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European Commission

EU budget 2011
Financial Report

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Foreword

In 2011 the economic and financial crises put an enormous strain on Member States' finances, and this made budgetary negotiations at European level even more difficult than in 2010. Despite these harsh conditions, two positive developments can be noted: the substantial acceleration of execution of Union programmes, which shows that commitments made out of the European Union budget in previous years are turned into investments and the resilience of the European 'label' against market disturbances. In financial circles, European funding is considered extremely safe and the private sector is thus far more likely to embark on investment projects when they are backed by the EU budget. One euro invested in an EU-funded project generates up to EUR 10 of private sector co-investment.

In order to help some of the EU's most troubled economies back on track, the EU has decided to increase the EU co-financing contribution to Structural Funds to a maximum of 95 % if requested by any of the Member States concerned (Greece, Ireland, Portugal, Romania, Latvia and Hungary). New perspectives have thus been opened for programmes that had not been executed for lack of national funding. An additional opportunity of making up to EUR 3 billion available opened for the countries most hit by the crises in 2011.

In terms of execution, 2011 confirmed the Commission's expectations and brought high implementation rates especially for policies that boost economic growth and employment opportunities. In many programmes, all resources were completely used, and sometimes the budgeted payments were even exceeded and needed reinforcement. This was particularly the case for research, competitiveness and innovation, as well as for the 'Lifelong learning' programme. These actions are at the core of the Europe 2020 strategy for smart, sustainable and inclusive growth.

At the end of the year 2011, the Commission received exceptionally high requests for payments from Member States for their earlier investments, mainly under Structural Funds. However, many of these claims could not be paid out to the Member States under the 2011 EU budget due to a lack of adequate payment appropriations. As a consequence, these invoices sent to Brussels were left to be met in the early months of the following year. Such situation risks repeating itself under the 2012 budget as the level of payments agreed in the 2012 budget is far below the level that the Commission considers necessary, and because execution of programmes during the last years of the current financial framework is expected to accelerate further. I am concerned by the growing gap between what has been agreed in the financial framework, then committed through programmes, and what can be paid annually, and can only stress how important it is for the economy that the Commission meets in time its financial obligations towards beneficiaries of EU funds, such as Europe's regions and towns, businesses and scientists.

The year 2011 was also marked by the presentation by the Commission of its proposals for an ambitious, but realistic, multiannual financial framework for the period 2014–20. While proposing a stabilisation of EU expenditure in volume at the level of the 2013 ceiling, the Commission has proposed important reorientation of European finances in order to focus on growth and jobs-oriented expenditure. The plan is to almost treble the investments in infrastructure, and to allow for major increases in research, innovation and education. The current adverse economic conditions should not jeopardise the very conditions which will lead to economic recovery. This was planned at no additional costs to the European taxpayers and in a simpler, more transparent and fairer way.

I have great pleasure in presenting this Financial Report 2011, which describes how the yearly budgetary cycle is managed, provides detailed information on the sources of EU financing and gives a basic overview of EU expenditure traditionally grouped under the headings of the current multiannual financial framework. I hope you will find interesting information in this report, which aims at providing transparency on Union financial matters, and that you will appreciate the new interactive way of presentation offered through its e-version.

Janusz Lewandowski
Commissioner for Financial Programming and Budget

Executive summary

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

Section I presents an overview of EU finances in 2011. It introduces the multiannual financial framework (MFF), including its role and structure and the specific activities that take place under the 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, other revenue and donations.

Section III represents the main part of the report, covering the expenditure part of the EU budget grouped by heading (category) according to the current MFF. The text includes information on the main programmes as well as on the expenditure allocations by Member State. This section also familiarises the reader with the expenditure methodology.

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

Section I — Overview

Financial framework

The 2011 annual budget was the fifth annual budget executed under the current MFF. This multiannual plan is divided 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).

If it is necessary to change the ceilings, for instance to finance expenses unforeseen at the time of adoption of the MFF, the framework needs to be revised. The latest revision of this financial framework, which addressed additional financing needs of the International Thermonuclear Experimental Reactor (ITER) project, was adopted on 13 December 2011.

At the time of presentation of the draft budget for 2011 the overall ceiling set by the multiannual financial framework for commitment appropriations was EUR 143 billion, representing 1.14 % of EU GNI. The ceiling for payment appropriations was EUR 134.3 billion, or 1.07 % of GNI.

The budgetary procedure

Based on the multiannual financial framework in force and the budget guidelines for the coming year, the European Commission prepares the 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 2011 presented on 27 April 2010, the Commission proposed EUR 142.6 billion in commitment appropriations and called for a 5.9 % increase in payment appropriations compared to the 2010 budget totalling EUR 129.1 billion. On 12 August 2010, the Council set commitment appropriations at EUR 141.8 billion and reduced payment appropriations to EUR 126.5 billion. On 20 October 2010, Parliament called for a 6 % increase compared to the 2010 budget and proposed commitment appropriations of EUR 143.1 billion. The level of payments was set at EUR 130.6 billion. The Conciliation Committee did not reach an agreement and the Commission had to present a new draft budget to reflect the near-compromise reached in the conciliation.

The new draft budget presented by the Commission on 26 November 2010 was accepted by the Council on 10 December and adopted by Parliament on 15 December. The EU budget adopted for 2011 set the commitment appropriations at EUR 141.9 billion and payment appropriations at the level requested by the Council in August 2010, i.e. EUR 126.5 billion.

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 11 February 2011. Amending budgets ensure more precise and economical financing of the budget by the Member States. In 2011, a total of seven amending budgets were adopted. Moves of appropriations from one budget line to another are 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 Commission budget — carryovers, amending budgets and transfers — which have been proposed and adopted during the financial year. Of the final budget for 2011 totalling EUR 128.3 billion, EUR 126.5 billion has been used.

The Commission has accounts with Member State treasuries, central banks and commercial banks. As the source of EU finances 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. In 2011, 0.73 % out of a total of 1 859 782 payments made were executed through treasuries and central banks, representing 68.84 % of the total amount of payments. The remaining 99.27 % payments were made through commercial banks (representing 31.16 % of the total amount of payments).

Section II — Revenue

The EU budget is financed by own resources, other revenue and the balance carried over from the previous year. Total revenue must equal 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 is a surplus, which reduces Member States' own resources payments in the subsequent year. In 2011, own resources amounted to EUR 120 billion and other revenue to EUR 5.5 billion. The surplus carried over from 2010 amounted to EUR 4.5 billion.

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); the VAT own resource; and the GNI own resource, which plays the role of residual resource.

Customs duties (TOR) are levied on economic operators and collected by Member States on behalf of the EU. In 2011, this resource corresponded to 13 % of total revenue. A production charge is paid by sugar producers (TOR). Revenue from this resource amounted to 0.1 % of total revenue in 2011.

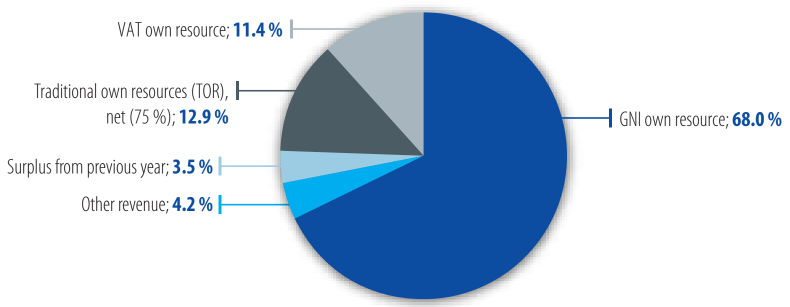
The VAT own resource is levied on Member States' VAT bases, which are harmonised for this purpose. However, the VAT base to take into account is capped at 50 % of each Member State's GNI. In 2011, the total amount of the VAT own resource levied reached 11 % of total revenue.

The GNI own resource finances the part of the budget not covered by other revenue. The same percentage is levied on each Member State's GNI, with two Member States receiving reductions. The amount of the GNI own resource needed depends on the difference between total expenditure and the sum of all other revenue. In 2011, the total amount of the GNI resource levied reached 68 % 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 2011 amounted to EUR 3.6 billion.

Revenue other than own resources includes taxes from EU staff remunerations and other diverse items. In 2011, this revenue amounted to EUR 5.5 billion.

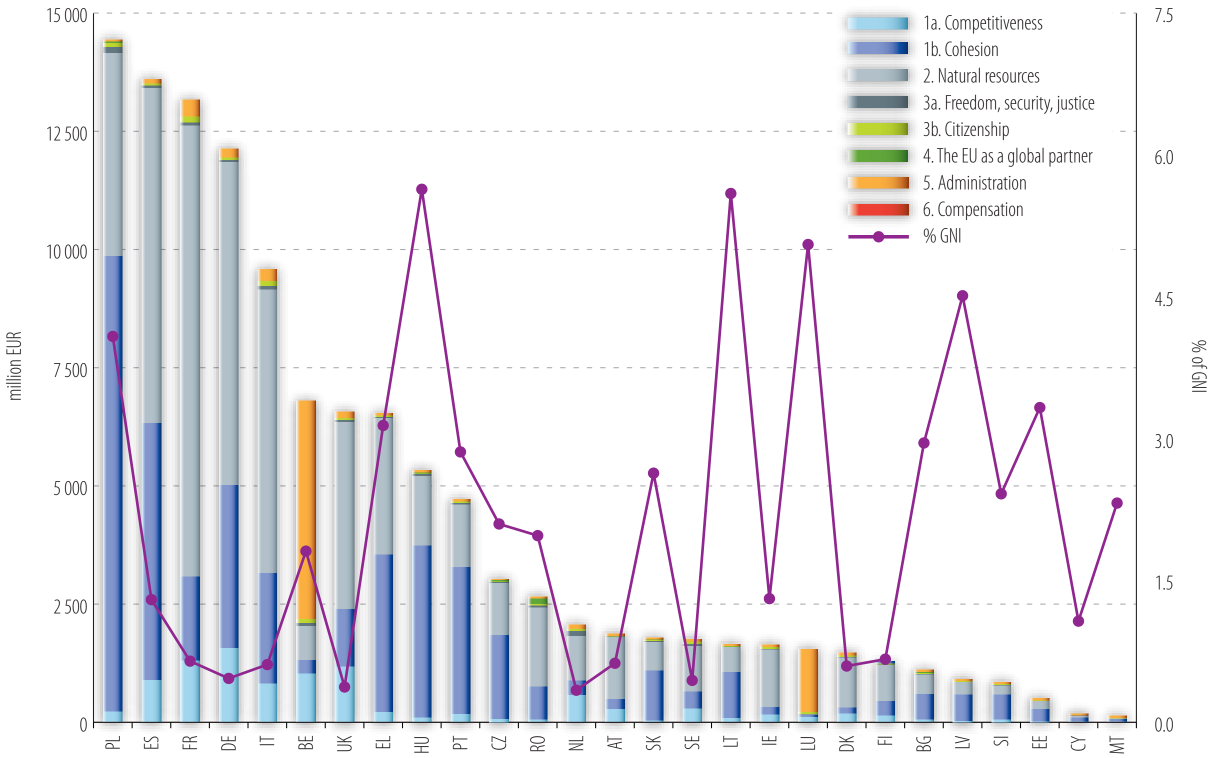
EU revenue 2011



Section III — Expenditure

As in the MFF, the annual EU budget expenditure is presented in the financial report for 2011 according to headings or subheadings. Data are also structured according to the allocation of expenditure by each Member State. Both presentations are based on authorised appropriations implemented in 2011, with some exceptions. In total, 94 % of the EU budget 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.

Expenditure by Member State



In 2011, EUR 117 336.9 million (i.e. 90.7 % of the total implemented EU expenditure including EFTA contributions and earmarked revenue) was allocated to Member States.

Competitiveness for growth and employment

The EUR 11.5 billion allocated in 2011 under this heading 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. It supported the main goals of the Europe 2020 strategy to increase the competitiveness of European businesses in order to face the present challenges and create more jobs and prosperity.

The seventh framework programme for research (FP7) provided EUR 6.6 billion to pan-European teams of researchers and enterprises tackling major societal challenges. Some EUR 836 million contributed within the 'Trans-European networks' (TEN) programme aimed to render the transport of persons, goods and energy safer, more efficient and less polluting. The 'Competitiveness and innovation' framework programme (CIP) dedicated over EUR 462 million to strengthen the innovative capacity of small and medium-sized enterprises, particularly in the field of ICT-based services and ecological solutions.

Cohesion for growth and employment

Under this heading, EUR 42.4 billion in 2011 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). Cohesion policy continued to aim at strengthening the economic and social cohesion of the Union in order to promote balanced and sustainable development. It is designed to reduce disparities between the levels of development of the various regions in the Member States. The resources available are concentrated on promoting economic convergence, in particular on sustainable growth, competitiveness and employment.

