



European
Commission



EU budget 2013

Financial Report

Also covering Multiannual Financial Framework 2007–13





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Foreword



2013 was another challenging year for EU citizens and Member States alike, because of the difficult economic context and pressure on budgets. Therefore, the priorities of the 2013 EU budget were economic growth and job creation. The 2013 EU budget complemented national efforts in helping the EU to achieve the goals of the Europe 2020 strategy, i.e. creating smart, sustainable, inclusive growth.

The 2013 budget ended the 2007-13 multiannual financial framework on a high note. It is particularly in the times of economic difficulties that EU funding demonstrates its extraordinary added value. The EU budget helped make Europe truly visible in all 28 Member States via thousands of EU-funded projects, which continue to improve the well-being of European citizens. Almost EUR 900 billion was spent during this period, helping all 500 million European citizens in one way or another, and many millions of others outside Europe. Students, businesses, researchers, NGOs, artists all got the financial support from the EU budget, which also contributed to healthier and safer food, consumer protection, a better environment, education, cultural exchanges, innovation, new and better infrastructure, regional development, peace as well as the fight against poverty. It is no coincidence that the EU was awarded the Nobel Peace Prize in 2012.

Getting the funding for such large-scale investment in 2013 was not an easy task. An enormous effort was needed in order to get the necessary resources, while respecting earlier obligations. Many long-term EU-funded projects were completed throughout 2013, meaning that claims for payments increased more sharply than previously expected. Crucially, EUR 11.2 billion more was committed in order to reduce the risk of rolling over unpaid bills onto 2014.

Meanwhile, by simplifying its rules, the EU has made life easier for millions of EU budget beneficiaries, among them countless smaller ones which had been complaining – quite rightly – about too much red tape and complicated procedures. Just an example of one of those EU achievements you won't hear about in the news, even though they make a massive difference to so many across the EU. And because simpler rules are better controlled, they boost both the quality of financial management as well as the efficiency of the EU budget.

There is no doubt that the biggest challenge of 2013 was to design, defend and eventually adopt the 2014-20 multiannual financial framework, following arguably the toughest and longest negotiations in EU history. And while this process was overshadowed by the effects of the crisis, despite the climate of austerity we have managed to modernise our budget, reinforcing research (by 37%), student exchanges (Erasmus+) and projects for SMEs. The new Connecting Europe Facility and the Youth Employment Initiative designed to combat youth unemployment have also been launched. The new financial framework provides a much-needed long-term vision for Europe, securing

financial peace in Europe for 7 years – an element of stability and predictability which is a value in itself amidst so many unknowns of Europe today!

As the newly appointed Commissioner responsible for the EU budget, I would like to express my sincere gratitude and admiration for the achievements of my predecessor, Janusz Lewandowski. Thanks to his tireless efforts over the past four years, and despite the difficult circumstances, the EU budget continues to serve as an important platform facilitating economic growth in Europe. I am confident I will make my own modest contribution to the budget portfolio, taking on the challenges that lie ahead – with less money, but with the same efficiency and dedication.

The European elections demonstrated a rise in Eurosceptic and extreme sentiments, in contradiction to the ideas of solidarity and shared responsibility, as well as spreading peace and prosperity across Europe. Let us be strong together and offer European citizens, enterprises and regions the funding they need to go ahead. Thank you for taking the time to read the 2013 financial report, which gives an overview of the many achievements over the past years within the 2007-13 multiannual financial framework. I am convinced that behind the figures you will see the positive impact the EU budget had on the lives of millions of people.

Jacek Dominik

Executive summary

This report contains four sections: overview, revenue, expenditure and annexes.

Section I presents an overview of EU finances in 2013. It introduces the Multiannual Financial Framework 2007-13 (MFF) — the EU's long term financial planning, including its role and structure and the specific steps of the 2013 annual budgetary procedure. The section ends with a short description of the way the EU budget is managed.

Section II provides information on the budget revenue and describes the EU budget's own resources. It also explains a number of particularities such as the UK correction and other rebates, other revenue, donations and fines.

Section III represents the main part of the report, covering the expenditure from the EU budget grouped by area of spending (heading) according to the 2007-13 MFF. The text includes information on the main programmes as well as on the expenditure allocations by Member State. As 2013 was the last year of MFF 2007-13, this section covers the whole seven year period and provides a comprehensive overview of the main programmes and projects financed from EU budgets over the past years. It clearly demonstrates the extraordinary achievements reached thanks to EU funding during that period. Many success stories of this time will help you understand more the important role the EU budgets played in the difficult period of economic crisis and budgetary constraints.

Section IV includes six annexes which provide detailed information, with figures and charts on the past multiannual financial frameworks 2000-06 and 2007-13. The annexes also show the expenditure and revenue by heading, source type and Member State, for the period 2000-13. The methodology and calculation of the operating budgetary balances is presented in Annex 3. Recoveries and financial corrections are detailed in Annex 4, while Annex 5 summarizes the borrowing and lending activities. The last annex is a glossary with the main terminology of the report explained in plain language.

Overview

Multiannual Financial Framework

The 2013 annual budget was the seventh and last annual budget executed under the MFF. It was a crucial year ending most of the projects running under this financial period before the new expenditure programmes prepared for the next multiannual financial framework 2014-20 could start. These multiannual plans divide future annual budgets into headings (some of them broken down into subheadings) with annual limits (ceilings) for commitment appropriations (legal pledges to provide finance, provided that certain conditions are fulfilled) for each heading or subheading. The sum of the ceilings of all headings gives the total ceiling of commitment appropriations. A corresponding estimate is then established for the annual ceiling of payment appropriations (cash or bank transfers to the beneficiaries). Total annual ceilings are expressed in

millions of euro and in percentage of the gross national income of the EU (EU GNI). The total annual ceiling of payment appropriations in percentage of EU GNI is compared to the reference own resource ceiling (1.23 % of EU GNI).

At the time of presentation of the draft budget for 2013 the overall ceiling set by the Multiannual Financial Framework for commitment appropriations was EUR 153.3 billion, representing 1.14 % of EU GNI. The ceiling for payment appropriations was EUR 144.1 billion, or 1.07 % of EU GNI.

The budgetary procedure

Based on the Multiannual Financial Framework in force and the budget guidelines for the coming year, the European Commission prepares an annual draft budget. The budgetary authority, comprised of the European Parliament and the Council, usually amends the draft budget and following further negotiations adopts the annual EU budget prior to the end of the current calendar year.

In the draft EU budget for 2013 presented on 25 April 2012, the Commission proposed EUR 150 932 million in commitment appropriations and called for a 1.6 % increase in payment appropriations compared to the final 2012 budget amounting to EUR 137 924 million. In July 2012, the Council set commitment appropriations at EUR 149 777 million and reduced payment appropriations to EUR 132 696 million. In October 2012, Parliament proposed EUR 151 152 million in commitment appropriations. The level of payments was set at EUR 137 898 million.

The Conciliation Committee, during its 21-day period, did not reach a final agreement. The Commission adopted a new Draft Budget 2013 on 26 November 2012. The Council and the Parliament reached political agreement on the 2013 budget at a trilogue on 29 November 2012, which subsequently led to the final adoption of the 2013 budget on 12 December 2012. The final compromise on the 2013 budget set the level of commitments at EUR 150 898 million representing 1.13 % of GNI and EUR 132 837 million for payments, representing 0.99 % of GNI that is around EUR 5 billion less than the Commission's estimates.

Budget management

The lifecycle of the EU budget, from approval of the annual budget onwards, means that the figures for the commitment appropriations and payment appropriations available for a given financial year tend to vary over the course of the year. Procedures similar to the budgetary one apply to the adoption of amending budgets. The following factors influence the amounts of the annual budget over the financial year.

Carryovers represent amounts from the previous year's budget that have not been used and are carried over to the current financial year. The carryover decision was taken by the Commission on 13 February 2013.

Amending budgets ensure more precise and economical financing of the budget by the Member States. In 2013, a total of nine amending budgets were adopted. Moves of appropriations from one budget line to another were also made via transfers during the year.

As a result, the final budget represents the outcome, at the end of the financial year, of active budget management including all measures that have an effect on the total

EU budget — carryovers, amending budgets and transfers — which have been proposed and adopted during the financial year. Of the final budget for 2013 totalling EUR 145 448 million in payment appropriations, EUR 143 785 million — or almost 99 % — have been used.

The Commission has accounts with Member State treasuries, central banks and commercial banks. As the source of EU finances is mainly own resources, these are credited twice a month to the accounts opened with Member State treasuries or central banks. The funds are used to execute payments through commercial bank accounts on the 'just in time' principle. In 2013, 0.6 % out of a total of 1 883 278 payments made were executed through treasuries and central banks, representing 72 % of the total amount of payments. The remaining 99.4 % of payments were made through commercial banks (representing 28 % of the total amount of payments).

Revenue

The budget of the European Union is financed by own resources, other revenue and the surplus carried over from the previous year. When the European Parliament and the Council approve the annual budget, total revenue must equal total expenditure. However, since outturns of revenue and expenditure usually differ from the budgeted estimates, there is a balance resulting from implementation. Normally, there is a surplus, which reduces Member States' own resources payments in the subsequent year. In 2013, own resources amounted to EUR 139 743.7 million and other revenue to EUR 8 706.4 million. The surplus carried over from 2012 was EUR 1 053.6 million.

The overall amount of own resources is determined by total expenditure less other revenue. Own resources are divided into the following categories: traditional own resources (TOR) including sugar levies and customs duties and national contributions including the VAT own resource; and the GNI own resource, the latter plays the role of balancing resource.

Customs duties (TOR) are levied on economic operators and collected by Member States on behalf of the EU. In 2013, this resource corresponded to 10.14 % of total revenue. A production charge is paid by sugar producers (TOR). Revenue from this resource amounted to 0.13 % of total revenue in 2013.

The VAT own resource is levied on Member States' VAT bases, which are harmonized for this purpose. However, the VAT base to take into account is capped at 50 % of each Member State's GNI. In addition to that for the period 2007–13, the rate of call of the VAT own resource has been fixed at 0.225 % for Austria, at 0.15 % for Germany and at 0.10 % for the Netherlands and Sweden. In 2013, the total amount of the VAT own resource levied reached 9.38 % of total revenue.

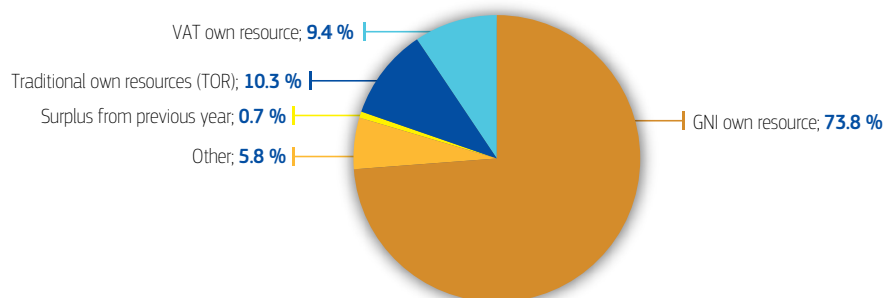
The GNI own resource finances the part of the budget not covered by other sources of revenue. The same percentage is levied on each Member State's GNI, with two Member States (the Netherlands and Sweden) receiving reductions which in 2013 amounted to EUR 694 million for the Netherlands and EUR 172 million for Sweden. The amount of the GNI own resource needed depends on the difference between total expenditure and the sum of all other revenue. In 2013, the total amount of the GNI resource reached 73.71 % of total revenue.

A specific mechanism for correcting budgetary imbalances in favour of the United Kingdom (UK correction) is also part of the own resources system. It is to correct the imbalance between the United Kingdom's share in payments and expenditure

of the EU budget. The total amount of the UK correction paid in 2013 amounted to EUR 4 329.5 million.

Revenue other than own resources includes taxes from EU staff remunerations and other diverse items. In 2013, this revenue amounted to EUR 8 706.4 million.

EU revenue 2013



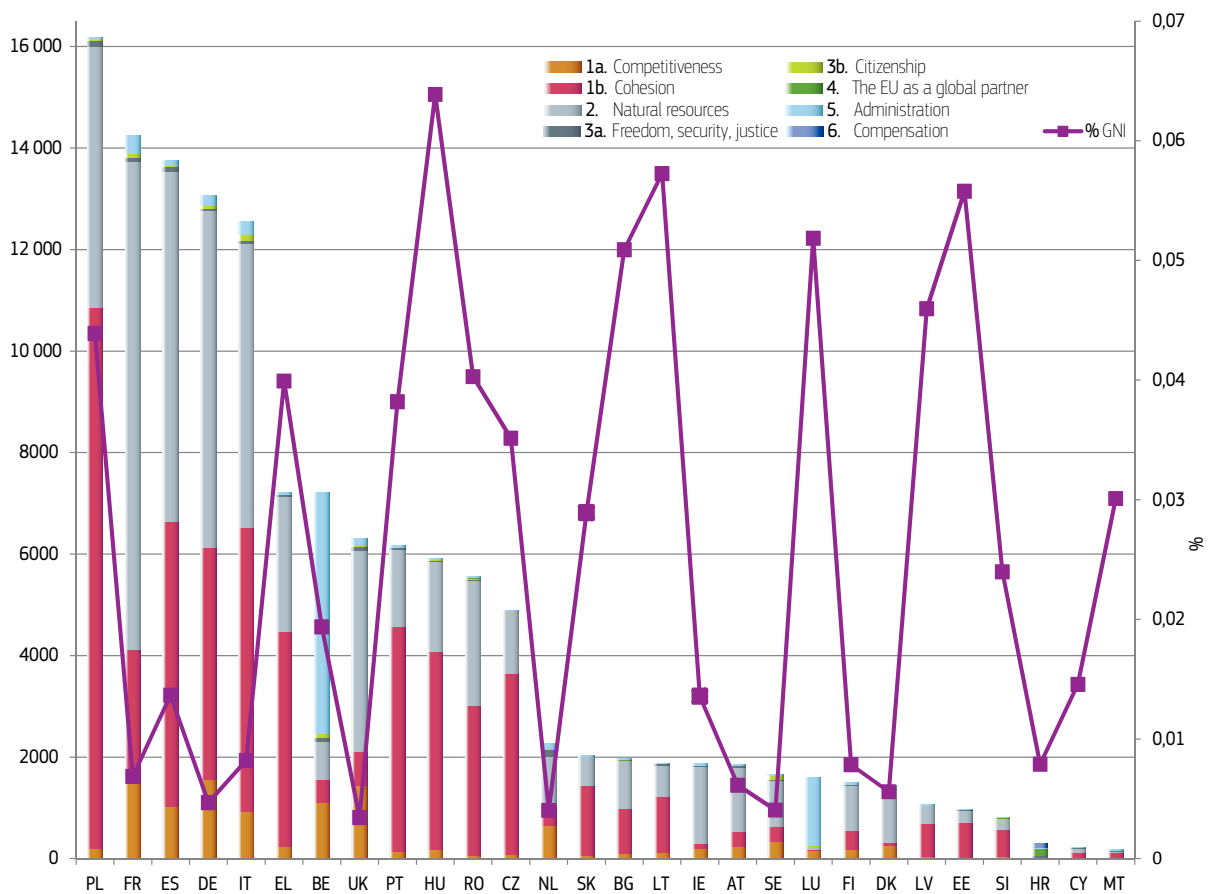
Expenditure

Executed payments 2013 (million EUR)

Heading	Payments
1a Competitiveness for growth and employment	12 621
1b Cohesion for growth and employment	56 321
2 Preservation and management of natural resources	58 012
3a Freedom, security and justice	1 055
3b Citizenship	657
4 The EU as a global player	6 812
5 Administration	8 235
6 Compensations	75
Total	143 786

As in the MFF, the annual EU budget expenditure is presented in this financial report for 2013 according to headings or subheadings. Data are also structured according to the allocation of expenditure by each Member State. In total, 94.4 % of the 2013 EU budget was funding policies and projects in Member States and outside. The chart below provides an overview of how each country benefited from the budget and gives the relative importance compared with each Member State's Gross National Income (GNI) for a better understanding of the figures.

Expenditure by Member State in 2013 (million EUR)



Competitiveness for growth and employment

A special focus was put on 'Competitiveness for growth and employment' to create more economic growth, jobs and social cohesion. It funded thousands of projects, helping significantly students, small and medium enterprises, researchers, citizens in their everyday life etc.

In 2013, EUR 12.6 billion has been allocated under this budget heading, which included major programmes such as the Seventh Framework Programme for research and technological development (FP7), the lifelong learning programme (LLP), the competitiveness and innovation programme (CIP) and the trans-European networks (TENs).

The LLP contributed through lifelong learning to the development of the Union as an advanced knowledge-based society, with sustainable economic development, more and better jobs and greater social cohesion. EUR 1.3 billion was dedicated to learning activities in 2013.

The Trans-European Transport Network (TEN-T) was one of the key infrastructure programmes of the European Union, which supported investments in the core European transport routes (including road, rail, multi-modal links, air, inland waterways and maritime) and linked national and international regions by implementing more efficient

and sustainable transport infrastructure. TEN-T investments were focused on the 30 priority projects, traffic management systems, and positioning and navigation systems.

Other actions concerned the internal market, satellite navigation programmes, statistics, financial services and supervision, taxation, the customs union and the fight against fraud.

Cohesion for growth and employment

The Structural Funds, i.e. the European Regional Development Fund (ERDF) and the European Social Fund (ESF) along with the Cohesion Fund (CF), contributed tremendously to making 'Cohesion for growth and employment' a reality in Europe. These funds helped to strengthen economic, social and territorial cohesion between regions and the EU Member States. They also supported competitiveness, employment and encouraged cross-border, transnational and interregional cooperation. For example, the ESF supported jobs, helping people get better jobs and ensuring fairer job opportunities for all EU citizens.

In 2013, EUR 44.4 billion were made available for the Structural Funds, while the Cohesion Fund projects had a budget of around EUR 12 billion.

Preservation and management of natural resources

Agriculture belongs, in budgetary terms, to most important Union policies. It is the only fully integrated policy at Union level. The EU encourages the production of safe, high quality food, promotes European agriculture products as well as innovation in farming and food processing and supports farmers. EUR 43.9 billion were allocated in 2013 for market related expenditure and direct aids as income support for farmers. In addition, 2 billion from recoveries were also made available.

EUR 13 billion were available through the European Agricultural Fund for Rural Development (EAFRD) in 2013. The EAFRD contributed to boost the economic potential of rural areas, to create new sources of income for the inhabitants by encouraging the diversification of their activities and to protect our rural heritage. It focused on increasingly important issues such as climate change, biodiversity, water management and renewable energy.

Climate action was a key priority for the European Union. A relevant example was the programme LIFE + which contributed to the implementation, updating and development of EU environmental policy and legislation and received EUR 269 million in 2013.

Freedom, security and justice

EUR 1.1 billion was allocated in 2013 for the protection of freedom, security and justice within the EU. The EU strived for a better management of its external borders and the development of a common asylum area. The "solidarity and management of migration flows" programme, amounting to EUR 559 million, reinforced measures against illegal immigration, supported the efforts of EU States to grant reception conditions to refugees and displaced persons, facilitated the integration of legal migrants into European societies and improved EU States' return management.

The 'Security and safeguarding liberties' programme, worth EUR 69 million in 2013, promoted effective European cross-border cooperation in the fight against crime and terrorism and improved crime prevention.

With the "criminal justice" programme, the EU tried to improve judicial cooperation by promoting the compatibility of rules applicable in EU countries as well as improving contacts and exchange of information and best practice between legal, judicial and administrative authorities and the legal professions.

Citizenship

The EUR 657 million foreseen for this policy in 2013 included contributions to numerous Europe 2020 strategy flagship initiatives including 'Youth on the move', 'An agenda for new skills and jobs', 'European platform against poverty' and 'Innovative Union'. These programmes contributed to a great deal to health, consumer protection and civil protection. The crucial task of reaching out and communicating Europe was funded through cultural programmes and the policy area of 'Communication'.

With a budget of EUR 27 million in 2013, the 'Europe for citizens' programme encouraged civil society and other organizations to develop projects of European interest, town-twinning and activities directly involving citizens to create an 'European identity'.

The EU as a global player

The EU continued to strengthen its role in the world. In 2013, EUR 6.8 billion were dedicated to this goal.

The enlargement policy was designed to help candidate countries (Croatia ⁽¹⁾, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey) and potential candidates (Albania, Bosnia and Herzegovina, Kosovo*) prepare for future membership by implementing the necessary reforms. The European Neighbourhood Policy offered 16 of the EU's southern and eastern neighbours the possibility for closer political association, enhanced trade and economic integration, greater mobility, and assistance with sectorial reforms.

The Development Cooperation Instrument (DCI) had the primary objective of eradicating poverty in partner countries and regions. It was one of the key EU instruments providing development assistance to non-European countries.

The EU contributed substantially to preventing, managing and resolving conflict and building peace in the world. In 2013, the EU was at the forefront of the international response to all major humanitarian crises, both natural and man-made. This included, for example, the armed conflicts in Syria, the Central African Republic and South Sudan as well as natural disaster such as the Haiti earthquake or the Philippines' Haiyan Typhoon. Between 2007 and 2013, the EU almost doubled its allocation for global humanitarian aid, which in 2013 amounted to around EUR 1.2 billion. Still representing well under 1 % of the total EU budget and equalling to only just over EUR 2 per EU citizen, this amount helped around 120 million victims of conflicts and disasters annually.

⁽¹⁾ Croatia joined the EU only on 1 July 2013.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

Administration

Some EUR 8.2 billion (less than 6 %) was spent in 2013 to ensure the smooth operation of all EU institutions at the service of its approximately 508 million citizens. This covered, for example, staff salaries and pensions, buildings and infrastructure, information technology and security.

The Commission remained committed to optimizing its tools and procedures. In this context, delivering on the EU agenda and ambitions required more redeployments than ever.

Examples of results achieved thanks to the EU budget in the 2007-13 MFF

The 2013 year completed brilliantly the 2007-13 MFF. In spite of difficult economic times, the budget of the EU made the difference for millions of people inside and outside the EU's borders. All these examples below illustrate the crucial role that the EU has played during this period:

- ▶ The Enterprise Europe Network is the official European Commission business support network. With 600 partners in 50 countries, it has helped European SMEs developing their business in new markets, sourcing new technologies and accessing EU finance and EU funding.
- ▶ Since the inception of the programme in 1987, over three million students have benefited from Erasmus. Surveys indicated that 97 % of former Erasmus students consider having studied abroad an advantage on the job market.
- ▶ During the 2007-12 period, the Cohesion fund helped to co-finance the building or reconstruction of 1 200 km of road and 580 km of railways. It provided an improved water supply to 2.8 million citizens and served 5 million citizens with waste water treatment.
- ▶ During the 2007-12 period, thanks to the European regional development fund, 594 000 gross jobs were created; 5 million citizens have gained broadband access. 29 350 renewable energy projects, 19 000 education projects and 3 800 health projects were financed.
- ▶ During the 2007 until the end of 2012 period, the European Agricultural Fund for Rural Development financed 319 000 modernisation projects and supported 1.72 million participants who have successfully completed a training activity related to agriculture and/or forestry.
- ▶ The European Integration Fund supported in particular introductory programmes and language courses for non-EU nationals, social and legal guidance and counselling through 2 928 projects funded between 2007 and 2010 in most of the EU States.
- ▶ The number of notifications via the Rapid Alert system ⁽¹⁾ for non-food dangerous products increased from 2008 notifications in 2013 compared to 1 312 in 2007.

⁽¹⁾ The EU Rapid Alert System for non-food dangerous products (RAPEX) allows the participating countries and the Commission to exchange information on products posing a risk to health and safety of consumers and steps taken to avert the danger.

- ▶ The “Culture” programme helped 20 000 artists and cultural professionals each year to develop international careers by improving their skills and knowhow through informal peer learning, and through creating new professional pathways.
- ▶ 77.5 % of participants of the “Europe for Citizens” programme events felt more European in 2012 (compared to 69 % in 2011).
- ▶ From 2004 until 2014, thanks to the Development Cooperation Instrument, 18.3 million children were vaccinated against measles worldwide. More than 8 500 health facilities worldwide were constructed or renovated, almost 14 million more boys and girls benefited from primary education. Over 70 million people gained access to drinking water. 46.5 million people were given cash or in-kind benefits to ensure their food security. 7.5 million births were attended by skilled health workers, saving the lives of mothers and babies.

The Section III Expenditures of this financial report gives many details on the different EU programmes and their achievements reached during the 2007-13 period.



Section I

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EU Budget 2013

Financial framework

Financial framework

Since 1988, the EU annual budgets have been defined within the multiannual financial frameworks in order to ensure tighter budgetary discipline and to improve the functioning of the budgetary procedure and inter-institutional cooperation. The financial framework which ended in 2006 was agreed for a period of 7 years (2000–06) by the Inter-institutional Agreement (IIA) of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure. It was the third financial programming period after those of 1988–92 and 1993–99. The 2007–13 financial framework was agreed for another period of 7 years (2007–13) by the IIA of 17 May 2006 on budgetary discipline and sound financial management. The 2014–20 financial framework is laid down, for the first time, in a legal act based on Article 312 of the Treaty: Council Regulation No 1311/2013 of 2 December 2013. It is thus firmly anchored in primary law. 2013 was the last year of the 2007–13 financial period therefore we have decided to have special focus on the whole period in section III of this financial report.

Structure

Multiannual financial frameworks consist of headings (some of them broken down into subheadings) with annual limits (ceilings) for commitment appropriations set for each heading/subheading. The sum of the ceilings of all headings gives the total ceiling of commitment appropriations.

A corresponding estimate is then established for the annual ceiling of payment appropriations. Total annual ceilings are expressed in millions of euro and in percentage of the gross national income of the EU (EU GNI). The total annual ceiling of payment appropriations in percentage of EU GNI is compared to the reference own resource ceiling (1.23 % of EU GNI).

The corresponding margin for unforeseen expenditure performs a dual role. First, it leaves a safety margin to ensure that (within the limit of the own resources ceiling) the resources available to the EU would not be reduced as a consequence of a lower-than forecast economic growth rate. Second, it allows the various ceilings of the financial framework to be revised so as to cover any unforeseen expenditure which arises.

Technical adjustment

Under the terms of the IIA, and the MFF regulation as of 2014, at the beginning of each budgetary procedure the Commission carries out the technical adjustment of the financial framework in order to take into account inflation and the trend in EU GNI growth. As financial frameworks are originally expressed in constant prices, they have to be adjusted to the most recent economic environment before the draft budget for the following year is established. In the 2007–13 financial framework, calculations in

constant prices were made using a fixed rate of 2 % per year as a deflator, so that amounts in current prices could be deducted automatically. Consequently, technical adjustments now no longer amend prices, but only amounts expressed in percentage of EU GNI. The last technical adjustment was made for 2013, in April 2012 (see Table 2 in Annex 1).

Revision and adjustment

Following the agreement on financing required for the European Global Navigation Satellite System GNSS programmes (EGNOS–Galileo), the financial framework for 2007–13 was revised in December 2007 ⁽¹⁾. An adjustment also occurred together with the technical adjustment made for 2009 in order to take account of implementation (pursuant to point 48 of the IIA) ⁽²⁾. Following the agreement on financing required for the European economic recovery plan, the financial framework for 2007–13 was revised in May ⁽³⁾ and in December ⁽⁴⁾ 2009. An adjustment of the financial framework (pursuant to point 17 of the IIA) occurred in the framework of the technical adjustment for 2011 in April 2010 ⁽⁵⁾. A revision of the financial framework, which addressed additional financing needs of the ITER project, was adopted in December 2011 ⁽⁶⁾. The latest revision of the financial framework, which addressed the accession of Croatia was adopted in July 2013 and implemented through adopted AB 1/2013 ⁽⁷⁾.

The budgetary procedure

The Lisbon Treaty states that the adoption of the EU Budget takes place in four stages (Article 314) ⁽⁸⁾.

1. Commission's Draft Budget

The Commission adopted the Draft Budget for 2013 on 25 April 2012. Commitment appropriations were set at EUR 150 932 million, 2.0 % higher than the 2012 budget, and

⁽¹⁾ Decision 2008/29/EC of the European Parliament and of the Council of 18 December 2007.

⁽²⁾ Decision 2008/371/EC of the European Parliament and of the Council of 29 April 2008.

⁽³⁾ Decision 2009/407/EC of the European Parliament and of the Council of 6 May 2009.

⁽⁴⁾ Decision 2009/1005/EU of the European Parliament and of the Council of 17 December 2009.

⁽⁵⁾ COM(2010) 160 of 16 April 2010.

⁽⁶⁾ Decision 2012/5/EU of the European Parliament and of the Council of 13 December 2011.

⁽⁷⁾ COM(2013)156 of 18.3.2013

⁽⁸⁾ <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:C:2008:115:TOC>

equivalent to 1.13 % of GNI. The level of payment appropriations proposed increased by 6.8 %, to a total of EUR 137 924 million, or 1.03 % of GNI. The margins remaining under the ceilings of the Multiannual Financial Framework were EUR 2 420 million for commitment appropriations and EUR 6 138 million for payment appropriations.

2. Council's reading of the Draft Budget ⁽¹⁾

In July 2012, the Council took its position on the Draft Budget 2013. The Council set commitment appropriations at EUR 149 777 million, a cut of EUR 1 155 million compared to the Draft Budget (DB). Payment appropriations were reduced by EUR 5 229 million to EUR 132 696 million, or 0.99 % of GNI. The biggest cuts were made in sub-heading 1a Competitiveness for growth and employment (EUR 469 million in commitments and EUR 1 898 million in payments); sub-heading 1b Cohesion for growth and employment (EUR 1 600 million in payments); heading 2 Preservation and management of natural resources (EUR 336 million in commitments and EUR 491 million in payments); heading 4 EU as a global player (EUR 172 million in commitments and EUR 1 034 million in payments); and heading 5 Administration (EUR 146 million in commitments and payments).

3. Parliament's reading ⁽²⁾

Parliament's amendments on the Draft Budget 2013 were voted in October 2012. Total commitment appropriations were set at EUR 151 152 million (1.13 % of GNI); EUR 1 375 million higher than Council's position. The level of payments was set at EUR 137 898 million (1.03 % of GNI); EUR 5 203 million higher than the Council's position.

Amending letters

During the course of the procedure, the Commission presented one amending letter to the Draft Budget. The Amending Letter No 1/2013 concerned the usual update of the budget requests for the agricultural sector as well as for the International Fisheries Agreements, in accordance with the Interinstitutional Agreement on budgetary discipline and sound financial management of 17 May 2006. The net effect of the amending letter was to decrease the initial Commission DB by EUR 25 million to EUR 150 907 million in commitments and EUR 137 899 million in payments.

4. Conciliation Committee

During the 21 days foreseen for the Conciliation Committee, a compromise began to emerge. However, the Council and Parliament did not reach final agreement on the 2013 budget within this timeframe, and as a consequence, the Commission adopted a new Draft Budget 2013 on 26 November 2012, which took into account elements to facilitate convergence between the European Parliament and the Council, as well as the imperative need to honour past commitments. This allowed the Council and the Parliament to reach political agreement on the 2013 budget at a trilogue on 29

⁽¹⁾ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/132710.pdf

⁽²⁾ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0359+0+DOC+XML+VO//EN>

November 2012, which subsequently led to the final adoption of the 2013 budget on 12 December 2012. The final compromise on the 2013 budget contained the following elements:

- ▶ Agreement on the overall level of payment appropriations of EUR 132 837 million (0.99 % of GNI), EUR 142 million above the level proposed by the Council in its position on the initial Draft Budget.
- ▶ Agreement on the level of commitment appropriations for headings 1a (EUR 16 121 million), 1b (EUR 54 509 million), 3a (EUR 1 399 million), 3b (EUR 707 million) and (9 583 million), as proposed by the Commission in the new Draft Budget.
- ▶ Agreement on the revision of the amount of the clearance of accounts, decreasing both commitment and payment appropriations by EUR 100 million.

Reserves

The voted budget included following reserves:

- ▶ European Globalisation Adjustment Fund: EUR 500 million in commitment appropriations.
- ▶ Emergency Aid Reserve: EUR 264 million in commitment appropriations and EUR 80 million in payment appropriations.
- ▶ Provisional appropriations (reserves for administrative expenditure and for financial interventions) of EUR 286 million in commitment appropriations and EUR 195 million in payment appropriations.

Evolution of the Draft Budget to the Initial Budget 2013 (million EUR)

Commitments

Heading	Final Budget 2012 (1)	Draft Budget 2013 (incl. AL1 to AL3) (2)	Council's position (3)	Voted Budget 2013 (4)	Difference (4)/(1) (5)
1a Competitiveness for growth and employment	15 389	16 105	16 121	16 121	4.8%
1b Cohesion for growth and employment	52 753	54 509	54 509	54 509	3.3%
2 Preservation and management of natural resources	59 850	60 249	60 149	60 149	0.5%
3a Freedom, security and justice	1 368	1 399	1 399	1 399	2.3%
3b Citizenship	1 386	707	707	707	-49.0% (*)
4 The EU as a global player	9 404	9 583	9 583	9 583	1.9%
5 Administration	8 280	8 507	8 431	8 431	1.8%
Appropriations for commitments Total	148 428	151 059	150 898	150 898	1.7%

(*) The European Solidarity Fund is not budgeted.

The voted commitment appropriations represented 1.13 % of GNI.

Payments

Heading	Final Budget 2012 (1)	Draft Budget 2013 (incl. AL1 to AL3) (2)	Council's position (3)	Voted Budget 2013 (4)	Difference (4)/(1) (5)
1a Competitiveness for growth and employment	11 971	13 558	11 886	11 886	-0.7%
1b Cohesion for growth and employment	48 504	48 977	47 199	47 199	-2.7%
2 Preservation and management of natural resources	58 016	57 900	57 484	57 484	-0.9%
3a Freedom, security and justice	867	928	877	877	1.2%
3b Citizenship	1 347	656	638	638	-52.6% (*)
4 The EU as a global player	6 777	7 272	6 323	6 323	-6.7%
5 Administration	8 278	8 507	8 430	8 430	1.8%
Appropriations for payments Total	135 758	137 798	132 837	132 837	-2.2%

(*) The European Solidarity Fund is not budgeted.

The voted payment appropriations represented 0.99 % of GNI.

Budget management

The EU budget lifecycle

The lifecycle of the EU budget, from the approval of the annual budget onwards, means that the figures for the commitment appropriations and payment appropriations available for a given financial year tend to vary over the course of the year. Procedures similar to the budgetary one apply to the adoption of amending budgets (in case of inevitable, exceptional or unforeseen circumstances occurring after the budget has been adopted).

The factors that influence and change the amounts over the financial year are described below.

Carryovers

Carryovers represent amounts from the previous year's budget that have not been used and are carried over to the current financial year. The carryover decisions of the Commission, taken on 13 February 2013, concerned non-differentiated commitment appropriations and payment appropriations. There were no structural funds commitments made available again.

Amending budgets

Amending budgets are a measure which takes into account political, economic or administrative needs which could not have been foreseen during the procedure that led to the adopted budget. They ensure more precise and economical financing of the EU budget by the Member States.

In 2013, a total of nine amending budgets were adopted.

The Amending Budget (AB) No 1 for the year 2013 concerned the incorporation into the 2013 Budget of both the commitment and payment appropriations necessary to cover expenditure related to the accession of Croatia to the European Union on 1 July 2013, in full respect of the Treaty concerning the accession of the Republic of Croatia. The increases proposed were EUR 655.1 million in commitment appropriations and EUR 374 million in payment appropriations. Adopted by the Commission on 18 March 2013 (COM(2013) 156), it was approved by the Council on 26 June 2013 and adopted by the Parliament on 4 July 2013.

The Amending Budget (AB) No 2 for the year 2013 covered an increase in the forecast of other revenue stemming from fines and penalties, amounting to EUR 290 million and an increase of payment appropriations of EUR 7.3 billion across headings 1a, 1b, 2, 3a, 3b and 4 of the multi-annual financial framework (MFF). This was with the aim of meeting outstanding needs to the end of the year, so that obligations stemming from past and current commitments could be honoured, financial penalties avoided, and beneficiaries could receive the funds envisaged by the agreed EU policies, for which Parliament and Council authorised the related commitment appropriations in previous annual budgets. The requested additional payment appropriations was aimed at reducing the level of outstanding commitments (*reste à liquider*, RAL) as well as the risk of rolling over onto 2014 abnormal levels of unpaid bills. Adopted by the Commission on 27 March 2013 (COM(2013) 183), it was amended by the Council on 9 July 2013 and approved by the Parliament on 11 September 2013. The Commission requested initially a reinforcement of EUR 11.2 billion in payment appropriation. The Commission's request was adopted in two steps: The Amending Budget (AB) No 2 was approved in September for EUR 7.3 billion and The Amending Budget (AB) No 8 was approved for a total amount of EUR 3.9 billion in November.

The Amending Budget (AB) No 3/2013 was intended to budget the surplus of EUR 1 023.2 million resulting from the implementation of the budget year 2012. The breakdown of this surplus was the following: EUR 719 million for the revenue side, EUR 244 million for the expenditure side and EUR 60 million for the exchange rate difference. Adopted by the Commission on 15 April 2013 (COM(2013) 224), it was approved by the Council on 9 July 2013 and adopted by the Parliament on 11 September 2013.

The Amending Budget (AB) No 4 for the year 2013 covered the modification of the establishment plan of the European GNSS Agency (GSA), of the Education, Audiovisual and Culture Executive Agency (EACEA) and the Court of Justice of the European Union. These adjustments were budgetary neutral, since the proposed reinforcements of the EU contribution to the two agencies were fully offset by corresponding reductions in related expenditure in the Commission's section of the budget, whereas the additional staff for the Court of Justice was to be financed by the available appropriations within its own section. Adopted by the Commission on 29 April 2013 (COM(2013) 254), it was approved by the Council on 15 July 2013 and adopted by the Parliament on 11 September 2013.

Amending Budget (AB) No 5 for the year 2013 covered the mobilisation of the EU Solidarity Fund for an amount of EUR 14.6 million in commitment and payment appropriations relating to a flooding disaster in Slovenia, Croatia and Austria in autumn 2012. Adopted by the Commission on 2 May 2013 (COM(2013) 258), it was approved by the Council on 15 July 2013 and adopted by the Parliament on 11 September 2013.

Amending Budget (AB) No 6 for the year 2013 concerned the following:

- ▶ A revision of the forecast of Traditional Own Resources (TOR, i.e. customs duties and sugar sector levies), VAT and GNI bases, the budgeting of the relevant UK corrections as well as their financing and revision of financing of GNI reductions in favour of the Netherlands and Sweden in 2013, resulting in a change in the distribution between Member States of their own resources contributions to the EU budget.
- ▶ A revision of the forecast of other revenue, arising from fines of EUR 1 229 million that have become definitive and can therefore be budgeted.
- ▶ The creation of the necessary budgetary structure to accommodate the creation of the Union trust funds foreseen in Article 187 of the Financial Regulation.

