

THE AMENDMENT OF ADMINISTRATIVE EXPENDITURES  
OF THE EU BUDGET IN 2008

MODIFICAREA CHELTUIELILOR ADMINISTRATIVE  
ALE BUGETULUI UNIUNII EUROPENE ÎN 2008

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*The Preliminary Draft Budget for 2008 is the second for a European Union of 27 Member States. In 2007 the EU welcomed Bulgaria and Romania, and at the same time embarked on the new multi-annual financial framework up to 2013. The adhesion of these states includes certain modifications of some titles of the 2008 budget, as opposed to the forecasts of the previous multi-annual financial framework.*

**Key words:** *EU Budget, administrative expenditure, Romania*

The Preliminary Draft Budget for 2008 is the second for a European Union of 27 Member States. Still it also necessitates some revisions, since the forecasted budget expenditures within the multi-annual financial framework 2007-2013 will be exceeded as a consequence of Romania's and Bulgaria's adhesion to the EU. Some more important changes appear at administrative expenditures (heading 5) and compensation (heading 6).

The **administrative budget** of all EU institutions is foreseen to increase by 5,7 % in 2008. This can be explained, in part, by the evolution in the number of posts. In 2008 the last tranche of posts related to the 2004 enlargement are requested, as well as the penultimate tranche of posts for the 2007 enlargement to Bulgaria and Romania. Furthermore, with an increase in the number of staff reaching retirement age, the budgetary needs for pensions rise by 10,2 %.

**Compensation** of EUR 206,6 million is set aside to help improve cash-flow in the national budgets of the acceding states (Cash-Flow Facility), and to finance control actions at the new external borders of the

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EU (Schengen Facility), as agreed during the accession negotiations with Bulgaria and Romania.

In 2007 the EU welcomed Bulgaria and Romania, and at the same time embarked on the new multi-annual financial framework, which will cover the period up to 2013. Many of the new programmes for this period have now been adopted, so 2008 will be an important year for consolidation and implementation.

Table.1

Multi-annual financial framework at current prices

(mil Euros at 2004 current prices)

Appropriations for commitments	2007	2008	209	2010	2011	2012	2013
1. Sustainable growth	54.405	56.736	59.197	61.144	63.601	66.640	69.678
2. Preserv, management of natural resources	58.351	58.800	59.252	59.726	60.191	60.663	61.142
3. Citizenship, freedom, security and justice	1.273	1.362	1.523	1.693	1.889	2.105	2.376
4. The European Union as a global partner	6.578	7.002	7.440	7.893	8.430	8.997	9.595
5. Administration	7.039	7.380	7.699	8.008	8.334	8.670	9.095
6. Compensation	445	207	210				
Total commitments appropriations	128091	131487	135321	138464	142445	147075	151886
Total payments appropriations	123790	129481	123646	133202	133087	139908	142180

Source: Preliminary draft general budget EU 2008, <http://ec.europa.eu/budget>

Heading 5 regroups *administrative expenditure* of all the Institutions. For this type of expenditure, the main driver for evolution is the number of posts. In 2008, the evolution of posts is again strongly influenced by the needs of enlargement. In total 860 posts are requested by the Commission, complemented by 30 external staff. However the increase in the establishment plan is limited to 785 posts, following the conversion of some posts into contract agents. The number of posts impacts directly or indirectly most of the administrative expenditure (excluding pensions):

- Salaries evolve with the number of staff.
- For building infrastructure, space needs evolve in line with the ratio between the staff number and the office space.

— Other types expenditure evolve more or less in proportion to the number of staff, e.g. office supplies, PCs and associated services, furniture etc.

However, although most of the changes in administrative expenditure are primarily driven by the evolution of the number of posts, there are specific factors which also strongly influence the request for PDB 2008:

— Expenditure linked to security will increase substantially.

— In line with the Annual Policy Strategy 2008 it is foreseen to reinforce the network of Commission's delegations, and to extend it with the opening of three new premises.

— The Commission has decided to have a strong social policy for its staff, mainly composed of expatriates

— The number of pensioners is increasing as the number of officials approaching the age for retirement also increases.

As in previous years, the Commission is concentrating its request for new staff on enlargement-related tasks, while all other new activities not linked to enlargement will be covered by redeployment of existing human resources. The Commission had set itself the objective of recruiting an overall number of nationals from the new Member States similar to the overall number of new posts granted for enlargement, and so far has been successful in meeting that target. The Commission estimated that the increased workload resulting from enlargement to the ten new Member States would require the recruitment of 3960 additional staff members financed under heading 5 over a transitional period from 2003 to 2008, after redeployment and with a breakdown of 3 400 posts and 560 external staff . For the enlargement to Bulgaria and Romania, the Commission estimated the additional 850 staff were needed, after redeployment, of which 750 posts over the period 2006-2009 .Enlargement-related tasks require a large number of administrators' posts (around 75 %) while efficiency gains, already factored in initial estimates, have been possible for more clerical tasks. The overall recruitment target of EU-12 nationals is identical to the overall number of new posts, but recruitment target by function groups will be fixed in order to reach a balanced representation of EU-12 nationals in each function group.