Some EUR 32.3 billion was provided for investments to modernise and diversify economic structures across Europe's least-developed regions and territories. Thanks to this the EU made visible progress in completing another part of the planned 25 000 km of roads and 7 700 km of railways to be built from scratch or reconstructed and over 500 000 jobs to be created by 2013. To adapt Europe's workforce for a changing economic environment, training in new skills and guidance on how to get a job were funded by the European Social Fund, with EUR 9.5 billion.

Preservation and management of natural resources

The EU's agriculture, rural development, fisheries and environment were financed under this heading, with an expenditure of EUR 56 billion in 2011. Smart and sustainable use of arable lands and forests plays a key role in determining the health of rural economies as well as the rural landscape.

Some EUR 42.5 billion helped to stabilise the difficult financial situation of 7 million farmers, who had to meet high environmental standards, contributing to preserving a good quality of Europe's soil, water and air. Another EUR 12.3 billion was invested in the economic diversification of rural areas, home to 50 % of the EU's population. The European Fisheries Fund made available EUR 446 million to ensure the competitiveness of Europe's fishing sector, while maintaining reasonable prices for consumers. Some EUR 203 million was used for projects under the LIFE+ programme, coping with waste management, air pollution and the loss of biodiversity.

Freedom, security and justice

The protection of life, freedom and property of citizens are core objectives of the European Union for which EUR 829 million was made available in 2011. In a context of ever stronger security interdependence, responsibilities in this area include 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.

The effective management of migration flows is a challenge common to all EU Member States. That is why the EU provided EUR 406 million to reinforce measures against illegal immigration and developing programmes to integrate skilled migrants. To increase the security and well-being of citizens, the 'Security and safeguarding liberties' programme provided EUR 40 million to fight all forms of crime and terrorism and develop effective EU crisis management systems to exchange information and increase cooperation over law enforcement.

Citizenship

The EU budget contribution of EUR 899 million in 2011 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'. Issues of particular concern to citizens, including health, consumer protection and civil protection, were covered. The crucial task of reaching out and communicating Europe was funded through cultural programmes and the policy area of 'Communication'.

To make Europe a culturally vibrant place, the 'MEDIA' and 'Culture' programmes contributed a total of around EUR 150 million, supporting the European film industry and promoting cross-border cooperation among artists and the European Capitals of Culture.

The EU as a global player

Some EUR 6.9 billion was spent from the EU budget in 2011 on the EU's activities beyond its borders. Its paramount objectives in foreign policy are 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.

The Development Cooperation Instrument (DCI) made available EUR 2 billion to address the basic needs of the people in 47 developing countries in Latin America, Asia and central Asia, the Gulf region and South Africa. Countries in eastern Europe, the south Caucasus and the southern Mediterranean bordering the EU received a total of EUR 1.4 billion from the European Neighbourhood and Partnership Instrument (ENPI), which promoted good governance and an equitable social and economic development process. The Instrument for Pre-Accession Assistance (IPA) provided EUR 1.3 billion to support EU candidate countries (Croatia, Turkey and the former Yugoslav Republic of Macedonia) and potential candidate countries in their efforts to come closer to European standards and policies.

Some EUR 7.9 billion (just 6 % of the EU budget) was spent in 2011 to ensure the smooth operation of all EU institutions at the service of its approximately 500 million citizens. This covered, for example, staff salaries and pensions, buildings and infrastructure, information technology and security.

The Commission remained committed to optimising its tools and procedures. It continued to meet all staffing needs from constant resources as it maintained its policy of 'zero post increases' over staffing. In this context, delivering on the EU agenda and ambitions required more redeployments than ever.

Section I

Overview

This section includes an overview of the financial framework, describes the annual budgetary procedure and the developments of the EU budget from the initial budget to the final implemented budget, and presents the final annual accounts as well as the related data.

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 interinstitutional cooperation.

The financial framework which ended in 2006 was agreed for a period of 7 years (2000–06) by the Interinstitutional 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 current 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.

Structure

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, 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 preliminary 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). The 2000–06 financial framework is no longer modified by technical adjustments.

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]).

The latest revision of the financial framework, which addressed additional financing needs of the ITER project, was adopted on 13 December 2011 ([6]).

The budgetary procedure

The Lisbon Treaty states that the adoption of the EU budget takes place in four stages (Article 314 ([7])):

Commission's draft budget

According to the budgetary procedure, all EU institutions and bodies draw up their estimates for the draft budget according to their internal procedures before 1 July.

The Commission consolidates these estimates and establishes the annual 'draft budget', which is submitted to the European Parliament and the Council by 1 September. In practice, the Commission endeavours to present the draft budget before the end of April/beginning of May.

Council's reading of the budget

The Council adopts its position on the draft budget including amendments, if any, and passes it to Parliament before 1 October. The Council also informs Parliament of the reasons which led it to adopt its position.

([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]) http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0047:0200:EN:PDF

Parliament's reading

Parliament then has 42 days to either adopt the budget at its reading in October or hand its amendments back to the Council. The Council may accept the amendments within 10 days and adopt the draft budget.

Conciliation Committee

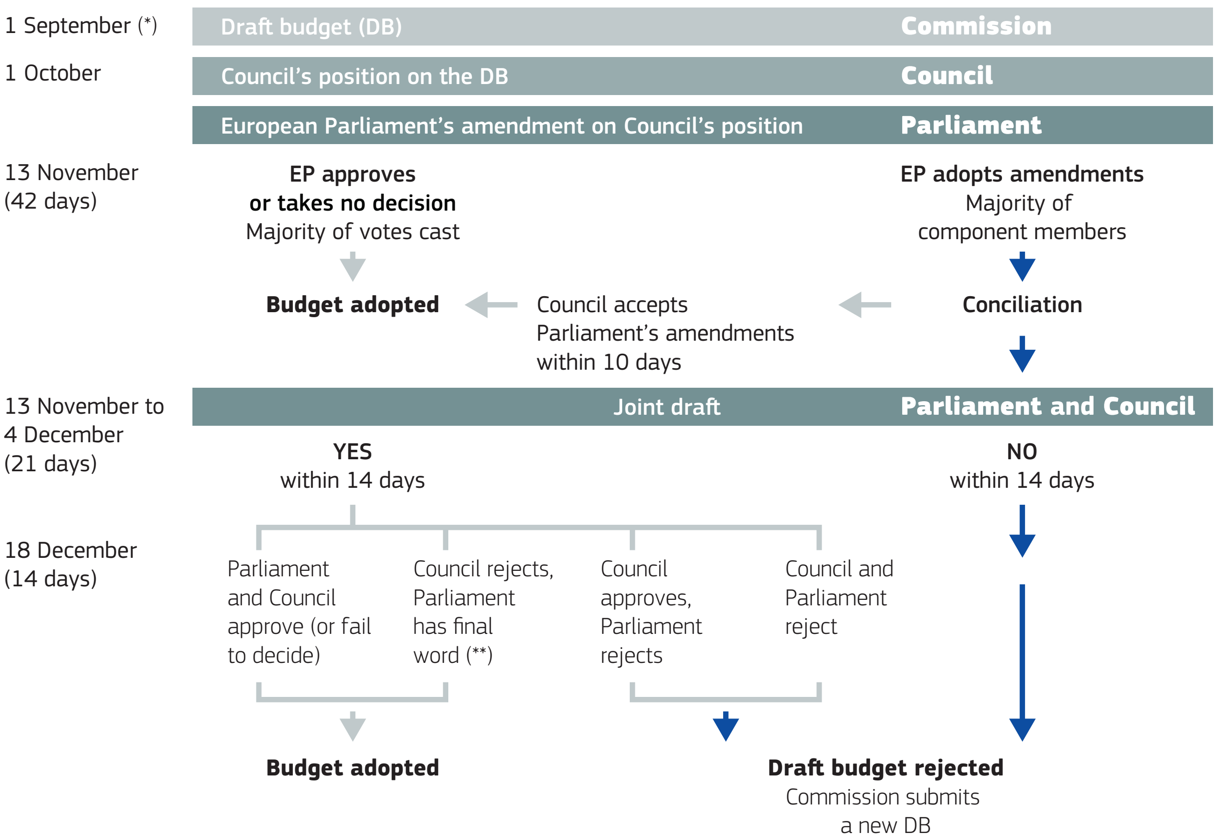
If the Council does not accept Parliament's amendments, a Conciliation Committee is set up, composed of the members of the Council or their representatives and an equal number of members representing Parliament. The Conciliation Committee is assigned to come up with a joint text within 21 days.

Once a joint text is agreed upon by the Conciliation Committee in early November, Parliament and the Council have 14 days to approve or reject it. Parliament may adopt the budget even if the Council rejects the joint text.

If either Parliament or the Council rejects the joint draft whilst the other fails to decide, the budget is rejected and the Commission has to submit a new draft budget.

If, at the beginning of a financial year, the budget has not yet been definitively adopted, a sum equivalent to not more than 1/12 of the budget appropriations for the preceding financial year may be spent each month.

Treaty timetable



(*) In practice, the Commission endeavours to present the draft budget before the end of April/beginning of May.
(**) i.e. European Parliament approves the joint text and then, within 14 days of Council's rejection, decides (by a majority of its component members and 3/5 of the votes cast) to confirm all or some of its amendments.

The adoption of the EU budget 2011

The process of adoption of the EU budget 2011 was the first one under the new rules agreed upon in the Lisbon Treaty.

Commission's draft budget

The 2011 draft budget was presented on 27 April 2010. Out of a total of EUR 142 565 million in commitment appropriations, some EUR 64 407 million was geared towards economic recovery actions (+ 3.4 % on 2010). The funds backing the flagship initiatives of the EU 2020 strategy (for growth) represented EUR 57 929 million (about 40 % of the budget). Helping to boost the economy in crisis and investing in Europe's youth and infrastructures for tomorrow were the priorities of the 2011 draft budget adopted by the Commission.

The Commission called for a 5.9 % increase for payment appropriations compared to the 2010 budget (totalling EUR 129 061.2 million). The Structural Funds and the Cohesion Fund were in a phase of active implementation on the ground, and so payment appropriations for active projects increased by 16.9 % (compared to commitments for new projects, which increased by 3.2 %), to reach over EUR 42 541 million. This increase in payments was expected to contribute in real terms to the necessary stimulus of national economies ([1]).

Council's reading of the budget

On 12 August 2010, the Council called for a 2.9 % increase (compared to the 2010 budget). The Council set commitment appropriations at EUR 141 777 million, a cut of EUR 788 million compared to the draft budget. Payment appropriations were reduced by EUR 3 609 million to EUR 126 527 million, or 1.01 % of GNI ([2]).

Parliament's reading

On 20 October 2010, Parliament called for a 6 % increase (compared to the 2010 budget). Total commitment appropriations were set at EUR 143 070 million, EUR 1 292 million higher than the Council's position. The level of payments was set at EUR 130 559 million (1.04 % of GNI), EUR 4 032 million higher than the Council's position ([3]).

Amending letters

During the course of the procedure, the Commission presented three letters of amendment to the draft budget (the so-called amending letters).

Amending Letter No 1/2011 proposed to create a new budget section (Section X) with the related budget appropriations for the European External Action Service (EEAS), as from 1 January 2011. The proposed administrative expenditure (through transfers from the Commission and the Council) for the EEAS in 2011 amounted to EUR 476 million, whereas the total number of establishment plan posts amounted to 1 643.

Amending Letter No 2/2011 covered the proposal to reinforce the EU contribution to Europol and the three new financial supervision authorities (European Banking Authority, European Insurance and Occupational Pensions Authority and

([1]) http://ec.europa.eu/budget/library/biblio/documents/2011/2011_Draft_budg_preparation_en.pdf
([2]) http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/116151.pdf
([3]) http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:070E:0149:0161:EN:PDF

European Securities and Markets Authority), for a combined overall amount of EUR 2 million in commitment and payment appropriations, as well as a modification to the establishment plans of these agencies. Finally, the amending letter proposed the creation of a new budget item for the guarantee provided by the European Union in accordance with the provisions of Article 122(2) of the Treaty on the Functioning of the European Union, as well as a corresponding revenue article, without budgetary implications.

Amending Letter No 3/2011 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. In addition, this amending letter proposed to create a new budget item for energy efficiency and renewable initiatives, within the framework of the energy projects to aid economic recovery. An overall decrease for Heading 2, 'Preservation and management of natural resources', of EUR 347 million in commitments and EUR 346 million in payments was proposed.

Conciliation Committee

In the case of the 2011 budget, the Conciliation Committee worked between 26 October and 15 November 2010 but did not reach an agreement although compromise was very close. As a consequence, the Commission had to present a new draft budget to reflect the near-compromise reached in conciliation.

The new draft budget was adopted on 26 November 2010. The Commission services worked under high pressure to ensure that the new draft budget was presented in due time, as not having a budget would have hampered the good functioning of the EU. Any new initiative or body that did not have a budget in 2010 would not have been funded by the budget, the European Union Solidarity Fund and European Globalisation Adjustment Fund would have been frozen, and generally speaking equal monthly budgets would have prevented planning over several months.

