

Management Board
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Parma, Italy

Subject :	Budget Execution & year end forecast 2010	
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		Discussion
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ADMINISTRATION DIRECTORATE

BUDGET EXECUTION MAY 2010 & YEAR END FORECAST

1. Budget execution

As of 18 May 2010,

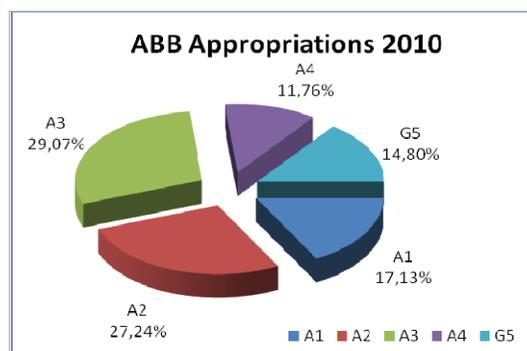
- EUR 27.75 million or **38.0 %** of the EUR 73.00 million budget was committed. The commitment level stands 12 % below the target set for May (EUR 31.50 million) mainly due to postponement in launching and thereby committing data collection, scientific cooperation and networking activities (Activity 3). These delays related to longer than expected scientific review or approval of the scope of the tender or grant, to occurrence of unexpected priorities or to further external consultation be required. These delays are expected to be absorbed during summer.
- EUR 20.37 million or **27.5 %** of the total appropriations were paid. This payment level stands 16 % above the target (EUR 17.50 million) due to close monitoring of the payment delays and earlier than expected financial closing of scientific meetings and scientific cooperation projects launched last year.

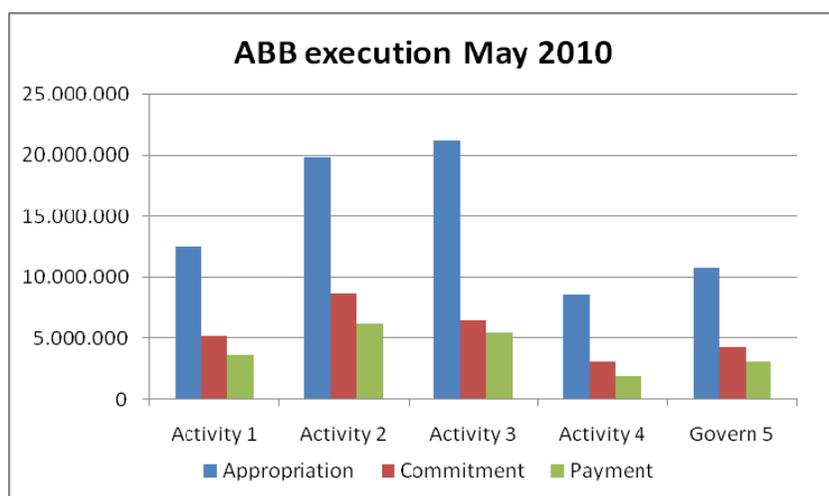
The following table and chart report the budget appropriations and executions along with the four operational activities and governance & administration functions (Activity Based Budgeting):

- Activity 1. Provision of scientific opinions and advice and risk assessment approaches
- Activity 2. Evaluation of products, substances and claims subject to authorisation
- Activity 3. Data collection, scientific cooperation and networking
- Activity 4. Communication and dialogue
- Govern 5. Governance and administration functions

in EUR	Appropriation	%	Amount Committed	%	Amount Paid	%	Remaining
Activity 1	12.505.020	17%	5.200.375	42%	3.631.139	29%	1.569.236
Activity 2	19.880.802	27%	8.676.423	44%	6.146.479	31%	2.529.944
Activity 3	21.219.031	29%	6.421.696	30%	5.493.719	26%	927.978
Activity 4	8.584.588	12%	3.131.809	36%	1.950.342	23%	1.181.467
Govern 5	10.806.560	15%	4.315.656	40%	3.148.357	29%	1.167.299
Total	72.996.000	100%	27.745.960	38%	20.370.035	28%	7.375.925

The human, financial and infrastructure resources available were allocated to each activity in function of their requirements. In the 2010 budget, the provision of scientific opinions and risk assessment (Activity 1) absorbs 17 % of the appropriations and 27 % was allocated to the evaluation of products (Activity 2). Data collection, scientific cooperation and networking which support the two first activities do represent 29 % of the budget. Finally, 12 % were allocated to communication and dialogue (Activity 4) and 14 % to governance & administration functions.





In the table below, the execution level of the three components for each activity is reported. The commitment level reached 42 % and 44 % for activities 1 and 2. In particular, the operational component of these activities, with 44 % and 51 % respectively stands ahead of schedule. Activity 3 is however lagging behind with a 30 % overall commitment level and only 20 % for the operational part. This is mainly explained by the delays in launching and thereby committing the contracts and grants program as submitted to the Management Board in October last. Whereas Communications and Dialogue (Activity 4) reached 36 % execution with 32 % only in the operational part, Governance & Admin (Govern 5) was, with 40 %, is on target. For all activities, the personnel and infrastructure elements reached the May target execution.