Adopted by the Commission on 10 July 2013 (COM(2013) 518), revised by the Commission through the Amending Letter to DAB 6/2013 (COM(2013) 655), it was amended by the Council on 21 October 2013 and approved by the Parliament on 24 October 2013.

Amending Budget (AB) No 7 for the year 2013 covered an increase of commitment appropriations of EUR 150 million in heading 1b of the multi-annual financial framework (MFF). This was with the aim of addressing certain issues resulting from the final outcome of the negotiations of the MFF for the years 2014-20, affecting France, Italy and Spain. Adopted by the Commission on 25 July 2013 (COM(2013) 557), it was amended by the Council on 7 October 2013 and approved by the Parliament on 19 November 2013.

Amending Budget (AB) No 8 for the year 2013 concerned the increase of payment appropriations of EUR 3.9 billion across headings 1a, 1b, 2, 3a, 3b and 4 of the multi-annual financial framework (MFF) to the overall level proposed already in DAB 2/2013. This is with the aim of meeting the outstanding needs to the end of the year. Adopted by the Commission on 25 September 2013 (COM(2013) 669), it was amended by the Council on 30 October 2013 and approved by the Parliament on 19 November 2013.

Amending Budget (AB) No 9 for the year 2013 covered the following:

- ▶ The mobilisation of the EU Solidarity Fund for an amount of EUR 400.5 million in commitment and EUR 250 million in payment appropriations. The mobilisation was in favour of Romania in relation to a drought and forest fires in summer 2012, and of Germany, Austria and the Czech Republic in relation to flooding in May and June 2013.
- ▶ A redeployment between research lines and external actions took place.

The commitment appropriations increased by EUR 373.6 million whereas the payment appropriations were unchanged.

It was adopted by the Commission on 3 October 2013 (COM(2013) 691), amended by the Council on 30 October 2013 and approved by the Parliament on 20 November 2013.

Summary of amending budgets for the financial year 2013 ⁽¹⁾ (million EUR)

AB No	Date of adoption	OJ Reference	Impact on payment appropriations	Main subject
1	04.07.2013	Official Journal L L 256 27.09.2013	heading 1a: 18 heading 1b: 150 heading 2: 3 heading 3a: 41 heading 3b: 1 heading 4: 87 heading 6: 75 total: 374	Expenditure related to the accession of the Republic of Croatia
2	11.09.2013	Official Journal L 327 6.12.2013	heading 1a: 638 heading 1b: 5853 heading 2: 395 heading 3a: 84 heading 3b: 10 heading 4: 318 total: 7 300	Increase in the forecast of other revenue Outstanding payment needs to the end of the year
3	11.09.2013	Official Journal L 327 6.12.2013		2012 surplus
4	11.09.2013	Official Journal L 327 6.12.2013		Modification of the establishment plan of the European GNSS Agency (GSA), of the Education, Audiovisual and Culture Executive Agency (EACEA) and the Court of Justice of the European Union.
5	11.09.2013	Official Journal L 327 06.12.2013	heading 3b: 15	Mobilisation of the EU Solidarity Fund in Slovenia, Croatia and Austria (flooding disaster in autumn 2012).
6	24.10.2013	Official Journal L 6 10.01.2014		A revision of the forecast of Traditional Own Resources and other revenue. Amendment of the budgetary structure to accommodate the creation of the Union trust funds (foreseen in Article 187 of the Financial regulation).
7	19.11.2013	Official Journal L 49 19.02.2014		Addressing certain issues resulting from the final outcome of the negotiations of the MFF for the years 2014-20, affecting France, Italy and Spain
8	19.11.2013	Official Journal L 49 19.02.2014	heading 1a: 355 heading 1b: 3148 heading 2: 222 heading 3a: 49 heading 4: 194 reserves -44	Outstanding payment needs to the end of the year
9	20.11.2013	Official Journal L 49 19.02.2014	heading 1a: -148 heading 3b: 250 heading 4 : -102	Mobilisation of the EU Solidarity Fund in favour of Romania (drought and forest fires in summer 2012), and of Germany, Austria and the Czech Republic (flooding in May and June 2013). A redeployment of payment appropriations within heading 1a

⁽¹⁾ http://ec.europa.eu/budget/biblio/documents/2013/2013_en.cfm

Transfers

There are two types of transfers: (1) transfers from reserves which increase the amounts of the authorised appropriations to be used; and (2) transfers between the lines of a chapter of the budget or between budget headings, which are neutral in overall budgetary terms.

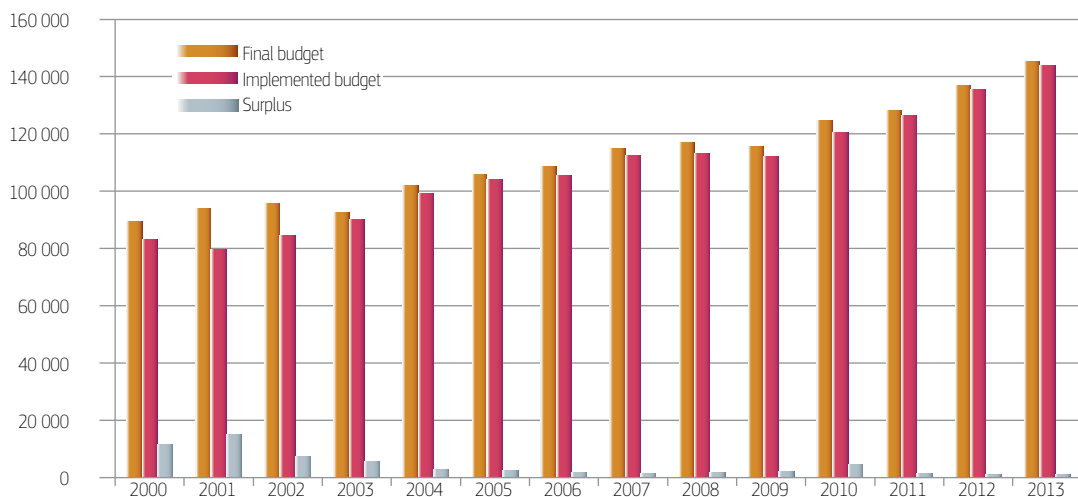
As a result, the final budget represents the outcome, at the end of the financial year, of active budget management including all measures that have an effect on the total Commission budget — carryovers, amending budgets and transfers — which have been proposed and passed during the financial year.

Evolution of appropriations by heading in 2013 (million EUR)

Heading	Initial voted budget (without reserve)	Carryover from 2012	Amending budgets	Total impact of transfers	Unused reserve	Final budget (without reserve)
1a Competitiveness	11 875	143	863	– 90		12 791
1b Cohesion	47 199	14	9 151	124		56 488
2 Natural resources	57 371	36	620	45	1	58 072
3a Freedom, Security and Justice	810	3	174	71	1	1 058
3b Citizenship	638	5	277	– 6		914
4 EU as a global player	6 323	30	497	3		6 853
5 Administration	8 426	767	0	4		9 197
6 Compensations			75			75
TOTAL	132 641	999	11 658	150	2	145 448

From an accounting point of view, the budget outturn is — in general terms — the difference between all revenue and expenditure, the positive difference being a surplus. Of the final budget for 2013 totalling EUR 145 448 million, EUR 143 785 million — or almost 99 % — has been used.

Active budget management 2000-13 (million EUR)



Financial Regulation

The Financial Regulation lays down the rules for the establishment and implementation of the EU budget. Both the Financial Regulation ⁽¹⁾ and its Rules of Application were updated in 2012 as part of a revision of the financial rules for co-funded pro-

⁽¹⁾ http://ec.europa.eu/budget/biblio/publications/publications_en.cfm#finreg

grammes. The revised Financial Regulation entered into application on 1 January 2013. The delivery of EU funds to businesses, NGOs, researchers, students, municipalities and other recipients has been improved as of 1 January 2013 thanks to simplified procedures. The new legislation increases transparency and introduces higher accountability for anyone dealing with EU finances. It includes wider possibilities to use lump sums and flat rates for smaller amounts, eliminates the need to fill in the same details every time you apply for EU funds and introduces on-line applications as well as many other new features.

Accounting framework

Since its introduction in January 2005 the Accrual Based Accounting had become a part of the Commission's continued effort to modernise the management of the EU finances. The accrual based accounts recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis accounting that recognises transactions and other events only when cash is received or paid.

The rules governing ABAC are based on internationally accepted standards for the public sector — the IPSAS (i.e. International Public Sector Accounting Standards) — and, for accounting transactions that are not yet covered by IPSAS, the relevant International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Annual accounts

The daily accounting is kept, and the annual accounts are drawn up, in accordance with the Financial Regulation and the EU accounting rules. The accounting system of the European institutions comprises two sets of accounts: the general accounts (financial statements) and the budgetary accounts. The combination of these two provides the annual accounts. The accounts are kept in euro on the basis of the calendar year. The annual financial statements aim to present, in a true and fair manner, the financial position and performance of the EU for a given year together with explanatory notes giving further information on the figures presented. The same accounting rules are applied in all the consolidated European bodies. The budgetary accounts provide information on the implementation of the EU budget for a given year, including the budget outturn for the year.

The Commission's Accounting Officer produces two sets of annual accounts: consolidated EU and Commission annual accounts. The annual accounts as well as monthly and quarterly reporting on budget implementation are also made online (http://ec.europa.eu/budget/biblio/publications/publications_en.cfm). Following audit by the European Court of Auditors (ECA), the annual accounts are adopted by the Commission and transmitted to Parliament and the Council for discharge.

Treasury management

The Commission has accounts with Member State treasuries, central banks and commercial banks. The source of EU finance is almost entirely own resources. These are credited twice a month to the accounts opened with Member State treasuries or

central banks. The funds are used to fund payments through commercial bank accounts on the 'just in time' principle.

The Commission's Directorate-General for the Budget establishes the cash flow forecasting, which is done for the very short term, for the month to come and for the budgetary year. Member States make their contributions to the budget in their national currencies, while most of the Commission's payments are denominated in euro. The Commission has therefore to make foreign exchange transactions in order to have the euros necessary to make payments in those Member States that have not yet adopted the euro and to make payments in non-European Union currencies.

In 2013, 0.6 % out of a total of 1 883 278 payments made were executed through treasuries and central banks, representing 72 % of the total amount of payments. The remaining 99.4 % of payments were made through commercial banks (representing 28 % of the total amount of payments). Most of the Commission funds are kept in Member State and central bank accounts.



Section II

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Revenue

The budget of the European Union is financed by own resources, other revenue and the surplus carried over from the previous year. When the European Parliament and the Council approve the annual budget, total revenue must equal total expenditure. The total amount needed to finance the budget follows automatically from the level of total expenditure. However, since outturns of revenue and expenditure usually differ from the budgeted estimates, there is a balance of the exercise resulting from the implementation. Normally, there has been a surplus, which reduces Member States' own resources payments in the subsequent year. In 2013 own resources amounted to EUR 139 743.7 million, other revenue to EUR 8 706.4 million and EUR 1 053.6 million corresponded to the surplus carried over from the previous year.

Own Resources

The basic rules on the system of own resources are laid down in a Council decision adopted by unanimity in the Council and ratified by all Member States. The Council Decision 2007/436 (ORD 2007) entered into force on 1 March 2009 with retroactive effect back to 1 January 2007 (own resources payments for 2009 were thus made pursuant to ORD 2007 with retroactive effect for 2007 and 2008 ⁽¹⁾). Own resources can be defined as revenue accruing automatically to the EU in order to finance its budget without the need for any subsequent decision by national authorities. The overall amount of own resources needed to finance the budget is determined by total expenditure less other revenue. The total amount of own resources cannot exceed 1.23 % of the EU GNI. Own resources can be divided into the following categories:

- ▶ traditional own resources (TOR);
- ▶ the VAT own resource; and
- ▶ the GNI own resource, which plays the role of residual resource.

A specific mechanism for correcting budgetary imbalances in favour of the United Kingdom (UK correction) is also part of the own resources system. Furthermore, some Member States may choose not to participate in certain justice and home affairs (JHA) policies. Corresponding adjustments are introduced to own resources payments (since 2003 for Denmark and since 2006 for Ireland and the United Kingdom).

Traditional own resources (i.e. customs duties and sugar levies)

TOR are levied on economic operators and collected by Member States on behalf of the EU. TOR payments accrue directly to the EU budget, after deduction of a 25 % amount retained by Member States as collection costs (valid for MFF 2007–13). Following the implementation into EU law of the Uruguay Round agreements on multilateral trade there is no longer any material difference between agricultural duties and customs duties under ORD 2007. Customs duties are levied on imports of agricultural and non-agricultural products from third countries, at rates based on the Common Customs Tariff.

In 2013, revenue from customs duties amounted to EUR 15 163.7 million (10.14 % of total revenue). Further to this, a production charge is paid by sugar producers, which

⁽¹⁾ Amending Budget No 3 for the financial year 2009 (2009/457/EC, Euratom), OJ L157, 19.6.2009, p. 21.

amounted to EUR 201.6 million (0.13 %). As a result, total revenue from traditional own resources (the sum of these two figures) added up to EUR 15 365.3 million (10.28 %).

VAT own resource

The VAT own resource is levied on Member States' VAT bases, which are harmonised for this purpose in accordance with Union rules. The same percentage is levied on the harmonised base of each Member State. However, the VAT base to take into account is capped at 50 % of each Member State's GNI. This rule is intended to avoid the less prosperous Member States paying out of proportion to their contributive capacity, since consumption and hence VAT tend to account for a higher percentage of a country's national income at relatively lower levels of prosperity.

In 2013, the 50 % 'capping' was applied to five Member States (Cyprus, Luxembourg, Malta, Slovenia and Croatia). According to ORD 2007, the uniform rate of call of the VAT own resource is fixed at 0.30 % from 1 January 2007. However, for the period 2007-13 only, the rate of call of the VAT own resource has been fixed at 0.225 % for Austria, at 0.15 % for Germany and at 0.10 % for the Netherlands and Sweden. The total amount of the VAT own resource (including balances for previous years) levied reached EUR 14 019.7 million (9.38 %).

The gross national income own resource

The GNI own resource was introduced in 1988 to balance budget revenue and expenditure, i.e. to finance the part of the budget not covered by other revenue. The same percentage is levied on each Member States' GNI, established in accordance with Union rules. The rate is fixed during the budgetary procedure. The amount of the GNI own resource needed depends on the difference between total expenditure and the sum of all other revenue.

According to ORD 2007, the Netherlands and Sweden receive a gross reduction in their annual GNI own resource contributions for the period 2007-13 only. ORD 2007 specifies the amount of this reduction (EUR 605 million and EUR 150 million in constant 2004 prices, which are adapted for current prices) and indicates that this reduction shall be granted after financing of the UK correction. This reduction is financed by all Member States.

In 2013, under ORD 2007, the rate of call of GNI amounted to 0.84321 % ⁽¹⁾ and the total amount of the GNI resource (including balances for previous years) levied reached EUR 110 194.6 million (73.71 % of total revenue).

The UK correction

The current UK correction mechanism was introduced in 1985 to correct the imbalance between the United Kingdom's share in payments to the Community budget and its share in the Community expenditure. This mechanism has been modified on several occasions to compensate for changes in the system of EU budget financing, but the basic principles remain the same.

⁽¹⁾ Amending budget 9/2013, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2014:049:FULL> table 3, p. 219.

The imbalance is calculated as the difference between the UK's share in EU expenditure allocated to the Member States and in total VAT and GNI own resources payments. The difference in percentage points is multiplied by the total amount of EU expenditure allocated to the Member States. The UK is reimbursed by 66 % of this budgetary imbalance. The cost of the correction is borne by the other 27 Member States. The distribution of the financing is first calculated on the basis of each country's share in total EU GNI. The financing share of Germany, the Netherlands, Austria and Sweden is, however, restricted to one quarter of its normal value. This cost is redistributed across the remaining member states. ORD 2007 introduced several changes to the calculation of the amount of the UK correction:

- ▶ fixing of the rate of call of the VAT own resource at 0.30 % and the reduced rates temporarily granted to Germany, the Netherlands, Austria and Sweden (see above) increase the amount of the UK correction;
- ▶ ORD 2007 suppresses the adjustment related to pre-accession expenditure from the 2013 UK correction (to be first budgeted in 2014) onwards;
- ▶ an adjustment related to expenditure in the new Member States is introduced. From the 2008 UK correction (first budgeted in 2009) onwards, total allocated expenditure will be reduced by allocated expenditure in Member States which joined the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure as well as that part of European Agricultural Fund for Rural Development expenditure originating from the earlier European Agricultural Guidance and Guarantee Fund (EAGGF), Guarantee Section. This reduction was phased in progressively according to the following schedule: 20 % for the 2008 UK correction; 70 % for the 2009 UK correction; and 100 % onwards. The additional contribution of the UK resulting from the above reduction may not exceed a ceiling of EUR 10.5 billion, in 2004 prices, during the period 2007-13. In the event of further enlargement between 2009 and 2013, this ceiling would have been adjusted upwards accordingly.

The total amount of the UK correction paid in 2013, pursuant to ORD 2007, amounted to EUR 4 329.5 million.

Justice and home affairs adjustment for Denmark, Ireland and the United Kingdom

Article 3 of the Protocol on the position of Denmark and Article 5 of the Protocol on the position of the United Kingdom and Ireland, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, grants full exemption to these countries from supporting the financial consequences of some specific area of freedom, security and justice policies, with the exception of the related administrative costs. Article 10a of Regulation No 1150/2000 stipulates a mechanism for adjusting the contribution of Member States that do not take part in the financing of a specific EU action or policy in accordance with these Treaties and its protocols 4 and 5.

The adjustment is equal to the product of multiplying the total amount of the expenditure in question, with the exception of that financed by participating third countries, by the percentage that the GNI of the Member State which is entitled to the adjustment in relation to the GNI of all the Member States represents. The adjustment is financed by the participating Member States according to a scale determined by dividing their respective GNI by the GNI of all the participating Member States. There shall be no subsequent revision of this adjustment in the event of subsequent modification of the GNI figure. The Commission calculates the adjustment during the year following the

financial year concerned, at the same time as it determines the GNI balances provided for in Article 10 of Regulation No 1150/2000.

Lump Sum Reduction Granted for the Netherlands and Sweden

Article 2 (5) of the Council decision on the system of the European Communities' own resources ⁽¹⁾ stipulates that: 'For the period 2007-13 only, the Netherlands shall benefit from a gross reduction in its annual GNI contribution of EUR 605 million and Sweden from a gross reduction in its annual GNI contribution of EUR 150 million, measured in 2004 prices (respectively 694 million and 172 million in current prices in 2013). These amounts shall be adjusted to current prices by applying the most recent GDP deflator for the EU expressed in euro, as provided by the Commission, which is available when the draft budget is drawn up. These gross reductions shall be granted after the calculation of the correction in favour of the United Kingdom and its financing referred to in Articles 4 and 5 of this Decision and shall have no impact thereupon.'

Other revenue and the surplus from previous year

Revenue other than own resources includes: tax and other deductions from EU staff remunerations; bank interests; contributions from non-member countries to certain EU programmes (e.g. in the research area); repayments of unused EU financial assistance; and interest on late payments, as well as the balance from the previous exercise. This balance is mainly derived from the difference between the outturn of own resources payments and expenditure in the previous year.

In 2013, other revenue amounted to EUR 8 706.4 million, and the surplus carried over from the year 2012 corresponded to EUR 1 053.6 million.

Donations

Pursuant to Article 22 of the Financial Regulation, the Commission may accept any donation made to the EU, such as foundations, subsidies, gifts and bequests.

The acceptance of donations with a value of EUR 50 000 or more which involve a financial charge, including follow-up costs, exceeding 10 % of the value of the donation made is subject to the authorisation of the Parliament and the Council, both of which shall act on the matter within 2 months of the date of receipt of the request from the Commission. If no objection has been made within that period, the Commission takes a final decision in respect of acceptance.

The Commission has to estimate and duly explain the financial charges, including follow-up costs, entailed by the acceptance of donations made to the Communities (Article 11 of the Rules of Application).

Following a Commission decision to accept a donation which implies charges for the institutions, the decision is forwarded to the Parliament and the Council. The Commission

⁽¹⁾ O.J. L163/17, 23.06.2007, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:163:0017:0021:EN:PDF>

may finally decide to accept the donation in the absence of a negative opinion, or to renounce the donation in case of a negative opinion of the Parliament or the Council.

In the case of a Commission decision to refuse a donation, these institutions are informed.

The Directorate-General for the Budget is responsible for the execution measures following the Commission decision. In the case of a donation of real estate and its subsequent sale, the publicity rules laid down in the financial regulation have to be respected.

The procedure described above also applies when an EU institution other than the Commission receives a donation.

Donations occur very rarely.

In 2013, the Commission received the Jacques Diouf Award from the Food and Agriculture Organization of the United Nations (FAO) for significant contributions towards the improvement of global food security. The amount received (USD 12 500) was used for food assistance.

In the period 2007-13, the most important donation was the award of the Nobel Peace Prize to the EU for over 6 decades' contribution to the advancement of peace and reconciliation, democracy and human rights in Europe. The prize money amounted to 8 million SEK (more than EUR 900 000).

Fines

Fines on companies for infringing EU competition rules are part of other revenue. Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU) prohibit various anticompetitive practices. Article 103 gives the European Council powers to put in place an enforcement system, including the imposition of fines. Council Regulation 1/2003 based on Article 103 TFEU, gives the Commission powers to enforce these rules and fine companies for infringements.

In 2013 the European Commission imposed 37 individual fines in 8 cases representing EUR 2.69 billion on companies breaching competition law. 23 individual fines, representing EUR 2.0 billion have not been contested by the companies and are thus final. All other fines have been appealed before the General Court. When a fined company decides to appeal the Commission's decision before the Court, the fine needs to be covered either by a provisional payment or by a bank guarantee. Out of all pending fines from 2013 and earlier, about EUR 3.2 billion was covered by guarantees at 31 December 2013 whereas the global volume of fines provisionally cashed was about EUR 5.8 billion at that date.

When provisionally paid, the amounts must be kept off-budget according to Article 83 of the Financial Regulation, which states that revenues received by way of fines shall not be recorded as budgetary revenue as long as the decisions imposing them may be annulled by the Court of Justice. Provisionally cashed fines that were adopted before 2010 are held with commercial banks selected by call for tender. The ones adopted since 2010 are held with a special fund managed by the Commission and composed of a portfolio of high quality sovereign bonds.

The legal proceedings at the General Court or, if appealed, the Court of Justice may take up to eight years. Subject to the final judgment fines provisionally paid, including earned interest, are either transferred to the Commission's income

account and booked in the budget as other revenue or reimbursed to the companies. During the year 2013 some fines that were imposed were not contested and some fines imposed in previous years became definitive. In total an amount of EUR 2.9 billion of fine amounts have become definitive in 2013. This represented about 2.2 % of the EU budget in 2013.

Contribution by Member State and traditional own resources collected on behalf of the EU in 2013 (million EUR)

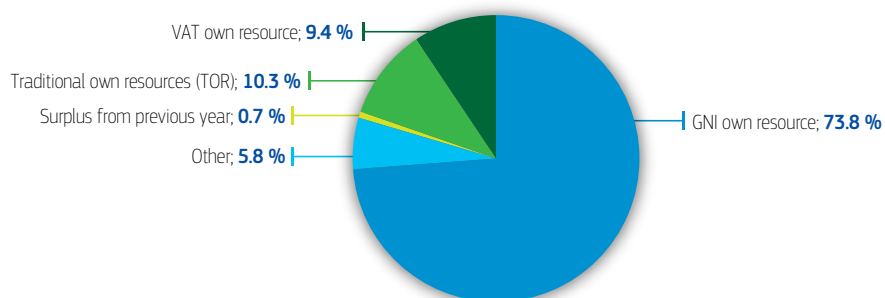
GNI (EUR bn)		VAT own resource	GNI own resource	UK correction	Reduction in GNI-OR granted to the NL and SE	Total national contribution		Traditional own resources (TOR) net (75 %)		Total own resources		
		(1)	(2) (*)	(3) (**)	(4) (**)	(5) = (1) + (2) + (3) + (4)	%	% GNI	(6)	(7) = (5) + (6)	%	% GNI
380.8	BE	476.9	3 198.0	229.1	25.5	3 929.5	3.2%	1.03%	1 359.5	5 289.0	3.8%	1.39%
40.2	BG	60.0	336.0	24.0	2.6	422.6	0.3%	1.05%	54.7	477.4	0.3%	1.19%
138.7	CZ	199.8	1 152.4	83.0	9.2	1 444.4	1.2%	1.04%	171.7	1 616.0	1.2%	1.17%
256.5	DK	290.4	2 153.0	149.6	16.9	2 609.9	2.1%	1.02%	293.3	2 903.3	2.1%	1.13%
2 804.6	DE	1 804.1	23 848.5	278.8	181.1	26 112.5	21.0%	0.93%	3 251.1	29 363.6	21.0%	1.05%
17.8	EE	24.9	154.0	10.1	1.1	190.2	0.2%	1.07%	21.7	211.9	0.2%	1.19%
133.0	IE	202.2	1 234.2	78.4	8.8	1 523.6	1.2%	1.15%	210.6	1 734.2	1.2%	1.30%
182.4	EL	204.2	1 480.7	96.4	12.0	1 793.3	1.4%	0.98%	112.3	1 905.5	1.4%	1.04%
1 013.8	ES	1 292.1	8 415.7	595.1	68.1	10 371.0	8.3%	1.02%	993.1	11 364.0	8.1%	1.12%
2 097.2	FR	2 837.1	17 685.4	1 204.2	138.2	21 864.9	17.6%	1.04%	1 417.2	23 282.1	16.7%	1.11%
42.8	HR	32.1	180.5	12.7	1.4	226.8	0.2%	0.53%	11.5	238.2	0.2%	0.56%
1 550.6	IT	1 732.2	13 003.8	902.3	102.7	15 741.0	12.7%	1.02%	1 419.8	17 160.8	12.3%	1.11%
15.8	CY	24.2	135.6	9.2	1.1	169.9	0.1%	1.08%	14.8	184.8	0.1%	1.17%
23.3	LV	26.5	206.1	14.0	1.5	248.2	0.2%	1.06%	20.7	268.9	0.2%	1.15%
33.5	LT	43.4	284.2	19.5	2.2	349.3	0.3%	1.04%	55.3	404.6	0.3%	1.21%
31.1	LU	42.9	246.4	18.9	2.2	310.4	0.2%	1.00%	11.3	321.7	0.2%	1.03%
92.7	HU	109.2	751.2	53.3	6.2	919.8	0.7%	0.99%	90.9	1 010.7	0.7%	1.09%
6.6	MT	11.2	62.0	3.9	0.4	77.5	0.1%	1.17%	8.9	86.4	0.1%	1.30%
599.9	NL	260.2	5 074.5	60.5	-653.4	4 741.8	3.8%	0.79%	1 807.6	6 549.4	4.7%	1.09%
312.1	AT	333.8	2 639.1	32.2	21.0	3 026.1	2.4%	0.97%	163.9	3 190.0	2.3%	1.02%
371.3	PL	501.4	3 083.2	219.7	24.6	3 829.0	3.1%	1.03%	383.8	4 212.8	3.0%	1.13%
159.3	PT	225.6	1 347.4	94.6	10.5	1 678.2	1.3%	1.05%	114.0	1 792.2	1.3%	1.12%
139.5	RO	153.8	1 122.0	83.3	9.2	1 368.3	1.1%	0.98%	105.3	1 473.7	1.1%	1.06%
34.7	SI	52.2	293.3	20.1	2.3	368.0	0.3%	1.06%	57.5	425.5	0.3%	1.22%
71.1	SK	67.9	598.7	41.8	4.8	713.1	0.6%	1.00%	85.9	799.0	0.6%	1.12%
195.6	FI	285.3	1 614.5	117.6	13.2	2 030.6	1.6%	1.04%	127.6	2 158.2	1.5%	1.10%
431.2	SE	198.6	3 664.3	47.0	-142.9	3 767.0	3.0%	0.87%	442.6	4 209.6	3.0%	0.98%
1 882.1	UK	2 527.3	16 230.0	-4 329.5	123.6	14 551.5	11.7%	0.77%	2 558.8	17 110.3	12.2%	0.91%
13 058.3	EU-28	14 019.7	110 194.6	169.9	- 5.8	124 378.4	100%	0.95%	15 365.3	139 743.7	100%	1.07%

(*) For simplicity of the presentation, the GNI-based own resource includes the JHA-adjustment.

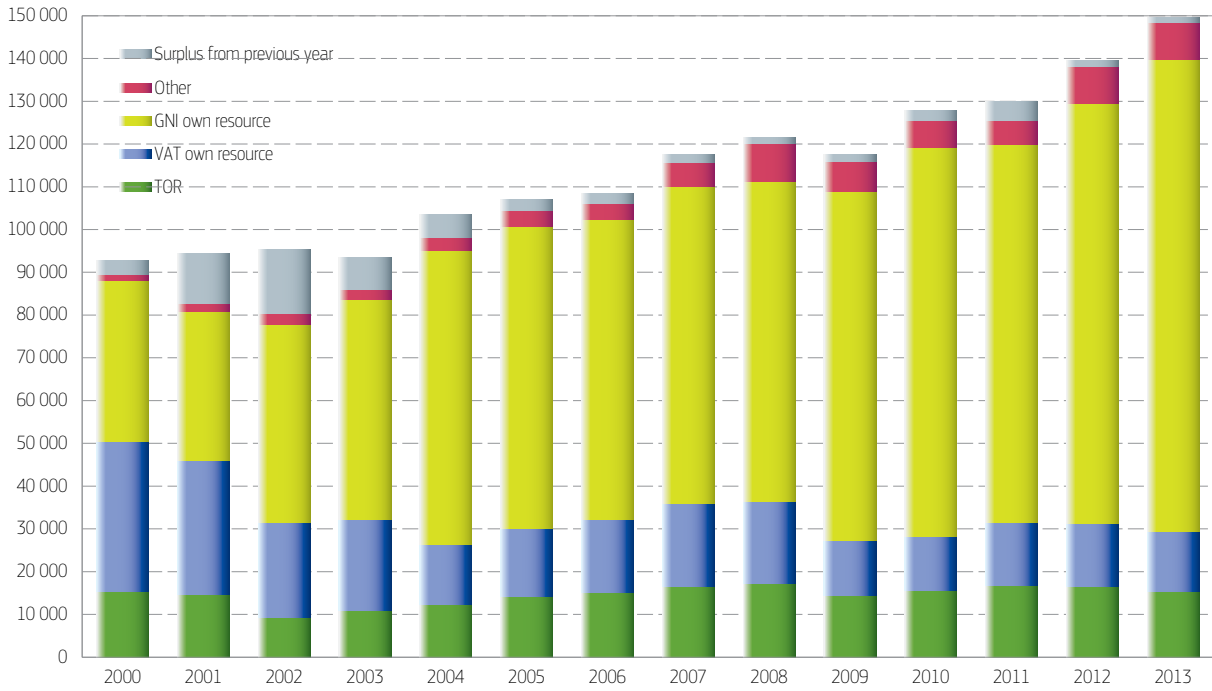
(**) Totals for UK correction payments and GNI reduction granted to NL and SE are not equal to zero on account of exchange rate differences.

Surplus from previous year	1 053.6
Surplus external aid guarantee fund	0.0
Other revenue	8 706.4
Total revenue	149,503.7

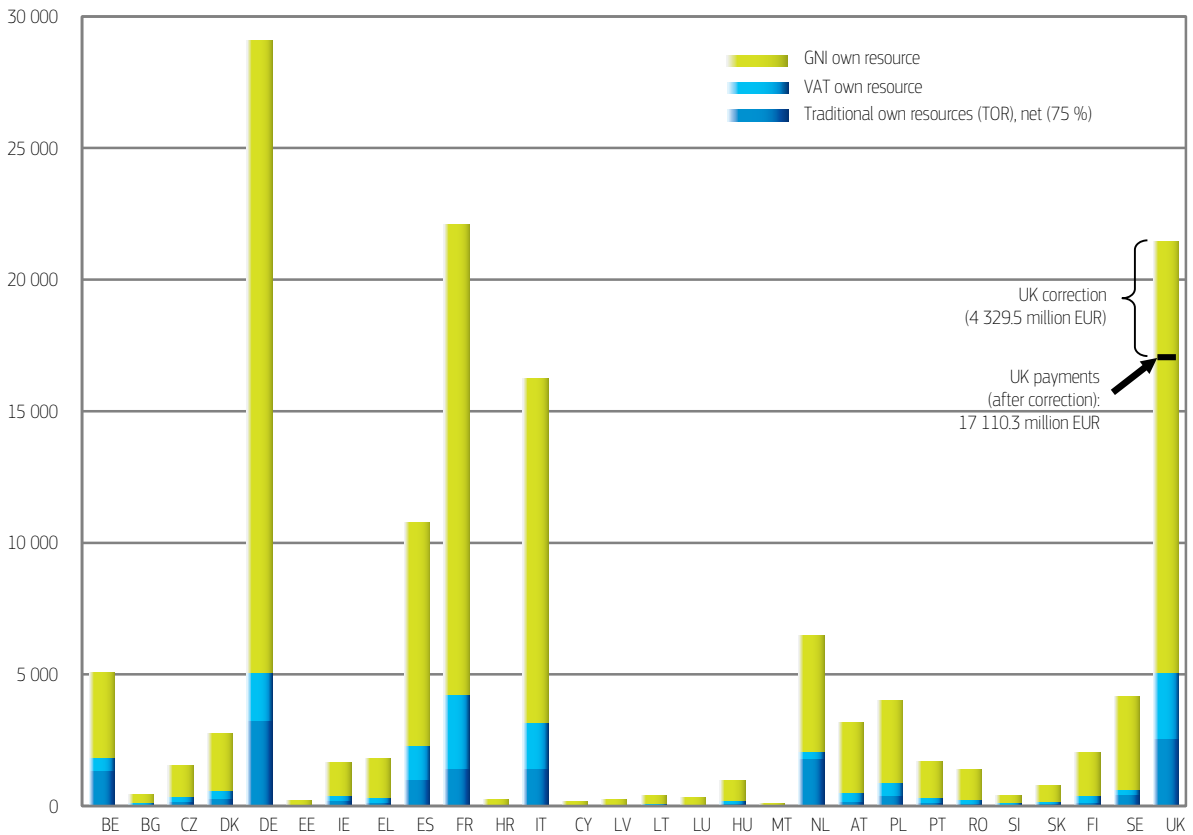
EU revenue 2013



EU revenue 2000-13 (million EUR)



Contribution per Member State and traditional own resources collected on behalf of the EU in 2013 (million EUR)





Section III

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Expenditure

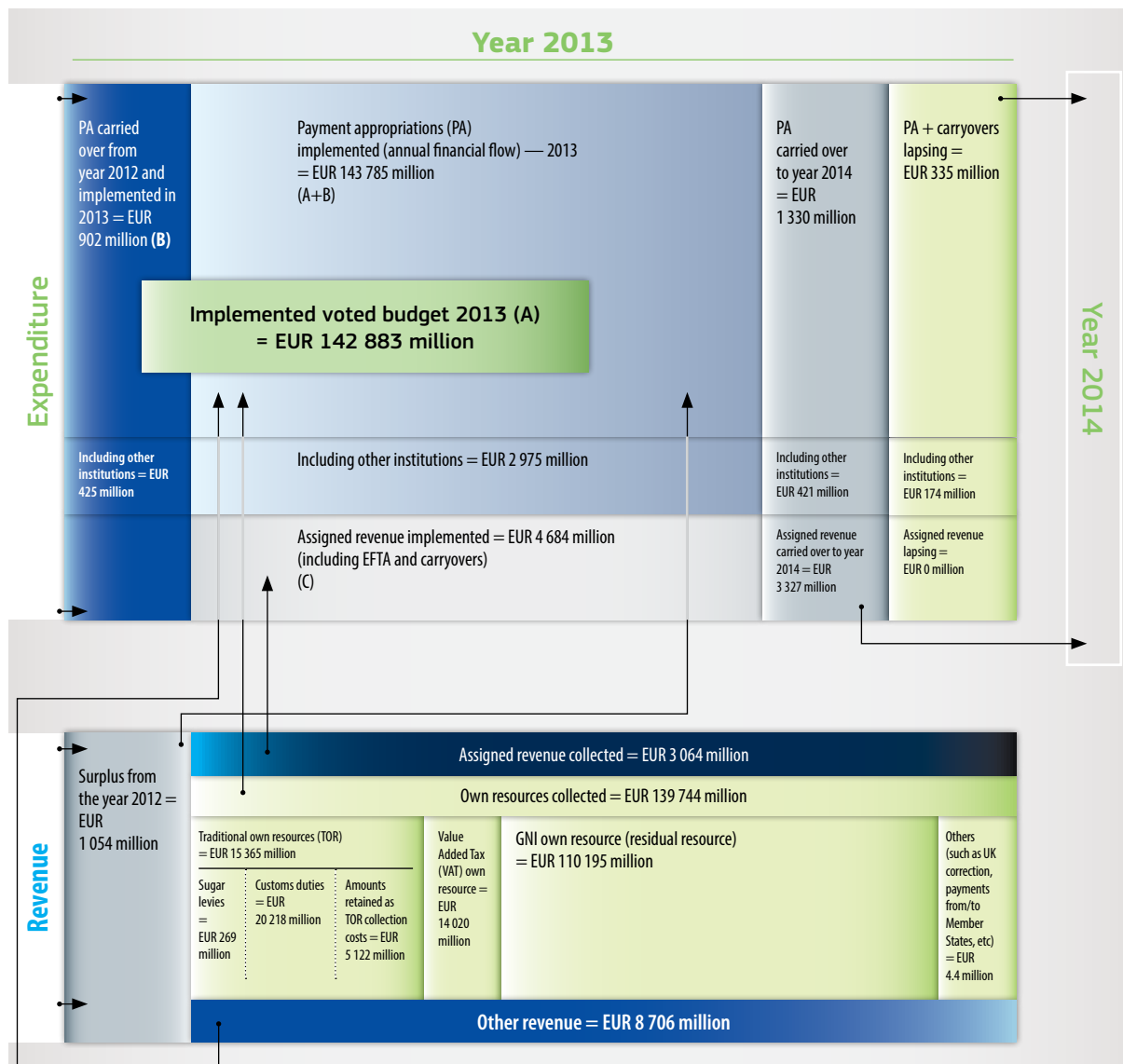
Allocation of EU expenditure by Member State and by heading

Allocating expenditure to Member States is merely an accounting exercise that gives a very limited view of the benefits that each Member State derives from the Union. The Commission continues to stress this point at every opportunity ⁽¹⁾. This accounting allocation, among other drawbacks, is non-exhaustive and gives no indication of many of the other benefits gained from EU policies such as those relating to the internal market and economic integration, not to mention political stability and security.