The Commission seized the opportunity of the screening of its medium-term staffing needs to review the accuracy of this initial planning.

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As indicated in the screening report, the need for these posts is confirmed: in several DGs, the workload appears to exceed the initial estimates as the transitional phase is proving longer and more complex than expected.

The remaining enlargement posts are mostly required in direct relation with the increased law monitoring and enforcement activities in the new Member States. Accordingly, the Commission requests new staff to cover outstanding needs related to enlargement (610 posts and 30 external staff for EU-10 enlargement and 250 posts for EU-2 enlargement). However, the net increase in the establishment plans is limited to 785 posts due to the conversion of some posts.

**Table 2.** Total expenditure for administration (millions Euro at current prices)

Total administrative expenditure	Budget 2007	FF 2008	Preliminary draft budget 2008	Difference 2008-2007	
	Appropriations	Appropriations	Appropriations	Appropriations	%
	6.942,4	7.380,0	7.335,7	393,3	5,67
Human resources *	853	860	785	-68	-7,97

*\*Additional enlargement posts by establishment plans*

Source: Preliminary draft general budget EU 2007, 2008, <http://ec.europa.eu/budget>

While most of the needs for the language services and for programme management in agriculture and structural operations have been served during the initial years, the main focus in the allocation of resources is now devoted to internal policies for the above-mentioned reasons. The handling of competition cases and establishment of representation offices in the new Member States are also covered by this grouping. Allocation of posts is obviously also adjusted to actual needs: while enlargement-related posts are assigned to the extension of pre-existing activities, they also allow the pursuit of new priorities such as climate change and energy policy in the new Member States too.

Moreover, this concentration on internal policies reflects the strategic goals set by the Union, whether in relation to the Lisbon strategy on growth and jobs or to The Hague Programme for freedom, security and justice, which are obviously extended to the new Member States. Attention is also devoted to support and coordination; essential to cope with this historical enlargement of the Union.

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To support the four priorities defined by the Commission for 2008 (prosperity, solidarity, security, and their external projection) beyond enlargement-related tasks, the Commission is not requesting any additional human resources, and will make its own efforts to support the initiatives proposed for these priorities. Amongst these priorities, the Commission is proposing to reinforce the external service. Accordingly, some 287 officials (around 1,5 % of existing staff) will be redeployed between the services. They will stem from a 1 % efficiency contribution from all departments to support these priorities. Furthermore, departments have announced an estimated number of some 278 internal redeployments within the services in order to support the four priorities

While non-enlargement-related tasks will be met exclusively by redeployment, they require an adjustment in the Commission staff structure as announced in the screening report.

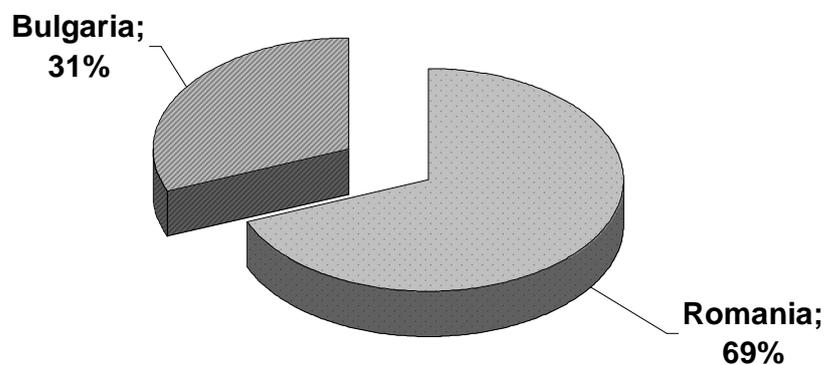
*Compensation:* heading 6, covers the Cash-Flow and Schengen Facilities, agreed during the accession negotiations with Bulgaria and Romania. These are intended, respectively, to help improve cash-flow in the national budgets; and as a temporary instrument to finance control actions at the new external borders of the Union. The amount to be budgeted in 2008 is EUR 206,6 million, with a 53%,5 decrease as opposed to the budget in 2007 (444,6 mil Euros).

Table3.

**2008 Compensation to Romania and Bulgaria**

Heading 6: Compensation	Preliminary draft budget 2008	
	EUR	%
Bulgaria	63 971 738	31,0 %
Romania	142 664 554	69,0 %
Total	206 636 292	100,0 %

Source: Preliminary draft general budget EU 2008, <http://ec.europa.eu/budget>



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