Activity	Title description short	Commitment Appropriation	%	Amount Committed	%
Activity 1	PERSONNEL	6.121.156	8,39%	2.377.232	38,84%
	INFRASTRUCTURE	1.259.104	1,72%	575.619	45,72%
	OPERATIONS	5.124.760	7,02%	2.247.523	43,86%
Provision of scientific opinions and advice & risk assessment approaches		12.505.020	17,13%	5.200.375	41,59%
Activity 2	PERSONNEL	11.495.020	15,75%	4.468.274	38,87%
	INFRASTRUCTURE	2.149.126	2,94%	1.022.237	47,57%
	OPERATIONS	6.236.656	8,54%	3.185.912	51,08%
Evaluation of products, substances and claims subject to Authorisation		19.880.802	27,24%	8.676.423	43,64%
Activity 3	PERSONNEL	9.062.124	12,41%	3.505.333	38,68%
	INFRASTRUCTURE	1.684.562	2,31%	807.584	47,94%
	OPERATIONS	10.472.345	14,35%	2.108.779	20,14%
Data Collection, scientific cooperation and networking		21.219.031	29,07%	6.421.696	30,26%
Activity 4	PERSONNEL	4.278.220	5,86%	1.648.143	38,52%
	INFRASTRUCTURE	1.157.128	1,59%	465.431	40,22%
	OPERATIONS	3.149.240	4,31%	1.018.236	32,33%
Communications and Dialogue		8.584.588	11,76%	3.131.809	36,48%
Govern 5	PERSONNEL	8.212.080	11,25%	3.291.691	40,08%
	INFRASTRUCTURE	2.521.480	3,45%	1.000.144	39,66%
	OPERATIONS	73.000	0,10%	23.820	32,63%
Governance & Administration		10.806.560	14,80%	4.315.656	39,94%
Grand total:		72.996.000	100,00%	27.745.960	38,01%

Year on year, the budget execution increased by EUR 4.12 million over the same period which represents an increase of 17 % (while the budget itself has increased by 7 % from EUR 68.5 million last year to EUR 73.0 million this year). The payments increased by EUR 4.97 million compared to last year which represents a noticeable 32 % increase.

EUR	Commitment May 2010	Commitment May 2009	Increase	Payments May 2010	Payments May 2009	Increase
PERSONNEL	15.290.674	11.764.899	29,97%	13.826.537	10.521.118	31,42%
INFRASTRUCTURE	3.871.016	3.763.723	2,85%	1.980.152	1.858.608	6,54%
OPERATIONS	8.584.270	8.093.203	6,07%	4.563.346	3.018.281	51,19%
TOTAL	27.745.960	23.621.826	17,46%	20.370.035	15.398.007	32,29%

2. Budget Execution Forecast

Overall, the expected budget execution rate would reach 99 % at year end (compared to the achieved 97 % in 2009) without noticeable difference between activities

Activity	Titles	Commitment Appropriation	%	Amount Committed	%
Activity 1	PERSONNEL	6.121.156	8,39%	6.108.914	99,80%
	INFRASTRUCTURE	1.259.104	1,72%	1.255.327	99,70%
	OPERATIONS	5.124.760	7,02%	5.042.763	98,40%
Provision of scientific opinions and advice & risk assessment approaches		12.505.020	17,13%	12.407.004	99,22%
Activity 2	PERSONNEL	11.495.020	15,75%	11.460.535	99,70%
	INFRASTRUCTURE	2.149.126	2,94%	2.140.529	99,60%
	OPERATIONS	6.236.656	8,54%	6.099.449	97,80%
Evaluation of products, substances and claims subject to Authorisation		19.880.802	27,24%	19.700.514	99,09%
Activity 3	PERSONNEL	9.062.124	12,41%	9.025.876	99,60%
	INFRASTRUCTURE	1.684.562	2,31%	1.674.455	99,40%
	OPERATIONS	10.472.345	14,35%	10.105.812	96,50%
Data Collection, scientific cooperation and networking		21.219.031	29,07%	20.806.143	98,05%
Activity 4	PERSONNEL	4.278.220	5,86%	4.261.107	99,60%
	INFRASTRUCTURE	1.157.128	1,59%	1.150.185	99,40%
	OPERATIONS	3.149.240	4,31%	3.067.360	97,40%
Communications and Dialogue		8.584.588	11,76%	8.478.652	98,77%
Govern 5	PERSONNEL	8.212.080	11,25%	8.179.232	99,60%
	INFRASTRUCTURE	2.521.480	3,45%	2.506.351	99,40%
	OPERATIONS	73.000	0,10%	70.664	96,80%
Governance & Administration		10.806.560	14,80%	10.756.247	99,53%
Grand total:		72.996.000	100,00%	72.148.559	98,84%

From an operational perspective, the scientific activities are expected to be close to full execution. The personnel expenditure under these activities should represent the highest execution rate within the activity.

The graph below illustrates the expected execution level by component of the activities.