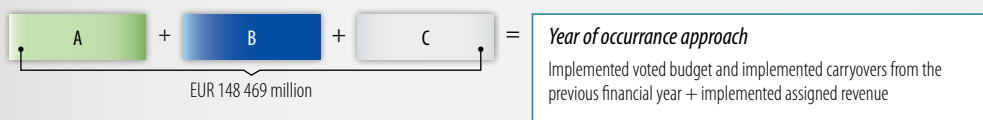
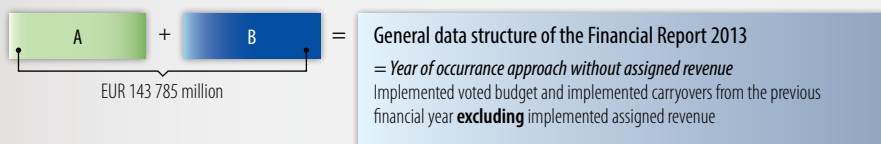
In 2013, a total amount of EUR 134 656.1 million (i.e. 90.70 % of the total implemented EU expenditure including EFTA contributions and earmarked revenue) was allocated to Member States. See notes in tables annexed for further details on the methodology used for the allocation of expenditure.

⁽¹⁾ A full statement on this policy and its rationale was made in Chapter 2 of the 1998 Commission report 'Financing of the European Union' and in 'Budget contributions, EU expenditure, budgetary balances and relative prosperity of the Member States', a paper presented by the Commission to the Economic and Financial Affairs Council of 13 October 1997. The Presidency conclusions of the Berlin European Council of 24 and 25 March 1999 endorse this principle: '[...] it is recognised that the full benefits of Union membership cannot be measured solely in budgetary terms' (point 68 of the Presidency conclusions).

Financial data structure

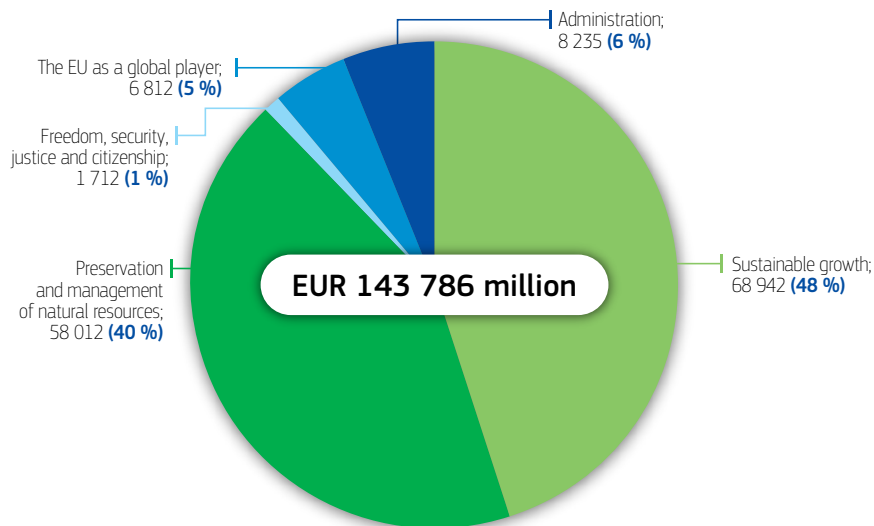


Execution of voted appropriations can be looked at from different perspectives depending on the emphasis one will put on the final information passed:

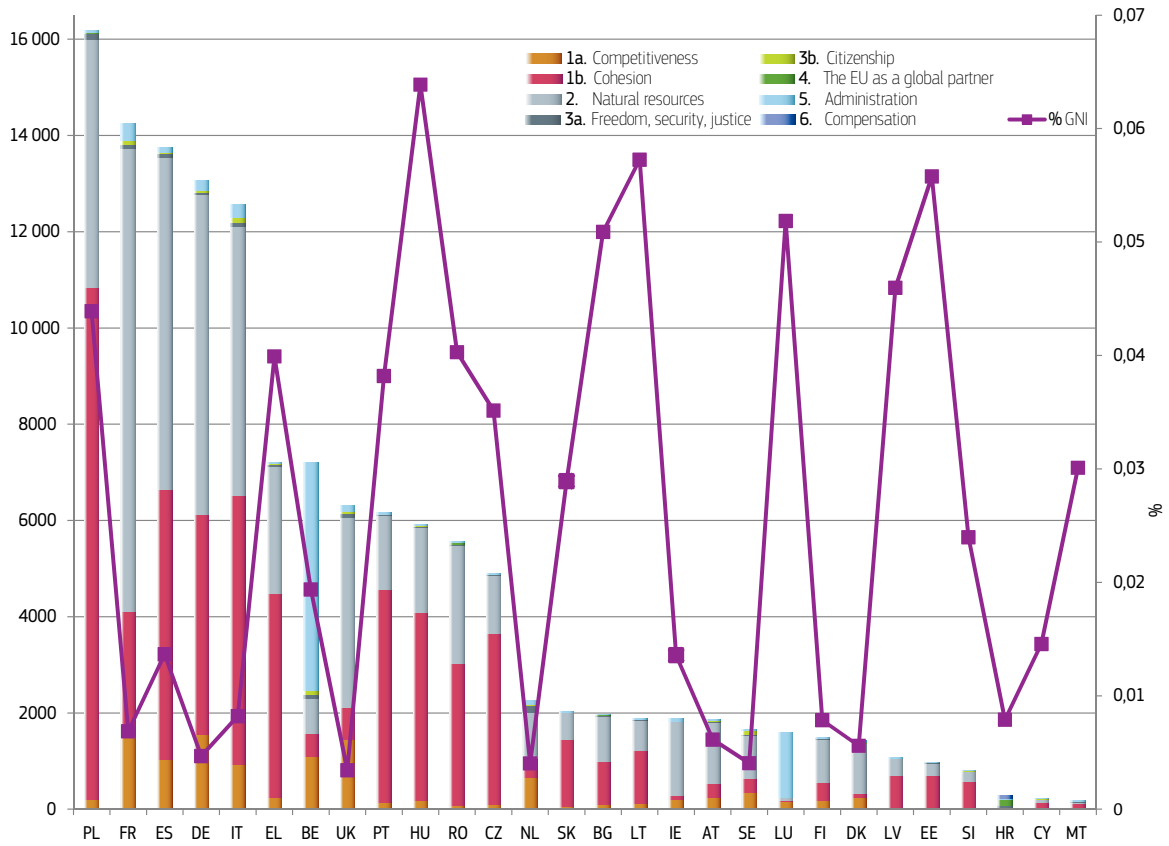


In total, 94.4 % of the EU budget that is allocated to the EU member states is funding policies and projects in member states. The chart below provides an overview of how each country benefited from the budget and gives the relative importance compared with each Member State's gross national income (GNI) for a better understanding of the figures. The result of this accounting exercise is relative in the sense that it does not/cannot show all direct or indirect economic impact of EU financial transfers (in form of business/export opportunities, foreign trade etc.).

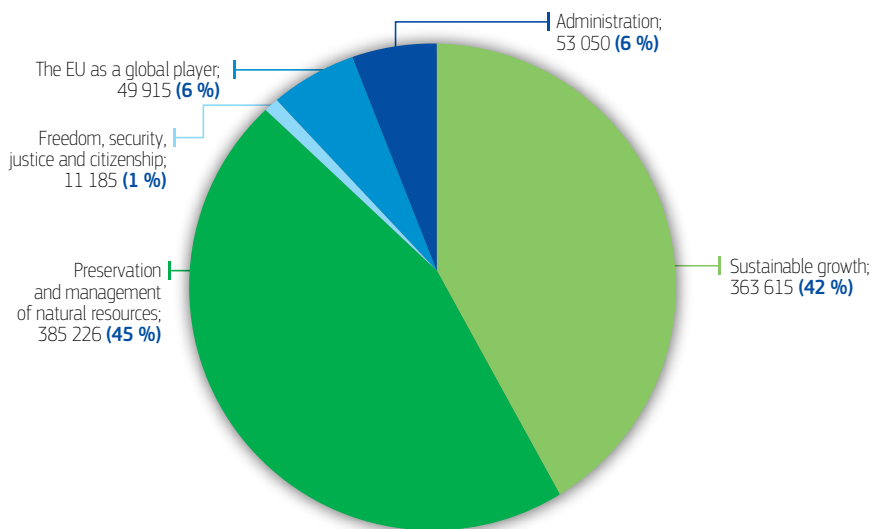
EU budget 2013 – Implemented payments (million EUR)



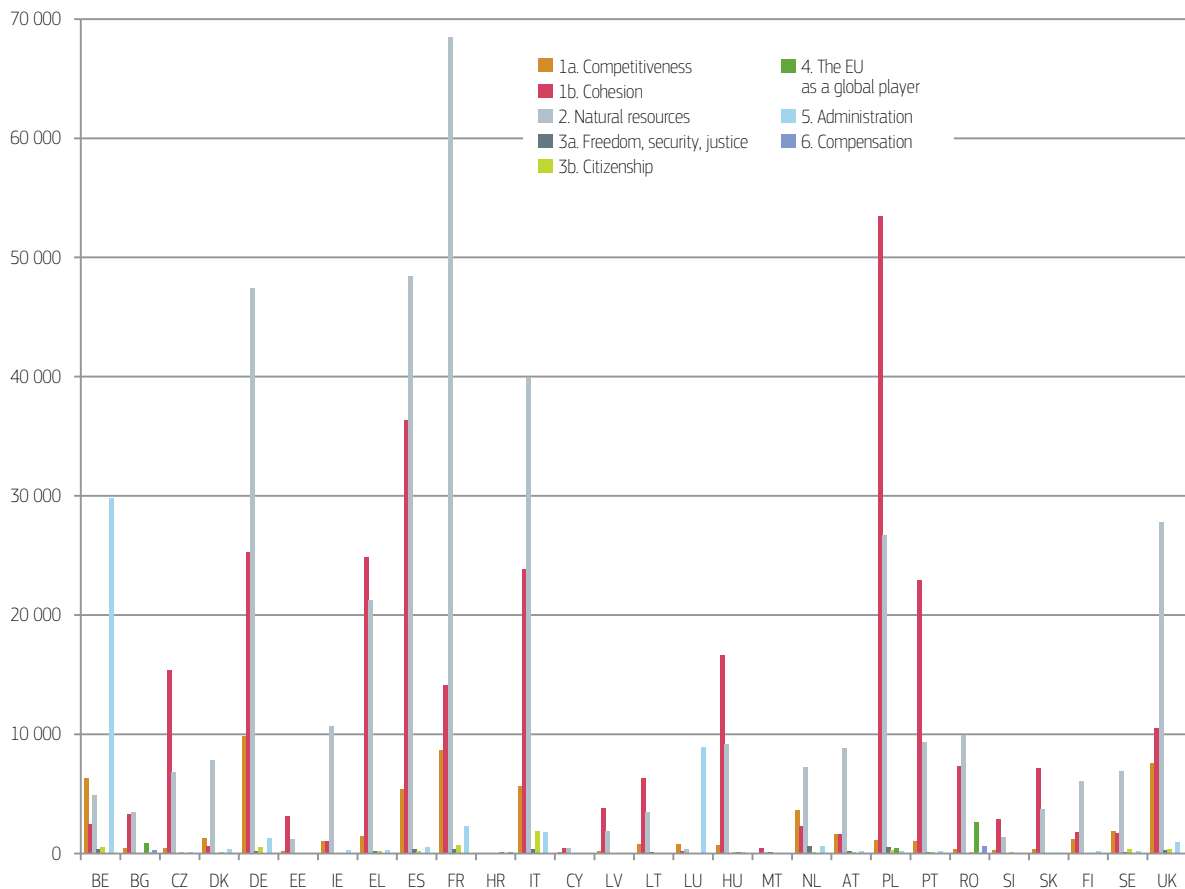
Expenditure by Member State in 2013 (million EUR)



EU budget 2007-13 – Implemented payments (million EUR)



Expenditure by Member State in 2007-13 (million EUR)



Methodological note: allocation of expenditure in 2013

In 2013, total executed EU expenditure amounted to EUR 144 078.1 million (excluding EUR 4 390.9 million of expenditure made from earmarked revenue and including EUR 293 million of expenditure made of EFTA contributions) or EUR 148 468.9 million when including earmarked revenue and those from EFTA, of which EUR 134 656.1 million (i.e. 90.70 %) was allocated to member states and EUR 6 357.9 million to third countries.

Further to this an amount of EUR 3 064.1 million was allocated to various states in case of which the country of the final beneficiary cannot be determined.

As a comparison, the corresponding 2012 figures were EUR 138 683.4 million (total executed EU expenditures), EUR 126 349.3 million (allocated to the EU member states), EUR 6 239.2 million (third countries) and EUR 3 263.1 million (undetermined countries).

In 2013, EU expenditure allocated to third countries (i.e. EUR 6 357.9 million) concerned mainly part of 'The EU as a global player' (EUR 5 077.1 million), research (EUR 660.3 million), Trans-European Transport Network (TEN) (EUR 209.8 million), fisheries (EUR 99.7 million) and other (EUR 311 million).

The 2013 EU expenditure with undetermined beneficiary (i.e. EUR 3 064.1 million) falls into the following categories:

- part of expenditure under 'The EU as a global player' (EUR 1 518.7 million);

- ▶ expenditure which, by its nature, cannot be attributed to specific Member States: EUR 1 545.4 million. This concerns part of administration (EUR 465.8 million), research (EUR 668.9 million), competitiveness and innovation (EUR 152.5 million) and other (EUR 258.2 million).

Methodology

Year of reference

Executed and allocated expenditure are actual payments made during a financial year, pursuant to that year's appropriations or to carryovers of non-utilised appropriations from the previous year. Expenditure financed from earmarked revenue is presented separately.

Allocation of expenditure

Based on the criteria used for the UK correction, i.e. all possible expenditure must be allocated, except for external actions, pre-accession strategy (if paid to the EU-15), guarantees, reserves and expenditure under earmarked revenue.

Allocation by Member State

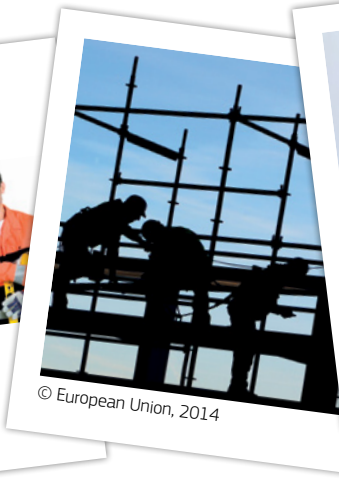
Expenditure is allocated to the country in which the principal recipient resides, on the basis of the information available in the Commission's accounting system ABAC. Some expenditure is not (or is improperly) allocated in ABAC, due to conceptual difficulties. In this case, whenever obtained from the corresponding services, additional information is used (e.g. for Galileo, research and administration).

Competitiveness for growth and employment

Highlights



The SME Guarantee Facility (SMEG) provides loan guarantees to encourage banks to make more debt finance available to SMEs. More than 275 000 SMEs received financing in 2007-13.



The Commission launched the European Alliance for Apprenticeships in July 2013 to help fight youth unemployment by improving the quality, supply and image of apprenticeships.



Over seven years, the Seventh Framework Programme for research and technological development helped fund more than 22 000 research projects.

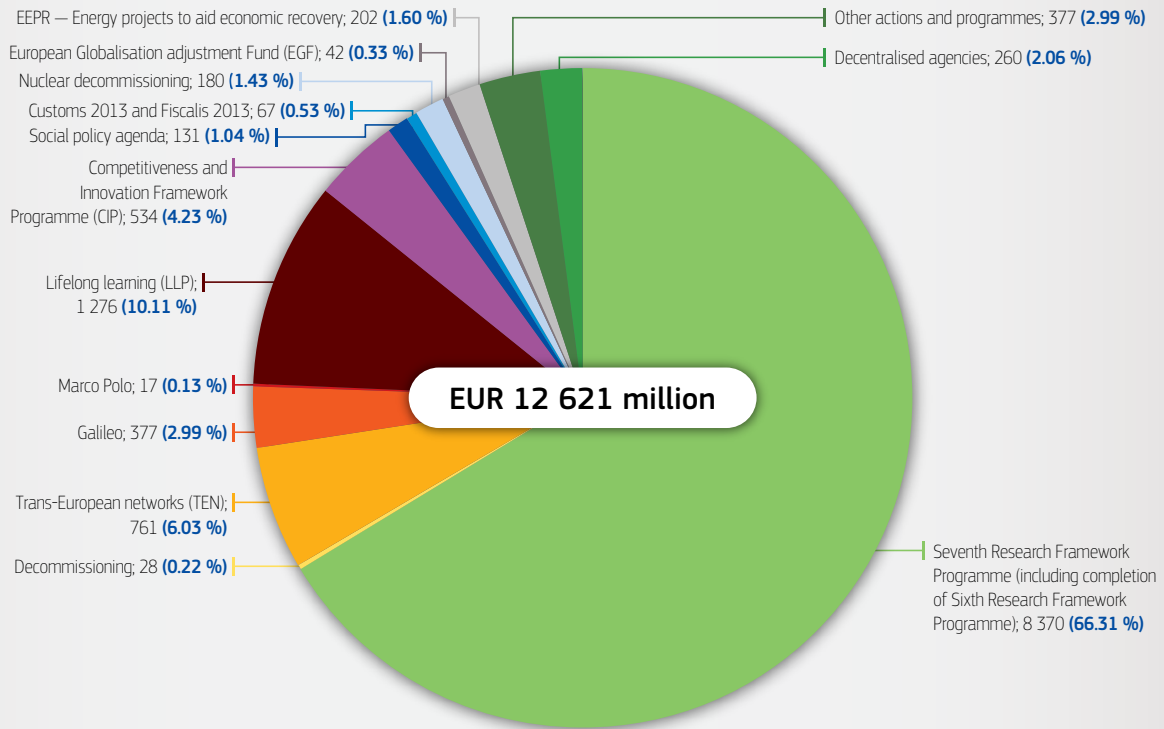


With a potential annual funding of EUR 500 million for the 2007-13 period, the European Globalisation Fund helps workers to find new jobs and develop new skills when they have been made redundant as a result of delocalisation, or as a consequence of the financial and economic crisis.

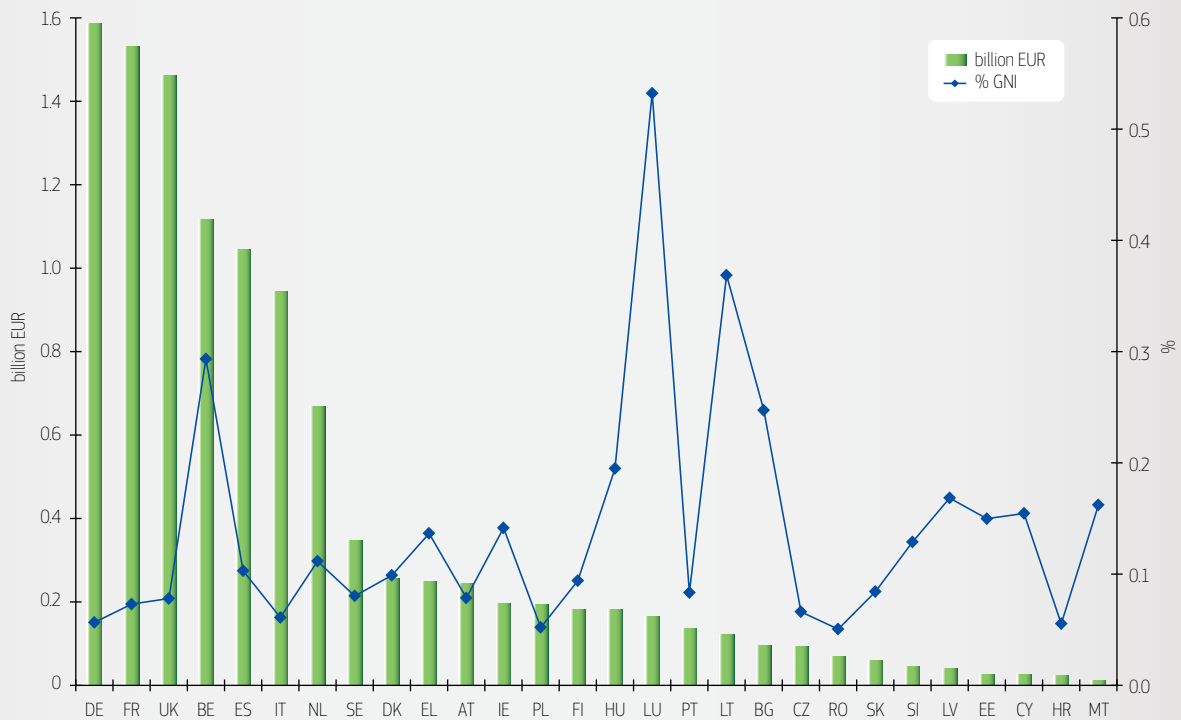
The expenditure allocated under 'Competitiveness for growth and employment' was at the heart of the drive to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Many of the flagship initiatives set out in the Europe 2020 strategy were covered under this part of the budget, including 'Innovation Union', 'Youth on the move', 'A resource-efficient Europe', 'An agenda for new skills and jobs' and 'An industrial policy for the globalization era'. The main programmes financed under this subheading were the Seventh Framework Programme for research and technological development (FP7), the 'Life-long learning' programme, the 'Competitiveness and innovation' programme (CIP), the trans-European networks (TENs), Galileo/EGNOS, Marco Polo II and the 'Progress'

programme. Other actions contributing to the goals of the priority themes of the Europe 2020 strategy concerned the following fields: internal market, statistics, financial services and supervision, the fight against fraud, taxation and the customs union.

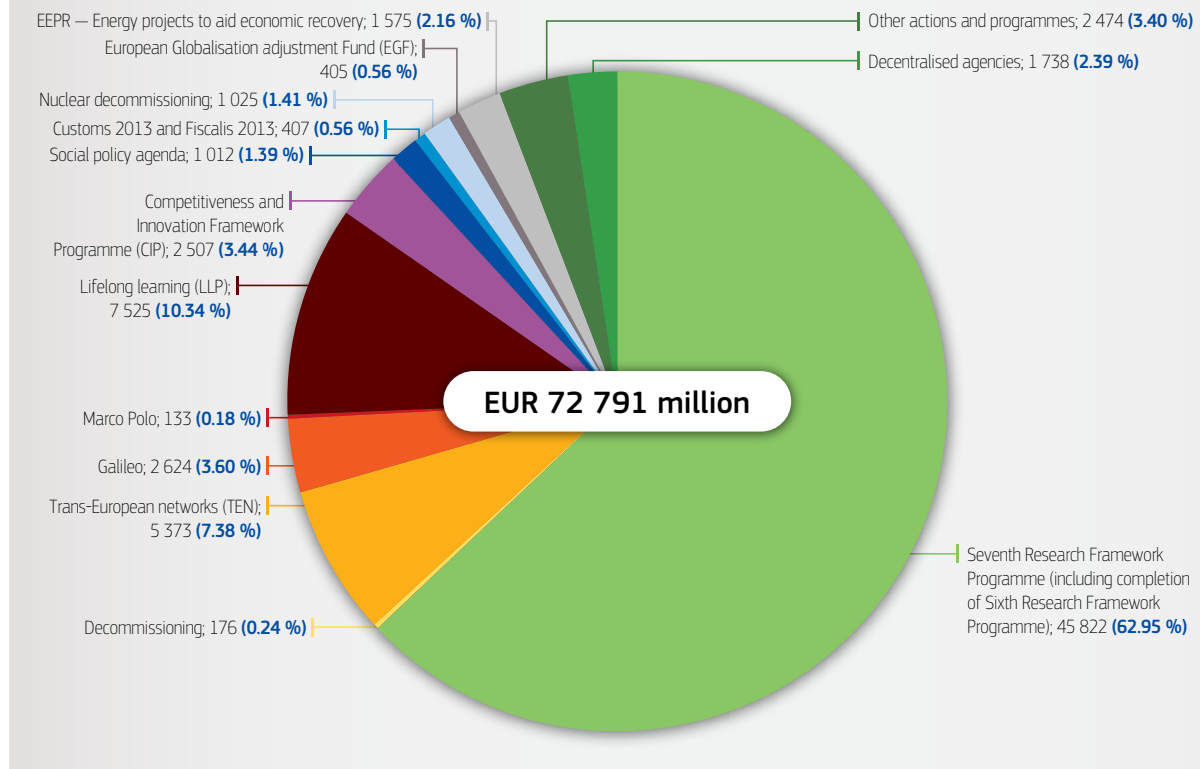
Heading 1A – Implemented payments in 2013 (million EUR)



Heading 1A – Expenditure by Member State in 2013



Heading 1A – Implemented payments (million EUR) in 2007-13



The Seventh Framework Programme for Research and Technological Development

The Seventh Framework Programme for Research and Technological Development (FP7) aimed at contributing to the Union becoming the world's leading research area. FP7 was designed to capture the broad range of research activities funded by the European Union under FP7. The objectives of FP7 had been grouped into four categories: 'Cooperation', 'Ideas', 'People' and 'Capacities'. For each type of objective, there was a specific programme that corresponded to one of the main areas of EU research policy. In addition, the Joint Research Centre's (JRC) directed actions relating to nonnuclear research were grouped under a specific programme with its own budget allocation. The JRC's direct actions in the field of nuclear research and the indirect actions supported by the EURATOM Seventh Framework for Programme for Nuclear Research and Training Activities comprised distinct strands of FP7.

Development in the 2007-13 MFF

FP7 was launched in 2007 and concluded in December 2013. Over its 7 years, it helped fund more than 22 000 research projects, including around 4 000 beneficiaries of European Research Council grants. The 'Sixth FP7 monitoring report' ⁽¹⁾, published in August 2013, showed that roughly 17 % of all participants were SMEs.

⁽¹⁾ http://ec.europa.eu/research/evaluations/pdf/archive/fp7_monitoring_reports/6th_fp7_monitoring_report.pdf

In spite of the economic crisis, the Union has made progress towards its research and development investment target of 3 % of GDP in 2020. FP7 has contributed to deliver more effective national research and innovation systems, reinforce partnerships between the public and private sectors and transform the economy towards a more knowledge-intensive structure.

EU resources devoted to Research and Innovation have focused on solving societal challenges faced by EU citizens, like climate change, energy and raw materials scarcity, ageing and public health.

The Framework Programme has successfully addressed the lack of availability of finance in Europe, a major obstacle to getting innovations to the market. The Risk-Sharing Finance Facility, jointly set up by the European Commission with the European Investment Bank (EIB) Group, has ensured that for every euro of EU budget money the EIB has mobilised EUR 12 in loans in support of over EUR 30 in final R&I investment.

From 2007-13, 478 calls for proposals were concluded within FP7. A total of 135 388 eligible proposals were peer-reviewed. 25 000 were retained for funding, resulting in a success rate of 18.5 % on a proposal basis.

A total of 559 269 applicants took part in all eligible proposals, of which 130 007 applicants were retained for funding. The overall success rate was 19 % in terms of applicants.

FP7 has supported more than 11 000 SMEs; a big part of the money allocated to the SMEs concerned cooperative research projects of FP7 thematic priorities (around 22 % of all cooperative funding, thereby surpassing the target of 15 %).

Up to April 2014, more than 17 600 grant agreements have been signed for project managed under FP7. Over 5 500 projects were completed of which 98 % of the completed projects achieved their initial objectives. Based on the final reports, each completed project produced 5.7 publications. The completed projects recorded 1 261 Intellectual property rights.

FP7 total implementation 2007-13 was EUR 37.9 billion.

Implementation 2007-13 (million EUR)



Example:

An international team, including European researchers, took part to The GlycoHIT project, which aimed at solving the puzzle of carbohydrate biomarkers in cancer. All cells and most proteins in blood are 'glycosylated' – that is they are coated with glycans, or carbohydrates – and these carbohydrates are known to be altered in many diseases, including cancer. The project had set out to develop technologies enabling faster and more accurate analysis of glycosylation in blood samples from cancer patients.



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EU contribution: EUR 3 million

Duration: 06/2011 – 12/2013

International Thermonuclear Experimental Reactor

The International Thermonuclear Experimental Reactor (ITER) is an experimental fusion reactor, aiming at demonstrating the production of large-scale electrical power by means of fusion technology. It is run by Euratom, China, India, Japan, Korea, Russia and the United States.

In 2007, Euratom set up the European Joint Undertaking 'Fusion for Energy' (F4E) that operated as the European Domestic Procurement Agency in charge of delivering the European in-kind contribution to the ITER project. During the period 2007-13, F4E placed more than 230 procurement contracts and 100 grants for an overall contribution by F4E.

Through these contracts F4E achieved significant progress in delivering the European contribution to the ITER project, particularly:

- ▶ With regard to the nuclear buildings, the preparation of the ITER site in Cadarache (France) and the construction of the Tokamak building foundations have been concluded, the anti-seismic foundation pads have been installed and the construction of the upper reinforced concrete slab was expected to be finalised by mid/end 2014.
- ▶ With regard to the system of magnetic confinement of the Plasma, the manufacturing of the superconductive strands and major mock-ups and prototype for sub-components of the Toroidal Field coils have been completed allowing the start of the series manufacturing of the Winding Packs and of the radial plates presently on going.
- ▶ More than 50 % of the superconductive strands needed for the Poloidal Field coils have been fabricated and the first contracts for the fabrication of the coils have been signed.
- ▶ Regarding the fabrication of the vacuum vessel sectors, the manufacturing design and the qualification of the fabrication processes have been finalised and basic material for one sector has been fabricated.

A total of 994 million was spent on ITER during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



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Galileo

Galileo is Europe's initiative for a state-of-the-art global navigation satellite system, providing a highly accurate global positioning service under civilian control. While offering autonomous navigation and positioning services, Galileo will at the same time be interoperable with the US GPS satellite navigation system. Galileo will ensure Europe's independence in an area that is of strategic importance to both its economy and security. Galileo will be used for strategic purposes such as civil protection, critical infrastructure protection, defence and peace-keeping missions as well as for critical business processes that demand uninterrupted navigation and timing services needed for synchronisation of electricity grids and telecommunication networks.

The European Geostationary Navigation Overlay Service (EGNOS) is the first pan-European satellite navigation system. It makes the USA's GPS suitable for safety critical applications such as aircraft approaches to airports or navigating ships through narrow channels.

Thanks to Galileo and EGNOS, new business opportunities are developing resulting in a growing satellite navigation market. Benefits will also result from the growth of the

space market and technology transfers to other sectors. The indirect benefits of Galileo system are estimated to be between EUR 60-90 billion by 2027.

Development in the 2007-13 MFF

The focus during 2007 and 2013 was on the completion of the development and validation phase of the programme and starting the deployment phase. The most important achievement for the Galileo programme was the successful autonomous position fix with four Galileo satellites in March 2013 and a successful completion of the validation phase by the end of 2013.

The public procurement for the deployment phase of Galileo programme started in 2008. It consisted of system support services, satellites, launch services to put satellites in orbit, ground mission infrastructure to ensure the provision of the services, ground control infrastructure to manage the satellites and operations. The first two satellites of the deployment phase were successfully tested in 2013 and will be launched in 2014.

The EGNOS programme has been in the exploitation phase since the EGNOS Open Service was declared operational in October 2009. In March 2011 the EGNOS Safety-of-Life Service has been declared available for use, allowing today safer landings on more than 90 European airports. The third service is the EGNOS Data Access Service that disseminates EGNOS data in real-time via Internet.

A total of EUR 2.6 billion was spent on Galileo and EGNOS during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Trans-European Transport Network

The Trans-European Transport Network (TEN-T) was one of the key infrastructure programmes of the European Union, which supported investments on the core European transport routes (including road, rail, multi-modal links, air, inland waterways and maritime) and linked national and international regions by implementing more efficient and sustainable transport infrastructure.

TEN-T investments were focused on the 30 priority projects as well as on traffic management systems and positioning and navigation systems.

In order to facilitate the free movement of goods and persons between Member states, there was particular focus on projects involving cross-border routes or providing for the relief of bottlenecks to connect national networks.

The Priority Projects included 18 railway projects, three mixed rail-road projects, two inland waterway transport projects and one referring to 'motorways of the sea'. The TEN-T programme thus contributed to a shift in the transport modes towards more environmentally sustainable ones and contributed to the climate action of the Union.

Development in the 2007-13 MFF

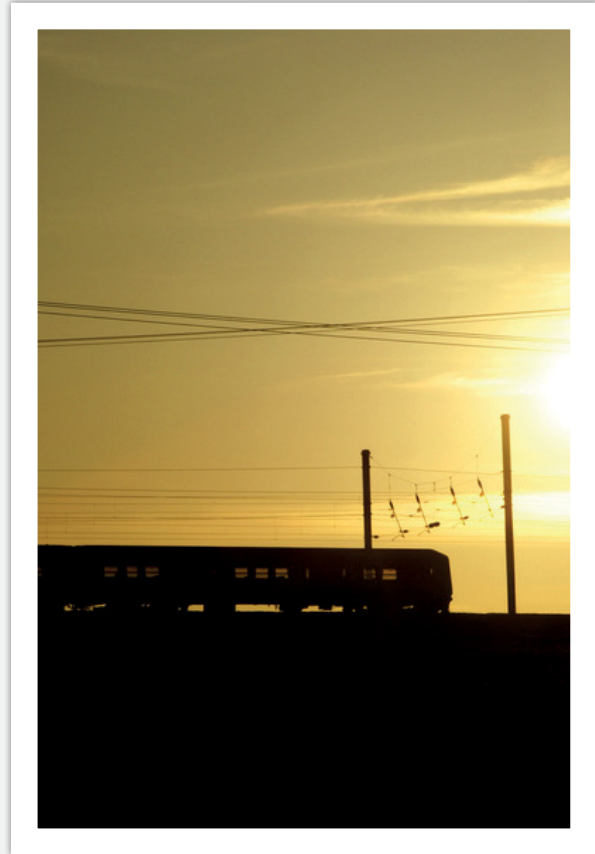
The Priority Projects were of a large-scale and involved activities spread over many years. Among them, the following six are now considered complete:

- ▶ Øresund fixed link connecting Sweden and Denmark
- ▶ Milan's Malpensa Airport
- ▶ Betuwe railway line linking Rotterdam to the German border
- ▶ Railway axis Cork-Dublin-Belfast-Stranraer in Ireland
- ▶ The UK West Coast Main Line
- ▶ The high-speed railway axis Paris-Brussels-Köln-Amsterdam-London

Example:

The following project, selected in 2013, supports the electrification to 25 000 Volts of two rail sections from Manchester towards Liverpool to the west and Stalybridge to the east, all on Priority Project 26. The realisation of the project will provide a fully electrified interchange with the West Coast Main Line at Manchester, linking with traffic from across the UK, including the nearby TEN-T Port of Liverpool and the associated rail freight flow. The project is to be concluded by December 2015, the beneficiary is the UK Department for Transport.

EU contribution: EUR 31 million



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Trans-European Energy Networks

For nearly twenty years, the Trans-European Energy Networks (TEN-E) Programme has been financially supporting electricity and gas projects, which aimed at developing interconnections – either within the EU or between EU and non-EU countries - to meet the needs of the EU internal market.

In addition, it has been focusing on replacing infrastructure which was either (too) old and/or reaching its maximum physical capacity, and therefore could lead to supply breakdowns and higher energy prices. It has also been promoting sustainable development, in particular by improving the integration of renewable energy production capacities and by using more efficient technologies.

Over 335 Actions have been supported since 1995, involving Community co-financing worth around EUR 361 million so far. The programme was mainly intended for financing the feasibility studies of the projects in order to support their faster implementation and prepare future works.

Development in the 2007-13 MFF

The TEN-E programme contributed to co-finance works and studies dealing with gas or electricity projects in Europe, mainly feasibility studies preparing future works on networks. A total of 126 actions were financed under the TEN-E Regulation between 2007 and 2013.

For the year 2013, 15 projects were selected. During the same period, 18 individual Decisions have been established in conformity with the 2012 Award Decision. More generally there were 82 on-going projects at the end of 2013, some of them having started in 2005 or 2006.

The different projects are progressing well and very few projects have been abandoned or withdrawn. Some difficulties regarding public procurements or linked to the beneficiaries have been reported but have not affected the progress of the studies co-financed.

Around 15 projects in the electricity and gas sectors included in the priority axes of the 2007-13 TEN-E programme have subsequently acquired Projects of Common Interest (PCI) status (partially or in their integrity) under the new TEN-E Regulation ⁽¹⁾.

A total of EUR 5.4 billion was spent on the trans-European networks during the 2007-13 MFF.

Implementation 2007-13 for the trans-European networks (TEN-E and TEN-T) (million EUR)



Example:

TEN-E programme co-financed a Joint Study for the development of a new electricity interconnection between Germany and Belgium (E265/09). The pre-feasibility study has shown that such an interconnection has an interest in terms of security of supply and market integration. The Action now aims at preparing the regulatory approval of the project by the authorities, finalizing the technical scope of the project and preparing the detailed technical studies for the project realization.

EU contribution: EUR 2 million

Duration: 25/04/2009 – 31/12/2015 (extended in 2013)



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⁽¹⁾ On 17 April 2013 the European Parliament and the Council adopted the Regulation N°347/2013 on "Guidelines for trans-European energy infrastructure", fundamentally revising and replacing the TEN-E Regulation. Under this regulation, a revolutionarily new approach was established, aimed at ensuring that strategic energy networks and storage facilities are completed by 2020. As part of this new approach, Projects of Common Interest in 12 priority corridors and thematic areas covering electricity, gas, oil and carbon dioxide transport networks are identified and can benefit from accelerated permit granting, regulatory measures and EU financial assistance.

The Competitiveness and Innovation Framework Programme

The Competitiveness and Innovation Framework Programme (CIP) has been a key programme in addressing the challenges EU industry faced in the period 2007-13. With small and medium-sized enterprises (SMEs) as its main target, the CIP has supported innovation activities (including eco-innovation and organisational innovation), provided better access to finance and delivered business support services to SMEs in all parts of Europe. It has encouraged better take-up and use of information and communication technologies (ICT) and helped to develop the information society. It has also contributed to the increased use of renewable energies and energy efficiency.

Development in the 2007-13 MFF

CIP has been highly relevant in the context of the recent economic crisis as it financed a number of growth-enhancing measures essential to the whole economy and especially to European SMEs. In the period 2007-13 the financial instruments guarantee scheme enabled 275 113 SMEs to receive loans.