The new draft EU budget for 2011 set the payment appropriations at the level requested by the Council in August, i.e. EUR 126 527.1 million, corresponding to 1.01 % of GNI. Parliament expressed its understanding of the Council's position given the budgetary constraints that the Member States faced. The Commission, however, repeated its firm belief that the level of payments could only be agreed to if it was accompanied by the commitment of the budgetary authority to act promptly on requests for additional payment appropriations through amending budgets or transfers, in order to avoid any shortfall in payment appropriations ([1]).

The Council accepted the new draft budget presented by the Commission on 10 December 2010 and Parliament adopted the 2011 EU budget at its plenary session in Strasbourg on 15 December 2010.

In December 2011, the Commission received EUR 15.7 billion worth of payment claims from Member States concerning the operational programmes financed by the European Social Fund, European Regional Development Fund and the Cohesion Fund for the period 2007–13. Only EUR 5 billion could still be paid in 2011, leaving an extra EUR 10.7 billion to be paid in 2012. The requests covered projects that started in Member States in between 2007 and 2010, which were reaching completion.

([1]) http://ec.europa.eu/budget/library/biblio/documents/2011/new_DB2011_november/NewDB2011_introduction_en.pdf

Budget management

The general principles governing the EU budget

1. Unity and budget accuracy

All revenue and expenditure should be incorporated in a single budget document. Only the revenue and expenditure included in the budget are authorised. The principle of accuracy means that the EU will not spend more than is necessary.

2. Annuality

The principle of annuality requires budget operations to relate to a specific financial year (from 1 January to 31 December). This makes it easier to monitor the activities of the Union executive.

3. Equilibrium

The principle of equilibrium means that budget revenue must equal budget expenditure. The EU, unlike its Member States, is not allowed to borrow to cover its expenditure.

4. Unit of account

The budget is drawn up and implemented in euros and the accounts shall be presented in euros.

5. Universality

In line with this principle, budget revenue may not be assigned to specific items of expenditure (non-assignment rule) and revenue and expenditure may not be set off against each other (gross budget rule). Consequently, revenue is pooled and used without distinction to finance all expenditure.

6. Specification

The principle of specification means that each appropriation must have a given purpose and be assigned to a specific objective in order to prevent any confusion between appropriations, at both the authorisation and implementation stages. The principle of specification also applies to revenue and requires the various sources of revenue paid into the budget to be clearly identified.

7. Sound financial management

The principle of sound financial management stipulates that the budget appropriations must be used according to the principles of economy, efficiency and effectiveness.

8. The principle of transparency

The budget is established in compliance with the principle of transparency, ensuring sound information on implementation of the budget and the accounts.

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 the 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 11 February 2011, concerned non-differentiated appropriations, commitment appropriations and payment appropriations carried forward and 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 2011, a total of seven amending budgets were adopted.

Amending Budget (AB) No 1/2011 included the mobilisation of the EU Solidarity Fund for an amount of EUR 182.4 million in commitment and payment appropriations relating to the effects of heavy rainfalls in Poland, Slovakia, the Czech Republic, Hungary, Croatia and Romania in 2010. It also covered the corresponding negative reserve in payment appropriations of EUR 182.4 million in Chapter 40 03 (Negative Reserve) ([1]). Adopted by the Commission on 14 January 2011 (COM(2011) 9), it was amended by the Council on 15 March and approved by Parliament on 6 April.

AB No 2/2011 aimed at budgeting the surplus resulting from the implementation of the budget year 2010. Adopted by the Commission on 15 April 2011 (COM(2011) 154), it was approved by the Council on 16 June and adopted by Parliament on 5 July.
AB No 3/2011 covered the mobilisation of the EU Solidarity Fund for an amount of EUR 19.5 million in commitment and payment appropriations relating to the effects

([1]) The Commission section of the budget may include a 'negative reserve' limited to a maximum amount of EUR 200 million, which may comprise commitment appropriations and payment appropriations.

of heavy rainfalls in Slovenia, Croatia and the Czech Republic in 2010. This meant a corresponding reduction in payment appropriations of EUR 19.5 million from energy projects under the European Economic Recovery Plan (EERP). AB No 3 also included the replenishing of the negative reserve created as part of the financing of the mobilisation of the EU Solidarity Fund related to AB No 1/2011 through redeployment from energy networks (EERP). This AB covered additional payment appropriations needed for the European Globalisation Adjustment Fund (EGF) for an amount of EUR 50 million. Adopted by the Commission on 25 March 2011 (COM(2011) 219), it was amended by Parliament on 5 July and approved by the Council on 14 July.

AB No 4/2011 covered a revision in the forecast of traditional own resources (TOR, i.e. customs duties and sugar sector levies), VAT and GNI bases for the calculation of Member States' contributions to the EU budget, 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 2011, resulting in a change in the distribution between Member States of their own resources contributions to the EU budget. AB No 4 also included a reinforcement of resources (amounting to EUR 41.1 million in commitment appropriations and EUR 43.9 million in payment appropriations) to manage migration and refugee flows, further to the developments in the southern Mediterranean at that time, as well as a corresponding reduction in payment appropriations for energy projects under the European Economic Recovery Plan (EERP). The combined net financial impact of this amending budget was EUR 41.1 million in commitment appropriations and zero in payment appropriations. Adopted by the Commission on 17 June 2011 (COM(2011) 375), it was approved by the Council on 12 September and approved by Parliament on 28 September.

AB No 5/2011 covered a modification to the establishment plan of the European External Action Service (EEAS), without additional budgetary request. Adopted by the Commission on 22 June 2011 (COM(2011) 374), it was amended by Parliament on 25 October 2011 and approved by the Council on 28 October.

AB No 6/2011 covered:
- the regular update in the forecast of revenue after the revision of the forecasts of own resources and other revenue;
- commitment appropriations of EUR 23.14 million entered in reserve for the programme to support the further development of an integrated maritime policy (IMP);
- the reallocation of EUR 113.4 million in commitment appropriations within Heading 4, 'The EU as a global player', in favour of European neighbourhood and partnership financial assistance to the occupied Palestinian territories, the peace process and UNRWA (United Nations Relief and Works Agency for Palestine Refugees in the Near East) for an amount of EUR 100 million, and banana accompanying measures for an amount of EUR 13.4 million; these amounts were proposed as a front-loading of appropriations to cover expenditure in the year 2012;
- a reinforcement of European Social Fund operational technical assistance by EUR 3.25 million to provide specific expertise in support of the administrative reform operational programme in the field of tax administration in Greece; payment appropriations of EUR 300 000 were also requested;
- an increase of payment appropriations of EUR 200 million to meet outstanding needs which remained after the 'Global transfer';
- a decrease of EUR 395 million in payment appropriations in rural development programmes; this was entered tentatively pending declarations from Member States.

To summarise, the net effect of AB No 6 represented the increase of EUR 200 million in total payment appropriations. Adopted by the Commission on 18 October 2011 (COM(2011) 674), it was amended by the Council on 30 November 2011 and approved by Parliament on 1 December 2011.

AB No 7/2011 covered the mobilisation of the EU Solidarity Fund for an amount of EUR 38 million in commitment and payment appropriations relating to the earthquake in Murcia, Spain (EUR 21.1 million) and flooding in Veneto, Italy (EUR 16.9 million). Adopted by the Commission on 21 November 2011 (COM(2011) 796), it was approved by the Council on 30 November and adopted by Parliament on 15 December.

Summary table of amending budgets for the financial year 2011 (1)

AB No	Date of adoption	OJ reference	Impact on PA	Main subject
1	6.4.2011	Official Journal L 172 30.6.2011	Heading 3b: + 179 Heading 4: + 4 Reserve: – 182	Mobilisation of the EU Solidarity Fund for Poland, Slovakia, Czech Republic, Hungary, Croatia and Romania
2	5.7.2011	Official Journal L 213 19.8.2011	Heading 3b: + 179	2010 Surplus
3	17.7.2011	Official Journal L 251 27.9.2011	Heading 1a: – 202 Heading 3b: + 18 Heading 4: + 1 Reserve: + 182	Mobilisation of the EU Solidarity Fund for Slovenia, Croatia and the Czech Republic in 2010
4	28.9.2011	Official Journal L 312 25.11.2011	Heading 1a: – 44 Heading 3a: + 44	Revision of Own resources and Migration and Refugee Flows
5	28.10.2011	Official Journal L 342 22.12.2011		The AB No 5/2011 covers a modification to the establishment plan of the European External Action Service (EEAS), without additional budgetary request.
6	1.12.2011	Official Journal L 20 24.1.2012	Heading 1a: + 142 Heading 1b: + 453 Heading 2: – 395	Revision of Own Resources, Integrated Maritime Policy, European Social Fund, Palestine, Payment Appropriations
7	15.12.2011	Official Journal L 62 2.3.2012	Heading 2: – 38 Heading 3b: + 38	Mobilisation of the Solidarity Fund Spain and Italy

(1) http://ec.europa.eu/budget/biblio/documents/2011/2011_en.cfm#amending_budget

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 2011 (million EUR)

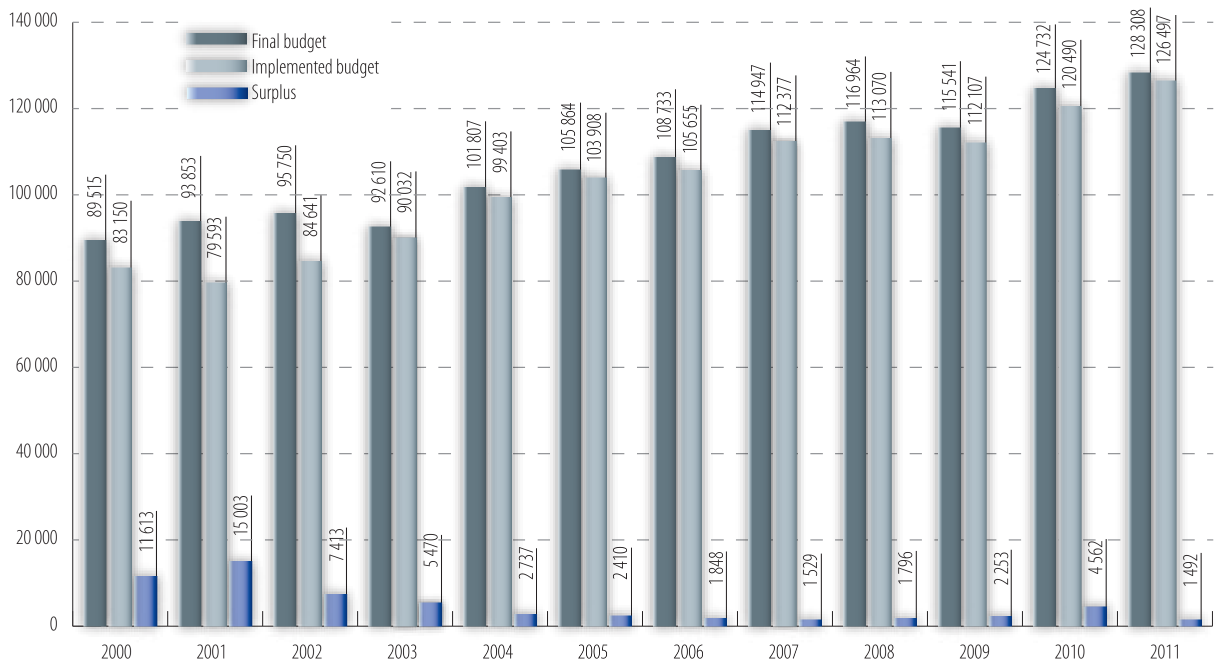
Heading		Initial voted budget (without reserve)	Carryover from 2010	Amending budgets	Total impact of transfers	Unused reserve	Final budget
1a	Competitiveness	11 628	270	– 104	80		11 874
1b	Cohesion	41 652	11	453	285		42 401
2	Natural resources	56 327	419	– 433	– 100		56 212
3a	Freedom, Security and Justice	800	26	44	– 9	1	862
3b	Citizenship	646	72	235	– 3		950
4	EU as a global player	7 144	38	34	– 125		7 092
5	Administration	8 169	745	0	1	1	8 917
Total		**126 367**	**1 582**	**229**	**129**	**2**	**128 308**

Budget outturn

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 2011 totalling EUR 128 308 million, EUR 126 497 million — or 99 % — has been used.

Active budget management 2000–11 (million EUR)



The surplus comes from three sources: income, expenditure and exchange rate differences.

In 2011, EUR 0.7 billion more revenue flowed into the budget than originally forecast. Out of the total amount budgeted for expenditure, a further EUR 0.7 billion was not spent. The normal fluctuations in exchange rates between the euro and other currencies led to a surplus of EUR 0.1 billion. These three elements led to a surplus of EUR 1.5 billion which was the lowest in recent years. The EUR 1.5 billion could not be used to pay off part of the bills received from Member States at the end of 2011 because of the principles of specification and annuality as explained above.

