 the BoG decided to include in the approval convention of each EET2 a clause on this Union contribution and its granting conditions. The Commission will sign this part and will therefore be able to ensure control of its implementation.

On 23 April 2009 the BoG adopted the overall reform of the system as described above.

On 14 October 2009 the Commission adopted decision C(2009)7719. This decision established the legal base for the EU contribution and is based on (i) article 49.6.e of the Financial Regulation concerning management autonomy of the Institutions and (ii) the Convention.

At the trilogue of 15 October 2009 and as foreseen in point 47§2 of the Interinstitutional Agreement on budget discipline and sound financial management²⁰ of 2006, the budgetary authority was informed by the Commission about the creation of a new type of European school underlining the political urgency for the complete implementation of the reform after the overall agreement of April 2009.

6.3 EU contribution and request for 2010

The Commission decision of 14 October 2009 is the basis for the application of the EU contribution proportional to the number of registered pupils of the Union personnel attending schools accredited by the BoG. This concerns children of members of the EU institutions, officials under the statute, other servants under CEOS (Conditions of Employment of other

¹⁹ Parma school (accredited in July 2007), Dunshaughlin school (July 2007), Heraklion school (October 2008), Helsinki school (January 2009) and Strasbourg school (first phase - 16/11/2009).

²⁰ OJ C 139, 14.6.2006, p. 1-17.

Servants) and the personnel of any other EU body set up by the EU and having legal personality.

The contribution is in force as from the school year 2009-2010, i.e. September 2009. Its estimated annual budgetary impact is about EUR 2,2 million for the coming years on the basis of the currently known situation. The final amount of the annual contribution depends on the number of children actually registered .

The method of calculating the EU contribution to EET2 was approved by the BoG in January 2009 and formally included in the reform agreement of April 2009. This method describes how to establish the annual amount per pupil in primary and secondary section of an EET2. It takes into account not only the annual costs per pupil in the SEE and in the national system affected but also the number of language sections offered for the European curriculum in the EET2. The Commission, using the latest data available from EUROSTAT for the national systems and from its liaison unit to the SEE, updates these amounts annually.

For the budget year 2010, the budget will have to cover the two school years 2009-2010 and 2010-2011. The estimated impact will be therefore about EUR 4,83 million²¹, the amount for school year 2009-2010, could not be included into the Preliminary Draft Budget (PDB 2010) because the latter was adopted before the reform agreement.

In its Draft Budget for 2011 the Commission included the creation of a specific budget line 26 01 51 31²² and an amount of EUR 2,5 million to cover the needs for the school year 2011-2012. A specific line is necessary to distinguish the EET2 contribution from the contribution to the other European Schools that continues to be financed from budget items 26 01 51 01 to 26 01 51 28.

This draft amending budget proposes the creation of a specific budget item 26 01 51 31 in the 2010 budget and to allocate EUR 4,83 million to that new item.

6.4 Origin of the Appropriations

The EUR 4,83 million to be allocated to budget item 26 01 51 31 will be made available by reducing existing appropriations (commitments and payments) of heading 5 in the 2010 budget for which the needs in 2010 are lower than originally estimated. Globally, the total appropriations available to the Commission will not be modified.

The following lines will be affected:

²¹ Estimated needs for school years 2009-2010: EUR 2,09 million and 2010-2011: EUR 2,74 million, in total EUR 4,83 million.

²² 26 01 51 31 named "EU contribution to the type 2 European Schools" in the Commission's budget.

Line	Amount (million EUR)	Explanation
26 01 11 01 Official Journal of the European Union	-2,08	A new contract for the production of the OJ L&C series came into force in 2009 and led to significant reduction in production costs. Consequently, the Commission reduced its budget request for 2010 (-29 %) and even further for 2011 (-10 %). Nevertheless, the savings generated by the new contract in 2010 are greater than expected. In addition, the volume of pages produced is influenced by the legislative activity and turned out to be lower than initially estimated.
26 01 50 04 Interinstitutional cooperation in the social sphere	-0,75	Delays in signing contracts for additional places in privately owned child care facilities (crèches).
26 01 51 01 Office of the Secretary-General of the European Schools (Brussels)	-0,6	Lower expenditure for personnel than initially estimated, and due to reduced number of missions, meetings and translation/interpretation needs of the Board of Governors and its various working groups.
26 01 51 25 Alicante (ES)	-0,4	Lower expenditure for personnel than initially estimated.
26 03 03 Erasmus public administration programme	-1,0	The Commission committed about EUR 1 million to implement the preparatory action as follow-up of the two pilot projects carried out in 2008 and 2009. However, it is not possible to run more than four two-week traineeships without compromising the quality of the programme as well as for organisational reasons. Consequently, EUR 1 million in commitment and in payment appropriations will not be used for the intended purpose.
Total	-4,83	

7. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2010 Financial framework		Budget 2010 (incl. AB 1-5/2010 and DAB 2, 3, 6, 8 and 9/2010)		DAB 10/2010		Budget 2010 (incl. AB 1-5/2010 and DAB 2, 3, 6, 8, 9 and 10/2010)	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment	14 167 000 000		14 861 853 253	11 275 379 263	-15 000 000	-34 000 000	14 846 853 253	11 241 379 263
1b. Cohesion for growth and employment	49 388 000 000		49 387 592 092	36 371 862 500		-18 100 000	49 387 592 092	36 353 762 500
<i>Total Margin</i> ²³	63 555 000 000		64 249 445 345 -194 445 345	47 647 241 763	-15 000 000	-52 100 000	64 234 445 345 -179 445 345	47 595 141 763
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	47 146 000 000		43 819 801 768	43 701 207 586	-330 000 000	-330 000 000	43 489 801 768	43 371 207 586
<i>Total Margin</i>	59 955 000 000		59 498 833 302 456 166 698	58 135 640 809	-358 000 000	-806 000 000	59 140 833 302 814 166 698	57 329 640 809
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	1 025 000 000		1 006 487 370	738 570 370			1 006 487 370	738 570 370
3b. Citizenship	668 000 000		747 914 040	739 301 540			747 914 040	739 301 540
<i>Total Margin</i> ²⁴	1 693 000 000		1 754 401 410 18 512 630	1 477 871 910			1 754 401 410 18 512 630	1 477 871 910
4. EU AS A GLOBAL PLAYER ²⁵	7 893 000 000		8 160 182 000 -18 300 000	7 787 695 183		-232 539 617	8 160 182 000	7 555 155 566
<i>Margin</i>								
5. ADMINISTRATION ²⁶	7 882 000 000		7 918 504 785 43 495 215	7 917 999 785			7 918 504 785 43 495 215	7 917 999 785
<i>Margin</i>								
TOTAL Margin	140 978 000 000	134 289 000 000	141 581 366 842 518 729 198	122 966 449 450 11 651 432 550	-373 000 000	-1 090 639 617	141 208 366 842 891 729 198	121 875 809 833 12 808 963 707

²³ The European Globalisation Adjustment Fund (EGF) is not included in the calculation of the margin under heading 1a (EUR 500 million). EUR 195 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

²⁴ 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)

²⁵ The 2010 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 248,9 million).

²⁶ 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 80 million for the staff contributions to the pension scheme.