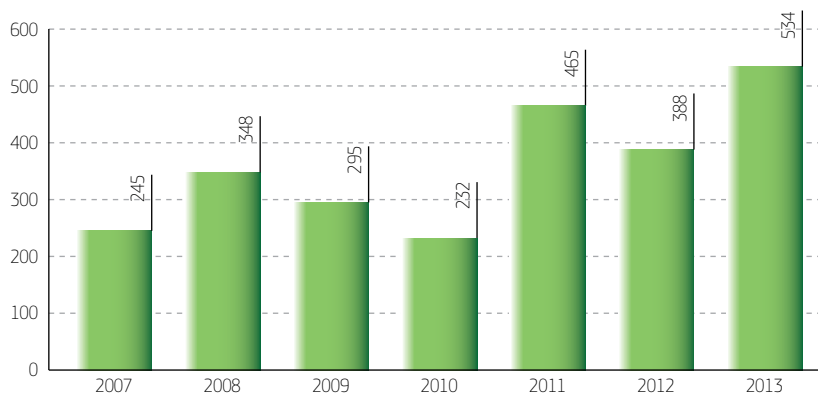
The CIP provided reinforced support for innovation in SMEs, including fostering sector-specific innovation, clusters, networks, and the use of innovation management. It also supported national and regional programmes for business innovation, the take-up of innovative technologies and concepts, and the innovative application of existing technologies. In addition, it supported actions for developing and exploring new types of innovation services. Services for Intellectual Property Rights (IPR) have been also provided to innovation and research companies and organisations.

The number of pilot projects funded in the area of eco-innovation has increased, and the programme has tackled non-technological barriers to energy efficiency and renewable energy.

For instance, in 2009, the European Local Energy Assistance (ELENA) facility was established in cooperation with the European Investment Bank to help local and regional public authorities to structure and implement bankable, sustainable energy projects.

A total of EUR 2.5 billion was spent on the CIP during the 2007-13 MFF.

Implementation 2007-13 (million EUR)

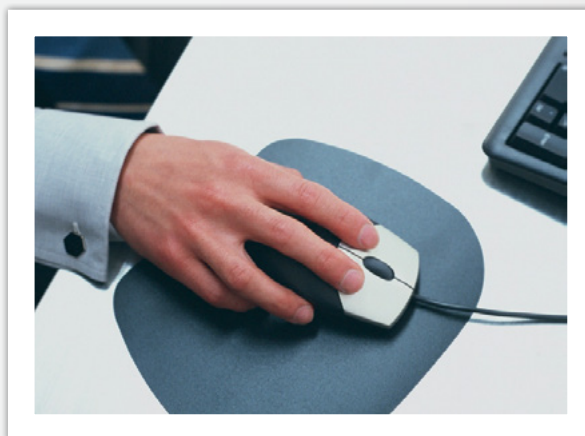


Example:

The Enterprise Europe Network has provided integrated services to SMEs through its 600 regional offices across 54 countries. It aimed at ensuring the support of business and innovation — in particular for SMEs — by offering information, feedback and business cooperation services, innovation, technology and knowledge transfer services, and services encouraging the participation of SMEs in the EU Framework Programmes for Research and Technological Development (FP7).

Beneficiaries: SMEs (more than 2.4 million contacted via weekly newsletters and more than 1 million participating in local events).

EU contribution: EUR 301 million.



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Lifelong Learning

The Lifelong Learning Programme (LLP) comprised four sectoral programmes, each covering different levels of education: school education (Comenius), higher education (Erasmus), vocational education and training (Leonardo da Vinci) and adult education (Grundtvig). In addition, it also included the Transversal programme ⁽¹⁾ and the Jean Monnet programme ⁽²⁾.

The LLP sought to foster interchange, cooperation and mobility between education and training systems within the EU. Moreover, LLP supported the development of a European dimension in education and training, which meant more intensive cooperation between all the actors involved. Finally, LLP complemented similar international, bilateral and national programmes (where they existed).

Development in the 2007-13 MFF

The performance data that had become available in 2014 showed progress on all indicators linked to Europe 2020 headline targets.

The latest known results showed a trend moving closer to the target of 40 % higher education graduates and with current performance the target should be reached (2010: 33.4 %; 2011: 34.5 %; 2012: 35.7 %, 2013: 36.8 %). ⁽³⁾

⁽¹⁾ The Transversal programme supported professionals, who are working in education and training, to exchange expertise and share best practice across Europe.

⁽²⁾ The Jean Monnet programme aims at stimulating teaching, research and reflection in the field of European integration studies at the level of higher education institutions within and outside the European Community.

⁽³⁾ Please note that figures in 2013 are based on EUR-28, while in previous years we use EUR-27 figures.

Likewise, the latest results with regard to the Europe 2020 headline target of reducing the proportion of early school leavers to 10 % showed a general positive trend (2010: 13.9 %; 2011: 13.4 %, 2012: 12.7 %, 2013: 11.9 %). ⁽¹⁾

The EU target will be reached if current performance is sustained.

In contrast, in 2013, as in 2012, two key dimensions for this policy, employability and youth economic situation both registered deterioration. 2012 (compared to last result from 2009) showed improvement as regards achievements in basic skills for reading and science and stability for mathematics.

There was again an overall upward trend in the demand for mobility in 2013 for all sub-programmes, as well as for decentralised cooperation ⁽²⁾. Since the inception of the programme in 1987, over 3 million students have benefited from Erasmus. Surveys indicated that 97 % of former Erasmus students consider having studied abroad an advantage on the job market.

A total of EUR 7.5 billion was spent on Lifelong Learning during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

The main objective of the web page e-SKILL was to support low- and non-qualified workers (mainly) of the construction sector to improve their skills and to get a formal recognition Europe-wide, aligned with the new strategy of New skills for new jobs launched by the European Commission, and specially devoted to environmental skills. As a secondary aim, e-skill fostered the use of ICT resources as training method.

EU contribution: EUR 397 128

Duration: 24 months



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⁽¹⁾ Please note that figures in 2013 are based on EUR-28, while in previous years we use EUR-27 figures.

⁽²⁾ Cooperation that is managed by National agencies, at decentralised level.

Cohesion for growth and employment

Highlights



© European Union, 2014

The Neighbourhood management project in Berlin won a RegioStar award for introducing Neighbourhood Councils in deprived districts of the city. Through them, local residents have been able to have their say on the selection and financing of projects to improve their living conditions.



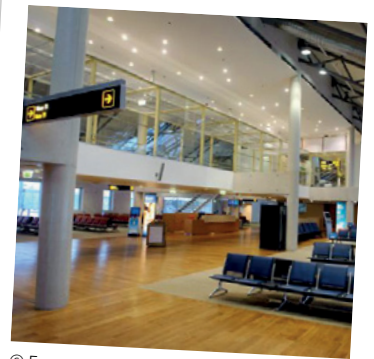
© European Union 2011 PE-EP

Since 2007, thanks to the EU's Structural Funds, around 5 million more citizens have been connected to broadband Internet.



© European Union, 2014

The European Social Fund is Europe's main instrument for supporting employment, helping people get better jobs and ensuring fairer job opportunities for all EU citizens.



© European Union, 2014

Thanks to EU funds, the passenger terminal at Tallinn airport has undergone renovation work, enabling it to meet Schengen area requirements and to accommodate increasing passenger numbers. The airport can now cater for 2.4 million passengers a year.

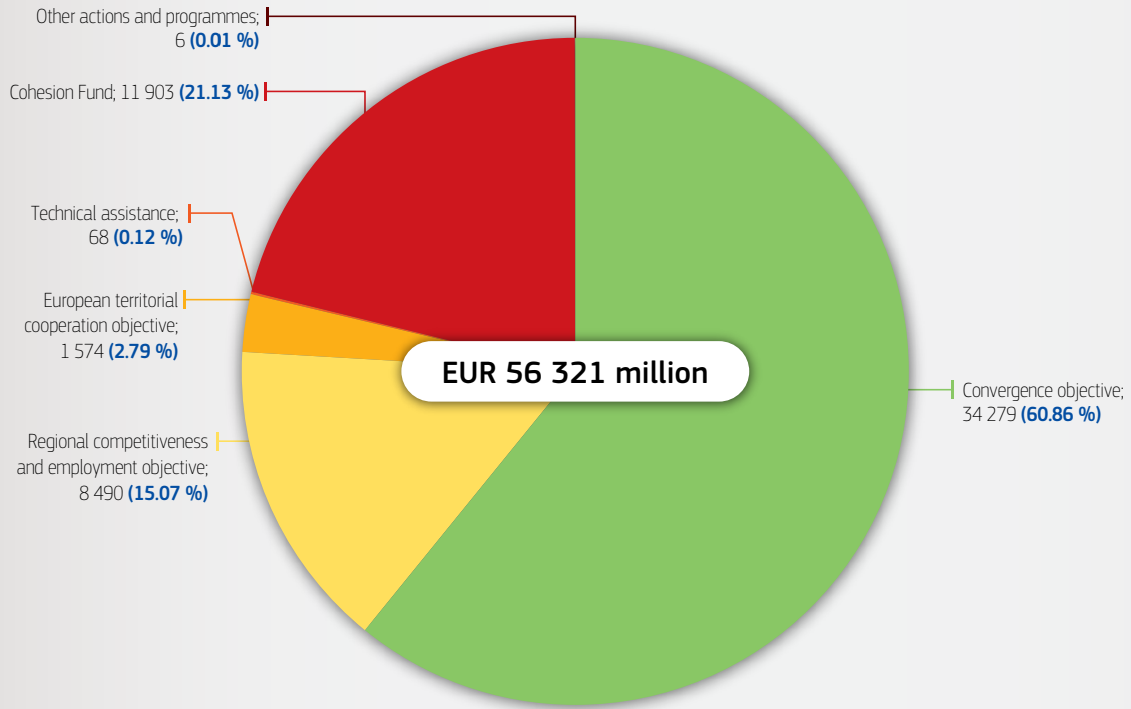
'Cohesion for growth and employment' covered the Structural Funds, i.e. the European Regional Development Fund (ERDF) and the European Social Fund (ESF), as well as the Cohesion Fund (CF).

It related essentially to the following policy areas:

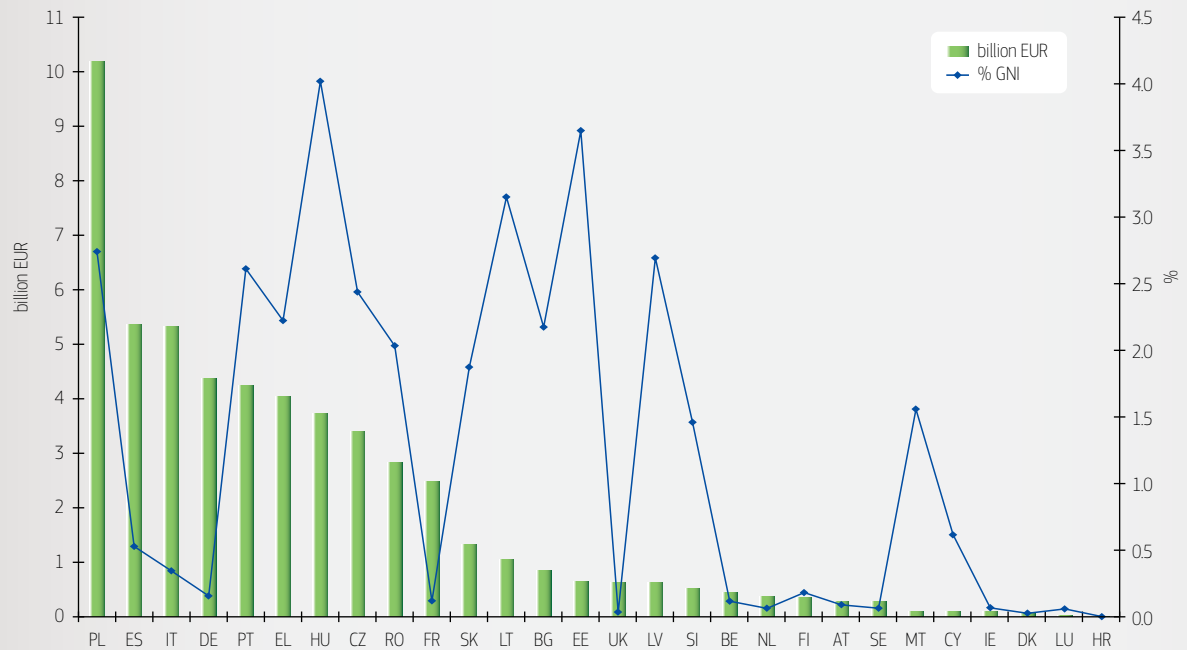
- ▶ regional policy, for the ERDF and the CF, and
- ▶ employment and social affairs, for the ESF.

These funds helped to strengthen economic, social and territorial cohesion between regions and the EU Member States. They also supported competitiveness, employment and encouraged cross-border, transnational and interregional cooperation.

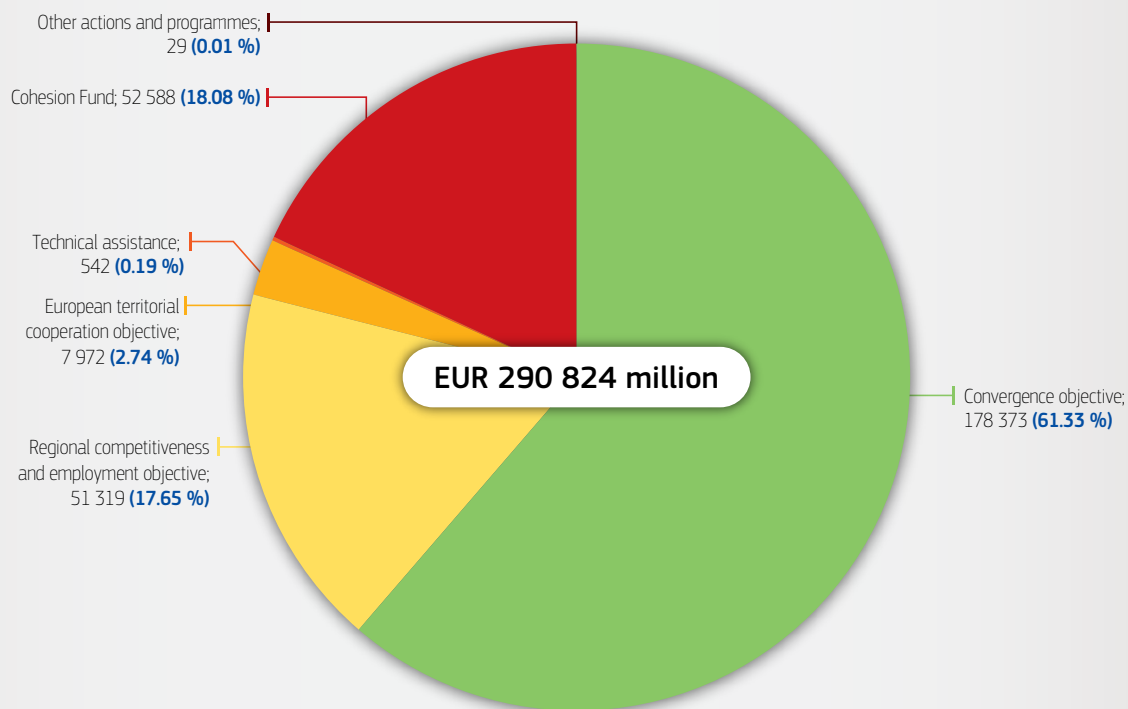
Heading 1B – Implemented payments (million EUR) in 2013



Heading 1B – Expenditure by MS in 2013



Heading 1B – Implemented payments (million EUR) in 2007-13



European Regional Development Fund

The European Regional Development Fund (ERDF) invests in growth-enhancing sectors to foster competitiveness and create jobs in all EU regions and cities. ERDF actions are designed to address economic, environmental and social challenges, with a special focus on sustainable urban development. The ERDF also supports cooperation between regions in different countries, allowing them to tackle common challenges.

Development in the 2007-13 MFF ⁽¹⁾

The ERDF funded a wide range of thematic priorities across the EU in 2007-13 and often represented the largest source of EU financing for a specific theme.

The Member States have reported the following ERDF outputs linked to completed projects until end 2012:

- ▶ Jobs Created: 594 000 gross jobs created; of which 262 000 jobs created in SMEs; 20 750 research jobs; 11 900 jobs created in Tourism;
- ▶ SMEs: 198 000 direct investment aid projects; 77 800 start-ups supported;

⁽¹⁾ The Commission's ex-post evaluation of the cohesion policy funds (CF, ERDF, ESF funds) 2007-13 has been launched in early 2014 and is planned for completion by end 2015. It is an important instrument to inform all stakeholders about the outcomes of the 2007-13 cohesion policy programmes. The evaluation will examine the extent to which the resources were used, the effectiveness and the socio-economic impact. The evaluation shall identify factors contributing to the success or failure of programmes and identify good practice.

- ▶ Innovation and research: 61 200 R&D projects; 21 600 Research-Enterprise co-operation projects; 21 700 ICT projects; 5 million citizens covered by broadband;
- ▶ Transport: 24 600 km of road built or reconstructed; 2 120 km of new or reconstructed rail of which 80 km of TEN-T rail;
- ▶ Environment: 1.4 million citizens served by improved water supply; 500 000 citizens served with waste water treatment; 570 waste projects; 576 km² of rehabilitated land; 2 730 risk prevention projects;
- ▶ Energy; 29 350 renewable energy projects; 2 430 megawatts of additional capacity of renewable energy production;
- ▶ Social Infrastructure: 19 000 education projects; 3 800 health projects.

These outputs ⁽¹⁾ provided a partial overview of the wide range of ERDF supported activities. Many other indicators are specific to certain regions or Member States and cannot be aggregated. These output values will continue to rise as large projects are still to be completed before the end of the programmes in 2015.

A total of EUR 94.2 billion of the 2007-13 allocation for the ERDF was spent by end 2013.

Implementation 2007-13 (million EUR)



⁽¹⁾ As the Cohesion Fund and the ERDF are jointly programmed in national programmes the figures for key environmental and transport outputs reported by Cohesion Fund beneficiaries, are excluded above.

Example:

Five major European public transport companies have joined forces to reduce CO₂ emissions in their respective cities (Brussels, Bielefeld, Manchester, Paris, Rotterdam).

The project called “Ticket to Tokyo” (T2K) shared one clear goal: to cut the standard CO₂ emissions from public transport. The five partners have already developed energy saving measures called ‘quick wins’ – that are easy to achieve in the short term without large investments. They have also been busy investing in infrastructure like energy recovery from tram and metro braking. For example, RATP will replicate STIB’s cogeneration system on its network and STIB will extend its energy recovery from braking investment and apply it to its entire network. Efforts have also been made to reduce unnecessary transport system lighting as well as installing energy efficient lighting solutions and control systems.

It is a leading light for other European public transport companies.

Duration: 03/2010 – 12/2014

EU contribution: EUR 6 million



© Rick Keus

European Social Fund

The European Social Fund (ESF) is Europe’s main instrument for supporting jobs, helping people get better jobs and ensuring fairer job opportunities for all EU citizens. These goals are at the core of the Europe 2020 strategy for generating smart, sustainable and inclusive growth in the EU. The current economic crisis is making this an even more demanding challenge. The ESF is a key instrument to accompany structural reforms in the Member States in the areas of employment, education, social affairs and public administration.

The ESF priorities are to improve labour market participation, invest in education, promote social inclusion and combat poverty as well as support public administration to achieve better governance. The ESF invests in Europe’s human capital – workers, young people and all those seeking a job.

Development in the 2007-13 MFF ⁽¹⁾

From 2009, the number of participants increased (from 10 to over 15 million participants annually) The profile of participants was very diverse reflecting different national

⁽¹⁾ The Commission’s ex-post evaluation of the cohesion policy funds (CF, ERDF, ESF funds) 2007-13 has been launched in early 2014 and is planned for completion by end 2015. It is an important instrument to inform all stakeholders about the outcomes of the 2007-13 cohesion policy programmes. The evaluation will examine the extent to which the resources were used, the effectiveness and the socio-economic impact. The evaluation shall identify factors contributing to the success or failure of programmes and identify good practice.

conditions and the priorities for ESF support. From 2007 to the end of 2011, Member States reported the following results:

- ▶ There were 12.5 million participants in ESF actions supporting access to employment through training or other forms of assistance. Two thirds of all participants were inactive or unemployed. As a result, 2.4 million found a job within 6 months of completing the intervention, a significant achievement given the economic downturn.
- ▶ 15 million participants were young (under 24 years) and the figure increased significantly in 2010 and 2011 in response to the crisis.
- ▶ Nearly half (46 %) of participants had lower secondary education at most.
- ▶ So far, over 14.5 million recipients received help from ESF. 17 % of ESF budget (for the period 2007-13) targeted actions of social inclusion. 18 % of participants were from groups, which were particularly vulnerable on the labour market. Though the situation varied, the United Kingdom and Austria seemed to be particularly successful in reaching out to people with some form of disability. Some countries like Austria, Cyprus, the Netherlands and Latvia were successful in using the ESF to support people from a minority or with migrant background.
- ▶ About 700 000 participants, notably civil servants, have upgraded their skills with ESF support.
- ▶ Over half of ESF participants (52 %) were women, which was in line with the overall ESF goal to promote equal opportunities and raise the average level of women's participation in the workforce. In Cyprus, Estonia, Lithuania and Latvia, they amounted to more than 60 %.

In the eight Member States ⁽¹⁾ with the highest levels of youth unemployment in February 2012 joint Youth Employment Action Teams were established. These teams mobilised potential beneficiaries of EU structural funding (including from the European Social Fund) still available in the 2007-13 programming period in order to support job opportunities for young people and to facilitate SME access to finance. Encouraging results have been reported in November 2013: more than one million young people were helped by ESF.

A total of EUR 50 billion of the 2007-13 allocation for the ESF was spent by end 2013.

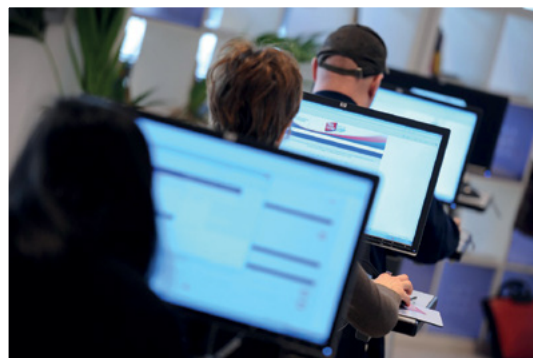
Implementation 2007-13 (million EUR)



⁽¹⁾ Namely Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain

Example:

Porta Futuro is a counselling, training and job search centre in Rome, Italy. Co-funded by the ESF, it was initiated in 2011, in the middle of the economic crisis when it became clear that new approaches were required to serve the needs of the rising number of unemployed people. So far, the centre has already helped around 36 500 people. Most recently, it became one of the organisations to participate in the “Your First EURES job” pilot initiative for improving the career mobility of young people.



© Porta Futuro

Duration: 07/2011- 12/2014

EU contribution: EUR 2.7 million

Cohesion Fund

The Cohesion Fund (CF) is targeted at Member States whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average. It aims to reduce economic and social disparities and to promote sustainable development.

Development in the 2007-13 MFF ⁽¹⁾

In the Period 2007-13, the Cohesion Fund and the European Regional Development Fund (ERDF) were jointly programmed in national programmes. As the outputs are reported by programme (not Fund) the Commission can estimate the outputs relevant for the Cohesion Fund on the assumption that ERDF does not fund Cohesion Fund priorities. The relevant Member States have reported the following outputs from completed outputs until end 2012.

- ▶ Transport: 1 200 km of TEN-T Road; 580 km of TEN-T rail built or reconstructed;
- ▶ Environment: 2.8 million citizens served by improved water supply; 5 million citizens served with waste water treatment; 1 530 waste sorting, recycling and disposal projects.

These outputs will continue to rise as many large projects are still to be completed in these Member States before the end of 2015.

A total of EUR 39.7 billion of the 2007-13 allocation for the Cohesion Fund was spent by end 2013.

⁽¹⁾ The Commission's ex-post evaluation of the cohesion policy funds (CF, ERDF, ESF funds) 2007-13 has been launched in early 2014 and is planned for completion by end 2015. It is an important instrument to inform all stakeholders about the outcomes of the 2007-13 cohesion policy programmes. The evaluation will examine the extent to which the resources were used, the effectiveness and the socio-economic impact. The evaluation shall identify factors contributing to the success or failure of programmes and identify good practice.

Implementation 2007-13 (million EUR)



Example:

The project “Mid-Danube Regional Waste Management System — Recultivation of landfills” had the environment as its main focus. The project consisted of the recultivation and closure of 83 old, obsolete landfills, located in the regions of Mid-Transdanubia, South Transdanubia, South Great Plain and Central Hungary, representing significant risks for the environment and human health.

The main objectives were to:

- ▶ Protect the drinking water aquifers, surface and sub-surface waters by elimination and closure of abandoned, illegal dumpsites and landfills operating without adequate insulation.
- ▶ Improve air quality, reduce odour nuisance, restore and protect natural flora and fauna and integrate recultivated landfills into the landscape as well as improve quality of life of inhabitants by eliminating health risks.

Duration: 2007-13

EU contribution: EUR 26.4 million



© Mid-Danube Regional Waste Management System Recultivation of Landfills

Preservation and management of natural resources

Highlights



© European Union 2013 (EP)

Under the Timber Regulation which came into force in March 2013, all timber on the EU market has to be legally sourced. The aim is to put in place procedures to minimise the risk of illegal wood being traded.



© European Union 2013 (EP)

The European Agricultural Fund for Rural Development helped wine producers from the Moselle valley (Luxembourg, Germany and France), to work together to promote their wines, tackle shared difficulties and gain greater European and international visibility.



© European Union, 2014

Thanks to a project part-funded by the EU, some Finnish fishermen received training to develop tourism activities related to fishing and thus complement their income.



© European Union, 2014

The LIFE + Programme was helping to restore populations of birds of prey and other endangered emblematic species in southwest Bulgaria.

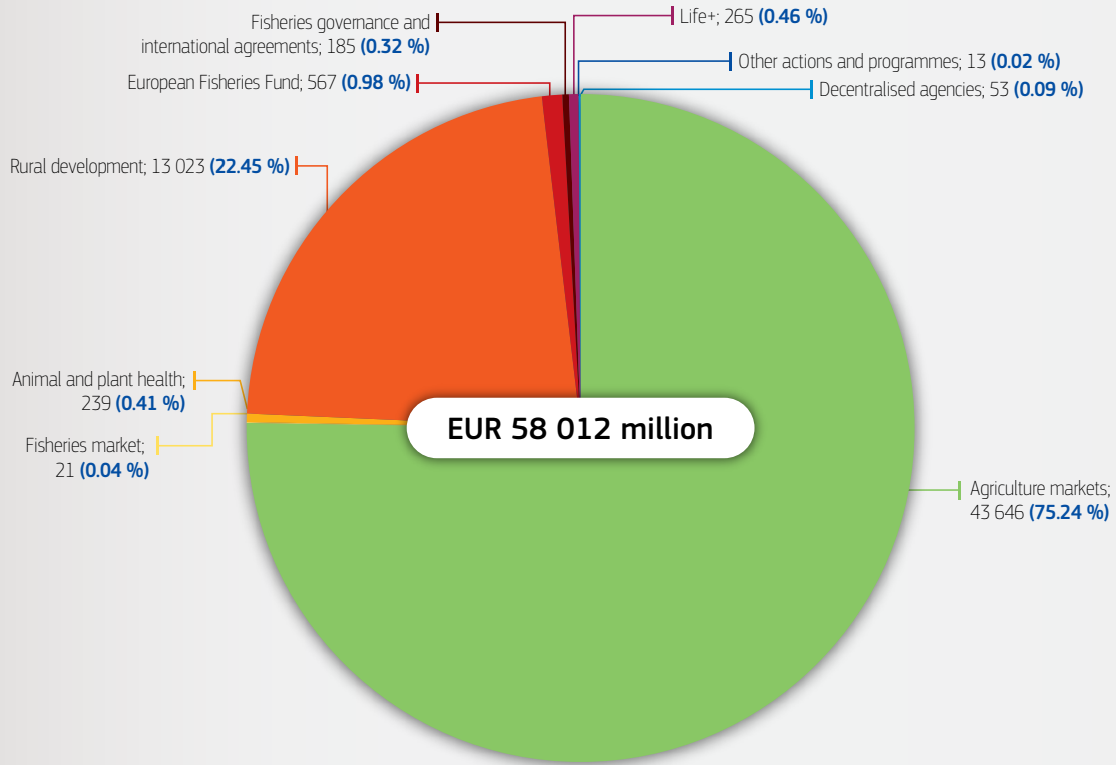
The EU's agriculture, rural development, fisheries and environment were financed under this heading. The EU Common agricultural policy encouraged the production of safe, high quality food, promoted European agriculture products as well as innovation in farming and food processing and supported farmers. It financed direct payments to farmers and measures to respond to market disturbances, such as private or public storage and export refunds.

The EU boosted the economic potential of rural areas, created new sources of income for the inhabitants by encouraging the diversification of their activities and protected its rural heritage thanks to the European Agriculture Fund for Rural Development.

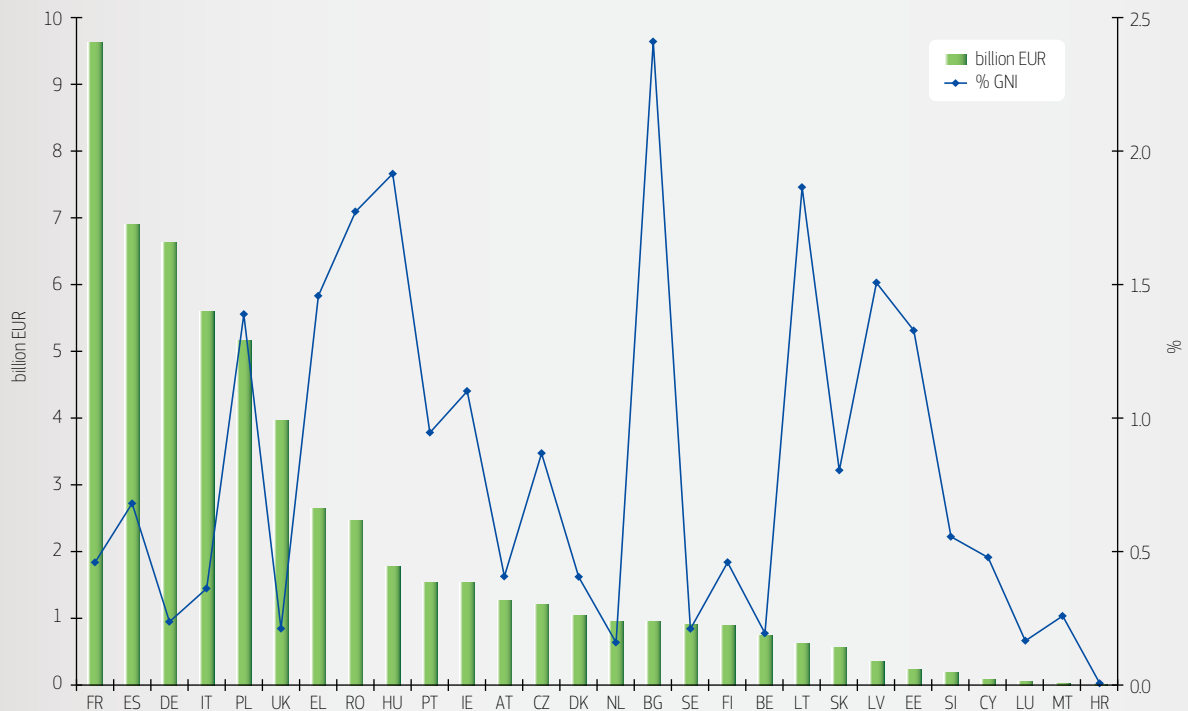
At the same time, the EU promoted an efficient and sustainable use of land and forests. It encouraged measures which enhanced nature protection and biodiversity,

reduced waste production and greenhouse gas emission, developed clean technologies and improved air quality. The LIFE+ programme supported environmental and nature conservation. The common fisheries policy (CFP) promoted sustainable fisheries and aquaculture.

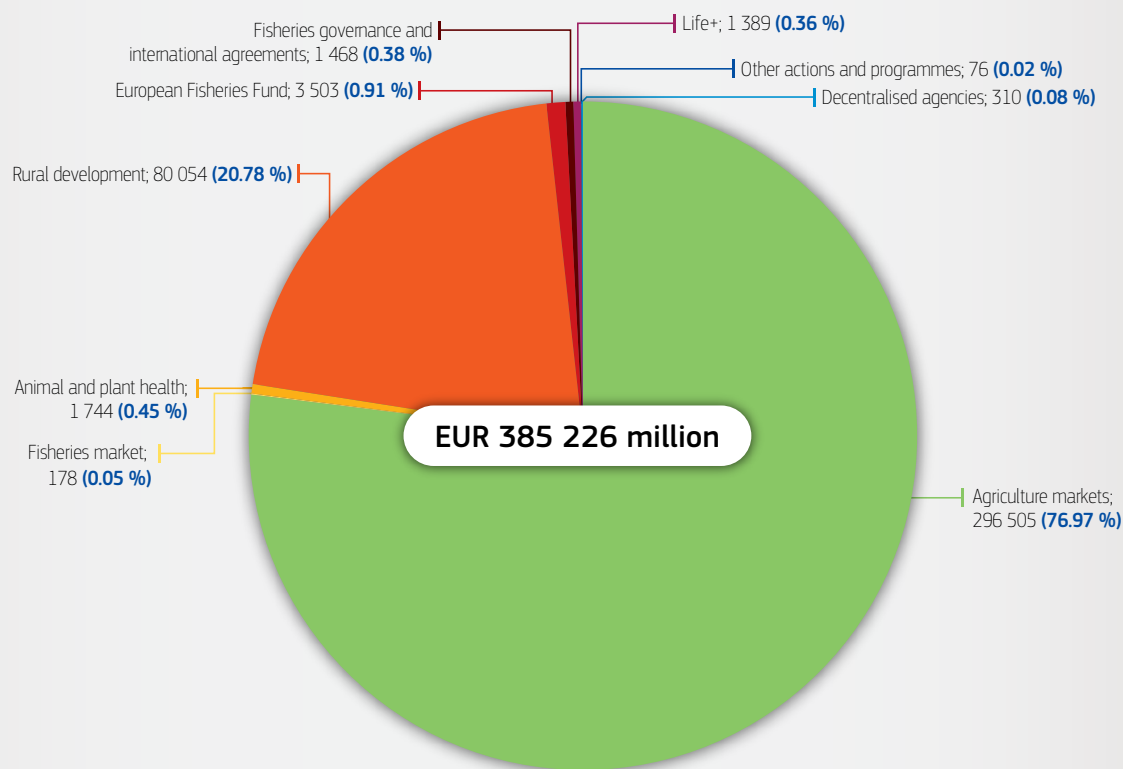
Heading 2 – Implemented payments (million EUR) in 2013



Heading 2 – Expenditure by Member State in 2013



Heading 2 – Implemented payments (million EUR) in 2007-13



Common Agricultural Policy

The Common Agricultural Policy (CAP) is a policy of strategic importance to farm income, food security, agricultural markets, the environment and territorial balance. The aim is to promote smart, sustainable and inclusive growth for EU agriculture and rural areas in line with the Europe 2020 strategy.

The CAP is a genuinely European policy, as instead of operating 28 agricultural policies, Member States pool resources to operate a single European policy with a single European budget. Such common policy allows for a more effective response to transnational goals and cross-border challenges, such as a level playing field in the single market and a better position in trade negotiations. It also addresses important issues such as mitigating climate change, enhancing biodiversity, contributing to economic and social cohesion and reinforcing solidarity among Member States. This naturally means that the CAP accounts for a significant proportion of the EU budget.

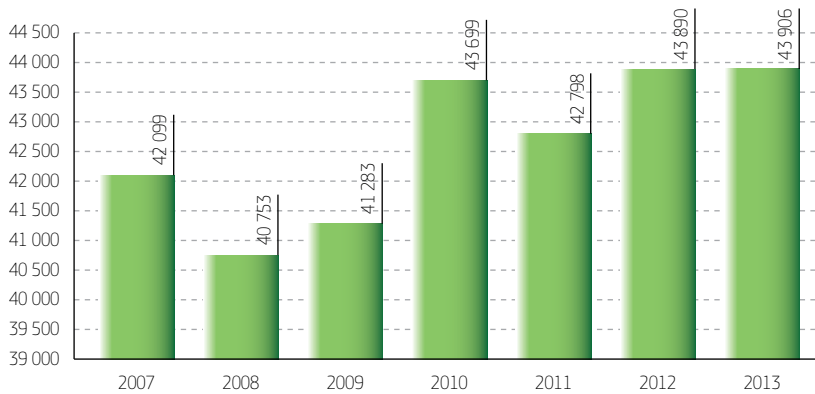
Development in the 2007-13 MFF

The first pillar of the CAP is composed of market-related expenditure and direct payments to farmers. Data shows that direct aid stabilises farm incomes and thus contributes to the economic viability of farms. Direct payments on average accounted for almost half of family farm income in 2013. Under the direct aid scheme support was granted to more than 8 million European farmers. The subsequent CAP reforms since 1992 have enhanced the market orientation of EU agriculture and reduced the expenditure on export refund and public intervention. In 2013 no intervention buying-in took place and public stocks remained empty, while since mid-2013 no export refunds have been granted for any agricultural product.

Evaluations of the different elements of the CAP were conducted on a regular basis and their results are incorporated in impact assessments preparing new initiatives, including the CAP reform. In particular, the evaluations carried out included: income effects of direct payments, market effects of partial decoupling ⁽¹⁾, and the synthesis of evaluations on environmental effects of the CAP measures as well as a wide range of sectorial evaluations (e.g. olive oil, dairy, beef and veal, sheep and goat). Evaluations of the EU School milk scheme and on organic farming were also used for preparing new initiatives in these areas.

A total of EUR 298 billion was spent on market-related expenditure and direct aids during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Rural development

Under the second pillar of the CAP, rural development programmes make a vital contribution to the economic, social and environmental well-being of rural areas, and the sustainability of the rural environment. Nearly 60 % of the population of the EU Member States lives in rural areas, which cover 90 % of the territory. Rural development programmes address the specific problems and needs in the different regions and Member States.

The 2007-13 programmes covered four groups of themes or 'axes'.

- ▶ Axis 1: competitiveness in agriculture and forestry, focusing on knowledge transfer, modernisation, innovation and the quality of the food chain.
- ▶ Axis 2: biodiversity, the preservation and development of high-nature-value farming and forestry systems and traditional agricultural landscapes, water and climate change.
- ▶ Axis 3: quality of life in rural areas and diversification.
- ▶ Axis 4: LEADER — area based local developments.

To help ensure a balanced approach to policy, Member States and regions were obliged to spread their rural development funding across these four groups. A further requirement was that some of the funding had to support projects developed by local action

⁽¹⁾ Decoupling means that the level of the payment received by the farmer will not be affected by the number of cattle and sheep kept or the area of crop grown.

groups under the so-called 'leader' approach. This was to encourage highly individual projects designed and executed by local partnerships to address specific local problems.