At the end of December 2011, the outstanding requests for payments from the Member States for structural actions amounted to EUR 10.7 billion, about EUR 5 billion of which could have been paid had there been sufficient payment appropriations on the relevant budget lines. However, the surplus of EUR 1.5 billion could not be used to address these requests for a number of reasons:

1. Those parts of the surplus related to income and the exchange rate fluctuations were not available to the Commission for spending. Only amounts entered in the budget for expenditure can be paid out (principle of specification).

2. Not all of the unused expenditure of EUR 0.7 billion concerned the Commission. Almost EUR 0.18 billion concerned amounts unspent by the other European institutions, and was not available to the Commission (principle of specification).

3. A further EUR 0.17 billion concerned amounts from the 2010 budget which had been carried over to 2011, but which according to the financial rules cannot be used for any purpose other than that originally agreed with the European Parliament and the Council (principle of specification).

4. This leaves EUR 0.38 billion (taking into account the carryover in February 2012), which might have been transferred to the structural actions if time had allowed. However, this would have meant getting the agreement of Parliament and Council to transfer the amounts before 31 December, when the end of the year was approaching, and the calendar of meetings was extremely limited.

5. The EUR 375 million of payment appropriations unspent represent less than 0.3 % of the total 128.3 billion authorised in the 2011 budget. That clearly shows that, despite the justified rigour ensured by the financial regulation, the Commission was able to implement virtually the totality of the payment appropriations authorised in the 2011 budget.

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. Monthly and quarterly reporting on budgetary implementation is made to the budgetary authorities and online (Europa website) for the general public. 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.

Outstanding commitments (RAL)

The RAL is the sum of outstanding commitments, i.e. commitments agreed to but that have not yet translated into payments. A commitment is only a pledge to make a money transfer in the future. Once approved, but before it is paid, it remains outstanding (not yet paid for).

Commitments reflect policies agreed at EU level, with corresponding amounts foreseen in the legal acts of the respective spending programmes (e.g. seventh research framework programme, 'Lifelong learning', the European regional and social funds, rural development, the European Return Fund, the Instrument for Pre-Accession Assistance).

The money that the Commission and its budget management 'partners' (especially the Member States which are responsible for the execution of around three quarters of the EU budget) actually pay depends on whether all conditions for granting it have been fulfilled. If, for instance, the conditions for eligibility of expenditure are not met or the deadline for sending reimbursement demands expires, actual payments will be less than 100 % of the commitments from which they originated.

The Commission and all other 'actors' involved are doing their best to make use of the amounts committed. This is a sign of good administration of resources and ensures that the European funds have reached the intended beneficiaries. Also, the existence of commitments which have not been followed can confirm that there are no blank cheques given and that money is spent only when due and when the rules are complied with.

By the end of 2011, the outstanding commitments amounted to EUR 207 billion. They could have been EUR 5 billion lower had there been sufficient payments in the budget 2011.

Treasury management

The Commission has accounts with Member State treasuries, central banks and commercial banks. The source of Community 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 2011, 0.73 % out of a total of 1 859 782 payments made were executed through treasuries and central banks, representing 68.84 % of the total amount of payments. The remaining 99.27 % payments were made through commercial banks (representing 31.16 % of the total amount of payments). Most of the Commission funds are kept in Member State and central bank accounts.

Section II

Revenue

The budget of the European Union is financed by own resources, other revenue and the surplus carried over from the previous year. When 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 2011, own resources amounted to EUR 119 994.7 million and other revenue to EUR 5 465.9 million and EUR 4 539.4 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 previous Council Decision 2000/597 (ORD 2000) was replaced by Council Decision 2007/436 (ORD 2007). 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 ('the additional fourth resource'), which plays the role of residual resource.

Finally, 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.

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 2011, this resource corresponded to 13 % (EUR 16 646 million) of total revenue.

A production charge is paid by sugar producers.

Revenue from this resource amounted to 0.1 % (EUR 131.7 million) of total revenue in 2011.

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

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 2011, the 50 % 'capping' was applied to six Member States (Ireland, Cyprus, Luxembourg, Malta, Portugal and Slovenia).

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.

In 2011, the total amount of the VAT own resource (including balances for previous years) levied reached EUR 14 798.9 million, or 11 % of total revenue.

The GNI 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.

In 2011, under ORD 2007, the rate of call of GNI amounted to 0.6897 % (rounded figure) and the total amount of the GNI resource (including balances for previous years) levied reached EUR 88 412.6 million, or 68 % of total 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.

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.

The imbalance is calculated as the difference between the UK 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 26 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 22 Member States.

ORD 2007 introduced several changes to the calculation of the amount of the UK correction:

- The fixation of the rate of call of the VAT own resource at 0.30 % and the reduced rates temporary 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 rural development expenditure originating from the 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 will be adjusted upwards accordingly.

The total amount of the UK correction paid in 2011, pursuant to ORD 2007, amounted to EUR 3 595.9 million.

Other revenue and the surplus from previous year

Revenue other than own resources includes: tax and other deductions from EU staff remunerations; bank interest; 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.

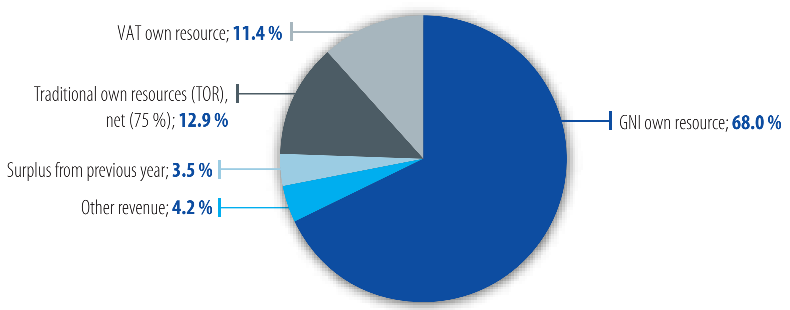
In 2011, other revenue amounted to EUR 5 465.9 million, and the surplus carried over from the year 2010 corresponded to EUR 4 539.4 million.

National contribution by Member State and traditional own resources collected on behalf of the EU in 2011 (million EUR)

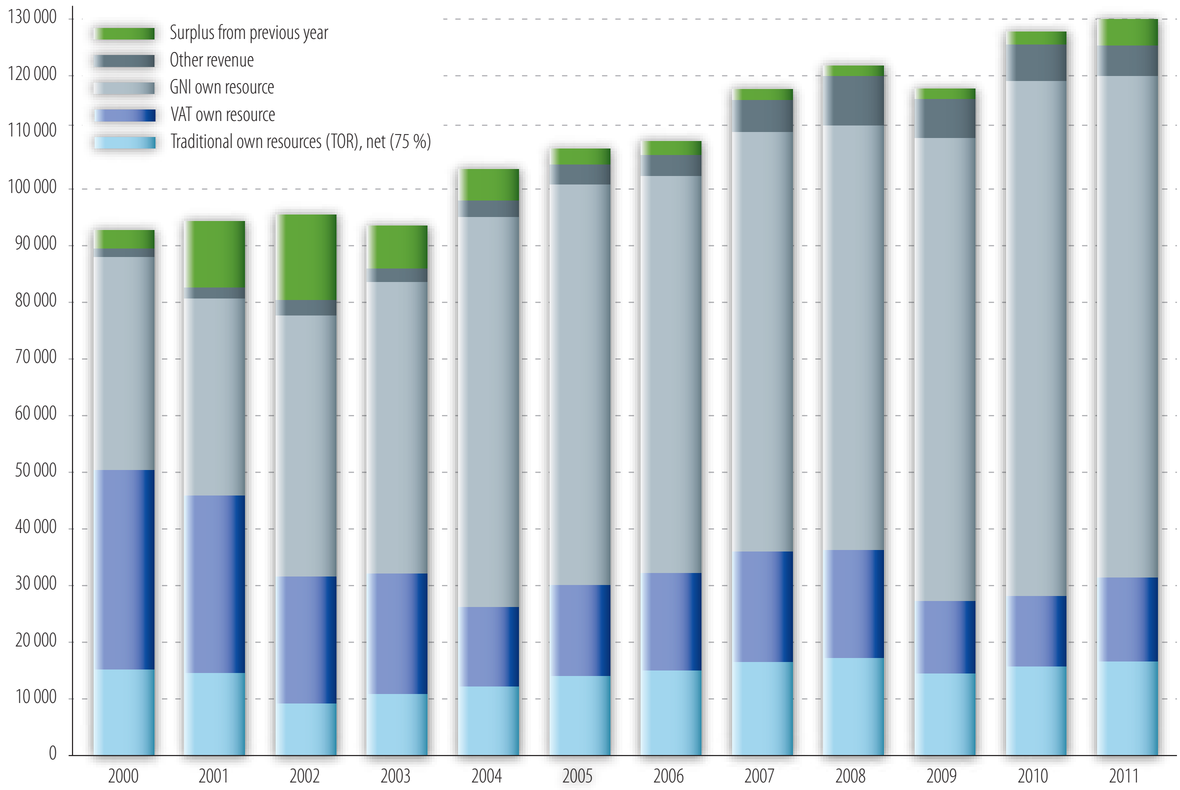
GNI (bn EUR)		VAT own resource	GNI own resource	UK correction	Reduction in GNI OR granted to NL and SE	Total national contribution	%	% GNI	Traditional own resources (TOR) net (75 %)	Total own resources	%	% GNI
		(1)	(2) (*)	(3) (**)	(4) (**)	(5) = (1) + (2) + (3) + (4)	%	% GNI	(6)	(7) = (5) + (6)	%	% GNI
375.5	BE	516.5	2 627.3	177.5	24.2	**3 345.5**	3.2	0.89	1 581.0	4 926.5	4.1	1.31
37.5	BG	51.2	274.1	18.4	2.4	**346.1**	0.3	0.92	49.1	395.2	0.3	1.05
144.4	CZ	207.7	1 170.4	74.6	9.3	**1 462.0**	1.4	1.01	220.6	1 682.5	1.4	1.17
247.5	DK	291.3	1 701.2	112.1	16.1	**2 120.8**	2.1	0.86	327.6	2 448.3	2.0	0.99
2 612.4	DE	1 671.5	17 610.4	218.3	170.9	**19 671.1**	19.1	0.75	3 456.0	23 127.1	19.3	0.89
15.2	EE	22.9	106.9	6.0	1.0	**136.7**	0.1	0.90	21.9	158.6	0.1	1.05
125.3	IE	193.5	884.4	52.7	8.3	**1 139.0**	1.1	0.91	199.8	1 338.7	1.1	1.07
208.2	EL	278.6	1 376.1	93.1	14.2	**1 762.0**	1.7	0.85	141.0	1 903.0	1.6	0.91
1 048.1	ES	1 964.4	7 355.1	487.7	69.0	**9 876.1**	9.6	0.94	1 170.2	11 046.3	9.2	1.05
2 034.0	FR	2 916.6	14 035.3	965.9	133.0	**18 050.8**	17.5	0.89	1 566.3	19 617.2	16.3	0.96
1 569.7	IT	1 811.8	11 703.4	717.9	103.1	**14 336.2**	13.9	0.91	1 741.7	16 078.0	13.4	1.02
17.2	CY	27.0	123.5	8.5	1.2	**160.1**	0.2	0.93	24.6	184.8	0.2	1.08
20.2	LV	15.9	133.6	9.0	1.2	**159.8**	0.2	0.79	22.6	182.3	0.2	0.90
29.6	LT	27.9	213.7	14.0	1.9	**257.4**	0.2	0.87	44.6	302.0	0.3	1.02
30.6	LU	46.7	215.1	15.0	2.1	**278.8**	0.3	0.91	14.3	293.1	0.2	0.96
94.6	HU	116.6	666.4	47.0	6.4	**836.4**	0.8	0.88	101.0	937.4	0.8	0.99
5.8	MT	9.5	43.5	2.9	0.4	**56.3**	0.1	0.97	10.1	66.5	0.1	1.14
608.1	NL	290.3	4 217.2	50.7	– 625.0	**3 933.3**	3.8	0.65	1 935.7	5 868.9	4.9	0.97
300.2	AT	306.1	2 150.0	24.0	19.1	**2 499.2**	2.4	0.83	189.5	2 688.7	2.2	0.90
353.9	PL	527.0	2 494.5	182.7	23.5	**3 227.8**	3.1	0.91	352.6	3 580.4	3.0	1.01
164.9	PT	299.3	1 207.8	81.6	10.8	**1 599.4**	1.5	0.97	135.0	1 734.4	1.4	1.05
134.7	RO	138.8	902.2	66.9	8.2	**1 116.0**	1.1	0.83	109.9	1 225.9	1.0	0.91
35.0	SI	54.7	251.9	17.9	2.4	**326.9**	0.3	0.93	74.2	401.1	0.3	1.14
67.8	SK	60.0	474.9	36.9	4.5	**576.3**	0.6	0.85	117.4	693.7	0.6	1.02
193.7	FI	266.9	1 436.1	87.1	12.6	**1 802.8**	1.7	0.93	152.4	1 955.2	1.6	1.01
396.1	SE	173.1	2 798.9	33.0	– 138.3	**2 866.6**	2.8	0.72	466.9	3 333.6	2.8	0.84
1 758.9	UK	2 513.1	12 240.0	– 3 595.9	116.2	**11 273.4**	10.9	0.64	2 551.8	13 825.2	11.5	0.79
12 629.1	**EU-27**	**14 798.9**	**88 414.0**	**5.4**	**– 1.4**	**103 216.9**	**100**	**0.82**	**16 777.7**	**119 994.7**	**100**	**0.95**
						Surplus from previous year				4 539.4		
						Surplus external aid guarantee fund				0.0		
						Other revenue				5 465.9		
									Total revenue	**130 000.0**		

(*) 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.