Development in the 2007-13 MFF

For the rural development programmes 2007-13, under axis 1, between 2007 and 2012 319 000 modernisation projects on farms were supported by the EAFRD (53 % of the overall targets); 1.72 million participants have successfully completed a training activity related to agriculture and/or forestry (62 %); 335 000 farms participated in quality schemes under rural development programmes (118 %) and 19 700 enterprises supported added value projects (56 %).

Under axis 2, among the areas under successful land management contributing to avoidance of marginalisation, biodiversity, water quality, mitigating climate change and soil quality, the agri-environmental supports counted for 43 million hectares (91 %) including organic farming; the less-favoured-area supports counted for 53 million hectares (97 %) and Natura 2000 ⁽¹⁾ supports counted for 1 138 000 ha (85 %).

Under axes 3 and 4 from 2007 to 2012 83 million inhabitants in rural areas benefited from improved services and infrastructures supported by the EAFRD (94 %); the creation of 15 000 new tourist actions in rural areas were supported (43 %); 36 000 micro-enterprises supported or created and renewal actions took place in 34 000 villages across the EU.

A total of EUR 80 billion was spent on rural development during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



⁽¹⁾ Natura 2000 is an EU-wide network of nature protection areas established under the 1992 Habitats Directive.

Example:

The project “PROVE” in Portugal aimed to help small producers with selling their produce directly to consumers at a fair price via new forms of short marketing chains. The local food sector in Portugal has been expanded and strengthened by creating 20 new PROVE areas and linking local producers to consumers via the PROVE website and G-PROVE on-line ordering system. New consumers have been encouraged to support the local food sector through the comprehensive and easy-to-use G-PROVE on-line ordering system, whilst participating farmers have been diversifying their farming activities to offer a wide range of complementary services to their customers.

Duration: 01/01/2010 – 31/12/2011

EU contribution: EUR 235 326



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LIFE+

LIFE+ contributed to the implementation, updating and development of EU environmental policy and legislation. At least 78 % of appropriations were used for action grants, of which at least 50 % for projects supporting the conservation of nature and biodiversity. The projects supported through action were co-financing pilot or demonstration projects with European added value. The LIFE+ programme 2007-13 consisted of three components: LIFE+ nature and biodiversity, LIFE+ environment policy and governance and LIFE+ information and communication. The programme also funded operating costs of European NGOs which contributed to the development and implementation of Union environmental policy and legislation. It supported the Commission's role in initiating environment policy development and implementation through studies, evaluations, seminars and workshops with experts and stakeholders networks, publication and dissemination activities.

Development in the 2007-13 MFF

LIFE+ had a unique focus on the environment with support for large transnational projects. Grants to support Non-Governmental Organisations (NGOs) in the environmental policy arena fulfilled a useful purpose in promoting and supporting policy debate on environmental protection and climate change.

The projects output indicators showed that under LIFE+:

- ▶ 194 million hectares of land were purchased,
- ▶ 49 600 actions were expected,
- ▶ 95 267 training sessions were planned,
- ▶ 6.1 million people were to be targeted by communications,
- ▶ 1.2 million pupils and students were to be engaged; and
- ▶ around 50 million operating grants were given to NGOs active in the environment for the period.

A total of EUR 1.4 billion was spent on LIFE+ during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

The LOWaste project aimed to decrease the amount of local waste to be disposed creating a local market that should lead to a closed local waste management cycle. The project focused both on supply chain (creating the conditions to intercept and add value to the waste materials) and demand side (creating the demand for these reused or recycled materials). The coordinating beneficiary was a local authority, the Municipality of Ferrara. It has substantially achieved its original objectives and delivered sustainable results.

EU contribution: EUR 0.5 million

Duration: 09/2011 to 6/2014



© LIFE10 ENV/IT/000373 Lowaste

Common Fisheries Policy

The aim of the Common Fisheries Policy (CFP) was to promote sustainable fisheries and aquaculture in a healthy marine environment which could support an economically viable industry providing employment and opportunities for coastal communities. To achieve this, the EU provided financial support to the fishing sector and to the sustainable development of fisheries areas.

For the period 2007–13, the European Fisheries Fund (EFF) was divided between:

1. measures to adapt the EU fishing fleet;
2. aquaculture, inland fishing, processing and marketing of fishery and aquaculture products;
3. measures of common interest;
4. sustainable development of fisheries areas; and
5. technical assistance.

Each Member State drew up an operational programme setting out its choice of priorities and the relevant targets.

Development in the 2007-13 MFF

The Commission and the Member States strived to maintain or restore depleted stocks to fishing levels that could produce maximum sustainable yield (MSY) by 2015 where possible and not later than 2020. In 2013 the statistics on stock status confirmed the trend from 2010–12: the adequacy of scientific advice and the state of fisheries resources in EU waters were improving.

In 2012, the data showed that 59 % of the Atlantic and Baltic stocks that were assessed against the principle of MSY were fished sustainably. This percentage had risen from 6 % in 2003 and 37 % in 2009. The share of stocks in safe biological conditions had increased to 55 % (up from 35 % in 2003 and 44 % in 2009). These were strong indications of the improvement of the health of the fisheries resources in this area. For the Mediterranean and the Black Seas, the situation was different, emphasis having been given to increasing knowledge and scientific advice on stocks. In 2012, 104 stocks were assessed (compared to 29 in 2007). 91 % of the MSY assessed stocks were overfished.

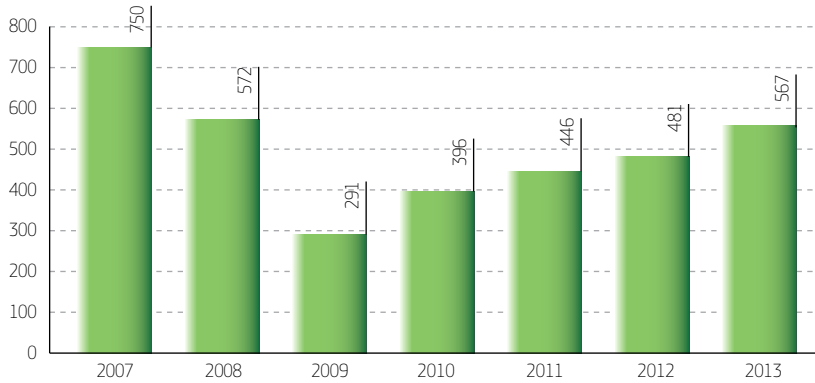
While these positive developments brought the EU closer to the resource efficiency envisaged by the Europe 2020 strategy, further progress towards MSY for all stocks is still needed.

The EFF played a vital role in the implementation of the CFP by supporting the fishing industry and fishing-dependent coastal communities. The EFF supported the sustainable development of fisheries areas through fisheries local action groups (FLAGs). 303 such groups were in place in 21 Member States at the end of 2013. The EFF also supported aquaculture, although production in this area had been stagnating in the EU. The main barriers to growth were limited access to space and licencing, industry fragmentation, limited access to seed capital or loans for innovation in a risk-adverse context, pressure from imports, time-consuming administrative procedures and red tape.

Although it represents a relatively small part of the EU economy, aquaculture has the potential to boost growth and jobs in coastal and inland areas in the EU. The Strategic Guidelines for sustainable EU aquaculture adopted in 2013 will allow Member States to further develop sustainable aquaculture.

A total of EUR 3.5 billion was spent on the EFF during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

In Cornwall, UK, three fishermen started using social media (auctions on Twitter) for direct sales to increase their customer base and add value to their catch. Using EFF Axis 4 to strengthen their digital skills and scale up operations, they recruited new fishermen into the scheme and created new market opportunities for local fisheries. The value of their landing had increased by 50-100 % and the fast development of their scheme should lead to the creation of a new job on the harbour.

Project duration: 09-10/2013 (IT training and hardware acquisition)

EU contribution: EUR 7 695



Freedom, security and justice

Highlights



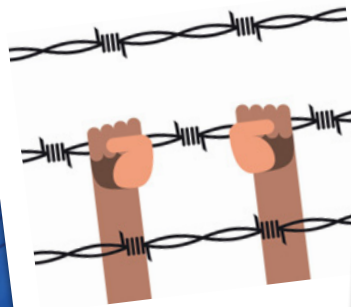
© 2014 Pixabay

Established in April 2012, the European Criminal Records Information System gives judges and prosecutors easy access to comprehensive information on the offending history of any EU citizen, no matter in which EU countries that person has been convicted in the past.



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The Commission proposed to establish a European Public Prosecutor's Office to investigate, prosecute and bring to justice those who commit criminal offences affecting the Union's financial interests.



© European Union 2014 EP Source: EP

The common European asylum system was adopted. The new system sets out common high standards and stronger co-operation to ensure that asylum seekers are treated equally in an open and fair system, wherever they apply in the EU.

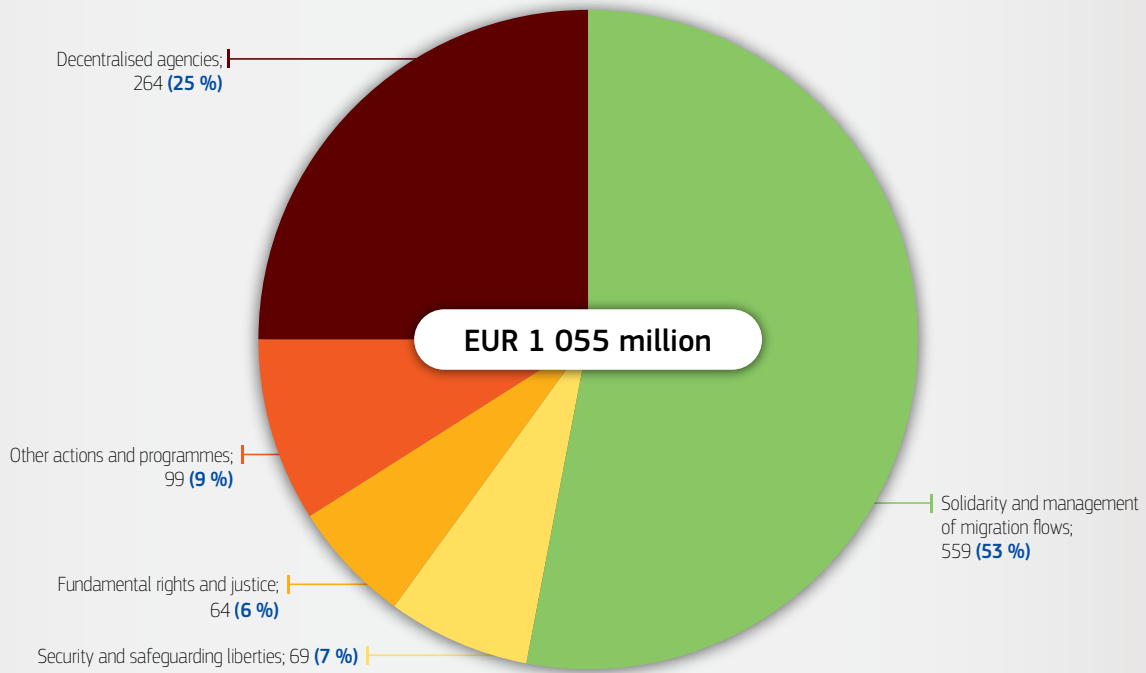


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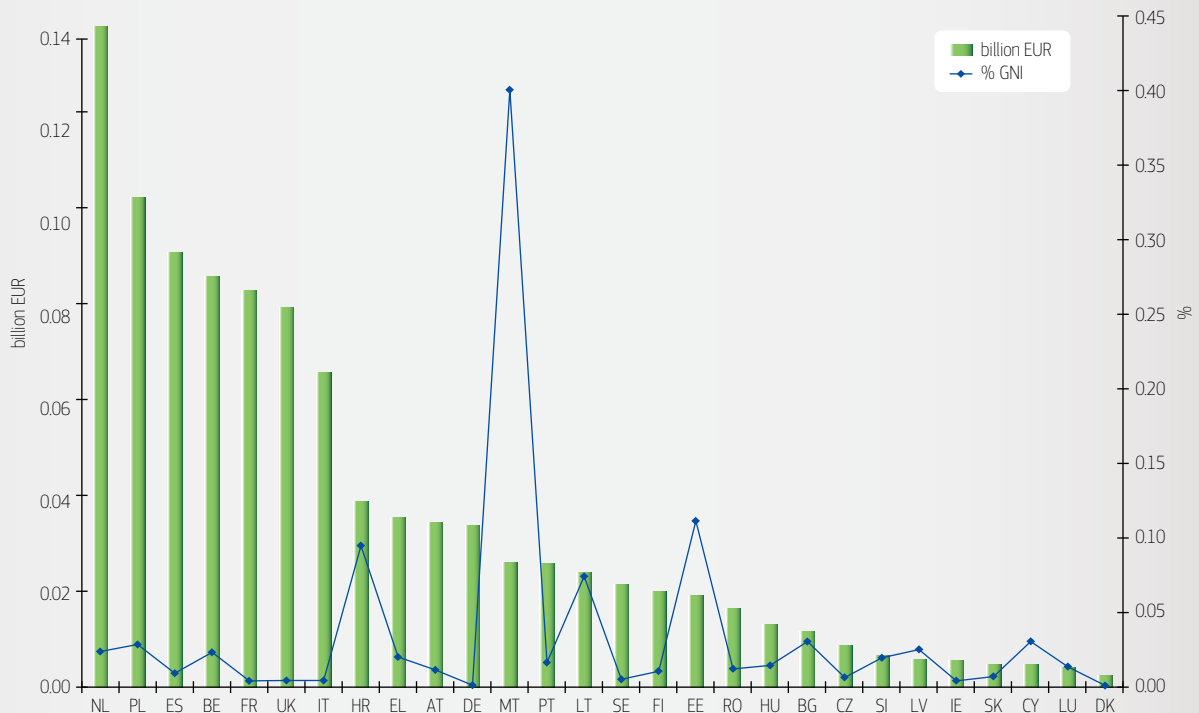
The European Anti-Fraud Office (OLAF) participated in a major cigarette seizure in the Mediterranean Sea. Some 348 000 packs of contraband cigarettes that were being smuggled into Spain were seized and nine people arrested in December 2013.

The protection of life, freedom and property of citizens was an important objective of the EU. In a context of even stronger security interdependence, responsibilities in this area included the management of the Union's external borders, the development of a common asylum area, cooperation between law enforcement agencies and judicial authorities to prevent and fight terrorism and crime, respect for fundamental rights and a global approach to drug issues.

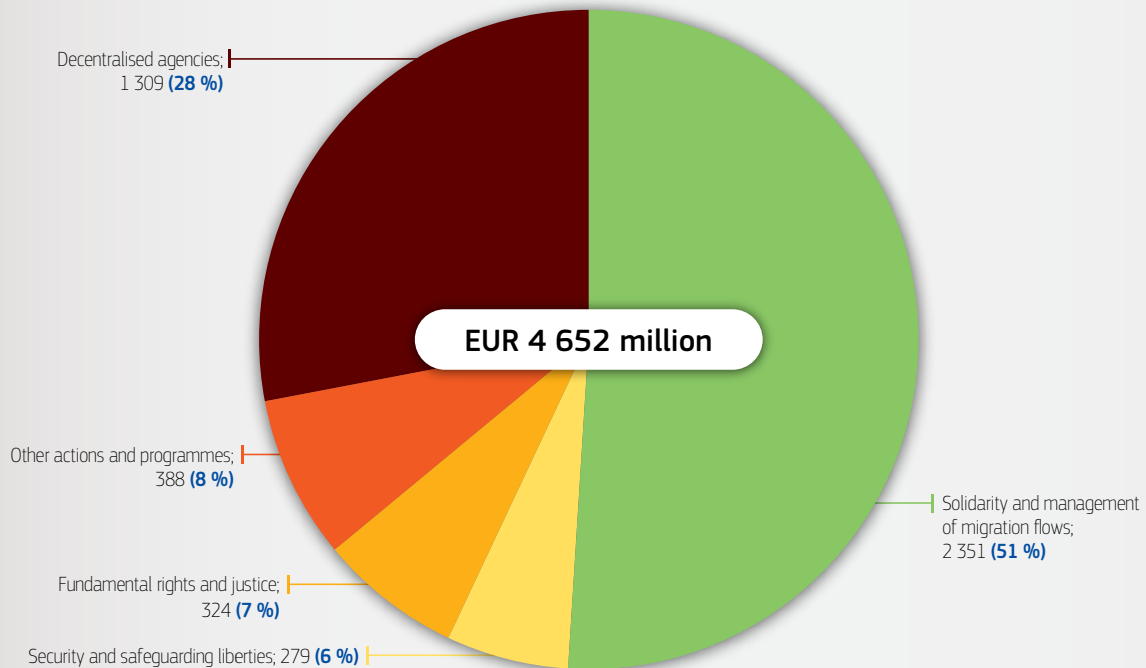
Heading 3A – Implemented payments (million EUR) in 2013



Heading 3A – Expenditure by Member State in 2013



Heading 3A – Implemented payments (million EUR) in 2007-13



Solidarity and management of migration flows

The General Programme 'Solidarity and Management of Migration Flows' aimed to address the issue of a fair share of responsibilities between EU States as concerns the financial burden arising from the introduction of an integrated management of the Union's external borders and from the implementation of common policies on asylum and migration. It was composed of the following four funds.

- ▶ The European Fund for the Integration of Third-country Nationals 2007-13 (IF) supported actions helping migrants to fulfil residence requirements and facilitating their integration into European societies. The fund financed activities such as language and civic-orientation courses, capacity building and exchanges between EU States.
- ▶ The European Refugee Fund 2008-13 (ERF) supported the efforts of EU States to grant reception conditions to refugees and displaced persons, to apply fair and effective asylum procedures and to promote good practices in the field of asylum so as to protect the rights of those who require international protection. Through these actions, the fund contributed to the creation of the Common European Asylum System.
- ▶ The External Borders Fund 2007-13 (EBF) supported actions reinforcing EU States' capacity for efficient border controls and the management of migratory flows at the external borders. Also, it supported the building of a common EU visa policy by strengthening the capacity of consular authorities responsible for the management of migratory flows in non-EU countries.
- ▶ The European Return Fund 2008-13 (RF) sought to improve EU States' return management as well as to encourage the development of cooperation between EU

States and countries of return. The fund also supported the efforts of EU States to comply with and implement the Return Directive.

The policy objectives of the four funds were implemented by the co-financing of actions at national level through EU States' annual programmes (shared management) and at Union level through projects in direct management.

Development in the 2007-13 MFF

The allocations for the four funds of the General Programme increased considerably from 2007 to 2013 ("back loading"), with the allocations for 2012 and 2013 representing about 40 % of the 7-year budget of the whole General Programme.

The European Integration Fund has proved to be a robust tool as regards the integration of non-EU nationals. Through 2 928 projects funded between 2007 and 2010 in all EU States (except Denmark which does not participate ⁽¹⁾), it supported in particular introductory programmes and language courses for non-EU nationals, actions aimed at general and practical information, social and legal guidance and counselling, as well as projects promoting contacts and dialogue with the receiving society.

During the period 2008-10, the European Refugee Fund supported a total of 1 615 projects, or 538 projects on average for each annual programme at EU level, with a focus on the improvement of reception conditions of asylum seekers and the integration of refugees and other beneficiaries of international protection.

The 2007-10 evaluation of the External Borders Fund contributed significantly to furthering integrated border management and the use of new technologies to facilitate legitimate travel.

During the 2008-10 period, the Return Fund supported the development of information campaigns, counselling activities to potential returnees, reintegration assistance in the country of origin and country-specific information databases. In terms of results, EU States reported that actions co-financed by the fund contributed — significantly (for some EU States) — to an increase in the number of returnees and to an improvement in the quality of the return process.

A total of EUR 2.4 billion was spent on solidarity and management of migration flows during the 2007-13 MFF.

⁽¹⁾ In accordance with Article 1 and 2 of the Protocol on the position of Denmark, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Denmark did not take part in the adoption of the Council Decision establishing the European Fund for the Integration of third-country nationals.

Implementation 2007-13 (million EUR)



Examples:

The project 'Linking EU States' National Coordination Centres to the Seahorse Mediterranean Network' was financed under EBF Community Actions in 2012. Its main objective was to improve cooperation and information exchanges in the Mediterranean area between 7 participating EU States (Cyprus, France, Greece, Italy, Malta, Portugal, Spain) and Northern African countries in the framework of EUROSUR. EUROSUR is an information-exchange system designed to improve the management of the EU external borders. The project aimed at interlinking EUROSUR National Coordination Centres and developing one Mediterranean Border Cooperation Centre (MEBOCC), based in Italy (back-up in Malta), thus allowing EU States and Northern African countries to efficiently exchange information regarding irregular migration and illicit trafficking.

EU contribution: EUR 2.3 million

Duration: 2012-14



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Security and safeguarding liberties

The EU Internal Security Strategy highlighted several security threats and was backed by the Framework Programme 'Security and Safeguarding Liberties', which promoted effective European cross-border cooperation in the fight against crime and terrorism and improved crime prevention. It supported actions to:

- ▶ eliminate international criminal networks;
- ▶ prevent terrorism and address radicalisation;
- ▶ increase cyber security for citizens and businesses;
- ▶ strengthen security through border management;
- ▶ increase Europe's resilience to crises and disasters.

These activities were supported through two specific financial programmes:

- ▶ Prevention, Preparedness and Consequence Management of Terrorism and other Security-related Risks (CIPS);
- ▶ Prevention of and Fight against Crime (ISEC).

CIPS aimed at protecting citizens and critical infrastructures from terrorist attacks and other security incidents. ISEC contributed to citizens' security through projects that prevented and combated crime. Terrorism, human trafficking, child abuse, cybercrime, illicit drug and arms trafficking, corruption and fraud were a particular focus.

The policy objectives of the two funds were implemented by the co-financing of actions at Union level through projects in direct management.

Development in the 2007-13 MFF

A total of 751 projects were funded under the ISEC programme and 126 under CIPS through grants.

The mid-term evaluation 2007-10 showed the following:

- ▶ Many ISEC projects targeted more than one programme objective, with the vast majority focusing on horizontal methods of crime prevention (targeted by 79 % of projects) and/or on cooperation between law enforcement agencies and other bodies (74 %). Protection of victims of crime and protection of witnesses tended to attract much less attention, being the focus of 14 % and 3 % of projects respectively.
- ▶ For CIPS, reference was made to seven objectives, subsumed under two broad categories, i.e. the prevention and preparedness of risks and consequence management. Three quarters of the projects were linked to both broad objectives. Overall, prevention and preparedness was targeted by 92 % of the projects, while consequence management was an objective pursued by 63 % of them.

Both programmes presented a high level of trans-nationality. Trans-national projects accounted for 80 % of the projects in ISEC and 64 % in CIPS.

A total of EUR 279 million was spent on security and safeguarding liberties during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

The AMLETO project, supported by the CIPS programme, aimed to strengthen Critical Infrastructure Protection in the transport sector by assessing the security awareness and increasing the maturity level of transport operators. The 5 following transport sub-sectors were concerned: Road, Rail, Air, Inland Waterways and Ocean and Short-Sea shipping and Ports.

EU contribution: 211 291 EUR

Duration: 2013-14



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Criminal justice programme

Since the entry into force of the Lisbon Treaty, judicial cooperation in criminal matters is a full EU competency. It is crucial that new legislation adopted in this area is implemented efficiently and consistently and known to those who have to apply it. The Criminal Justice Programme contributed to this. It aimed to:

- ▶ create a genuine European area of justice in criminal matters based on mutual recognition and mutual confidence;
- ▶ promote the compatibility of rules applicable in EU countries as may be necessary to improve judicial cooperation;
- ▶ improve contacts and exchange of information and best practice between legal, judicial and administrative authorities and the legal professions (lawyers and other professionals involved in the work of the judiciary);
- ▶ improve the training of the members of the judiciary;
- ▶ strengthen mutual trust with a view to protecting the rights of victims and the accused.

The Programme provided financial support for transnational and national projects implemented by organisations in the EU, as well as for activities of NGOs or other entities pursuing an aim of general European interest.

Development in the 2007-13 MFF

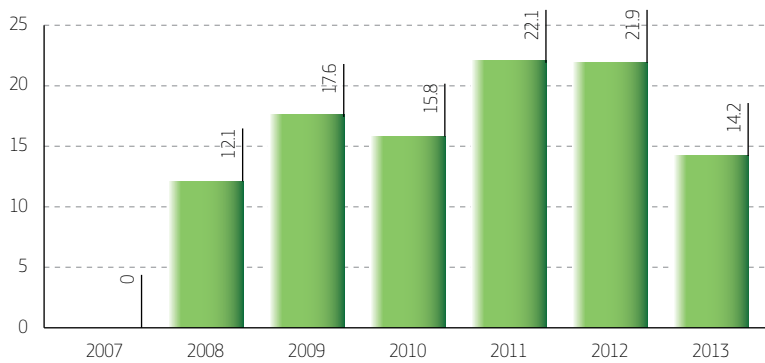
During the seven years of the Criminal Justice Programme, 12 calls for action grants and 6 calls for operating grants were launched, resulting in the signature of 142 action grant agreements and 43 operating grant agreements. Whereas the number of applications received under these calls was low in the first years of the Programme, an increased interest in the Programme, both from public authorities and from NGOs was demonstrated till the end of the 2007-13 MFF.

The Programme has helped to strengthen procedural rights for persons accused and suspected of crimes, but also funded projects of victim support organisations, helping them to improve support services for victims of crime. The Programme also helped to improve the mutual recognition of decisions between EU countries, such as the European Arrest Warrant.

The e-Justice Portal was created with funding from the Criminal Justice Programme. Citizens could get answers on how the 28 EU countries' legal systems functioned. More than 10 million citizens faced judicial procedures involving different EU countries every year. The Portal helped them find relevant information, or a lawyer in another country. Lawyers, notaries and judges could get access to legal databases, contact colleagues through judicial networks and find information on European judicial training.

The Criminal Justice Programme also financed the operating costs of the European Judicial Training Network (EJTN) during the period 2007-13 and many judicial training projects.

Implementation 2007-13 (million EUR)

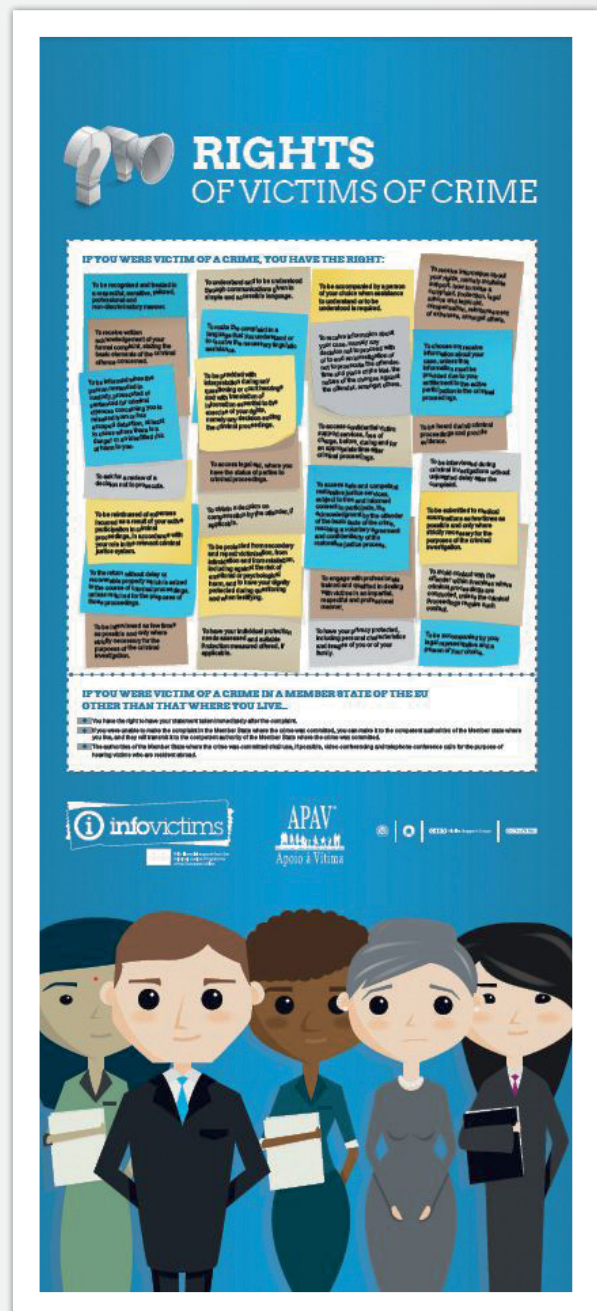


Example:

The project “Infovictims” aimed to directly improve the quality and quantity of the information provided to crime victims in Portugal, Sweden, Czech Republic and Austria. An interactive website with relevant information about the criminal justice system and victims’ rights was designed and leaflets and/or brochures were produced in a user friendly language. The project also raised the awareness of the judicial operators and the police forces about their duty to inform the victims and to ensure that they fully understand their rights and that their needs are taken into account. Awareness raising kits were designed to be disseminated amongst judicial operators and police forces.

EU contribution: EUR 175 970

Duration: 24 months, closed in September 2013.



The Daphne III programme

The Daphne III programme aimed to contribute to the protection of children, young people and women against all forms of violence and to attain a high level of health protection, well-being and social cohesion.

Its specific objective was to contribute to the prevention of, and the fight against all forms of violence occurring in the public or the private domain, including sexual exploitation and trafficking of human beings.

The focus of the Daphne III programme was on:

- ▶ assisting and encouraging NGOs and other organisations active in this field;
- ▶ developing and implementing targeted awareness-raising actions;
- ▶ disseminating results obtained under the previous Daphne Programmes;
- ▶ identifying and enhancing actions contributing to positive treatment of people at risk of violence;
- ▶ setting up and supporting multidisciplinary networks;
- ▶ ensuring the expansion of the knowledge base and exchange, identification and dissemination of information and good practice;
- ▶ designing and testing awareness-raising and educational materials, and supplementing and adapting those already available;
- ▶ studying phenomena related to violence and its impact;
- ▶ developing and implementing support programmes for victims and people at risk, and intervention programmes for perpetrators.

The Programme provided financial support for transnational projects implemented by organisations in the EU as well as for activities of NGOs or other entities pursuing an aim of general European interest.

Developments in the 2007-13 MFF

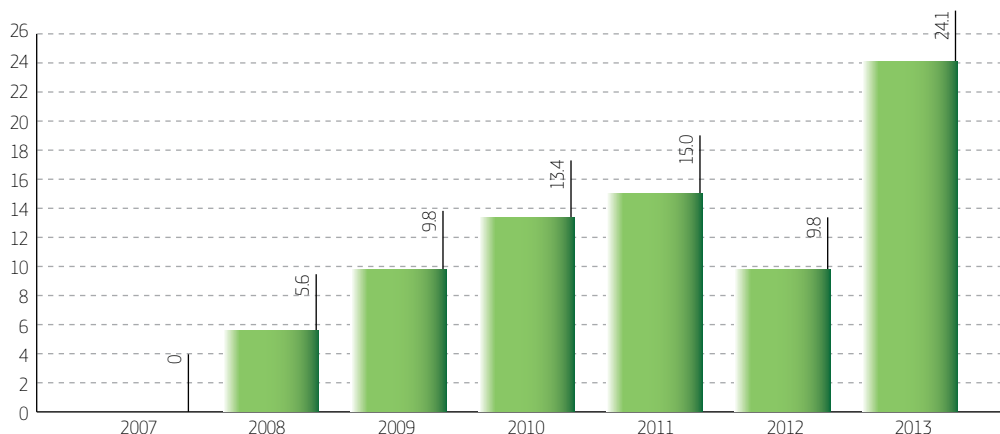
During the seven years of the Daphne III Programme, 7 calls for actions grants and 8 calls for operating grants were launched, resulting in the signature of 234 action grant agreements and 64 operating grant agreements. The Programme has become the most popular programme in this area, with more than 500 applications received during the last action grant call in 2013. While many studies were funded in the first years of the Programme, projects with practical outcomes, involving victims and taking into account their specific needs, have been given priority in the later years. Funding through operating grants has been instrumental for the establishment and development of Europe-wide networks, which contributed to enhancing EU policies in this area.

The Programme has contributed to support victims of different forms of violence. It has funded projects fighting female genital mutilation, which still takes place in Europe, and other harmful practices, such as forced marriages. It has also helped children, the

most vulnerable victims, with projects combatting bullying or addressing children as victims and witnesses of violence, and funded perpetrator programmes.

Moreover, the Programme has also provided support to the establishment of new child abduction alert mechanisms.

Implementation 2007-13 (million EUR)



Example:

Daphne III has contributed to setting up and improving hotlines to report missing children in many Member States (so-called 116 000 hotlines). The project called: 'The European 116 000 network: towards a high quality service and effective cross border cooperation' aimed to support the existing hotlines to improve the quality of their services and allow an effective cooperation in cases of disappearance with a cross-border element. The project produced a contact booklet and a 'Practical guide for hotline operators', which was translated into 12 languages. This guide became a useful tool also in the implementation of subsequent 116 000 projects funded by the Daphne III Programme.

EU contribution: EUR 161 555

Duration: 24 months, closed in February 2012.



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Citizenship

Highlights



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Some 36 citizens' dialogues took place in 21 Member States during the European Year of Citizens 2013. Citizens from all over Europe have debated with MEPs and Commissioners about their expectations for the future.

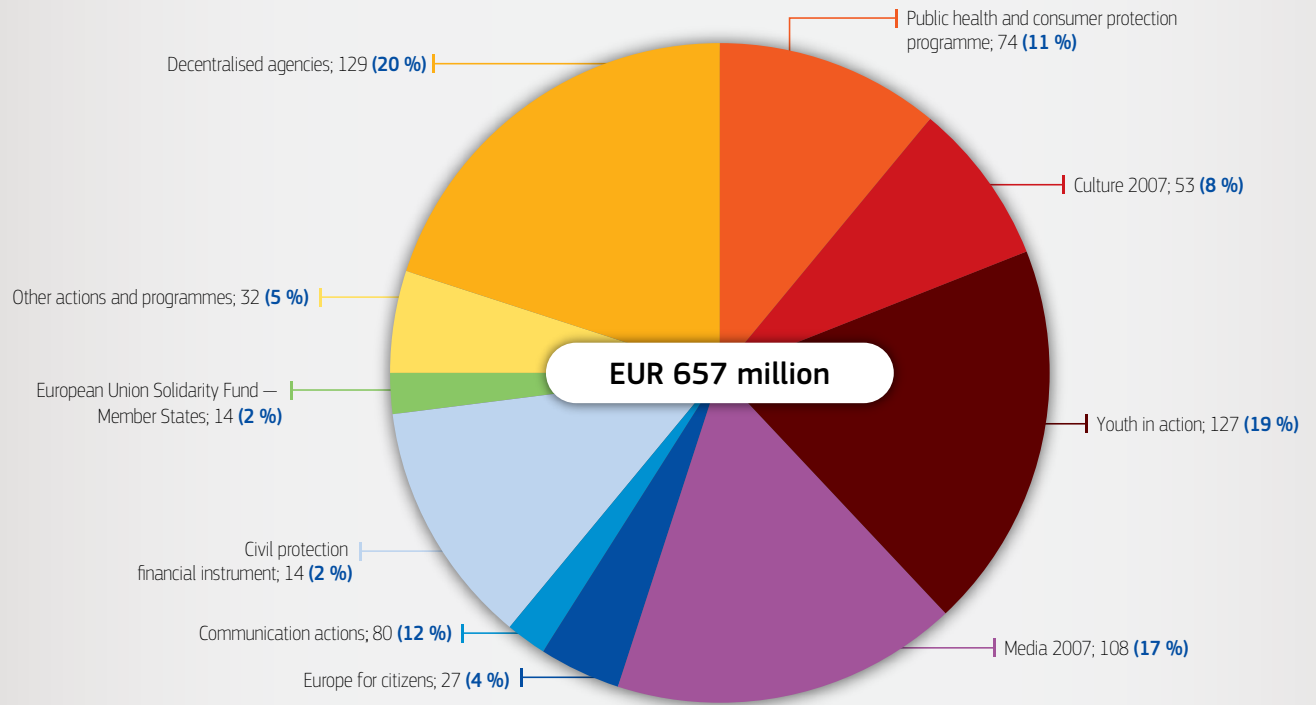
In 2013, the MEDIA programme for the European audiovisual sector supported more than 60 training events, around 300 development projects, some 1 000 distribution actions and more than 90 film festivals.

Between 2008 and 2013, the EU Health Programme co-funded 30 Joint Actions in areas such as cancer, rare diseases, Health Technology Assessment, mental health, HIV prevention and e-health.

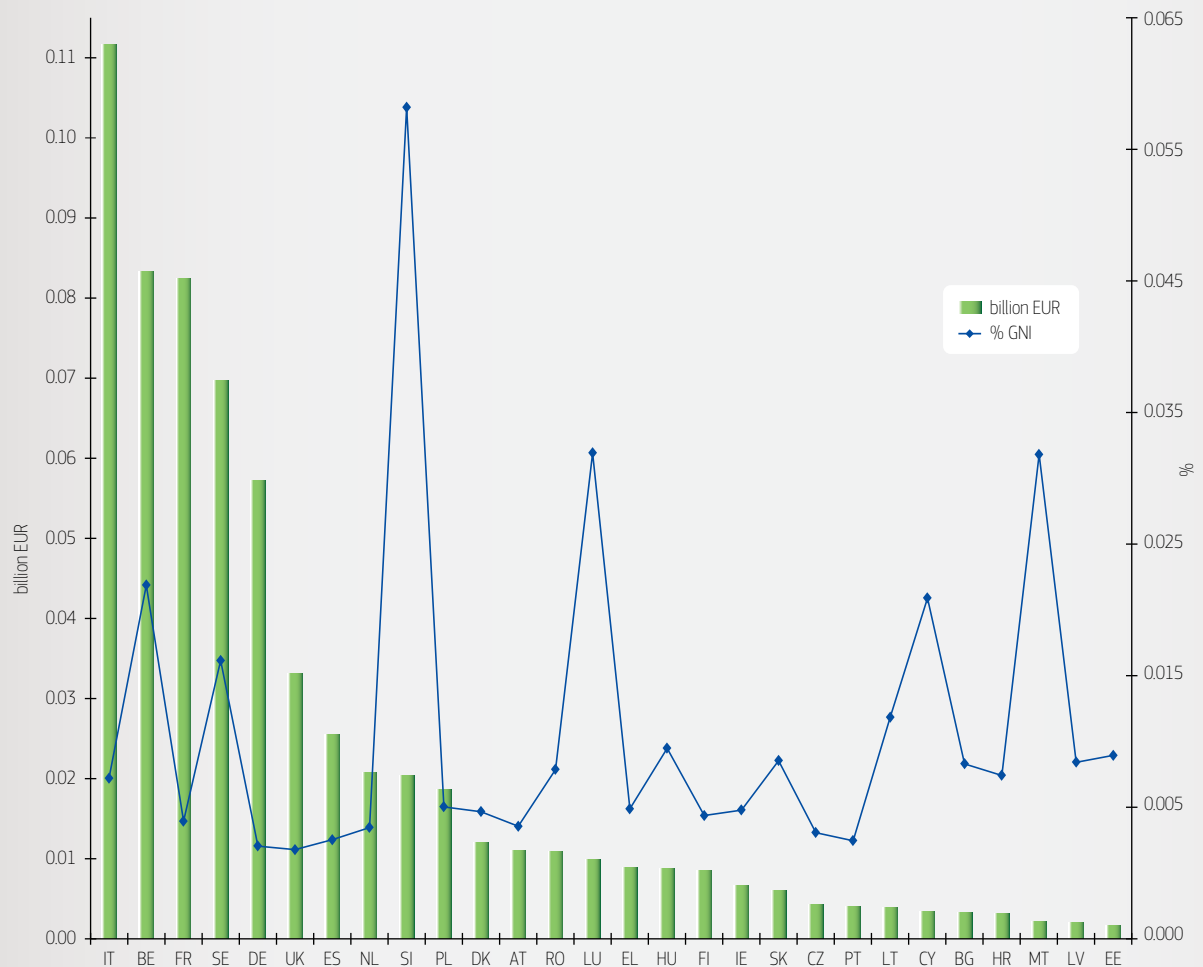
'Consumer Classroom' is an EU funded collaborative website for teachers across the EU. It provides high quality resources and interactive tools to equip 12–18 year old with the practical consumer skills they need.

Expenditure under 'Citizenship' contributed to numerous Europe 2020 Strategy flagship initiatives including 'Youth on the move', 'An agenda for new skills and jobs', 'European platform against poverty' and 'Innovative Union'. Issues of particular concern to the citizens of Europe, including health, consumer protection and civil protection, were covered. The crucial task of reaching out to citizens and communicating Europe also fell within this heading, through the funding of cultural programmes and the policy area of 'Communication'.

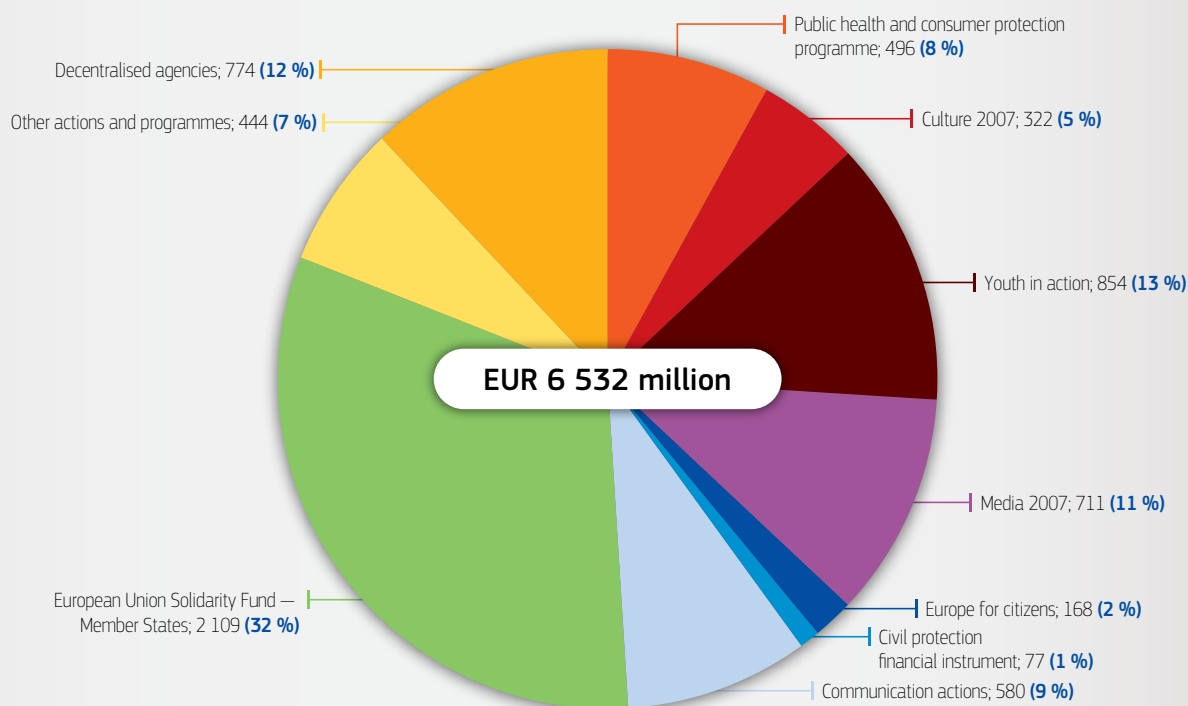
Heading 3B – Implemented payments (million EUR) in 2013



Heading 3B – Expenditure by Member State in 2013



Heading 3B – Implemented payments (million EUR) in 2007-13



Public health and consumer protection

The EU Health Programme aimed to improve citizens' health security, promote health and generate and disseminate health information and knowledge. The Programme added value to the efforts of Member States

- ▶ by complementing and supporting their policies;
- ▶ by facilitating the pooling of resources, exchange of information and good practice across the EU.

For example, recent cross-border health threats have clearly demonstrated the value-added of coherent and effective EU action.

The aim of the Consumer Programme 2007-13 has been:

- ▶ to complement, support and monitor the policies of the Member States;
- ▶ to contribute to protecting the health, safety and economic and legal interests of consumers;
- ▶ to promote consumers' right to information, to education and to organise themselves in order to safeguard their interests.

Development in the 2007-13 MFF

In 2011-13, Public Health Programme funding was increasingly geared towards supporting the objectives of the Europe 2020 Strategy and responding to legislative obligations and policy commitments. Priorities included support to Member States in maintaining sustainable and efficient health care systems, and to respond to the ageing challenge. Specific co-funding was provided for the exchange of best practices on the prevention and management of chronic diseases, and for several public health conferences, EU umbrella non-governmental organisations and specialised networks. For instance in 2013, two projects were co-funded to set up pilot networks of cooperation, under the Cross-border Healthcare Directive (2011/24/EU), for cooperation between paediatric oncology centres and between highly specialised neurology, clinical neurophysiology and neurosurgery centres.

Direct grant agreements with the World Health Organisation and the Organisation for Economic Co-operation and Development were concluded. The European Commission was also a paying member of the European Observatory on Health Systems and Policies.

The Health Programme 2008-13 complemented and added value to Member States' action on health promotion and prevention of illness (including work on, for example, nutrition and smoking and on reducing inequalities in healthcare), protection of citizens against health threats. It supported actions with the considerable EU added value and contributed in:

- ▶ Understanding rare diseases and developing innovative treatment for them by pooling patient populations in European registers across several countries.
- ▶ Cooperating on cross-border diseases such as H1N1 flu to enhance the capacity of the Member States and of non-EU countries to respond to these threats in a rapid and coordinated manner.
- ▶ Developing and strengthening networks between European health specialists, national and regional health authorities and other stakeholders, to interchange information and practices across Europe, thus boosting cooperation and the pace of research.

The Consumer Programme focused on developing a consumer policy that interacted with other policies at EU level.

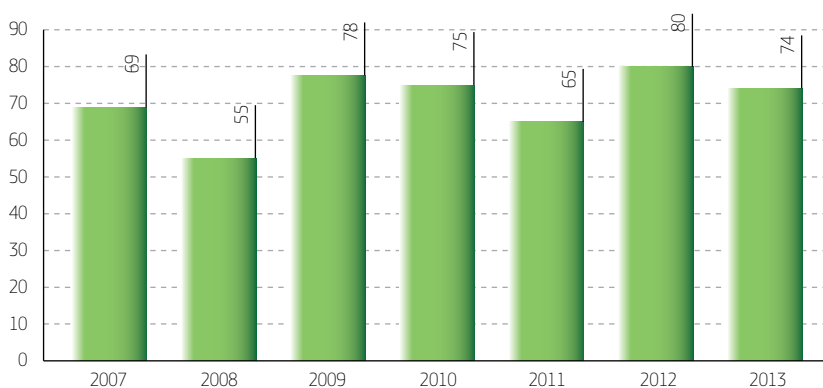
The main achievements were as follows:

- ▶ Increase of product safety: An increase in notifications via the Rapid Alert system for non-food dangerous products to 2 008 notifications in 2013 compared to 1 312 in 2007.
- ▶ Improvement of the evidence base: Ten editions of the Consumer Scoreboard were published between 2008 and 2013 showing that the overall assessment of market performance has improved.
- ▶ Support to European Consumer Organisations
- ▶ Consumer education and information: In 2013 information campaigns on consumer credit and consumer rights were launched.

- Improvement of the application of the Consumer Protection Cooperation Regulation (CPC): Partly financed by the Consumer programme, the CPC network has, since 2007, handled over 1 400 mutual assistance requests, circulated over 300 alerts and organised 6 coordinated enforcement actions or sweeps.
- Assistance to consumers seeking advice on cross-border disputes: 25 % of the Consumer programme was used to finance the ECC-NET which offers free consumer advice and support to EU residents who buy cross-border goods or services. Contacts with consumers increased from 51 000 in 2007 to 80 272 in 2013.
- Access to redress mechanisms: Studies and public consultations were undertaken on Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR), adopted in June 2013. The ADR Directive ensures that consumers can turn to quality alternative dispute resolution entities to settle their disputes. Work on the ODR platform started in 2013 and it is expected to be operational from 2016.

A total of EUR 496 million was spent on public health and consumer protection during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Examples:

The EU Rapid Alert System for non-food dangerous products (RAPEX) allows the participating countries and the Commission to exchange information on products posing a risk to health and safety of consumers and steps taken to avert the danger. This system circulates roughly 2 000 notifications of dangerous products annually, 16 600 notifications since 2003. Between 2006 and 2013 the Chinese authorities have investigated 2 405 RAPEX notification on dangerous products found in the EU of Chinese origin, many of them toys and childcare articles, where they were able to trace back the responsible manufacturer.



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Culture

The rationale for the Culture Programme rested on the benefits that linguistic and cultural cooperation and exchanges bring in terms of European integration (founded on common cultural values), and social and economic development. Its overall objective was to support an European culture, enhancing the cultural area shared by Europeans. It aimed at encouraging the emergence of European citizenship, through the development of cultural co-operation between creators, cultural players and cultural institutions. Two broad types of activities were undertaken in the framework of the Culture Programme: cultural activities (artistic exchanges, joint cultural creation, co-productions, tours and festivals, and exchanges of artefacts); and support activities (exchanges of experience and networking, provision of information and practical support for operators, studies and communication activities).

Development in the 2007-13 MFF

The mid-term evaluation of the Programme showed that it has helped to strengthen the cultural and creative sector and to promote circulation of professionals and works of art, making a strong contribution to cultural and linguistic diversity. The programme helped thousands of artists and cultural professionals — an estimated 20 000 each year — to develop international careers by improving their skills and knowhow through informal peer learning, and through creating new professional pathways.

It provided thousands of cultural organisations — some 1 000 organisations were reached directly or indirectly each year, on average — with the possibility to work together across borders, to learn from good practice through partnerships with operators from other countries. It enabled operators to co-produce, to network and discover new professional opportunities, and to make their work and outlook more international.

This had a positive, structuring effect on the sector and its capacity to address wider markets. It helped the development of sectors and art forms, the creation of new works and performances, promoted access and participation, research and education in the field, as well as information, advice and practical support.

Thousands of works were able to circulate, including some 500 translated literary works each year. Support from the programme was perceived as a quality label for cultural projects.

Throughout the whole programme, 2011 grants were awarded (out of about 7 150 applications).

A total of EUR 322 million was spent for Culture programme during the 2007-13 MFF for the 28 EU countries. 10 further European countries ⁽¹⁾ took part in the programme, contributing with an entry fee.

⁽¹⁾ These were the countries who were part of the European Economic Area (Lichtenstein and Norway) and those who were candidate (Croatia, Turkey, Iceland, the former Yugoslav Republic of Macedonia, Montenegro) or potential candidate to EU membership (Serbia, Bosnia-Herzegovina and Albania). So, the total of fully-fledged participating countries, throughout the 2007-13 period, was equal to 37.

Implementation 2007-13 (million EUR)



Example:

The main objective of the 'EUR-TEXT – Back to the future!' project was to create an opportunity for dialogue between modern art and the cultural heritage of Europe.

The project reflected on the interpretation of classical and romanticist pieces of art and their contemporary impact through the eyes of a young generation of artists from the Czech Republic, France, Poland and Malta.

The interdisciplinary nature of the project relied not only on the dialogue between various forms of artistic expression, but also on the juxtaposition of various forms of presentation — e.g. classical music concert with a fashion spectacle or exhibition.

Total contribution: EUR 480 000

Duration: 2012-14



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Media

MEDIA 2007 supported the European audiovisual sector. It grouped together various types of support, in both the pre-production and the post-production stages.

MEDIA 2007 had three global objectives:

1. preserving and enhancing European cultural diversity and its cinematographic and audiovisual heritage, guaranteeing its accessibility to European citizens, and promoting intercultural dialogue;
2. increasing the circulation of European audiovisual works inside and outside the European Union;

3. strengthening the competitiveness of the European audiovisual sector in the framework of an open and competitive market.

The support delivered by MEDIA was orientated by four priorities:

1. fostering creativity in the audiovisual sector and the value of Europe's cinematic and audiovisual heritage;
2. strengthening the production structure of the European audiovisual sector, particularly SMEs;
3. reducing the imbalances in the European audiovisual market between high production capacity countries and countries or regions with low production capacity and/or a restricted geographic and linguistic area;
4. monitoring and supporting developments in the market with regard to digitization.

Development in the 2007-13 MFF

The interim evaluation of MEDIA demonstrated an increase in the number of organisations from new Member states which had submitted proposals; the organisations selected under MEDIA 2007 were producers (56 %), distributors (31 %), and promoters (11 %); the beneficiaries of MEDIA 2007 were spread across Europe (98 regions) although close to half the organisations which applied for support were in the 10 regions with the most beneficiaries.

The system of positive discrimination set up was suited to achieving the positive discrimination objective but was insufficient to meet the objective of remedying the imbalance between countries with a low audiovisual production capacity and those with a high audiovisual production capacity.

Participation in the application process for MEDIA support enabled applicants to significantly improve the design of the projects presented (consolidation of finance plans, strengthening of partnerships).

MEDIA support for training was effective and generated a significant 'quality label' effect. Support for development has been increasingly successful and allowed for the emergence of better structured projects that are more competitive in the international market.

MEDIA 2007 support for distribution was effective on the whole; it contributed significantly to improving conditions of distribution (automatic support) and to strengthening professional networks (selective support).

Support for broadcast contributed significantly to securing producers' rights but there is still work to be done in some countries where broadcasters were unwilling to relinquish certain rights.

Support for promotion was effective on the whole; it allowed for greater visibility of non-national European works both within Europe and beyond, and for a widening of professional networks.

In 2013 alone, MEDIA supported more than 60 training events, around 300 development projects, some 1000 distribution actions and more than 90 film festivals.

A total of EUR 711 million was spent for Media during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

Europa Cinemas is the first film theatre network focusing on European films. The network supported by the MEDIA Programme consisted of 33 countries, 554 cities, 923 cinemas, 2 209 screens. Its objective was to provide operational and financial support to cinemas that committed themselves to screen a significant number of European non-national films, to offer events and initiatives as well as promotional activities targeted at Young Audiences.



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Youth in action

Youth in action was the European Union programme for all young people aged 15 to 28 (in some cases 13 to 30). It enabled young people and youth workers to exercise non-formal learning mobility across the EU and in 140 countries beyond, or get involved in other educational activities outside schools.

The programme helped young people to develop skills and fostered their active participation in society.

To achieve its objectives, the programme funded a wide variety of activities, which included youth exchanges, youth initiatives, democracy projects and participation in the European Voluntary Service. It also supported youth workers and youth organisations through training and networking, and promoted European cooperation in the youth field.

Development in the 2007-13 MFF

From 2007 to 2013, the main activities were represented as follows:

- ▶ youth exchanges — 364 700 participants;
- ▶ youth initiatives and participative democracy projects — 194 600 participants;
- ▶ European Voluntary Service — 49 700 participants;
- ▶ youth projects with the EU's neighbouring countries — 118 100 participants;
- ▶ training and networking for those active in youth work — 101 600 participants.

A total of EUR 854 million was spent for Youth in action during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

3G! Go.Give.Gain

Four volunteers from Germany, Austria, United Kingdom and Spain worked 12 months at the local children's hospital in Romania. Each day they carried out activities specific to clinic animation with the aim of creating an environment that supported the healing process of the young patients. They used games along with other non-formal learning methods. Besides this, the volunteers organised public events to promote volunteering and non-formal education in the local community. In so doing, the project supported the personal and professional development of the volunteers.

EU contribution: EUR 35 000



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Europe for citizens

The 'Europe for Citizens' programme (2007-13) encouraged the participation in civil society, community and/or political life of citizens, through actions, debates or projects concerning the European Union or including a European perspective. It increased citizens' understanding of Europe and of European citizens from different countries. It developed a "European identity" by raising the awareness of common values, history and culture shared by the European citizens. It gave citizens the opportunity to participate in constructing a closer Europe. It was implemented through four actions which addressed the issue of citizenship from different, complementary angles.

Development in the 2007-13 MFF ⁽¹⁾

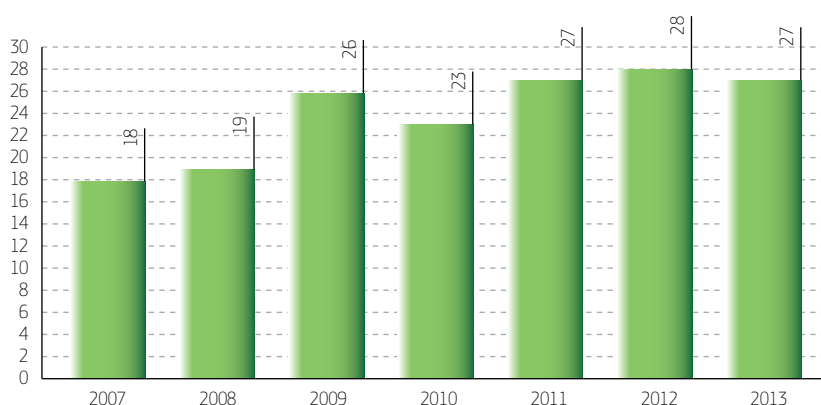
The mid-term evaluation ⁽²⁾ still confirmed the relevance of the 'Europe for Citizens' programme and showed that the demand for the programme remained strong and judged on the numbers of submitted applications and the approval rate the programme budget was below levels of actual demand. The activities supported by the Programme had the potential to develop positive impacts for citizens such as an increased sense of belonging and European identity, to create changes in attitudes of programme participants towards other European citizens. It boosted their involvement in democratic processes and increased their knowledge of and interest in the European Union and EU institutions.

The most significant added value of EU involvement seemed to be in influencing civil society sector capacity and networks that will have an impact on policy process in the future.

According to the results of the study on measuring the impact of the 'Europe for Citizens' programme, 77.5 % of participants of the 'Europe for Citizens' programme events felt more European in 2012 (compared to 69 % in 2011).

A total of EUR 168 million was spent on Europe for Citizens during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



⁽¹⁾ The ex-post evaluation of the programme will be launched in the second semester 2014.

⁽²⁾ See Report from the Commission COM(2011)83.

Example:**MxM – La memoria della musica – La musica per la memoria**

The central idea of this project was that the construction of historical memory among young people was a key step in building a democratic, tolerant and open-minded society.

With 'Music for Memory', NEMO – GEIE ('European Network of Music Operators'), staged Brundibar Opera with young nonprofessional artists from the elementary and middle schools of Genoa (IT), Nova Gorica (SL) – Nice (FR) — three cultural centres of international scope. Of each city approximately 40 children staged the story of the Jewish massacre to the youth of the compulsory schools in those regions. The performances in the different cities included introductory sessions as well as communication and dissemination actions. Further, an exhibition of the painting of the children of Theresienstadt had been organised in the Jewish museum of Genoa. The Opera Brundibar was originally performed by the children of Theresienstadt concentration camp 1943. While the story itself is composed of intense symbolism, the project promoted the educational aim of preserving European memory by directly involving young people (4000 per city).

Project Duration: 01/12/2012 – 31/05/2013

EU contribution: EUR 100 000



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EU Civil Protection Mechanism

EU Civil protection activities were financed through the Civil Protection Financial Instrument (2007-13). These activities contributed to faster and more efficient response to major disasters in and outside the EU, and to improved preventive and preparedness measures for all kinds of hazards in EU Member States. The aim was ensure better coordination of civil protection authorities during response actions and to improve prevention and preparedness through the co-financing of eligible actions.

Through the Mechanism, the EU supported improved cooperation among national civil protection authorities, a well-coordinated and faster provision of assistance during disasters and a better protection of citizens through preventive actions at regional and EU level.

Civil protection cooperation at EU level also ensured that the assistance met the needs of the affected country and avoided duplication of efforts.

Development in the 2007-13 MFF ⁽¹⁾

During the 2007-13 MFF, activities inside the EU included prevention, preparedness, response and awareness-raising, whilst activities outside the EU focused on the transport of assistance offered by Member States and deployment of civil protection experts following a request for assistance from disaster stricken countries.

The main milestones achieved between 2007 and 2013 included the development of a training programme, full scale and table top exercises and an exchange programme for civil protection experts from the Participating States of the EU Civil Protection Mechanism (EU 28, Norway and Iceland). The training programme focused on the experts who could be deployed for EU missions, while the exercise programme served for the testing of cooperation both in terms of equipment and of experts.

Since 2007, the Instrument co-financed 76 projects (40 prevention and 36 preparedness projects). More than 2 800 experts participated in one of 12 different training courses offered for civil protection authorities. The total number of EU Civil Protection Mechanism's activations reached 221 (including requests for assistance, pre-alerts and monitoring) during the period of 2007-13, both inside and outside the EU. The exchange of experts programme offered 100 places on average per year.

A total of EUR 77 million was spent for the Civil Protection Financial Instrument during the 2007-13 MFF. ⁽²⁾

⁽¹⁾ The overall evaluation of the programme will be done by the Commission by the end of 2014 in a report to be submitted to the European Parliament and the Council.

⁽²⁾ This amount does not cover the civil protection instrument amount included in the heading 4, subheading other actions and programmes.

Implementation 2007-13 (million EUR)

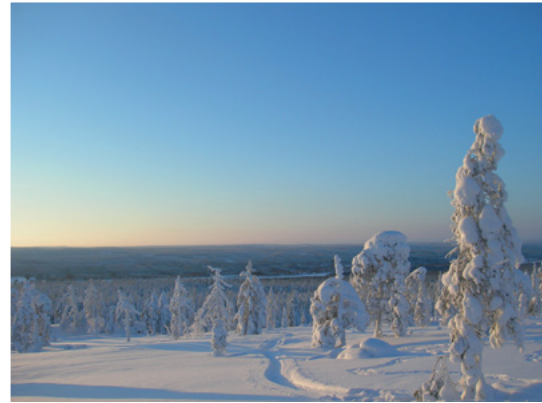


Example:

Under the Cold Conditions Module II project co-financed by the European Union Preparatory Action on the EU Rapid Response Capability, the Crisis Management Centre of Finland developed the Cold Conditions Module and established a training programme for it. One project objectives was to create a solid curriculum for cold conditions operations. This curriculum and programme will be used to assist other EU Civil Protection Mechanism teams to enhance their capabilities in operating in cold conditions. In addition to that, the training programme enabled closer cooperation with all EU Mechanism teams and sharing of experience from Finnish teams in cold condition rescue operations.

Duration of the project: 09/2011 – 05/2013

EU contribution: EUR 751 664



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The EU as a global player

Highlights



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As the world's largest donor, the EU and its Member States provides more than half (56 %) of the global aid to developing countries. The EU provides aid to the poorest people on the planet in more than 150 countries worldwide.

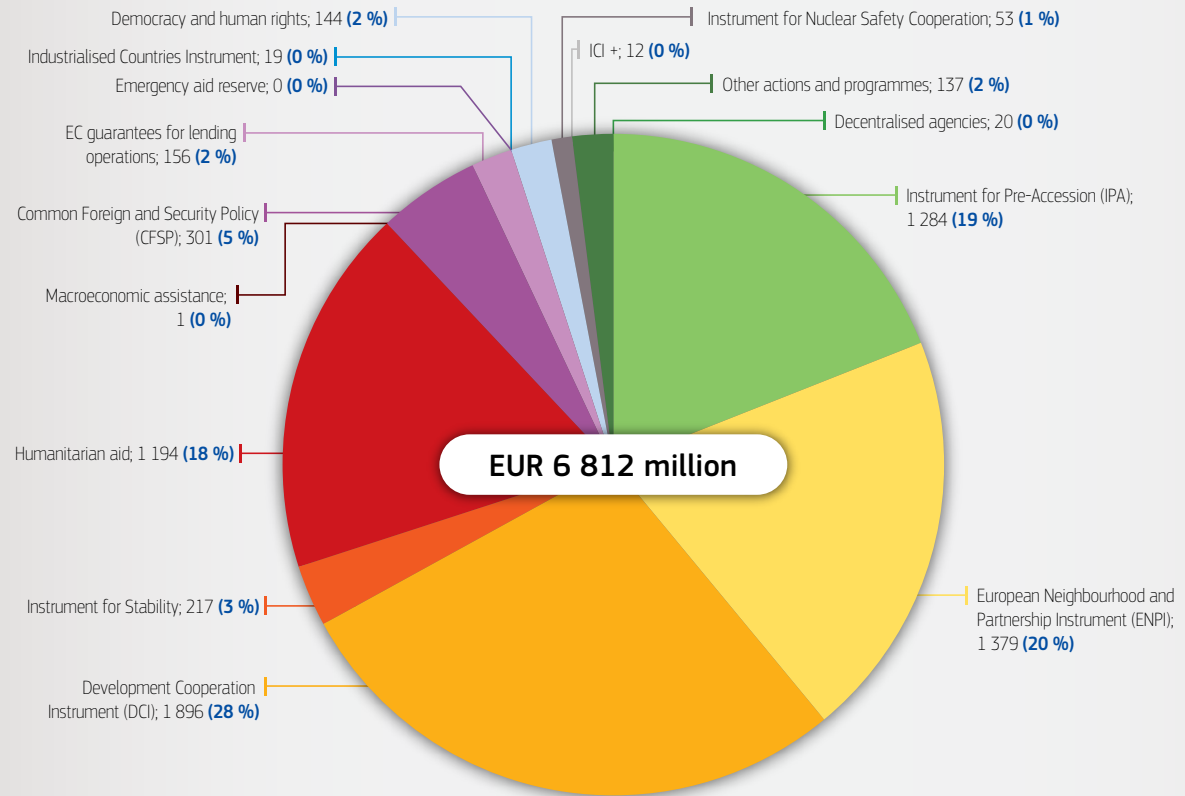
In 2013, the EU was at the forefront of the international response to all major humanitarian crises including the armed conflicts in Syria, in the Central African Republic and in South Sudan as well as natural disaster such as the Philippines' Haiyan Typhoon.

In 2013, the EU Children of Peace initiative helped 28 000 children affected by war from Pakistan, Ethiopia, Colombia, Syria and others. Created as a lasting legacy of the 2012 Nobel Peace Prize, it funds humanitarian projects for children in conflict regions, providing them access to safe environments, educational activities and psychological support.

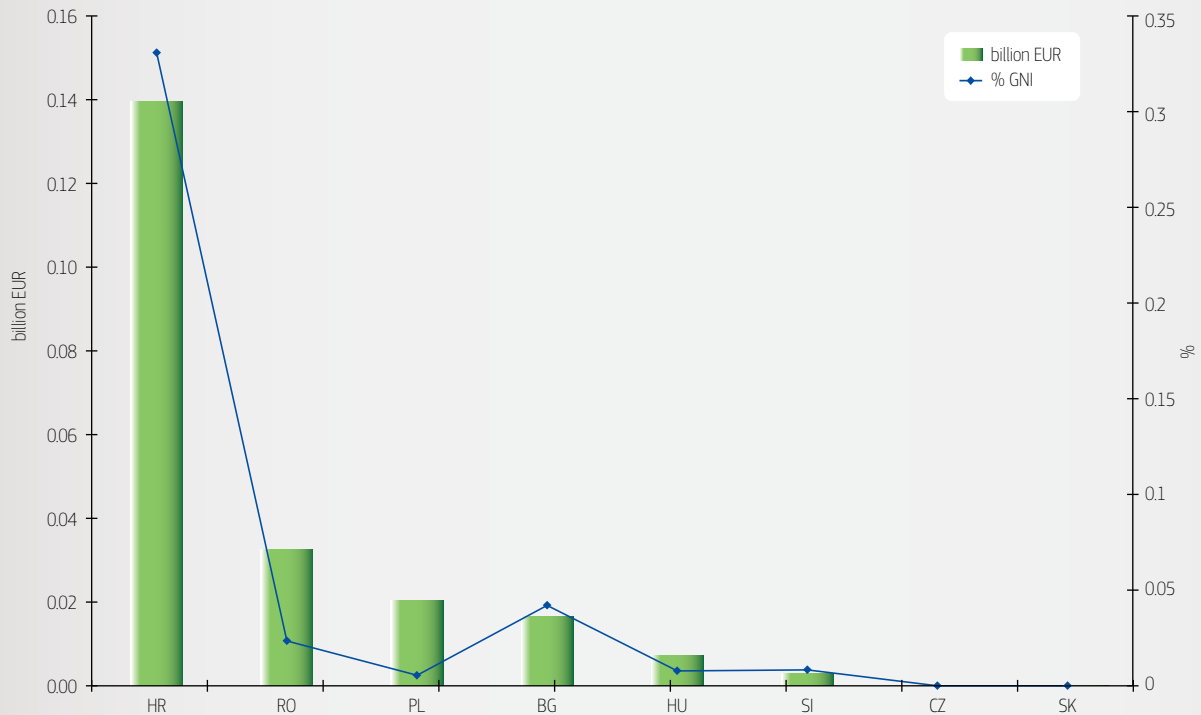
Launched in May 2013, the Emergency Response Coordination Centre (ERCC) monitors disasters around the globe on a 24/7 basis. The ERCC maps disaster risks, provides real-time information and coordinates joint European response operations.

This part of the budget financed EU activities beyond its borders. Its paramount objectives in foreign policy were stability, security and neighbourhood prosperity. The EU's more proactive foreign and security policy enabled it to carry out crisis management and peacekeeping missions in Europe and far beyond.

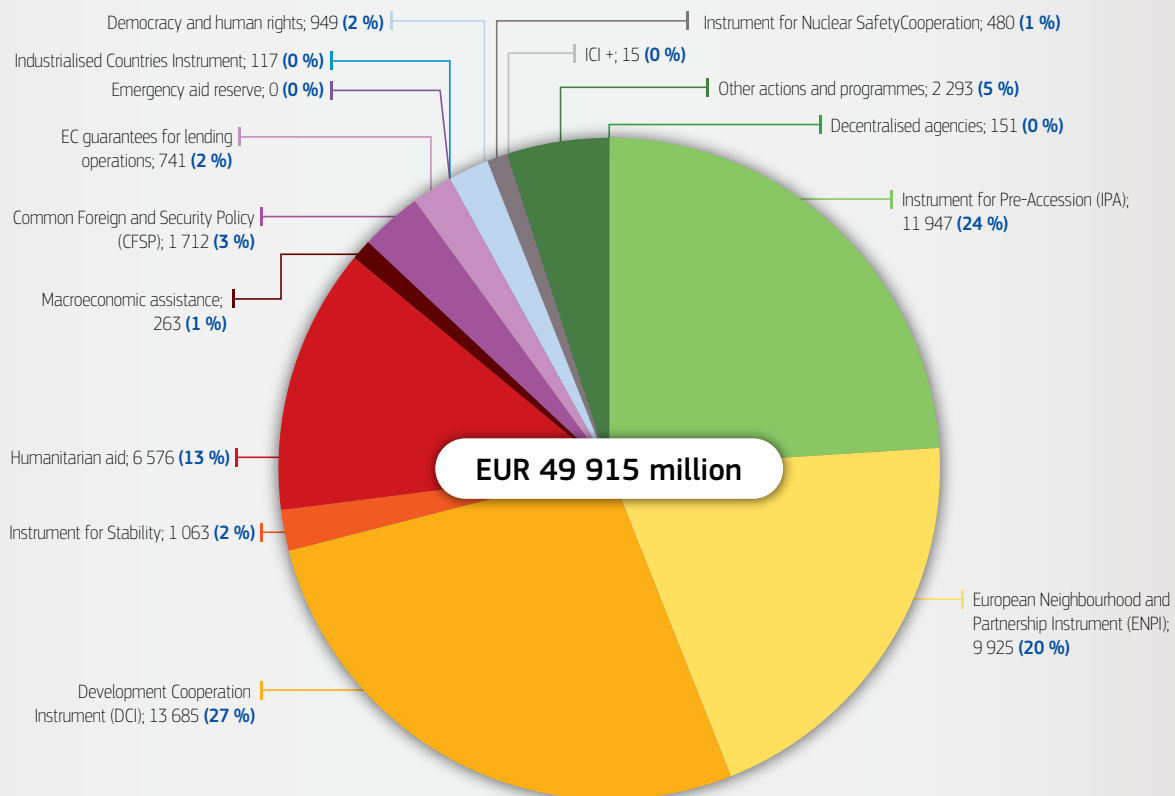
Heading 4 – Implemented payments (million EUR) in 2013



Heading 4 – Expenditure by Member State in 2013



Heading 4 – Implemented payments (million EUR) in 2007-13



Instrument of Pre-Accession Assistance

The implementation of the Enlargement policy is supported by the Instrument for Pre-Accession Assistance (IPA). IPA is designed to help candidate countries and potential candidates prepare for future membership by implementing the necessary reforms and achieving their respective targets related to the Copenhagen accession criteria, as well as Stabilisation and Association conditions. The beneficiary countries that received IPA I assistance were Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Iceland, Kosovo⁽¹⁾, Montenegro, Serbia, Turkey.

Development in the 2007-13 MFF

IPA 2007-13 supported significant steps on the path towards the implementation of key reforms by the enlargement countries and further alignment with the EU acquis. The overall conclusions from the Second Meta evaluation ⁽²⁾ of IPA assistance 2007-10 ⁽³⁾ confirmed that IPA has been a useful facilitator of change. It was acknowledged that it must be accompanied by a clear political strategy and steady progress in the

⁽¹⁾ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

⁽²⁾ The Meta evaluation consolidates the key findings of the individual contributory evaluations (country programme evaluations, thematic assessments, etc.) to identify common and systematic issues that have influenced the performance of the IPA I assistance.

⁽³⁾ Interim evaluations and meta-evaluation of IPA assistance, Contract IPA/2011/277-427 (Second interim evaluation of IPA assistance).

accession process to generate sustainable results. The evaluation corroborated that the IPA instrument was substantially effective and performed best in areas driven by the EU acquis. The IPA funds built up the capacities of the countries throughout the accession process, resulting in progressive, positive developments in the countries concerned.

With regard to the IPA Multi-beneficiary programmes, the assistance contributed to significant developments in the enlargement region, facilitating regional networks, promoting reconciliation, reconstruction and political cooperation. The programmes were evaluated as effective and efficient, adding a substantial value to the national programmes.

With regard to the efficiency, IPA was contracted and implemented mainly in line with planned expectations and using appropriate mechanisms. Substantial progress had been made towards sectoral policy objectives established at the beginning of programming. Sustainability was likely to be lower in those areas that had difficulty generating planned results and impacts. Nevertheless, the impact of IPA assistance had been positive overall. The challenges ahead are stronger political will, ownership by the beneficiary and local administrative capacity. These remain crucial conditions for the sustainability of IPA assistance.

A total of around 12 billion was spent for IPA during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

Objectives and status — The 'Consolidation of the Albanian justice system' project was launched to facilitate the development of a more independent, impartial, efficient, professional, transparent and modern justice system in Albania. It aimed at restoring people's confidence in their judiciary institutions and consolidating democracy and rule of law in the country. Technical assistance was provided by magistrates coming from EU Member States, who considerably contributed to the improvement of the case management by the justice system. In addition, important pieces of legislation have been put in place: the reform of the High Court, the set-up of the Administrative Courts, the lift of immunities for judges and members of Parliament, the reform of the High Council of Justice and Judicial Administration and the support in the field of Legal Aid ⁽¹⁾.

Project duration: 13/09/2010 - 13/06/2013

EU contribution: EUR 2.3 million



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⁽¹⁾ It is a result of this project as well as of the previous assistance provided in the frame of the European Assistance Mission to the Albanian Justice System (EURALIUS missions)

The European Neighbourhood Policy

The European Neighbourhood Policy (ENP) offered 16 of the EU's southern and eastern neighbours the possibility for closer political association, enhanced trade and economic integration, greater mobility, and assistance with sectorial reforms. The aim of the ENP was to build, together with partner countries, a prosperous, secure and stable neighbourhood on the basis of shared values and common interests, promoting greater prosperity, stability and security for all parties. The European Neighbourhood and Partnership Instrument (ENPI) was the financial instrument which supported the ENP through concrete assistance actions.

A renewed Neighbourhood Policy providing a more incentive-driven and differentiated approach as set down in the ENP Joint Communications of 2011 'A partnership for democracy and shared prosperity with the Southern Mediterranean' and 'A new response to a changing Neighbourhood' continued to be implemented throughout 2012.

Development in the 2007-13 MFF

The major strategic developments in the Neighbourhood during the past seven-year period were the 'Arab Spring' in the South and the creation of an Eastern Partnership

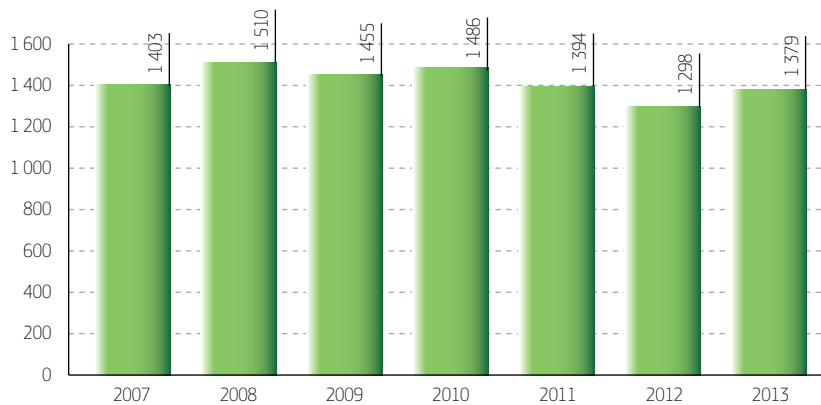
in the East. The review of the Neighbourhood policy in 2011 introduced an approach based on positive incentives and reward for progress in democratic reforms ('more for more'), meaning that a dedicated mechanism was set up for channelling additional assistance to selected countries which were progressing towards these ends. The EU remained engaged and cooperated with the partners in all areas to promote reforms.