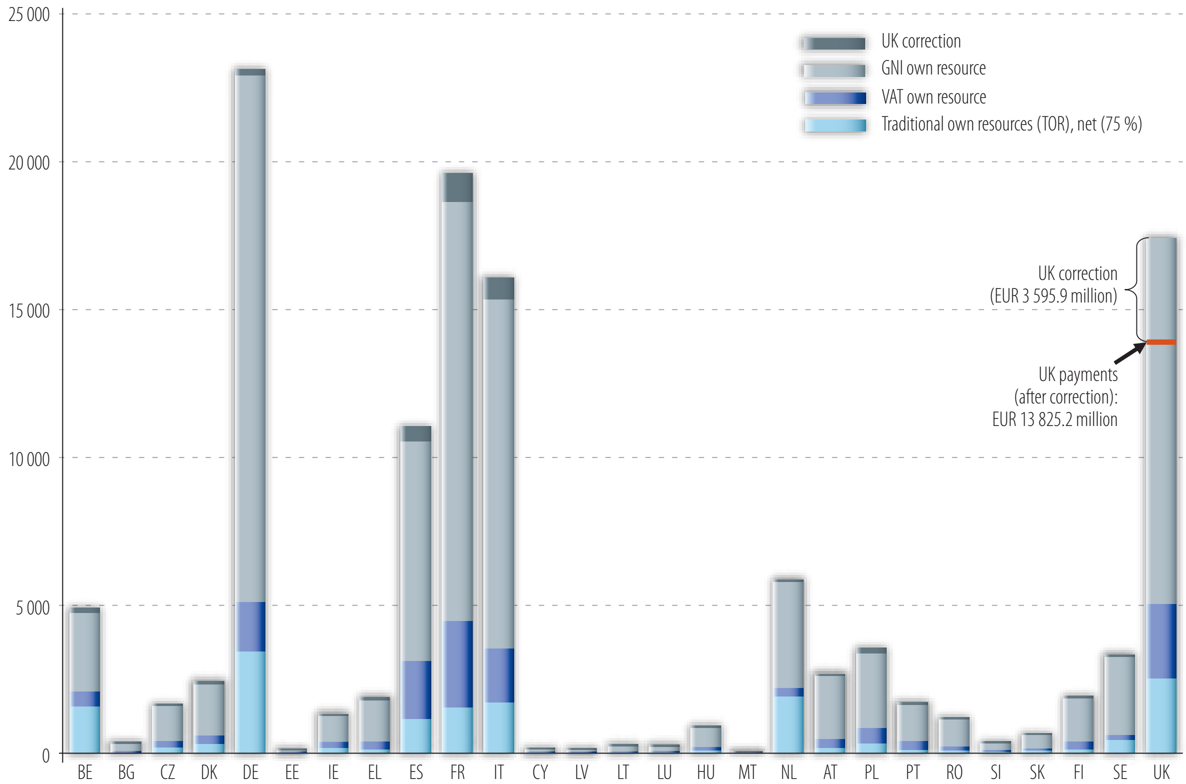
EU revenue 2011



EU revenue 2000–11 (million EUR)



National contribution per Member State and TOR collected on behalf of the EU in 2011 (million EUR)



Donations

Pursuant to Article 19 of the Financial Regulation, the Commission may accept any donation made to the EU, such as foundations, subsidies, gifts and bequests.

Acceptance of donations of 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, are subject to the authorisation of the European Parliament and of 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 13a of the Implementing Rules).

Following a Commission decision, in written procedure, to accept a donation which implies charges for the institutions, the decision is forwarded to Parliament and the Council. The Commissioner responsible for the budget may finally decide to accept the donation in the absence of a negative opinion, or to renounce to a donation in case of a negative opinion of Parliament or the Council.

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

The Director-General of the Commission's Budget Department 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.

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

In 2011, no such donation was recorded.

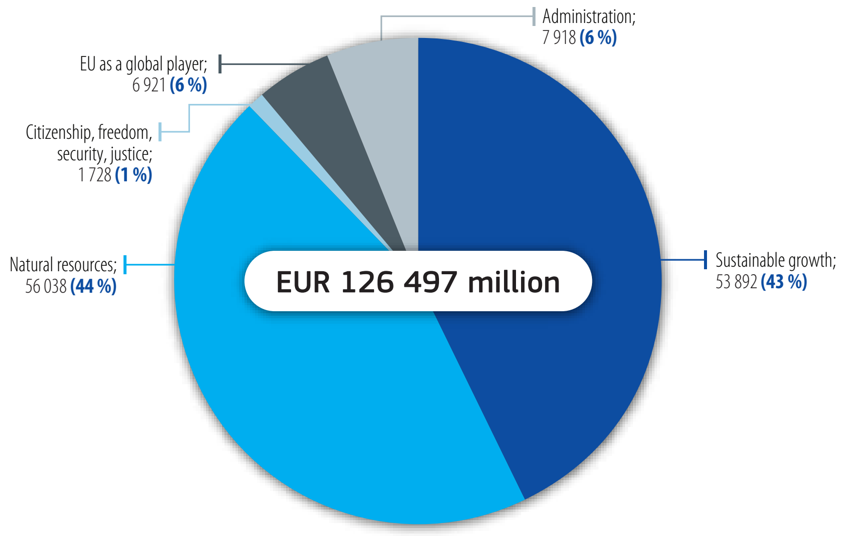
Section III

Expenditure

Section III presents expenditure incurred through the EU budget in 2011. It provides a description of the expenditure for the main programmes under each heading of the 2007–13 financial framework, as well as data on the allocation of expenditure by each Member State.

Both presentations are based on authorised appropriations in 2011, implemented in 2011, and excluding earmarked appropriations (except for appropriations for the European Free Trade Assocation (EFTA) in the case of the allocation of expenditure by Member State). The details of its methodology are explained in the table on financial data structure on page 38.

EU budget 2011 — Implemented payments (million EUR)



Allocation of EU expenditure for 2011 by Member State

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]).

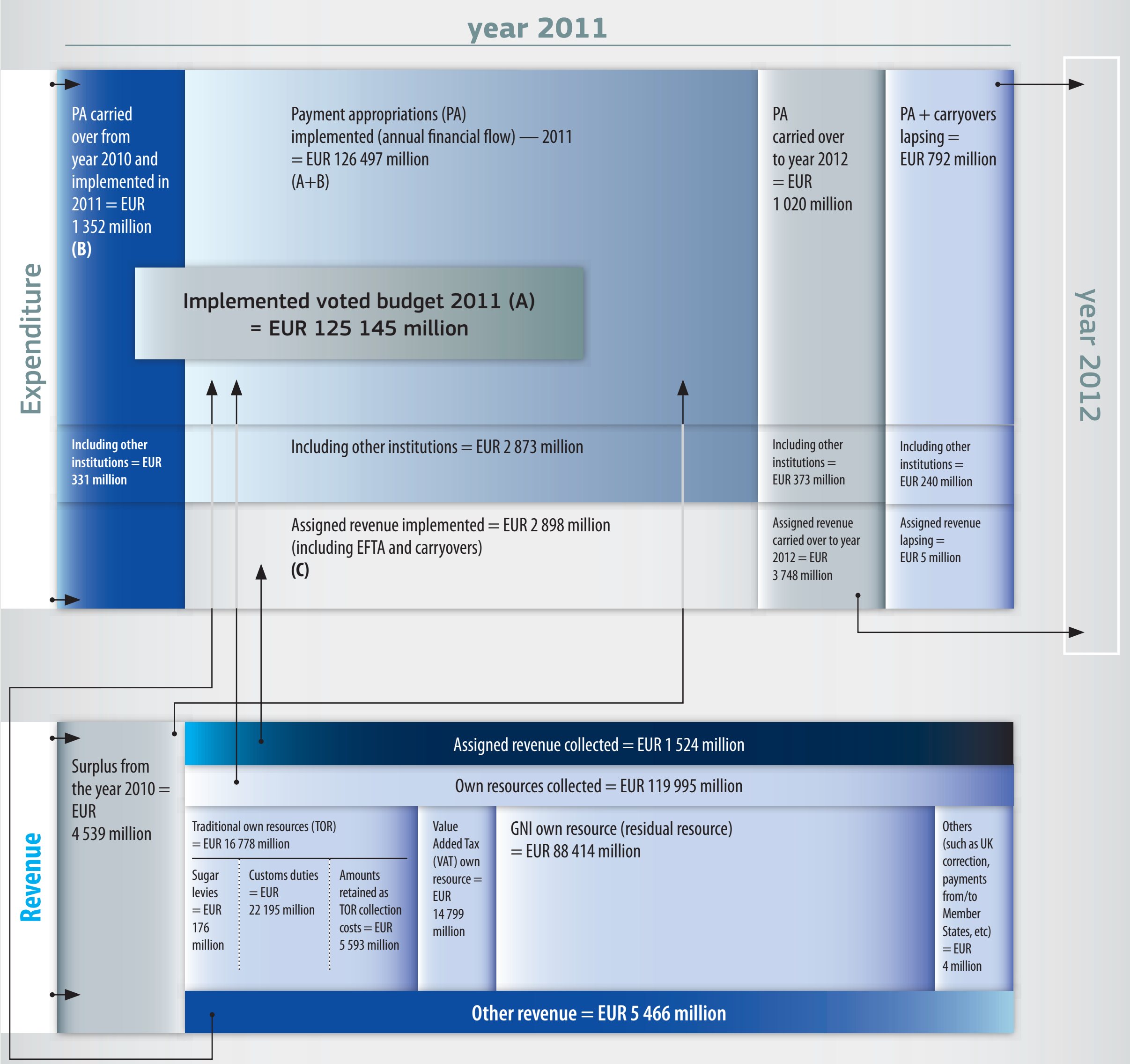
This accounting allocation, among other drawbacks, is non-exhaustive and gives no indication of many of the other benefits gained from EU policies such as those relating to the internal market and economic integration, not to mention political stability and security.

In 2011, EUR 117 336.9 million (i.e. 90.7 % 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:

A + B = EUR 126 497 million

General data structure of the Financial Report 2011

= *Year of occurrence approach without assigned revenue*

Implemented voted budget and implemented carryovers from the previous financial year **excluding** implemented assigned revenue

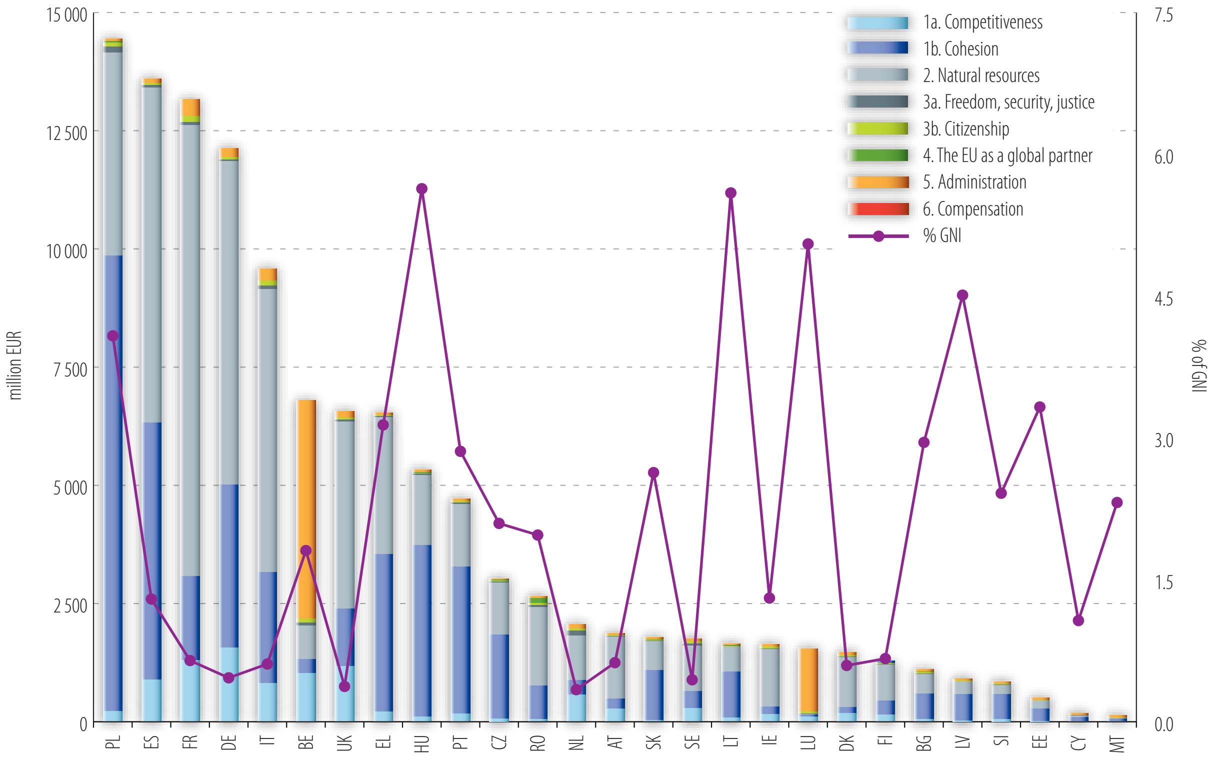
A + B + C = EUR 129 395 million

Year of occurrence approach

Implemented voted budget and implemented carryovers from the previous financial year + implemented assigned revenue

In total, 94 % of the EU budget 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.