Additionally, the first blending ⁽¹⁾ operations in the Neighbourhood to lever credits for investment were carried out through the Neighbourhood Investment Facility (NIF), set up in 2008. This included new forms of support to promote private sector development and risk capital financing.

The EU has also been the largest donor to the victims of the Syria crisis, providing massive humanitarian and non-humanitarian support.

A total of EUR 9.9 billion was spent on ENPI during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example 1:

The 'European Neighbourhood Policy Agriculture and Rural Development Programme' (ENPARD) Georgia supports the implementation of the Georgian Agriculture Sector Strategy, with a specific focus on small business and job creation in rural areas, the establishment of farmers' cooperatives and export-oriented market strategies. The programme involves institutions, farmers' associations and civil society, and promotes the role and participation of women.

EU contribution: EUR 9.8 million

Duration: 2013-18



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⁽¹⁾ Blending is a tool which combines EU grants with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing.

Example 2:

The programme 'Support to civil society in Libya' trained 60 constitution 'ambassadors', out of which 27 % are women, covering the 60 basic constituencies on which the elections of the Constitutional Drafting Assembly (CDA) will be based.

The training aimed at developing the participants' skills to run a national constitutional awareness campaign.

EU contribution: EUR 3.23 million

Duration: 2012-14

Development Cooperation Instrument

The Development Cooperation Instrument (DCI) was established for the 2007-13 period with the primary and overarching objective of eradicating poverty in partner countries and regions. It was one of the key EU instruments providing development assistance to non-European countries. It was organised into three categories of programmes: (i) bilateral and regional geographic programmes covering cooperation with Asia, Latin America, Central Asia, the Middle East and South Africa; (ii) thematic programmes covering: investing in people, environment and sustainable management of natural resources, Non-State Actors and local authorities, food security, and migration and asylum; and (iii) sugar accompanying measures.

Development in the 2007-13 MFF

The various reviews undertaken of the DCI have acknowledged its overall added value and its contribution to fight poverty in the world, both through geographic cooperation with more than 40 developing partner countries in Asia and Latin America and through thematic cooperation covering all development and cooperation partner countries.

Through the DCI, together with the other development and cooperation instruments,

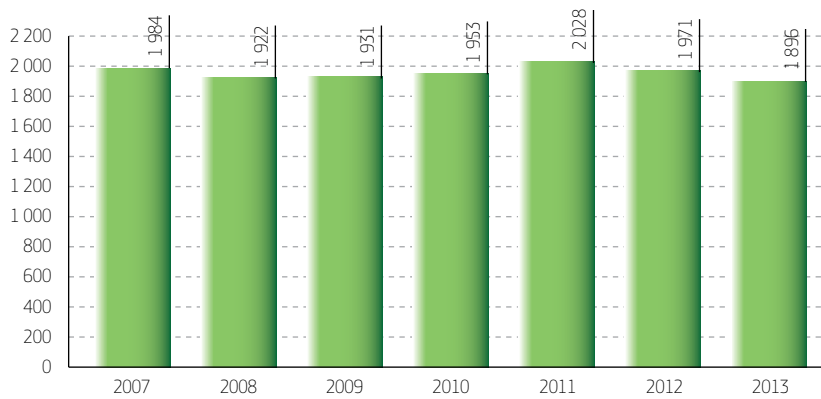
- ▶ between 2004 and 2014, 18.3 million children were vaccinated against measles;
- ▶ more than 8 500 health facilities worldwide were constructed or renovated;
- ▶ Almost 14 million more boys and girls benefited from primary education;
- ▶ over 70 million people gained access to drinking water;
- ▶ 46.5 million people were given cash or in-kind benefits to ensure their food security;
- ▶ 7.5 million births were attended by skilled health workers, saving the lives of mothers and babies. Around 17 million reproductive health consultations have been given.

The Commission was prompted to adjust the way to provide aid and fight poverty in 2011 in line with the communication 'Increasing the Impact of EU Development Policy: An Agenda for Change'. The DCI has therefore further increased its impact, focusing on the world's poorest countries and citizens, including fragile states. It concentrated on governance and human rights, the drivers of sustainable and inclusive growth, such as agriculture and energy, and on human development. It helped countries improve

national health systems and access to education. It limited financial support to three sectors in each country, delivering long-lasting changes. The majority of the EU aid will now be addressed to the poorest countries, including those affected by conflicts or natural disasters, where the EU is leading the way to support peace and development.

A total of EUR 13.7 billion was spent on DCI during the 2007-13 MFF.

Implementation 2007-13 (million EUR)



Example:

The Integrated Sector Programme for Human Water and Sanitation in Nicaragua aimed at providing access to drinking water and enhanced sanitation for half a million people, most of them living in absolute poverty. This programme was a blending operation with grants of the EU and AECID (Spanish Agency for International Development Cooperation) and loans from EIB (The European Investment Bank) and CABEL (Central American Bank for Economic Integration).

EU contribution: EUR 50.75 million



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Humanitarian aid

Since 2007, the European Union has reinforced its role as provider of life-saving emergency relief to the victims of conflicts and natural disasters across the world, becoming the largest international donor of humanitarian aid.

Over the past years, the EU was at the forefront of the international response to all major humanitarian crises, both natural and man-made.

Since 2010, the EU has built up a more robust and effective European mechanism for disaster response both inside and outside the EU. The EU's civil protection and humanitarian aid activities have been brought together in a single department — the European Commission's Humanitarian Aid and Civil Protection department (ECHO). Such combination greatly improved the complementarity and efficiency of the overall European disaster response to conflicts and disasters.

Development in the 2007-13 MFF

Still representing well under 1 % of the total EU budget and equalling only just over EUR 2 per EU citizen per year, humanitarian aid helped around 120 million victims of conflicts and disasters annually. Between 2007 and 2013, the relief activities of the EU experienced a real boost in terms of funding — with almost double money allocation and of enhanced coordination.

Victims of all the most disastrous emergencies of recent times in more than 90 countries, including Palestine, the Sahel, Haiti, Pakistan, Myanmar/Burma, Syria, Central African Republic and Philippines were helped from EU budget. Food and nutrition assistance, healthcare, water and sanitation, shelter, and protection were the main sectors which required EU assistance.

The EU's humanitarian aid was distributed to people in need – regardless of their nationality, gender, religion or political affiliation — through more than 200 partner organizations, among United Nations agencies, Red Cross, international organizations and NGOs. It was done with the support of the vast field network of ECHO, comprising some 450 international and local humanitarian experts.

To complement the humanitarian aid delivered through partners, the Commission launched the EU Aid Volunteers initiative. Implementing the Lisbon Treaty, the initiative will provide around 18 000 Europeans with an opportunity to participate directly in relief work worldwide between 2015 and 2020.

A total of EUR 6.6 billion was spent on humanitarian aid during the 2007-13 MFF. Between 2007 and 2013, the EU almost doubled its allocation for global humanitarian aid.

Implementation 2007-13 (million EUR)



Example:

In the Sahel, the arid and semi-arid West African region where one in eight people are food insecure, the EU provided humanitarian assistance to millions of victims of the recurrent food and nutrition crises. The EU was instrumental in the launch in December 2012 of AGIR (the Global Alliance for Resilience Initiative), which brought together governments, regional organisations, donors, and the development and humanitarian aid communities around the 'Zero Hunger' goal for the next 20 years.

EU contribution: EUR 700 million



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Administration

Highlights



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In September 2013, European Commission President José Manuel Barroso delivered his last State of the Union address before the European Parliament.

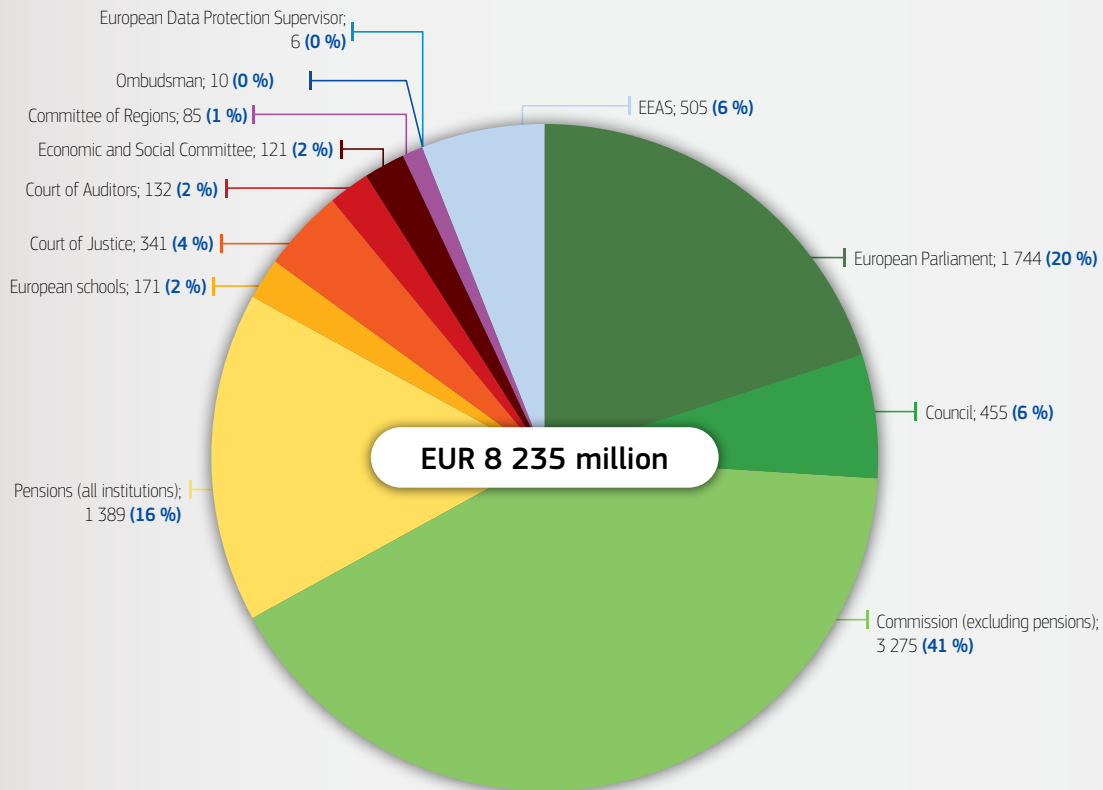
After two and a half years of intense negotiation, the Multiannual Financial Framework 2014-20 was adopted on 2 December 2013, enabling the EU to spend up to EUR 960 billion in commitments and EUR 908 billion in payments over the next seven years.

Following Croatia's accession to the EU on 1 July 2013, Neven Mimica became the first Croatian commissioner. He was assigned the portfolio of consumer policy.

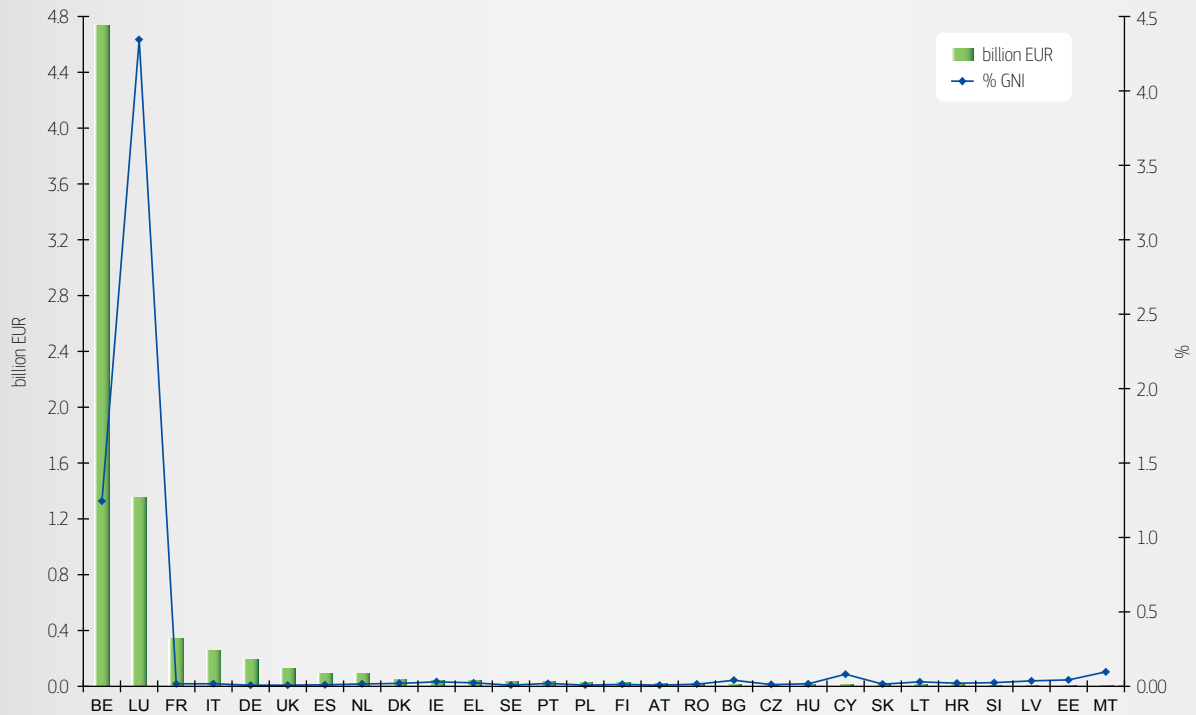
The 2013 rotating Presidencies of the Council of the EU were held by Ireland and Lithuania. The priorities of the Irish Presidency were securing stability and ensuring that it led to jobs and growth. Lithuania focused its efforts on working towards a credible, growing and open Europe.

This heading covered the expenditure by all EU institutions on, for example, staff salaries and pensions, buildings and infrastructure, information technology and security.

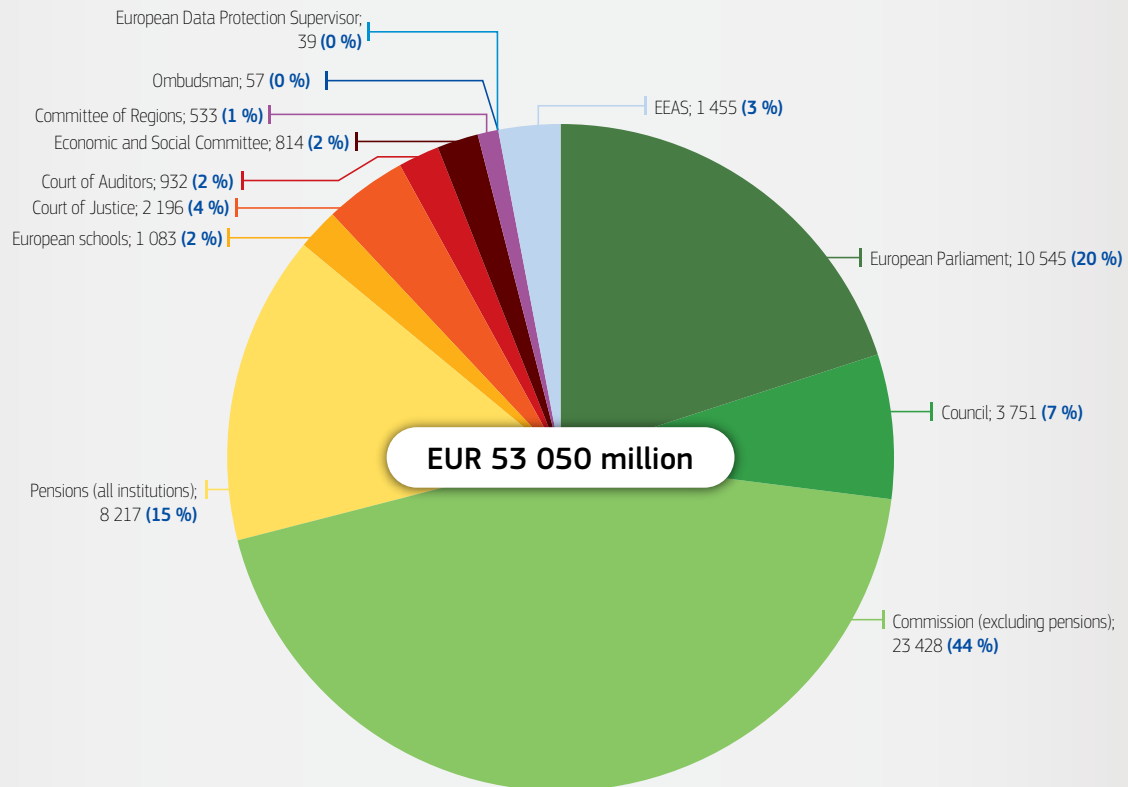
Heading 5 – Implemented payments (million EUR) in 2013



Heading 5 – Expenditure by Member State in 2013



Heading 5 – Implemented payments (million EUR) in 2007-13





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Section IV

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Annexes

Annex 1

Financial frameworks 2000–06 and 2007–13

Table 1: Financial framework (2000–06) adjusted for 2006

(million EUR — current prices)

Commitment appropriations	2000	2001	2002	2003	2004	2005	2006	Total 2000–06
1. Agriculture	41 738	44 530	46 587	47 378	49 305	51 439	52 618	333 595
1a. Common agricultural policy	37 352	40 035	41 992	42 680	42 769	44 598	45 502	294 928
1b. Rural development	4 386	4 495	4 595	4 698	6 536	6 841	7 116	38 667
2. Structural actions	32 678	32 720	33 638	33 968	41 035	42 441	44 617	261 097
Structural Funds	30 019	30 005	30 849	31 129	35 353	37 247	38 523	233 125
Cohesion Fund	2 659	2 715	2 789	2 839	5 682	5 194	6 094	27 972
3. Internal policies	6 031	6 272	6 558	6 796	8 722	9 012	9 385	52 776
4. External actions	4 627	4 735	4 873	4 972	5 082	5 119	5 269	34 677
5. Administration ⁽¹⁾	4 638	4 776	5 012	5 211	5 983	6 185	6 528	38 333
6. Reserves	906	916	676	434	442	446	458	4 278
Monetary reserve	500	500	250	0	0	0	0	1 250
Emergency aid reserve	203	208	213	217	221	223	229	1 514
Guarantee reserve	203	208	213	217	221	223	229	1 514
7. Pre-accession aid	3 174	3 240	3 328	3 386	3 455	3 472	3 566	23 621
8. Compensation					1 410	1 305	1 074	3 789
Total commitment appropriations	93 792	97 189	100 672	102 145	115 434	119 419	123 515	752 166
Total payment appropriations	91 322	94 730	100 078	102 767	111 380	114 060	119 112	733 449
% of GNI	1.07	1.07	1.09	1.11	1.09	1.08	1.08	1.08
Margin available (%)	0.17	0.17	0.15	0.13	0.15	0.16	0.16	0.16
Own resources ceiling (% of GNI)	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24

⁽¹⁾ The expenditure on pensions included under the ceiling for this heading is calculated net of staff contributions to the pension scheme, up to a maximum of EUR 1 100 million at 1999 prices for the period 2000–06.

Table 2: Financial framework (2007–13) adjusted for 2013

(million EUR — current prices)

Commitment appropriations	2007	2008	2009	2010	2011	2012	2013	Total 2007–13
1. Sustainable growth	53 979	57 653	61 696	63 555	63 974	67 614	70 644	439 115
1a. Competitiveness for growth and employment	8 918	10 386	13 269	14 167	12 987	14 853	15 670	90 250
1b. Cohesion for growth and employment	45 061	47 267	48 427	49 388	50 987	52 761	54 974	348 865
2. Preservation and management of natural resources	55 143	59 193	56 333	59 955	59 888	60 810	61 289	412 611
of which: market-related expenditure and direct payments	45 759	46 217	46 679	47 146	47 617	48 093	48 574	330 085
3. Citizenship freedom security and justice	1 273	1 362	1 518	1 693	1 889	2 105	2 407	12 247
3a. Freedom security and justice	637	747	867	1 025	1 206	1 406	1 661	7 549
3b. Citizenship	636	615	651	668	683	699	746	4 698
4. The EU as a global player	6 578	7 002	7 440	7 893	8 430	8 997	9 595	55 935
5. Administration ⁽¹⁾	7 039	7 380	7 525	7 882	8 091	8 523	8 492	54 932
6. Compensations	445	207	210				75	937
Total commitment appropriations	124 457	132 797	134 722	140 978	142 272	148 049	152 502	975 777
% of GNI	1.02	1.08	1.16	1.18	1.15	1.13	1.15	1.12
Total payment appropriations	122 190	129 681	120 445	134 289	133 700	141 360	144 285	925 950
% of GNI	1.00	1.05	1.04	1.12	1.08	1.08	1.08	1.06
Margin available (%)	0.24	0.19	0.20	0.11	0.15	0.15	0.15	0.17
Own resources ceiling (% of GNI)	1.24	1.24	1.24	1.23	1.23	1.23	1.23	1.23

⁽¹⁾ The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of EUR 500 million at 2004 prices for the period 2007–13.

Annex 2

Expenditure and revenue 2000–13 by heading, type of source and Member State

Annex 2a — Expenditure 2007–13 by heading

All types of appropriations excluding assigned revenues (million EUR)

	2007	2008	2009	2010	2011	2012	2013	2007-13	% of heading	% of total
1. Sustainable growth										
1a. Competitiveness for growth and employment										
1.1.1 Seventh research framework programme (including completion of sixth research framework programme)	3 722	6 118	6 279	6 444	7 036	7 853	8 370	45 822	63.0	5.30
1.1.2 Decommissioning	32	23	19	22	24	28	28	176	0.2	0.02
1.1.3 TEN	371	898	845	857	836	805	761	5 373	7.4	0.62
1.1.4 Galileo		150	721	442	548	386	377	2 624	3.6	0.30
1.1.5 Marco Polo	10	18	29	30	20	9	17	133	0.2	0.02
1.1.6 Lifelong learning	875	962	1 010	1 073	1 119	1 210	1 276	7 525	10.3	0.87
1.1.7 Competitiveness and innovation framework programme (CIP)	245	348	295	232	465	388	534	2 507	3.4	0.29
1.1.8 Social policy agenda	134	128	137	166	146	169	131	1 012	1.4	0.12
1.1.9 Customs 2013 and Fiscalis 2013	35	50	62	65	61	68	67	407	0.6	0.05
1.1.10 Nuclear decommissioning	38	198	110	219	102	179	180	1 025	1.4	0.12
1.1.11 European Globalisation Adjustment Fund (EGF)		49	12	105	114	83	42	405	0.6	0.05
1.1.12 EEPF — Energy projects to aid economic recovery				701	488	184	202	1 575	2.2	0.18
1.1.OTH Other actions and programmes	553	323	295	329	231	366	377	2 474	3.4	0.29
1.1.DAG Decentralised agencies	189	240	252	228	326	243	260	1 738	2.4	0.20
<i>Sub Total</i>	<i>6 203</i>	<i>9 504</i>	<i>10 066</i>	<i>10 914</i>	<i>11 514</i>	<i>11 969</i>	<i>12 621</i>	<i>72 791</i>		<i>8.43</i>
1b. Cohesion for growth and employment										
1.2.1 Structural Funds	32 700	30 265	26 848	29 214	35 914	38 854	44 411	238 205	81.9	27.57
1.2.11 Convergence objective	23 522	21 400	19 887	21 726	27 121	30 438	34 279	178 373	61.3	20.65
1.2.12 Regional competitiveness and employment objective	7 814	7 395	6 176	6 757	7 651	7 036	8 490	51 319	17.6	5.94
1.2.13 European territorial cooperation objective	1 298	1 361	700	650	1 077	1 312	1 574	7 972	2.7	0.92
1.2.14 Technical assistance	66	108	85	81	65	69	68	542	0.2	0.06
1.2.2 Cohesion Fund	4 271	5 290	7 084	7 960	6 454	9 626	11 903	52 588	18.1	6.09
1.2.OTH Other actions and programmes			1	5	11	6	6	29	0.0	0.00
<i>Sub Total</i>	<i>36 971</i>	<i>35 555</i>	<i>33 933</i>	<i>37 179</i>	<i>42 379</i>	<i>48 486</i>	<i>56 321</i>	<i>290 824</i>		<i>33.66</i>
Total 1	43 174	45 059	43 999	48 093	53 892	60 456	68 942	363 615		42.09
2. Preservation and management of natural resources										
2.0.1 Market-related expenditure and direct aids	42 099	40 753	41 283	43 699	42 798	43 890	43 906	298 427	77.5	34.54
2.0.11 Agriculture markets	41 863	40 478	41 032	43 403	42 493	43 591	43 646	296 505	77.0	34.32
2.0.12 Fisheries markets	25	26	24	10	34	38	21	178	0.0	0.02
2.0.13 Animal and plant health	212	249	227	286	271	261	239	1 744	0.5	0.20
2.0.2 Rural development	10 803	10 529	8 739	11 493	12 293	13 174	13 023	80 054	20.8	9.27
2.0.3 European Fisheries Fund	750	572	291	396	446	481	567	3 503	0.9	0.41
2.0.4 Fisheries governance and international agreements	218	233	222	200	237	174	185	1 468	0.4	0.17

2.0.5	LIFE+	109	139	212	218	203	242	265	1 389	0.4	0.16
2.0.OTH	Other actions and programmes	2	2	10	12	15	21	13	76	0.0	0.01
2.0.DAG	Decentralised agencies	36	39	41	44	47	50	53	310	0.1	0.04
Total 2		54 016	52 267	50 799	56 061	56 038	58 032	58 012	385 226		44.59
3. Citizenship, freedom, security and justice											
3a. Freedom, security and justice											
3.1.1	Solidarity and management of migration flows	68	191	403	298	406	427	559	2 351	50.6	0.27
3.1.2	Security and safeguarding liberties	10	24	44	35	40	57	69	279	6.0	0.03
3.1.3	Fundamental rights and justice	9	29	49	53	59	61	64	324	7.0	0.04
3.1.OTH	Other actions and programmes	30	41	45	48	53	73	99	388	8.3	0.04
3.1.DAG	Decentralised agencies	83	95	127	233	270	237	264	1 309	28.1	0.15
<i>Sub Total</i>		<i>200</i>	<i>380</i>	<i>667</i>	<i>667</i>	<i>829</i>	<i>855</i>	<i>1 055</i>	<i>4 652</i>		<i>0.54</i>
3b. Citizenship											
3.2.1	Public health and consumer protection programme	69	55	78	75	65	80	74	496	7.6	0.06
3.2.2	Culture 2007	36	41	47	45	48	53	53	322	4.9	0.04
3.2.3	Youth in Action	115	122	121	123	120	126	127	854	13.1	0.10
3.2.4	Media 2007	93	102	97	104	102	104	108	711	10.9	0.08
3.2.5	Europe for citizens	18	19	26	23	27	28	27	168	2.6	0.02
3.2.6	Rapid response and preparedness instrument for major emergencies	8	8	9	9	12	16	14	77	1.2	0.01
3.2.7	Communication actions	75	77	89	83	88	88	80	580	8.9	0.07
3.2.8	European Union Solidarity Fund — Member States	197	273	623	13	264	726	14	2 109	32.3	0.24
3.2.OTH	Other actions and programmes	130	86	66	51	48	32	32	444	6.8	0.05
3.2.DAG	Decentralised agencies	71	99	108	114	124	130	129	774	11.8	0.09
<i>Sub Total</i>		<i>811</i>	<i>882</i>	<i>1 263</i>	<i>638</i>	<i>899</i>	<i>1 383</i>	<i>657</i>	<i>6 532</i>		<i>0.76</i>
Total 3		1 011	1 262	1 930	1 306	1 728	2 238	1 712	11 185		1.29
4. The European Union as a global player											
4.0.1	Instrument for Pre-Accession Assistance (IPA)	2 446	2 114	2 157	1 464	1 253	1 230	1 284	11 947	23.9	1.38
4.0.2	European Neighbourhood and Partnership Instrument (ENPI)	1 403	1 510	1 455	1 486	1 394	1 298	1 379	9 925	19.9	1.15
4.0.3	Development Cooperation Instrument (DCI)	1 984	1 922	1 931	1 953	2 028	1 971	1 896	13 685	27.4	1.58
4.0.4	Instrument for Stability	44	126	142	150	173	211	217	1 063	2.1	0.12
4.0.5	Humanitarian aid	729	869	774	947	1 009	1 053	1 194	6 576	13.2	0.76
4.0.6	Macroeconomic assistance	20	40	16	101	55	30	1	263	0.5	0.03
4.0.7	Common foreign and security policy (CFSP)	89	192	314	251	303	262	301	1 712	3.4	0.20
4.0.8	EU guarantees for lending operations	0	0	92	94	139	260	156	741	1.5	0.09
4.0.9	Emergency aid reserve	0	0	0	0	0	0	0	0	0.0	0.00
4.0.10	Industrialised Countries Instrument	10	16	13	20	19	19	19	117	0.2	0.01
4.0.11	Democracy and human rights	129	117	127	154	129	149	144	949	1.9	0.11
4.0.12	Instrument for Nuclear Safety Cooperation	51	73	77	89	70	68	53	480	1.0	0.06
4.0.13	ICI +						3	12	15	0.0	0.00
4.0.OTH	Other actions and programmes	165	172	678	611	331	198	137	2 293	4.6	0.27
4.0.DAG	Decentralised agencies	21	38	13	19	20	20	20	151	0.3	0.02
Total 4		7 091	7 191	7 788	7 340	6 921	6 773	6 812	49 915		5.78
5. Administration											
5.0.1	Commission (excluding pensions)	3 170	3 303	3 464	3 567	3 300	3 351	3 275	23 429	44.2	2.71
5.0.3	Pensions (all institutions)	963	1 023	1 099	1 191	1 245	1 307	1 389	8 216	15.5	0.95
5.0.4	European Schools	127	142	148	155	169	170	171	1 083	2.0	0.13
	<i>Other institutions</i>	<i>2 380</i>	<i>2 618</i>	<i>2 671</i>	<i>2 776</i>	<i>3 203</i>	<i>3 274</i>	<i>3 400</i>	<i>20 322</i>	<i>38.3</i>	<i>2.35</i>
Total 5		6 640	7 085	7 382	7 689	7 918	8 102	8 235	53 050		6.14
6. Compensation											
6.0.1	Compensation	445	207	209				75	935		0.11
Total 6		445	207	209				75	935		0.11
Grand total		112 377	113 070	112 107	120 490	126 497	135 602	143 786	863 929		100.00

Source: Accounting datawarehouse as at date of report.

Annex 2b — EU budget revenue 2000–2013

Type of revenue	EU-15				EU-25				EU-27				EU-28	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%
(1) VAT-based own resource (including balance from previous years)	35 192.5	38.0	31 320.3	33.2	22 388.2	23.5	21 260.1	22.7	13 912.2	13.4	16 018.0	15.0	17 206.2	15.9
(2) GNP/GNI-based own resource (***) (including balance from previous years)	37 580.5	40.5	34 878.8	37.0	45 947.6	48.1	51 235.2	54.8	68 982.0	66.6	70 860.6	66.2	70 132.1	64.7
(3) UK correction (*)	-70.9	-0.1	-70.3	-0.1	148.2	0.2	280.1	0.3	-148.0	-0.1	-130.7	-0.1	-15.3	0.0
(4) Other payments from/to Member States (**)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(5) Total national contributions = (1) + (2) + (3) + (4)	72 702.0	78.4	66 128.8	70.1	68 484.0	71.8	72 775.3	77.9	82 746.2	79.9	86 748.0	81.0	87 322.9	80.5
(6) Traditional own resources	15 267.1	16.5	14 589.2	15.5	9 214.0	9.7	10 857.2	11.6	12 307.1	11.9	14 063.1	13.1	15 028.3	13.9
Agricultural duties	1 798.4	1.3	1 132.9	1.2	1 180.2	1.2	1 349.1	1.4	1 751.2	1.7	1 801.0	1.7	1 722.4	1.6
Sugar levies	1 196.8	1.3	840.0	0.9	864.8	0.9	510.9	0.5	535.5	0.5	926.8	0.9	202.1	0.2
Customs duties	14 568.3	15.7	14 237.4	15.1	12 917.5	13.5	12 616.2	13.5	14 122.8	13.6	16 023.0	15.0	18 113.1	16.7
Amounts retained collection (***)	-1 696.3	-1.8	-1 621.0	-1.7	-5 748.6	-6.0	-3 619.1	-3.9	-4 102.4	-4.0	-4 682.7	-4.4	-5 009.4	-4.6
(7) Total own resources	87 969.2	94.9	80 718.1	85.6	77 680.0	81.4	83 632.5	89.5	95 053.3	91.8	100 811.1	94.1	102 351.2	94.4
= (5) + (6)	1.01	0.89	0.83	0.87	0.90	0.91	0.88	0.88	0.89	0.93	0.97	0.95	0.97	1.07
(8) Surplus from previous year	3 209.1	3.5	11 612.7	12.3	15 002.5	15.7	7 413.5	7.9	5 469.8	5.3	2 736.7	2.6	2 410.1	2.2
(9) Other revenue (excluding surplus)	1 546.1	1.7	1 958.5	2.1	2 733.9	2.9	2 422.6	2.6	2 988.8	2.9	3 542.8	3.3	3 661.7	3.4
(10) Total revenue	92 724.4	100	94 289.3	100	95 434.4	100	93 468.6	100	103 511.9	100	107 090.6	100	108 423.0	100
= (7) + (8) + (9)	1.06	1.04	1.02	0.98	0.88	0.97	0.93	0.95	0.97	1.00	1.04	1.02	1.08%	1.14%
p.m. EU/GNI	8 742 242.1	9 063 438.7	9 383 942.7	9 573 255.6	10 563 962.7	11 021 731.8	11 641 168.6	12 439 593.2	12 486 466.6	11 772 274.3	12 307 018.9	12 686 953.9	12 923 080.4	13 061 072.6

(*) The fact that payments for the UK correction do not add up to zero is due to exchange rate differences.

(**) The category 'Other payments from/to Member States' includes:

— 2000–01: restitutions to Greece, Spain and Portugal.

— Since 2003, the JHA adjustment (which does not add up to zero, on account of exchange rate differences).

— Adjustment: re-implementation of ORD 2007.

— Reduction in GNI-Own Resource granted to the NL and SE.

(***) TOR collection costs (10 % and, since 2001, 25 %) have been recorded as negative reserve

15 % of the 2001 amounts were recorded in 2002.

(****) ESA95 GNI replaces ESA79 GNP as of 2002.

Annex 2c — Expenditure and revenue by Member State 2013 (million EUR)

	TOTAL										UK correction			Reduction in GNI-based own resource granted to the NL, and SE			JHA adjustment for DK, IE and UK		National Contribution		TOR collected on behalf of the EU (net, 75%)		Total own resources		p.m. breakdown of TOR		
	1a. Competitiveness	1b. Cohesion	2. Natural resources	3a. Freedom, security, justice	3b. Citizenship	4. The EU as a global player	5. Administration	6. Competition	TOTAL	VAT-based own resource	GNI-based own resource	UK correction	Reduction in GNI-based own resource granted to the NL, and SE	JHA adjustment for DK, IE and UK	National Contribution	Surplus collected on behalf of the EU (net, 75%)	Total own resources	Sugar levies (gross, 100%)	Customs duties (gross, 100%)	TOR collection costs (25%)							
BE	1101.0	465.0	736.8	88.7	83.3	0.0	4734.7	0.0	7209.5	476.9	3198.0	229.1	25.5	1.7	3931.3	1359.5	5290.8	11.9	1800.8	-453.2							
BG	95.4	891.0	943.2	11.9	3.2	16.2	15.9	0.0	1976.9	60.0	336.0	24.0	2.6	0.2	422.8	54.7	477.6	0.5	72.4	-18.2							
CZ	90.8	3562.0	1211.1	9.0	4.3	0.0	15.9	0.0	4893.1	199.8	1152.4	83.0	9.2	0.6	1445.0	171.7	1616.6	10.1	218.8	-57.2							
DK	252.2	716	1046.7	2.5	12.0	0.0	49.8	0.0	1434.8	290.4	2153.0	149.6	16.9	-3.9	2606.0	293.3	2899.4	6.8	384.3	-97.8							
DE	1562.7	4571.8	6336.0	35.0	57.2	0.0	193.5	0.0	13056.2	1804.1	23845.5	278.8	181.1	12.6	26125.1	3251.1	29376.2	64.1	4270.7	-1083.7							
EE	26.3	681.2	236.8	19.9	1.6	0.0	7.6	0.0	9733.3	24.9	154.0	10.1	1.1	0.1	190.3	21.7	211.9	0.0	28.9	-7.2							
IE	193.7	97.3	1529.1	5.8	6.6	0.0	41.8	0.0	1874.3	202.2	1234.2	78.4	8.8	-3.0	1520.6	210.6	1731.2	0.0	280.8	-70.2							
EL	244.8	4232.0	2651.1	36.6	8.9	0.0	41.1	0.0	7214.6	204.2	1480.7	96.4	12.0	0.9	1794.2	112.3	1906.4	1.9	147.8	-37.4							
ES	1030.1	5606.1	6901.6	93.9	25.6	0.0	94.9	0.0	13752.2	1292.1	8415.7	595.1	68.1	4.7	10375.6	993.1	11368.7	7.4	1316.7	-331.0							
FR	1508.6	2603.4	9619.4	85.8	82.4	0.0	339.7	0.0	14239.3	2837.1	17665.4	1204.2	138.2	9.5	21874.4	1417.2	23291.6	54.5	1855.1	-472.4							
HR	230	0.1	2.4	40.0	3.1	137.6	8.7	75.0	2900	32.1	180.5	12.7	1.4	0.0	226.8	11.5	238.2	0.0	15.3	-3.8							
IT	931.7	5585.9	5600.0	68.0	111.6	0.0	257.0	0.0	12554.3	1732.2	13003.8	902.3	102.7	7.2	15748.1	1419.8	17167.9	10.2	1822.9	-473.3							
CY	24.6	1040	77.2	4.9	3.4	0.0	13.0	0.0	227.1	24.2	135.6	9.2	1.1	0.1	170.0	14.8	184.8	0.0	19.7	-4.9							
LV	38.7	657.2	351.2	5.9	2.0	0.0	8.3	0.0	1063.2	26.5	206.1	14.0	1.5	0.1	248.3	20.7	269.0	0.0	27.6	-6.9							
LT	121.2	1099.9	621.7	24.7	3.9	0.0	9.8	0.0	1881.2	43.4	284.2	19.5	2.2	0.1	349.4	55.3	404.8	6.8	67.0	-18.4							
LU	163.1	19.1	51.4	4.2	9.9	0.0	1350.4	0.0	1598.2	42.9	246.4	18.9	2.2	0.1	310.5	11.3	321.8	0.0	15.1	-3.8							
HU	178.3	3908.5	1783	13.5	8.8	7.1	15.3	0.0	5909.8	109.2	751.2	53.3	6.2	0.4	920.2	90.9	1011.1	3.0	118.2	-30.3							
MT	10.8	109.9	17.4	27.0	2.1	0.0	6.5	0.0	173.7	11.2	62.0	3.9	0.4	0.0	77.5	8.9	86.4	0.0	11.8	-3.0							
NL	659.9	394.1	954.1	142.7	20.7	0.0	92.5	0.0	2264.1	260.2	5074.5	60.5	-63.4	2.8	4744.6	1807.6	652.1	17.9	2392.2	-602.5							
AT	240.5	291.1	1262.8	35.6	11.0	0.0	21.0	0.0	1862.0	333.8	2639.1	32.2	21.0	1.4	3027.5	163.9	3191.4	4.2	214.3	-54.6							
PL	190.4	10658.0	5157.2	105.9	18.7	20.1	29.2	0.0	16179.5	501.4	3083.2	219.7	24.6	1.7	3830.6	383.8	4214.4	41.4	470.4	-127.9							
PT	133.3	4435.0	1532.9	26.6	4.0	0.0	31.0	0.0	6162.8	225.6	1347.4	94.6	10.5	0.7	1678.9	114.0	1793.0	0.1	151.9	-38.0							
RO	690	2953.2	2459.1	16.9	10.9	32.1	19.3	0.0	5560.6	153.8	1122.0	83.3	9.2	0.6	1369.0	105.3	1474.3	6.8	133.7	-35.1							
SI	44.5	535.8	194.8	6.9	20.4	2.9	8.3	0.0	813.6	52.2	293.3	20.1	2.3	0.2	368.1	57.5	425.6	0.0	76.7	-19.2							
SK	58.4	1380.8	566.0	5.0	6.0	0.0	9.9	0.0	2026.1	67.9	598.7	41.8	4.8	0.3	713.4	85.9	799.3	4.7	109.8	-28.6							
FI	180.3	368.1	893.7	20.7	8.5	0.0	25.5	0.0	1496.8	285.3	1614.5	117.6	13.2	0.9	2031.5	127.6	2159.1	4.0	166.2	-42.5							
SE	341.5	289.2	906.7	22.2	69.7	0.0	31.7	0.0	1661.0	198.6	3664.3	47.0	-142.9	1.9	3768.9	442.6	4211.5	-1.3	591.4	-147.5							
UK	1441.6	665.3	3958.2	82.0	33.1	0.0	128.1	0.0	6308.3	2527.3	16230.0	-4329.5	123.6	-41.9	14509.5	2558.8	17668.4	13.9	3397.8	-852.9							
EU-28	10956.5	56236.5	57897.0	1041.7	633.0	216.0	7600.4	75.0	134656.1	14019.7	110194.6	169.9	-5.8	-0.1	124378.3	15365.3	139743.6	268.8	20218.3	-5121.8							
non-EU	958.2	4.1	105.2	8.4	35.8	5077.1	169.1	0.0	6357.9							Surplus from previous year	1053.6			4072.4							
other	982.6	79.9	10.8	4.3	2.0	1518.7	465.8	0.0	3064.1							Surplus EAGGF-Guarantee	0.0										
examined	1409.6	610.8	1511.2	67.6	90.3	243.5	457.9	0.0	4390.9							Surplus external aid guarantee fund	0.0										
Total	14306.9	56931.3	59524.2	1122.0	761.1	7055.2	8693.2	75.0	148468.9							Other revenue	8706.4										
																Total	149503.7										

Annex 2d — Expenditures allocated from relevant earmarked revenues(*) by Member States

million EUR	Market-related expenditure and direct aids			Total natural resources (H2)		Grand Total H2 (6) = (4) + (5)
	Expenditures allocated from the voted appropriations	Expenditures allocated from relevant earmarked revenues	Total market expenditure and direct aids	Expenditures allocated from the voted appropriations	Expenditures allocated from relevant earmarked revenues	
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2)	
BE	633.7	33.0	666.7	736.8	33.0	769.8
BG	541.0	0.2	541.2	943.2	0.2	943.4
CZ	839.3	0.5	839.8	1 211.1	0.5	1 211.6
DK	934.9	15.8	950.8	1 046.7	15.8	1 062.5
DE	5 355.9	19.5	5 375.4	6 636.0	19.5	6 655.5
EE	97.2	0.1	97.3	236.8	0.1	236.9
IE	1 263.2	10.0	1 273.2	1 529.1	10.0	1 539.1
EL	2 349.2	2.4	2 351.6	2 651.1	2.4	2 653.4
ES	5 646.4	334.2	5 980.6	6 901.6	334.2	7 235.9
FR	8 582.8	49.9	8 632.7	9 619.4	49.9	9 669.3
HR	0.1	0.0	0.1	2.4	0.0	2.4
IT	4 183.7	511.3	4 695.1	5 600.0	511.3	6 111.3
CY	52.1	0.1	52.1	77.2	0.1	77.3
LV	151.1	0.3	151.4	351.2	0.3	351.4
LT	358.6	0.4	359.0	621.7	0.4	622.1
LU	38.9	0.1	39.0	51.4	0.1	51.5
HU	1 276.3	0.2	1 276.5	1 778.3	0.2	1 778.5
MT	4.3	1.5	5.8	17.4	1.5	19.0
NL	828.7	86.0	914.7	954.1	86.0	1 040.1
AT	729.3	2.7	732.0	1 262.8	2.7	1 265.6
PL	3 208.7	0.1	3 208.8	5 157.2	0.1	5 157.3
PT	781.4	2.5	783.9	1 532.9	2.5	1 535.4
RO	1 211.2	0.0	1 211.2	2 459.1	0.0	2 459.1
SI	62.0	78.6	140.6	194.8	78.6	273.3
SK	365.0	0.0	365.0	566.0	0.0	566.0
FI	540.6	1.7	542.3	893.7	1.7	895.4
SE	695.3	7.8	703.2	906.7	7.8	914.5
UK	3 168.9	208.9	3 377.8	3 958.2	208.9	4 167.1
EU-28	43 900.0	1 367.9	45 267.9	57 897.0	1 367.9	59 264.9

(*): expenditures effectuated regularly by DG AGRI, DG SANCO and DG MARE within H2.0.1 from revenues arising mainly from recoveries established during the clearing exercise (N.B.: these expenditures are not part of the operative budgetary balance calculation because they are not financed by own resources).

Annex 3

Operating Budgetary balances

Methodology and calculation

Data on EU expenditure allocated by Member State and Member States' payments to the EU budget allow the calculation of Member States' operating budgetary balances. In this context it is, however, important to point out that constructing estimates of operating budgetary balances is merely an accounting exercise of certain financial costs and benefits that each Member State derives from the Union. This accounting allocation, among other drawbacks, is non-exhaustive and gives no indication of many of the other benefits gained from EU policies such as those relating to the internal market and economic integration, not to mention political stability and security. The operating budgetary balance of each Member State is established by calculating the difference between the operating expenditure (excluding administration) ⁽¹⁾ allocated to each Member State, and the adjusted 'national contribution' ⁽²⁾ of each Member State as follows:

$$OBB_i = TAE_i - HS_i - TNC_i \cdot \frac{TAE_{EU} - HS_{EU}}{TNC_{EU}}$$

where:

OBB_i : operating budgetary balance of MS i , with $i = MS_j$ or $i = EU$ for the EU as a whole;

TAE_i : total allocated expenditure to MS i , with $i = MS_j$ or $i = EU$ for the EU as a whole;

HS_i : administrative expenditure allocated to MS i , with $i = MS_j$ or $i = EU$ for the EU as a whole;

TNC_i : total national contribution of MS i , with $i = MS_j$ or $i = EU$ for the EU as a whole;

Numerical example: 2013 Operating Budgetary Balance of Belgium

TAE_{BE} = EUR 7 209.5 million; HS_{BE} = EUR 4 734.7 million; TNC_{BE} = EUR 3 931.3 million;

TAE_{EU} = EUR 134 656.1 million; HS_{EU} = EUR 7 600.4 million; TNC_{EU} = EUR 124 378.3 million:

$$OBB_{BE} = 7\,209.5 - 4\,734.7 - 3\,931.3 \cdot \frac{134\,656.1 - 7\,600.4}{124\,378.3} = \text{EUR } -1\,541.1 \text{ million.}$$

Operating budgetary balances — hereafter detailed — show the relation between the share of a Member State in total allocated EU operating expenditure and its share in 'national contributions'.

⁽¹⁾ In accordance with point 75 of the conclusions of the 1999 European Council in Berlin, 'When referring to budgetary imbalances, the Commission, for presentational purposes, will base itself on operating expenditure'.

⁽²⁾ As for the calculation of the UK correction, it is not the actual 'national contribution' of Member States (i.e. own resources payments, excluding TOR) but the related allocation key, i.e. each Member State's share in total 'national contributions' which is used for the calculation of operating budgetary balances. Total 'national contributions' are adjusted to equal total EU operating allocated expenditure, so that operating budgetary balances sum up to zero. Traditional own resources (TOR, i.e. customs duties and sugar levies) are not included in the calculation of net balances. Since TOR result directly from the application of common policies, such as the common agricultural policy and the Customs union, TOR are not considered as 'national contributions' but as pure EU revenue. Furthermore, the economic agent bearing the burden of the customs duty imposed is not always a resident of the Member States collecting the duty.

2000–2013 Operating budgetary balances (excluding administrative expenditure and TOR, and including UK correction)

	2000		2001		2002		2003		2004		2005		2006		2007		2008		
	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	
BE	-323.2	-0.13	-745.2	-0.28	-517.7	-0.19	-779.7	-0.28	-536.1	-0.18	-607.5	-0.20	-709.9	-0.22	-868.2	-0.26	-720.6	-0.21	
BG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+335.1	+1.17	+669.6	+1.98	
CZ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+272.2	+0.31	+178.0	+0.18	+386.2	+0.34	+656.7	+0.54	+1 178.0	+0.80	
DK	+239.6	+0.14	-223.1	-0.13	-169.1	-0.09	-220.0	-0.12	-224.6	-0.11	-265.3	-0.13	-505.2	-0.23	-604.4	-0.26	-543.2	-0.23	
DE	-8 232.4	-0.41	-6 971.5	-0.34	-4 954.0	-0.24	-7 605.4	-0.36	-7 140.4	-0.32	-6 064.3	-0.27	-6 325.2	-0.27	-7 415.2	-0.30	-8 774.3	-0.35	
EE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+145.0	+1.57	+154.3	+1.43	+176.4	+1.39	+226.2	+1.51	+227.4	+1.47	
IE	+1 719.5	+1.89	+1 198.3	+1.21	+1 574.1	+1.45	+1 559.0	+1.30	+1 593.8	+1.24	+1 136.6	+0.81	+1 080.5	+0.69	+662.1	+0.40	+566.1	+0.36	
EL	+4 380.6	+3.19	+4 503.6	+3.08	+3 375.7	+2.17	+3 358.3	+1.97	+4 163.3	+2.28	+3 900.5	+2.05	+5 102.3	+2.50	+5 437.2	+2.51	+6 279.7	+2.78	
ES	+5 263.6	+0.84	+7 661.2	+1.14	+8 859.4	+1.23	+8 704.9	+1.12	+8 502.3	+1.02	+6 017.8	+0.67	+3 811.7	+0.39	+3 651.8	+0.36	+2 813.2	+0.27	
FR	-676.6	-0.05	-2 043.4	-0.13	-2 218.4	-0.14	-1 976.1	-0.12	-3 050.7	-0.18	-2 883.5	-0.17	-3 012.5	-0.16	-2 997.3	-0.16	-3 842.7	-0.20	
HR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
IT	+1 231.2	+0.10	-2 030.9	-0.16	-2 917.1	-0.23	-849.8	-0.06	-2 946.9	-0.21	-2 199.0	-0.15	-1 731.8	-0.12	-2 013.5	-0.13	-4 101.4	-0.26	
CY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+63.5	+0.53	+90.3	+0.69	+102.4	+0.73	-10.5	-0.07	-17.7	-0.10	
LV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+197.7	+1.81	+263.9	+2.07	+255.5	+1.65	+488.8	+2.40	+407.0	+1.80	
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+369.3	+2.06	+476.4	+2.31	+585.3	+2.48	+793.2	+2.87	+842.6	+2.68	
LU	-54.6	-0.28	-140.0	-0.70	-48.1	-0.24	-57.2	-0.29	-93.6	-0.39	-86.8	-0.33	-60.2	-0.23	-139.8	-0.46	-22.1	-0.07	
HU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+193.4	+0.25	+590.1	+0.70	+1 115.0	+1.32	+1 605.9	+1.74	+1 111.7	+1.13	
MT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+45.0	+0.98	+90.0	+1.91	+101.0	+2.01	+28.1	+0.52	+30.0	+0.52	
NL	-1 543.9	-0.36	-2 259.9	-0.50	-2 171.3	-0.46	-1 942.2	-0.40	-2 034.9	-0.40	-2 636.6	-0.51	-2 587.6	-0.47	-2 864.3	-0.49	-2 678.2	-0.46	
AT	-435.5	-0.21	-542.4	-0.26	-212.6	-0.10	-330.9	-0.15	-365.1	-0.16	-277.9	-0.11	-301.5	-0.12	-563.2	-0.21	-356.4	-0.13	
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+1 438.3	+0.72	+1 853.2	+0.77	+2 997.6	+1.13	+5 136.4	+1.71	+4 441.7	+1.25	
PT	+2 128.2	+1.71	+1 773.8	+1.35	+2 682.7	+1.94	+3 476.3	+2.45	+3 124.0	+2.11	+2 378.0	+1.56	+2 291.7	+1.47	+2 474.4	+1.51	+2 695.1	+1.63	
RO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+595.8	+0.50	+1 581.0	+1.16	
SI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+109.7	+0.41	+101.5	+0.36	+142.8	+0.47	+88.6	+0.26	+113.8	+0.31	
SK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+169.2	+0.52	+270.9	+0.72	+323.2	+0.75	+617.8	+1.16	+725.6	+1.15	
FI	+275.9	+0.21	-153.0	-0.11	-4.9	-0.00	-26.7	-0.02	-69.6	-0.05	-84.8	-0.05	-241.0	-0.14	-171.6	-0.10	-318.5	-0.17	
SE	-1 058.7	-0.40	-982.9	-0.39	-750.4	-0.28	-945.6	-0.33	-1 059.8	-0.36	-866.9	-0.29	-856.6	-0.27	-994.8	-0.29	-1 463.1	-0.42	
UK	-2 913.7	-0.18	+955.4	+0.06	-2 528.4	-0.15	-2 364.9	-0.14	-2 864.9	-0.16	-1 529.0	-0.08	-2 140.2	-0.11	-4 155.3	-0.20	-844.3	-0.05	
EU	0.0		0.0	0.00	0.0		0.0		0.0		0.0		0.0		0.0		0.0		

NOTES

- 'Operating budgetary balances' are calculated, for a given Member State, as the difference between allocated operating expenditure (i.e. excluding administration) and own resources payments (excluding TOR).
- These payments are adjusted to sum up to total allocated operating expenditure (as for calculating the UK correction), so that operating budgetary balances add up to zero.
- Please refer to the numerical example for details on the above calculations. Series as a percentage of GNI are calculated on the basis of GNI data, as published by DG ECFIN in its spring 2013 economic forecasts.
- The positive operating budgetary balance of the United Kingdom in 2001 is due to the particularly high amount of the UK corrections budgeted in this year.

	2009 (*)		2010		2011		2012		2013		average in 2007-13 (**)		2007 (***)		2008 (***)		2009 (****)	
	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI
BE	-1 663.9	-0.49	-1 466.4	-0.41	-1 369.6	-0.37	-1 493.7	-0.40	-1 541.1	-0.40	-1 303.4	-0.36	-965.9	-0.28	-838.7	-0.24	-1 452.7	-0.43
BG	+624.2	+1.83	+895.5	+2.53	+725.4	+1.95	+1 329.7	+3.39	+1 529.0	+3.91	+872.7	+2.47	+327.7	+1.15	+658.7	+1.95	+642.2	+1.88
CZ	+1 702.5	+1.28	+2 079.3	+1.50	+1 455.2	+1.00	+3 045.2	+2.15	+3 401.1	+2.44	+1 931.1	+1.40	+625.6	+0.51	+1 133.9	+0.77	+1 776.8	+1.34
DK	-969.5	-0.43	-615.3	-0.25	-836.6	-0.34	-1 126.0	-0.45	-1 277.1	-0.49	-853.1	-0.35	-673.7	-0.29	-625.2	-0.26	-821.0	-0.36
DE	-6 357.5	-0.26	-9 223.6	-0.36	-9 002.5	-0.34	-11 953.8	-0.44	-13 824.8	-0.49	-9 507.4	-0.37	-6 521.5	-0.26	-7 836.0	-0.31	-8 107.3	-0.33
EE	+573.0	+4.23	+672.7	+4.96	+350.4	+2.28	+785.3	+4.74	+771.4	+4.33	+515.2	+3.36	+222.3	+1.48	+222.0	+1.44	+582.0	+4.37
IE	-47.5	-0.04	+803.9	+0.60	+383.8	+0.29	+670.6	+0.50	+279.1	+0.20	+474.0	+0.33	+619.0	+0.38	+512.6	+0.33	+47.0	+0.04
EL	+3 121.0	+1.38	+3 597.4	+1.67	+4 622.6	+2.28	+4 544.9	+2.33	+5 340.7	+2.94	+4 706.2	+2.25	+5 382.9	+2.48	+6 201.0	+2.75	+3 251.5	+1.44
ES	+1 181.7	+0.12	+4 100.9	+0.40	+2 995.0	+0.29	+3 999.0	+0.39	+3 058.3	+0.30	+3 114.3	+0.30	+3 379.4	+0.33	+2 460.8	+0.23	+1 794.3	+0.17
FR	-5 872.7	-0.31	-5 534.8	-0.28	-6 405.8	-0.31	-8 297.5	-0.40	-8 445.7	-0.40	-5 913.8	-0.30	-3 500.9	-0.18	-4 494.9	-0.23	-4 739.4	-0.25
HR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+49.6	+0.12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
IT	-5 058.5	-0.33	-4 534.0	-0.29	-5 933.0	-0.38	-5 058.1	-0.32	-3 789.9	-0.24	-4 355.5	-0.28	-2 479.7	-0.16	-4 636.6	-0.30	-4 079.2	-0.27
CY	-2.3	-0.01	+10.6	+0.06	+6.9	+0.04	-25.2	-0.15	+40.4	+0.25	+3	+0.00	-14.5	-0.10	-23.1	-0.14	+6.9	+0.04
LV	+501.5	+2.52	+674.2	+3.67	+731.3	+3.59	+955.9	+4.30	+801.2	+3.44	+651.4	+3.10	+483.7	+2.38	+399.5	+1.76	+513.6	+2.58
LT	+1 493.3	+5.51	+1 358.4	+5.00	+1 368.0	+4.59	+1 514.0	+4.75	+1 514.5	+4.54	+1 269.1	+4.26	+785.9	+2.84	+832.3	+2.65	+1 510.6	+5.57
LU	-100.2	-0.43	-41.9	-0.15	-75.0	-0.26	-79.5	-0.27	-69.4	-0.22	-75.4	-0.26	-147.8	-0.49	-31.9	-0.11	-82.8	-0.35
HU	+2 719.4	+3.11	+2 748.4	+3.00	+4 418.3	+4.71	+3 280.4	+3.58	+4 954.5	+5.33	+2 977.0	+3.21	+1 578.1	+1.71	+1 078.9	+1.09	+2 772.1	+3.17
MT	+8.6	+0.16	+52.9	+0.88	+67.0	+1.05	+71.4	+1.11	+88.0	+1.31	+49.4	+0.82	+26.7	+0.49	+28.2	+0.49	+11.7	+0.21
NL	+117.7	+0.02	-1 833.1	-0.32	-2 214.0	-0.37	-2 364.5	-0.39	-2 675.1	-0.45	-2 073.1	-0.35	-1 766.4	-0.30	-1 551.0	-0.27	-2 026.2	-0.36
AT	-402.1	-0.15	-677.0	-0.24	-805.1	-0.27	-1 073.3	-0.35	-1 251.7	-0.40	-732.7	-0.25	-545.5	-0.20	-341.4	-0.12	-431.5	-0.16
PL	+6 337.1	+2.11	+8 427.5	+2.47	+10 975.1	+3.09	+11 997.2	+3.29	+12 237.1	+3.29	+8 507.5	+2.49	+5 060.4	+1.69	+4 330.3	+1.22	+6 488.5	+2.16
PT	+2 150.7	+1.33	+2 622.6	+1.57	+2 983.7	+1.81	+5 027.2	+3.13	+4 416.7	+2.72	+3 195.8	+1.95	+2 433.4	+1.48	+2 642.1	+1.59	+2 242.8	+1.39
RO	+1 692.5	+1.45	+1 245.2	+1.01	+1 451.5	+1.12	+2 031.6	+1.57	+4 142.8	+2.99	+1 820.1	+1.43	+562.0	+0.47	+1 537.9	+1.13	+1 755.8	+1.51
SI	+241.9	+0.69	+424.1	+1.21	+490.1	+1.37	+572.2	+1.64	+429.2	+1.22	+337.1	+0.96	+80.3	+0.24	+102.1	+0.28	+261.6	+0.75
SK	+542.1	+0.87	+1 349.6	+2.10	+1 160.6	+1.72	+1 597.0	+2.30	+1 287.4	+1.83	+1 040.0	+1.62	+603.1	+1.14	+705.7	+1.12	+580.2	+0.93
FI	-544.2	-0.31	-300.2	-0.17	-652.1	-0.34	-658.8	-0.34	-604.0	-0.31	-464.2	-0.25	-223.2	-0.12	-383.3	-0.21	-430.3	-0.25
SE	-85.6	-0.03	-1 211.4	-0.34	-1 325.4	-0.34	-1 925.1	-0.46	-2 220.7	-0.51	-1 318.0	-0.36	-620.2	-0.18	-1 090.7	-0.32	-704.2	-0.24
UK	-1 903.3	-0.12	-5 625.9	-0.32	-5 565.6	-0.31	-7 366.1	-0.38	-8 641.7	-0.46	-4 871.7	-0.26	-4 711.3	-0.23	-993.0	-0.05	-1 362.9	-0.09
EU	0.0		0.0		0.0		0.0		0.0		n.a.	n.a.	0.0		0.0		0.0	

(*) Including the adjustment relating to the implementation of the ORD2007.

(**) Average OBB divided by average GNI of 2007-13 of each MS.

(***) Including p.m. the retroactive effect of ORD 2007.

(****) Without p.m. the adjustment relating to the implementation of the ORD2007.

Annex 4

Recoveries and financial corrections

The recovery of undue payments is the last stage in the operation of control systems, and the evaluation of these recoveries is essential in order to demonstrate sound financial management. The objective of this annex is to present a best estimate of the total amounts for 2013. More details can be found in note 6 to the provisional annual accounts.

The table below gives the amount of financial corrections and recoveries implemented during 2013 and resulting from Commission audit work and controls, audit work by the Court of Auditors and the closure process for programme periods. These amounts are a mix of financial corrections decided in previous years but only implemented in 2013 and amounts decided and implemented during 2013. The tables do not include the results of the Member States' own checks of structural actions' expenditure.

There are a variety of ways by which undue payments are recovered by the European Commission when there is a clear case of a financial error or irregularity, which are explained below.

In the area of agriculture, the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) have replaced the European Agricultural Guidance and Guarantee Fund (EAGGF). In the case of the EAFRD, financial corrections are always implemented by means of a recovery order. For the EAGF, financial corrections are implemented by deductions in the monthly declarations.

Financial corrections under cohesion policy are implemented as follows.

- ▶ The Member State accepts the correction required or proposed by the Commission. The Member State itself applies the financial correction, either through withdrawal or through recovery. The amount may then be reused for other eligible operations which have incurred regular expenditure. In these cases there is no impact on the Commission's accounts, as the level of EU funding to a specific programme is not reduced. The EU's financial interests are thus protected against irregularities and fraud.
- ▶ The Member State disagrees with the correction required or proposed by the Commission, following a formal contradictory procedure with the Member State. In this case, the Commission adopts a formal financial correction decision and issues a recovery order to obtain repayment from the Member State. These cases lead to a net reduction of the EU contribution to the specific operational programme affected by the financial correction.

Summary of financial corrections implemented during 2013 (million EUR)

	Financial corrections	Recoveries	2013 Total	2012 Total
Agriculture				
— EAGF	481	155	636	771
— Rural development	230	129	359	225
Cohesion policy				
— ERDF	622	-	622	2 416
— Cohesion Fund	277	-	277	207
— ESF	842	40	882	430
— FIFG/EFF	4	23	28	1
— EAGGF guidance	14	2	16	20
— Other	-	16	16	11
Internal policy areas	3	398	401	230
External policy areas	N/A	93	93	99
Administration*	N/A	6	6	9
Total implemented in 2013	2 472	862	3 334	
Total implemented in 2012	3 742	678		4 419

These figures are taken from the 2013 consolidated annual accounts of the European Union, and should be considered provisional pending the final audit opinion of the Court of Auditors

Financial corrections implemented in 2013 and in 2012

Member State	EAGF	Rural development	ERDF	Cohesion Fund	ESF	Other	Total 2013	Total 2012
Belgium	7	0	12		5		24	14
Bulgaria	13	2	3	0	0	0	19	30
Czech Republic	5	6	22	2	41		76	125
Denmark	10	1	0		0	1	12	22
Germany	7	5	3		23	0	39	10
Estonia	0		10		1		10	1
Ireland	5	2	1			0	9	9
Greece	-1		86	7	-110	0	-18	262
Spain	4	2	193	46	459	14	717	2 172
France	6	35	17		36	1	96	123
Croatia				1			1	-
Italy	111	6	157		106	2	382	275
Cyprus	0	0					0	8
Latvia	0	1	19	8	-5	0	24	12
Lithuania	0	8	0	0	0	0	8	10
Luxembourg	0	0	0				0	0
Hungary	15	4	51	89	1		160	6
Malta	0	0					0	0
Netherlands	2				44	1	47	20
Austria	1				0		1	1
Poland	24	118	8	33	11	0	195	162
Portugal	0		3	22	6	0	31	134
Romania	28	17	0	21	219		285	139
Slovenia	4	5	12	2	0		23	0
Slovakia	1	4	23	45	1		73	57
Finland	5	1	0		0	0	6	1
Sweden	20				0	1	22	74
United Kingdom	211	12	2		3	0	228	50
Interreg/cross-border			1				1	24
Total implemented	481	230	622	277	842	21	2 472	3 742

These figures are taken from the 2013 consolidated annual accounts of the European Union, and should be considered provisional pending the final audit opinion of the Court of Auditors

Annex 5

Borrowing and lending activities

1. Borrowing

A number of European Union and the Euratom operations are carried out using borrowed funds. The European Union and Euratom have access to the capital markets to fund various categories of loans.

Borrowing transactions in 2013

Balance of payments: none

EU macro-financial assistance: EUR 100 million

Euratom: none

EFSM: none

2. Lending to Member States

2.1. Balance of payments (BoP)

The European Union medium-term financial assistance facility (BoP facility) enables loans to be granted to one or more Member States which have not yet adopted the euro and which are experiencing or are seriously threatened with difficulties in their balance of current payments.

On 22 October 2013, the Council decided to make available to Romania a second precautionary medium-term financial assistance amounting to a maximum of EUR 2 billion in the form of a loan.

Loan disbursements

No disbursements were made in 2013.

2.2. European Financial Stabilisation Mechanism (EFSM)

The EFSM was established in the context of the financial crisis to provide financial support for Member States in difficulties caused by exceptional circumstances beyond Member States' control. The loans are granted as a joint EU/IMF support.

No decisions were taken in 2013.

Loan disbursements

No disbursements were made in 2013.

3. Lending to non-member States

3.1. Macro-financial assistance

The EU may help to restore the macroeconomic equilibrium in a particular non-member country, generally through loans and grants (macro-financial assistance). The Commission administers such support in accordance with the relevant Council decisions.

Three decisions were taken in 2013:

On 12 August 2013, the European Parliament and the Council decided to make macro-financial assistance available to Georgia of a maximum amount of EUR 46 million (up to EUR 23 million in the form of grants and up to EUR 23 million in the form of loans).

On 22 October 2013, the European Parliament and the Council decided to make macro-financial assistance available to the Kyrgyz Republic of a maximum amount of EUR 30 million (up to EUR 15 million in the form of grants and up to EUR 15 million in the form of loans).

On 11 December 2013, the European Parliament and the Council decided to make macro-financial assistance available to Jordan in the form of loans for a maximum amount of EUR 180 million.

Loan disbursements

The operation decided in 2009 for a EUR 100 million loan to Bosnia and Herzegovina was fully disbursed in 2013 in two tranches of EUR 50 million each (in February and September).

3.2. Euratom loans

Euratom loans for EU Member States' finance project investments related to industrial production of electricity in nuclear power stations and to industrial installations in the nuclear fuel cycle.

Euratom loans for non-member countries aim at improving the level of safety and efficiency of nuclear power stations and installations in the nuclear fuel cycle which are in service or under construction. They may also relate to the decommissioning of installations.

In 2013, no decisions were taken and no disbursements were carried out.

3.3. European Investment Bank (EIB) loans

The EIB traditionally undertakes operations outside the EU in support of EU external policies based on Parliament and Council decisions which grant an EU guarantee to the EIB against losses for projects carried out in certain non-member countries. The EU guarantee covers outstanding EIB loans under successive mandates.

For the current EIB mandate, the EU budget guarantee covers 65 % of the aggregate amount of credits disbursed less amounts reimbursed plus all related amounts of the general mandate. The overall amount of the EIB mandate 2007–13 is EUR 29 484 million, with the following regional ceilings.

Mandate 2007-13	Financing ceiling (million EUR)	Total outstanding of EIB loans available minus cancellations (million EUR)	Financing made
Pre-accession countries	9 048	5 402	
Neighbourhood and partnership countries	13 548	4 729	
<i>Mediterranean</i>	9 700	3 959	
<i>Eastern Europe, southern Caucasus and Russia</i>	3 848	770	
Asia and Latin America	3 952	2 065	
<i>Asia</i>	1 040	396	
<i>Latin America</i>	2 912	1 669	
Republic of South Africa	936	436	
Climate change	2 000	217	
Total	29 484	12 848	

Therefore, the EU guarantee under the current mandate is restricted to EUR 8 352 million (65 % of EUR 12 848 million).

Annex 6

Glossary

Term	Definition
ABAC	This is the name given to the Commission's accounting system, which since 2005 has been based on accrual accounting rules. The Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis accounting that recognises transactions and other events only when cash is received or paid.
Accounting	The act of recording and reporting financial transactions, including the origination of the transaction, its recognition, processing, and summarisation in the financial statements.
Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for 1 year, starting on 1 January and ending on 31 December.
Appropriations	Budget funding. The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Thus, if the EU budget increases, due for example to enlargement, commitments will increase before payments do. Not all projects and programmes are concluded, and appropriations for payments are therefore lower than for commitments. Non-differentiated appropriations apply for administrative expenditure, for agricultural market support and direct payments.
Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks. Amending budget: an instrument adopted during the budget year to amend aspects of the adopted budget of that year.
Budgetary authority	Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers
Cancellation of appropriations	Appropriations cancelled may no longer be used in a given budget year.
Capping (of the VAT resource)	The maximum VAT base to be taken into account in calculating the rate of call is set at 50 % of each Member State's GNI ('capping of the VAT resource'). For the period 2007–13 the rate of call of the VAT resource is set at 0.225 % for Austria, 0.15 % for Germany and 0.10 % for the Netherlands and Sweden. According to Council Decision 2007/436 of 7 June 2007 on the system of the European Communities' own resources (ORD 2007), the uniform rate of call of the VAT own resource is fixed at 0.30 % from 1 January 2007.
Carryover of appropriations	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under very strict conditions, be exceptionally carried over for use during the following year.
Ceiling	Limits of expenditure or revenue fixed by law or by agreement, such as in the own resources decision or in the multiannual financial framework. The latter defines an annual ceiling for each expenditure heading in commitment appropriations and an annual global ceiling for payment appropriations.
Common Customs Tariff	The external tariff applied to products imported into the Union.
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution (Article 21 of the financial regulation).
ECOFIN	The Economic and Financial Affairs Council is, together with the Agriculture Council and the General Affairs Council, one of the oldest configurations of the Council. It is commonly known as the Ecofin Council, or simply 'Ecofin' and is composed of the economics and finance ministers of the Member States, as well as budget ministers when budgetary issues are discussed. It meets once a month.

Term	Definition
ECU	European Currency Unit, a currency medium and unit of account created to act as the reserve asset and accounting unit of the European Monetary System, replaced by the euro. The value of the ECU was calculated as a weighted average of a basket of specified amounts of European Union (EU) currencies.
EU-6, EU-9, EU-12, EU-15, EU-25, EU-27, EU-28	<p>EU-28 means the EU as constituted in 2013: Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Croatia (HR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE), United Kingdom (UK)</p> <p>EU-27 means the EU as constituted in 2007: BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK.</p> <p>EU-25 means the EU as constituted in 2004: BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, SI, SK, FI, SE, UK.</p> <p>EU-15 means the EU as constituted in 1995: BE, DK, DE, IE, EL, ES, FR, IT, LU, NL, AT, PT, FI, SE, UK.</p> <p>EU-12 means the EU as constituted in 1986: BE, DK, DE, IE, EL, ES, FR, IT, LU, NL, PT, UK.</p> <p>EU-10 means the EU as constituted in 1981: BE, DK, DE, IE, EL, FR, IT, LU, NL, UK.</p> <p>EU-9 means the EU as constituted in 1973: BE, DK, DE, IE, FR, IT, LU, NL, UK.</p> <p>EU-6 means the EU as constituted in 1957: BE, DE, FR, IT, LU, NL.</p>
Evaluations	Tools to provide a reliable and objective assessment of how efficient and effective interventions have been or are expected to be (in the case of ex ante evaluation). Commission services assess to what extent they have reached their policy objectives, and how they could improve their performance in the future.
Exchange difference	The difference resulting from the exchange rates applied to the transactions concerning countries outside the euro area
Expenditure allocated	EU expenditure that it is possible to allocate to individual Member States. Non-allocated expenditure concerns notably expenditure paid to beneficiaries in third countries. Allocation of expenditure by country is necessary in order to calculate budgetary balances.
Financial regulation	Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union.
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of a EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.
Gross domestic product (GDP) at market prices	Final result of the production activity of resident producer units. It corresponds to the economy's total output of goods and services, less intermediate consumption, plus taxes less subsidies on products.
Gross national income (GNI)	<p>At market prices represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income.</p> <p>Gross national income equals gross domestic product (GDP) (see above) minus primary income payable by resident units to non-resident units plus primary income receivable by resident units from the rest of the world.</p> <p>GNI has widely replaced gross national product (GNP) as an indicator of income. In the area of the EU budget this change took effect as from the year 2002. In order to maintain unchanged the cash value of the ceiling of EU revenue, referred to as the 'own resources ceiling', the ceiling had to be recalculated in percentage terms. It is now established at 1.23 % of GNI instead of the previous 1.27 % of EU GNP.</p>
Headings	In the multiannual financial framework or financial perspective are groups of EU activities in broad categories of expenditure.
Impact assessment	A tool to analyse the potential benefits and costs of different policy options to tackle a particular problem.

Term	Definition
Interinstitutional Agreement	(IIA) on budgetary discipline and sound financial management: the IIA is adopted by common agreement of the European Parliament, the Council and the Commission and contains the table of the financial framework, as well as the rules to implement it. As Treaty rules concerning the EU budget haven't been modified since 1975 until the Lisbon Treaty entered into force on 1 December 2009, the IIA has allowed for the necessary changes and improvements of the cooperation between institutions on budgetary matters (OJ C 139 of 14.6.2006). The introduction of the multiannual financial framework into the Treaty via the Lisbon Treaty, and its link to the annual budgetary procedure, led among others to proposals for an adaptation of the Interinstitutional Agreement. Corresponding proposals were made by the Commission on 29 June 2011.
Legal base	The legal base or basis is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
Macroeconomic equilibrium	The situation where there is no tendency for change. The economy can be in equilibrium at any level of economic activity.
Macro-financial assistance	Form of financial support to neighbouring regions, which is mobilised on a case-by-case basis with a view to helping the beneficiary countries in dealing with serious but generally short-term balance-of-payments or budget difficulties. It takes the form of medium-/long-term loans or grants (or an appropriate combination thereof) and generally complements financing provided in the context of an International Monetary Fund's reform programme.
Operating balances	The difference between what a country receives from and pays into the EU budget. There are many possible methods of calculating budgetary balances. In its Financial report, the Commission uses a method based on the same principles as the calculation of the correction of budgetary imbalances granted to the United Kingdom (the UK correction). It is, however, important to point out that constructing estimates of budgetary balances is merely an accounting exercise of the purely financial costs and benefits that each Member State derives from the Union and it gives no indication of many of the other benefits gained from EU policies such as those relating to the internal market and economic integration, not to mention political stability and security.
Outturn	Any of the three possible outcomes of the budget resulting from the difference between revenue and expenditure: a positive difference (surplus), a negative difference (deficit) and no difference (i.e. zero, or perfect balance between revenue and expenditure).
Own resources	The revenue flowing automatically to the European Union budget, pursuant to the Treaties and implementing legislation, without the need for any subsequent decision by national authorities.
Reprogramming	In this financial report the term 'reprogramming' has the following meaning: when the state of implementation in the expenditure areas of Structural Funds, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Fund for Fisheries suggests the need for reprogramming, the European Parliament and the Council will take decisions on Commission proposals concerning the transfer of part of unused allocations during the first year of the multiannual financial framework onto following years (see point 48 of the IIA).
Revenue	Term used to describe income from all sources that finances the budget. Almost all revenue into the EU budget is in the form of own resources, of three kinds: traditional own resources — duties that are charged on imports of products originating from a non-EU state; the resource based on value added tax (VAT); and the resource based on GNI. The budget also receives other revenue, such as income from third countries for participating in EU programmes, the unused balance from the previous year, taxes paid by EU staff, competition fines, interest on late payments, and so on.
Rules of application	These lay down detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.
Surplus	Positive difference between revenue and expenditure (see outturn) which has to be returned to the Member States.
UA	Unit of account, also known as European Unit of Account (EUA), a book-keeping device for recording the relative value of payments into and from EC accounts, replaced by the European currency unit (ECU) which has been replaced by the euro.
UK correction	At the Fontainebleau European Council in France on 25 and 26 June 1984, the then 10 Member States (Germany, Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands and the UK) agreed on the rebate to be granted to the UK to reduce its contribution to the EU budget.
VAT (value-added tax):	An indirect tax, expressed as a percentage applied to the selling price of most goods and services. At each stage of the commercial chain, the seller charges VAT on sales but owes the administration this amount of tax minus the VAT paid on purchases made in the course of business. This process continues until the final consumer, who pays VAT on the whole value of what is purchased. VAT is broadly harmonised in the European Union but Member States may fix their own rates of tax, within parameters set at EU level, and also enjoy a limited option to tax or not to tax certain goods and services.

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