Expenditure by Member State



Allocation of 2011 EU expenditure by heading and by Member State

Methodological note: allocation of expenditure

In 2011, total executed EU expenditure amounted to EUR 126 715 million (excluding EUR 2 679.9 million of expenditure made from earmarked revenue and including EUR 218.1 million of expenditure made of EFTA contributions) or EUR 129 394.9 million ([1]) when including earmarked revenue and those of EFTA, of which EUR 117 336.9 million (i.e. 90.7 %) was allocated to Member States and EUR 6 438.3 million to third countries and EUR 5 619.7 million was not allocated. The corresponding 2010 figures were EUR 122 230.7 million, EUR 111 337.5 million (i.e. 91.1 %), EUR 6 522 million and EUR 4 371.2 million.

In 2011, EU expenditure allocated to third countries (i.e. EUR 6 438.3 million) concerned mainly part of: 'The EU as a global player' (EUR 5 174.9 million), research (EUR 573.3 million), TEN (EUR 295 million), fisheries (EUR 157.8 million) and other (EUR 237.4 million).

The 2011 EU expenditure which was not allocated (i.e. EUR 5 619.7 million) falls into the following categories:

- expenditure financed from earmarked revenue: EUR 2 679.9 million;
- part of expenditure under 'The EU as a global player' (EUR 1 557.4 million);
- expenditure which, by its nature, cannot be attributed to specific Member States: EUR 1 382.4 million. This concerns part of administration (EUR 363.7 million), research (EUR 760.9 million), competitiveness and innovation (EUR 107.5 million) and other (EUR 150.3 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.

([1]) Payments made from EUR 134 959.7 million of payments appropriations (i.e. from the sum of: EUR 126 727.1 million on year's appropriations, EUR 1 581.5 million on carryovers and EUR 6 651.0 million on earmarked revenue).

Expenditure financed from earmarked revenue is presented separately, except for the payments made under EFTA appropriations, which cannot be isolated in the central accounting system of the Commission (ABAC).

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.

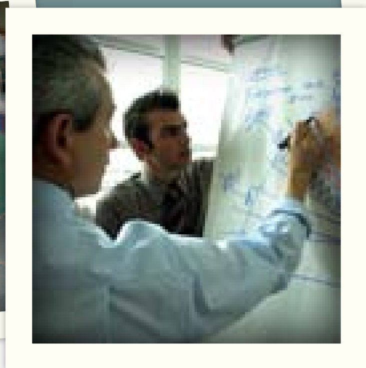
Allocation by Member State:

Expenditure is allocated to the country in which the principal recipient resides, on the basis of the information available in ABAC.

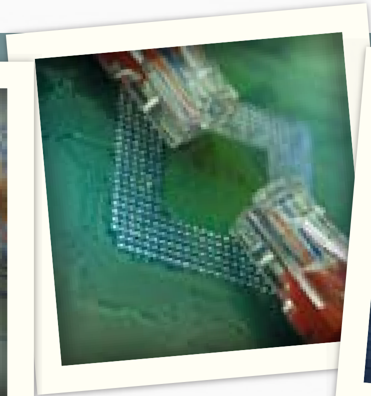
Some expenditure is not (or is improperly) allocated in ABAC, due to conceptual difficulties. In this case, whenever obtained from the corresponding services, additional information is used (e.g. for Galileo, research and administration).

Competitiveness for growth and employment

Fostering greater working mobility in Europe, the Leonardo da Vinci programme provided almost 320 000 placements in 2007–11, enabling citizens to gain work experience and improve their knowledge of foreign languages.



The Grundtvig programme has supported around 10 180 individual mobility grants for staff and adult learners (2007–11).

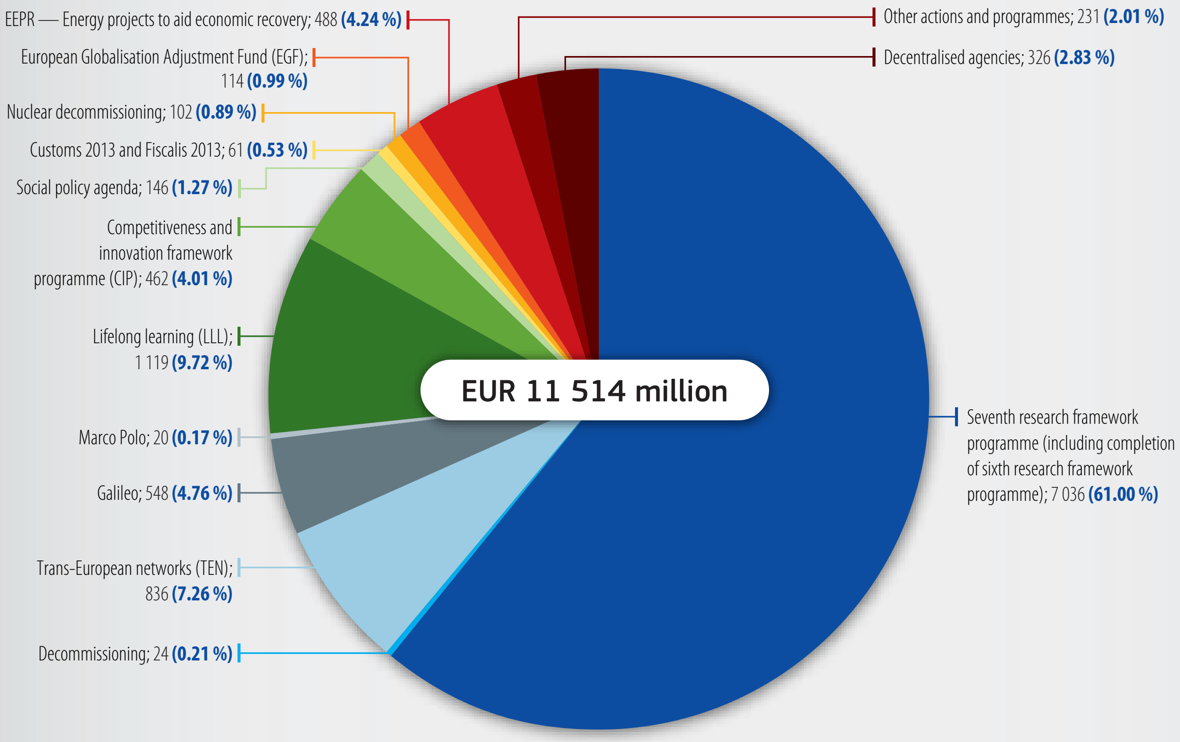


The information and communication technologies research programme supports more than 15 000 of the best European researchers and engineers in the field every year. Over 5 000 organisations participate, half of them small and medium enterprises. Half of the budget goes to industry and the rest to academia.

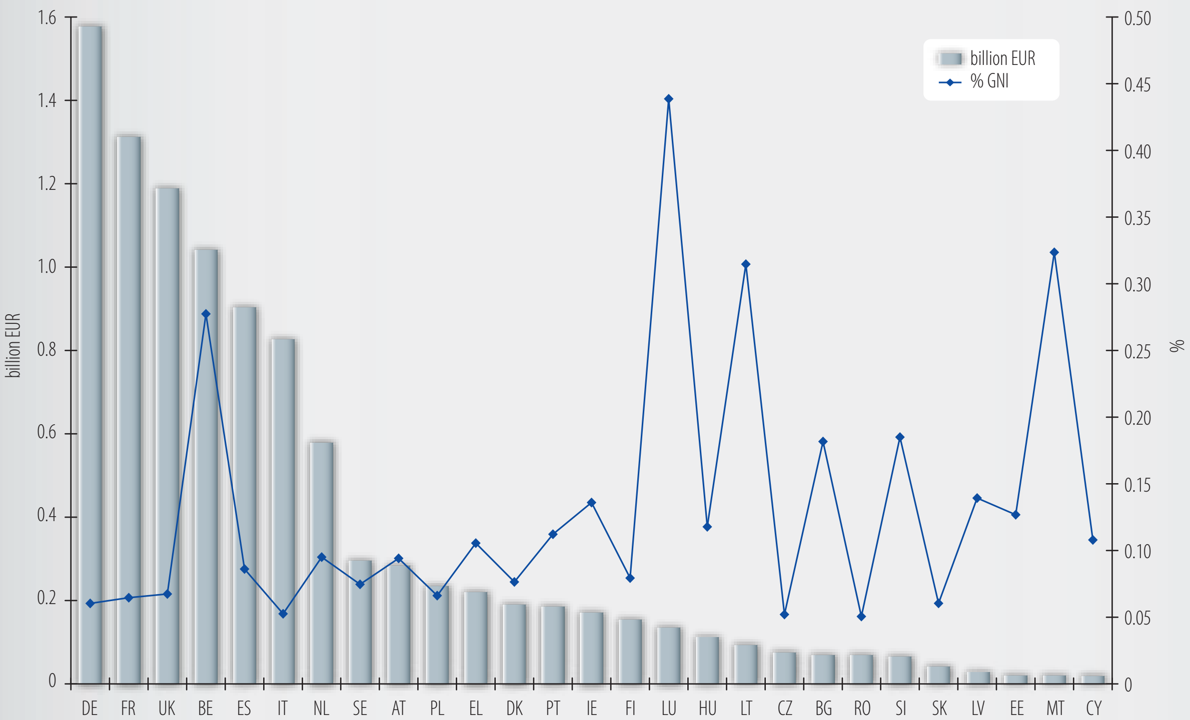
Thanks to the 16 km Øresund bridge linking Scania (Sweden) and Zealand (Denmark), a region has been created with a population of 3.7 million inhabitants and nearly 20 000 commuters crossing the bridge on average per day.

The expenditure allocated under 'Competitiveness for growth and employment' is 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 are 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 globalisation era'. The main programmes financed under this subheading are the seventh framework programme for research and technological development (FP7), the 'Lifelong 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 concern the following fields: internal market, statistics, financial services and supervision, the fight against fraud, taxation and the customs union.

Heading 1a — Implemented payments (million EUR)



Heading 1a — Expenditure by Member State



Framework programme for research and technological development

The framework programme for research and technological development fulfils the requirement of Article 182 of the Treaty on the Functioning of the European Union and covers all research-related EU initiatives which play a crucial role in achieving the goals of growth, competitiveness and employment.

In 2011, spending covered the fifth year of the seventh framework programme (FP7) ([1]), in total EUR 6 572 million. Together with the completion of the sixth framework programme, some 61 % of the expenditure under this subheading was spent on research and technological development in 2011.

FP7: 2007–13 budget: EUR 55.5 billion

Objectives:

1. Gain leadership in key scientific and technology areas

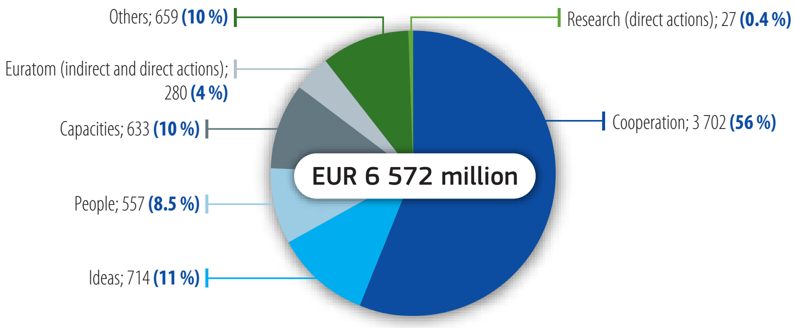
2. Stimulate the creativity and excellence of European research

3. Develop and strengthen the human potential of European research

4. Enhance research and innovation capacity throughout Europe

FP7 activities are organised around five specific programmes, each comprising a number of research themes.

FP7 — Implementation 2011 by themes (million EUR)

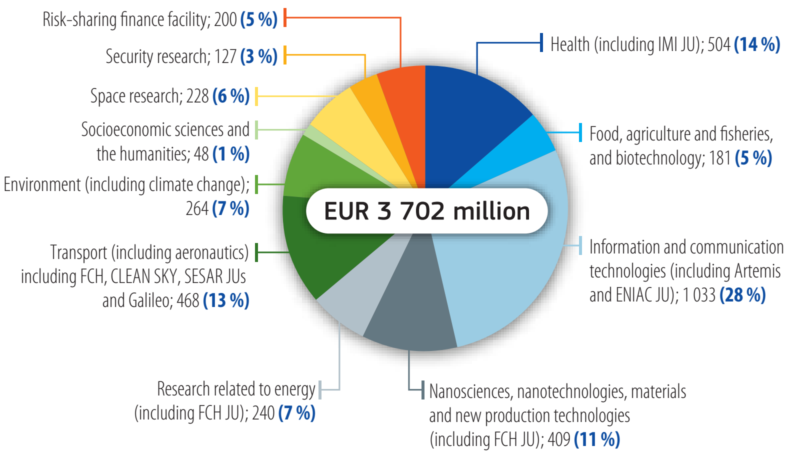


'Cooperation' supports all types of research activities carried out by different research bodies in transnational cooperation and aims to gain or consolidate leadership in key scientific and technology areas that will improve Europe's ability to address its social, economic, public health, environmental and industrial challenges of the future.

A total of EUR 3 702 million (operational expenditure) was spent under the theme 'Cooperation' in 2011.

([1]) More information about FP7 can be found at: http://cordis.europa.eu/fp7/home_en.html

Implementation by research theme (million EUR)



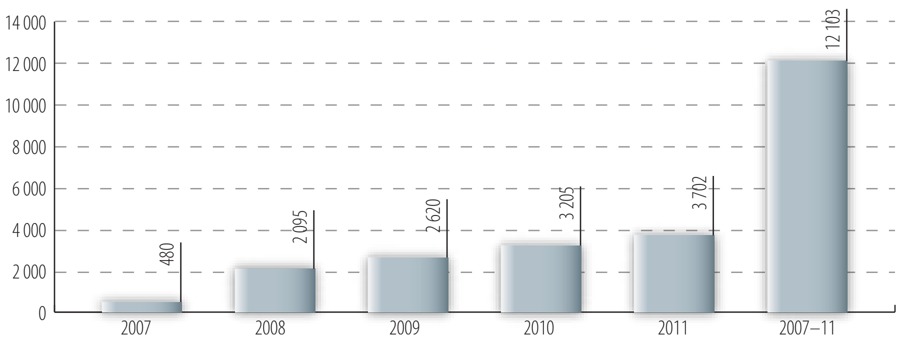
Example:

Many compounds used to protect steel against corrosion are hazardous to the environment and to human health. The STEEL COAT project aims to reduce the use of toxic and hazardous compounds in anti-corrosion coatings for steel while at the same time extending its service life. The corrosion protection in these novel coatings will be achieved by combining environmentally friendly nanoparticles and conductive polymer, together with novel compatible binder polymers.

(http://steelcoatproject.com)

FP7 has allocated EUR 30 499.5 million (operational expenditure) to the 'Cooperation' programme for the 2007–13 period.

'Cooperation': implementation 2007–11 (million EUR, operational expenditure)



'Ideas' supports 'frontier research' solely on the basis of scientific excellence. Research may be carried out in any area of science or technology, including engineering, socioeconomic sciences and the humanities. It is run by the European Research Council (ERC). There are two categories of grants given: the ERC starting independent researcher grants and ERC advanced investigator grants.

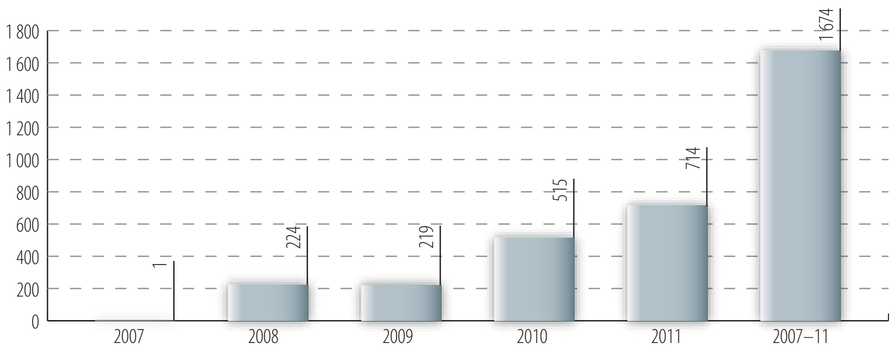
A total of EUR 714 million (operational expenditure) was spent under the theme 'Ideas' in 2011.

Example:

Through the DIAG-CANCER project, a low-cost, non-invasive diagnostic method for breast and other types of cancer is being developed. The person exhales into the device, which analyses the breath through an array of nano-sensors. Potentially, the analysis would not only indicate the stage and subtype of the disease, but also help monitor response to treatment. It is hoped that this approach would lead to reduced health budgets through low-cost and earlier proposed tests and more cost-effective cancer treatments.

FP7 has allocated EUR 7 154.2 million (operational expenditure) to the 'Ideas' programme for the 2007–13 period.

'Ideas': implementation 2007–11 (million EUR, operational expenditure)



'People' provides support for researcher mobility and career development, both for researchers inside the European Union and beyond its borders. Its objective is to increase the EU's capacity to attract and retain highly trained and qualified researchers.

A total of EUR 557 million (operational expenditure) was spent under the theme 'People' in 2011.

Example:

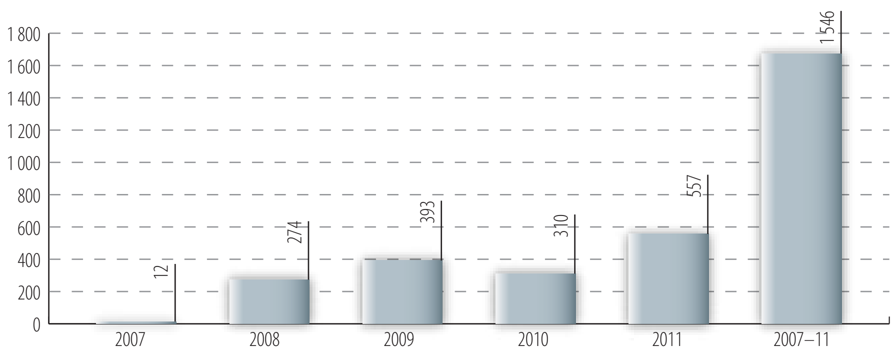
The 'Human resources strategy for researchers' is a voluntary tool consisting of a simple five-step process based on self-assessment and peer review. It allows research institutions and funders to develop their own strategic approach to the implementation of the European Charter for Researchers and Code of Conduct for the Recruitment of Researchers. The European Commission awards the 'HR excellence in research' badge to organisations that have made progress in the take-up of the principles recommended.

This strategy is part of the 'EURAXESS — Researchers in motion' initiative, the European Commission's main information and assistance tool for ERA policies for researchers, their employers and funders.

(http://ec.europa.eu/euraxess/)

FP7 has allocated EUR 4 531.5 million (operational expenditure) to the 'People' programme for the 2007–13 period.

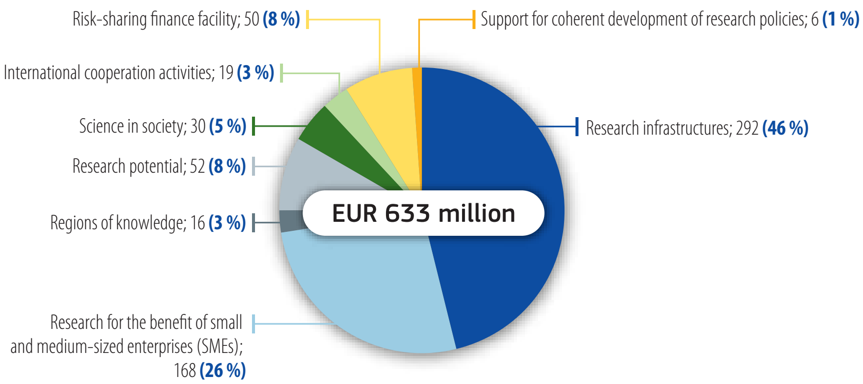
'People': implementation 2007–11 (million EUR, operational expenditure)



'Capacities' supports key aspects of European research and innovation capacities such as: research infrastructures; regional research-driven clusters; the development of a full research potential in the Community's convergence and outermost regions; research for the benefit of small and medium-sized enterprises (SMEs); 'Science in society' issues; support to the coherent development of policies; and horizontal activities of international cooperation.

A total of EUR 633 million (operational expenditure) was spent under the theme 'Capacities' in 2011.

'Capacities': implementation 2011 by research theme (million EUR)



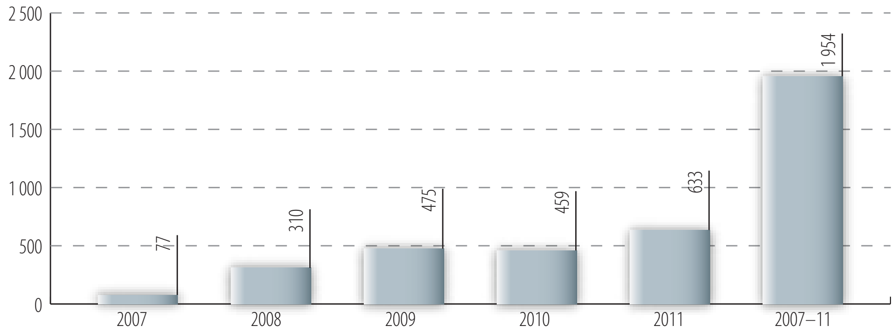
Example:

WaterBee DA aims to quantify profitable operation of the WaterBee service for growers. Integrating the latest innovations in low-cost wireless sensor networks, soil sensor technology and intelligent software, this demonstration project has led to water savings of 40 % and to enhanced crop quality in testing sites across Europe.

(http://www.waterbee.eu)

FP7 has allocated EUR 3 872.4 million (operational expenditure) to the 'Capacities' programme for the 2007–13 period.

'Capacities': implementation 2007–11 (million EUR, operational expenditure)



The European Atomic Energy Community (Euratom) adopts a separate framework programme for nuclear research and training activities, divided into two specific programmes ('Fusion' and 'Nuclear fission'), on the one hand, and the activities of the Joint Research Centre (JRC), on the other.

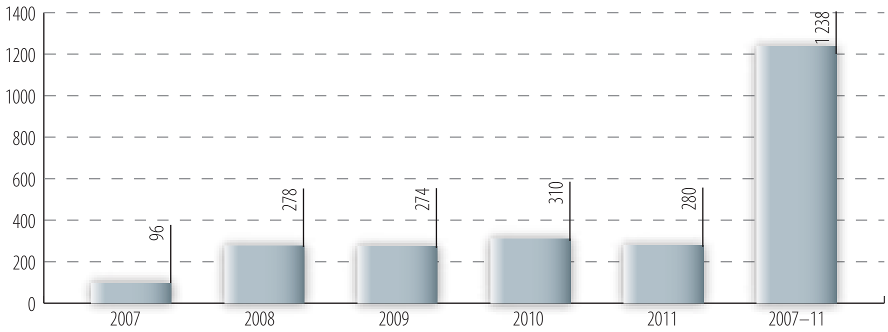
A total of EUR 280 million was spent on the Euratom framework programme in 2011.

Example:

The Procardio project is investigating the effect of low doses of radiation on cardiovascular tissue, an area of research which, so far, has been hampered by lack of appropriate epidemiological studies and knowledge of the processes involved. The project involves an international team of researchers working with subjects who include Russian nuclear workers and patients exposed to doses of radiation therapy in the lower range. Results from the project would contribute to decision-making on radiation protection standards.

FP7 has allocated EUR 5 298 million (total expenditure, including ITER revision) to the Euratom programme for the 2007–13 period.

Euratom (fusion including ITER and fission): implementation 2007–11 (million EUR, operational expenditure)



ITER

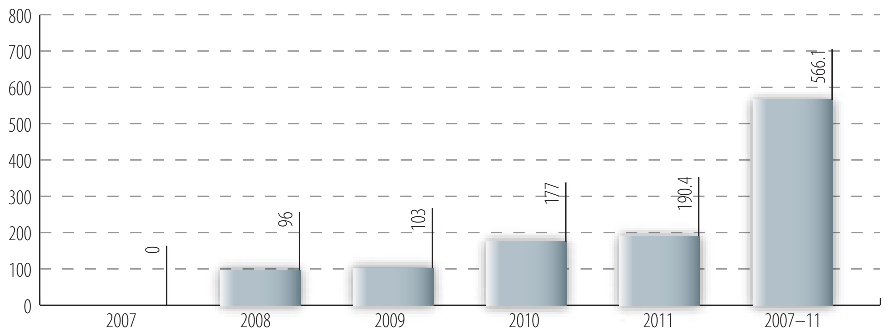
ITER (the International Thermonuclear Experimental Reactor) plays a major role within the Euratom framework programme. It is being built and will be jointly operated by seven partners — Euratom, China, India, Japan, Korea, Russia and the USA. The ITER prototype power plant will demonstrate the production of large-scale electrical power by means of fusion technology.

In 2011, the European joint undertaking Fusion For Energy (F4E) achieved significant progress in its contracts for manufacturing toroidal field coil winding packs and the vacuum vessel and in the activities of the architect engineer (in preparation for construction of the main ITER buildings). The building which will house construction of the large poloidal field coil magnets has been completed. Work has progressed on the foundation and pit wall of the tokamak building, as has the installation of the anti-seismic foundation pads.

During 2011, 38 operational contracts were awarded for a total value of EUR 163.6 million, including several contracts with a value of over EUR 5 million:

- a joint procurement with the ITER organisation on a framework service contract for provision of global transport, logistics and insurance services;
- decennial insurance cover for buildings not subject to mandatory decennial insurance;
- a framework service contract for facility management services for the ITER site;
- site adaptation works.

European joint undertaking for ITER — Implementation 2007



'Competitiveness and innovation' programme

With small and medium-sized enterprises (SMEs) as its main target, the 'Competitiveness and innovation' framework programme (CIP) supports innovation activities (including eco-innovation), provides better access to finance and delivers business support services in the regions.

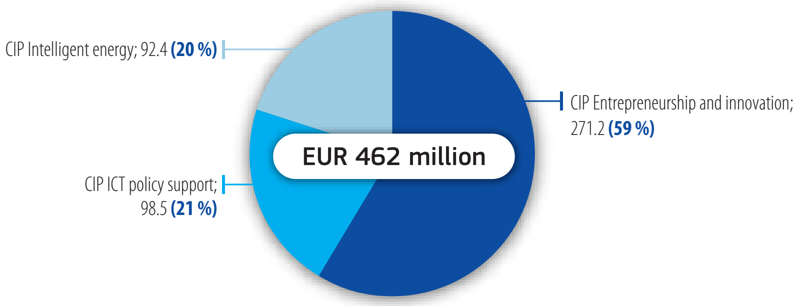
CIP encourages a better take-up and use of information and communication technologies (ICT) and helps to develop the information society. It also promotes the increased use of renewable energies and energy efficiency.

The CIP runs from 2007 to 2013, with an overall budget of EUR 3 621 million. It is divided into three operational programmes:

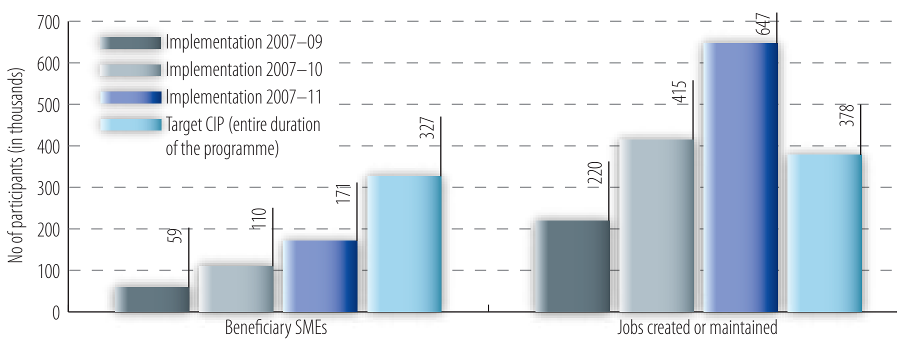
- the 'Entrepreneurship and innovation' programme (EIP), covering support for SME access to finance and investment in innovation activities through the European Investment Fund (EIF);
- the 'Intelligent energy Europe' (IEE) programme, financing action on energy efficiency, renewable energy resources, diversification of fuels and energy efficiency in transport;
- the information and communication technology (ICT) policy support programme.

A total of EUR 462 million was spent on the CIP in 2011.

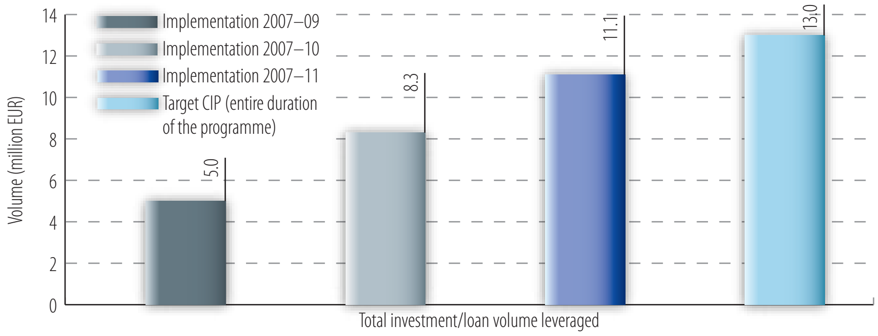
'Competitiveness and innovation' programme — Amounts implemented by policy area (million EUR)



CIP — Financial instruments for SMEs — Beneficiaries and jobs created 2007–11



CIP — Financial instruments for SMEs — Volume leveraged 2007–11



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.

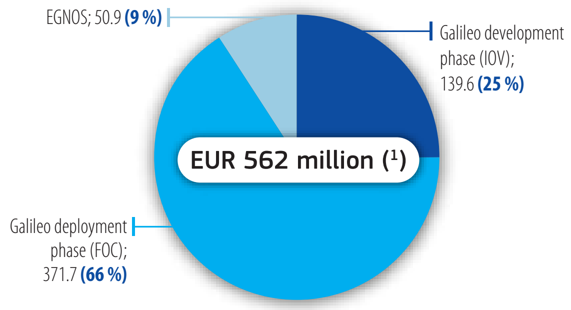
The main achievement for EGNOS in 2011 was the certification and formal launch of operations of the EGNOS safety-of-life service in March. This opened the possibility for aircraft to carry out instrument-based approach procedures to airports, without recourse to specific ground equipment. In parallel, the network of monitoring stations was enlarged to increase the coverage area for EGNOS services. New software releases bringing greater resiliency were also deployed.

With regard to Galileo, the final contracts for FOC (full operational capacity) were signed in early 2011, concluding the procurement process that was launched in 2008. Meanwhile, much of the technical teams' effort and attention was focused on the first launch of two operational Galileo satellites which successfully took place on 21 October 2011. This was also the first time that a Russian Soyuz rocket was launched from Kourou (French Guiana), and immediately after this milestone was achieved the Commission announced that it would order a further eight satellites to bring the number of ordered satellites up to 26.

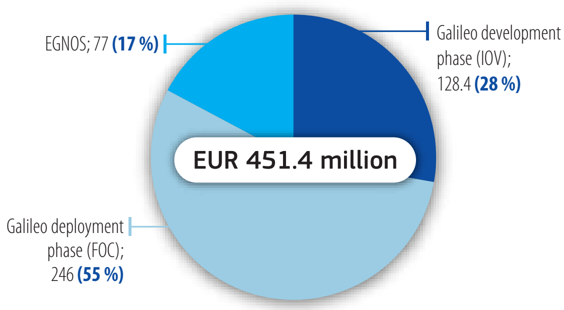
A total of EUR 548 million was spent on Galileo in 2011.

Global Navigation Satellite System (GNSS) programme — Amounts paid by subprogramme

In 2011 (million EUR)



In 2010 (million EUR)



(1) Authorised appropriations.

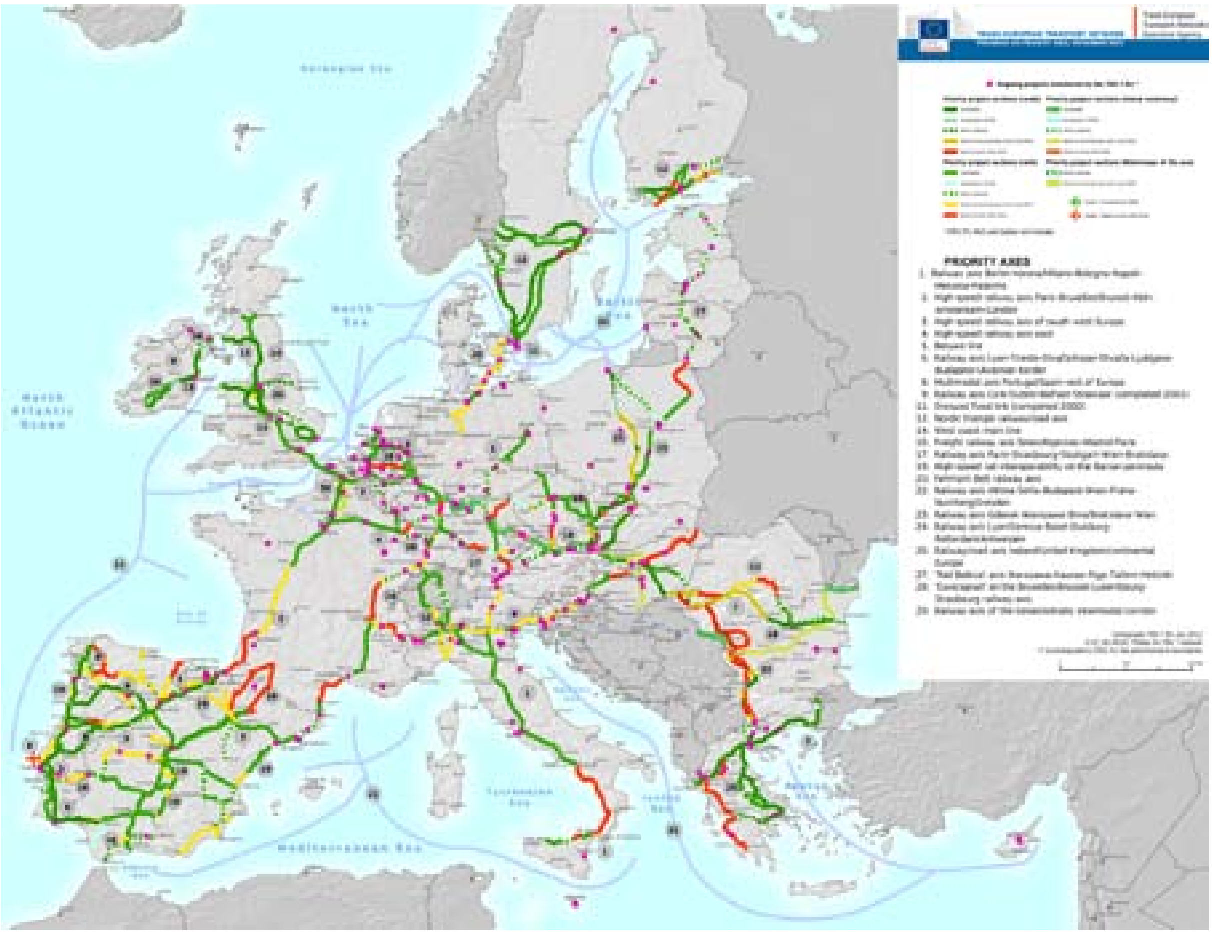
‘Trans-European networks’ programme

The ‘Trans-European networks’ programme (TEN) encompasses two distinct domains: transport (TEN-T) and energy (TEN-E). Together, they support the linking of regions and national transport and energy networks through modern and efficient infrastructure.

A total of EUR 836 million was spent on the ‘Trans-European networks’ programme in 2011.

Transport

TEN-T investments are focused on 30 priority projects (1), of which three are now completed. They include 18 railway projects, three mixed rail–road projects, two inland waterway transport projects and one referring to ‘motorways of the sea’. This choice reflects a high priority for more environmentally friendly transport modes, contributing to the fight against climate change.



(1) http://tentea.ec.europa.eu/en/ten-t_projects/30_priority_projects/

TEN-T projects started in 2011 (*) (in EUR)

Project title	EU contribution	Other	Total	% of EU support
Green Bridge on Nordic Corridor	19 829 297	64 811 533	84 640 830	23
Upgrade of Spanish high speed lines and trains to ERTMS 2.3.0.d	18 386 634	18 386 634	36 773 268	50
Development of ERTMS/ETCS Level 1 system on the E20/CE20 line, at the Kunowice–Warsaw section	15 429 000	15 429000	30 858 000	50
Facilitating and speeding up ERTMS deployment	15 000 000	15 000 000	30 000 000	50
Deployment of ERTMS trackside equipment on the Railway Corridor B Stockholm–Naples/Subpart Fortezza to Verona of the Italian Corridor B part (Brennero–Verona–Naples)	15 000 000	15 000 000	30 000 000	50
Adriatic Motorways of the Sea (Adriamos)	12 210 000	44 490 000	56 700 000	22
IBUK — Intermodal Corridor	7 299 000	24 690 000	31 989 000	23
Prototyping, (interoperability) testing, rehomologation and the retrofit of Siemens ES64U2 locomotives with ETCS L1/L2 2.3.0.d for Corridor A, B and E networks in DE, AT, HU and CH	6 982 000	6 982 000	13 964 000	50
Study and implementation of major parts of the Corridor Freight Regulation 913/2010	6 489 788	6 489 788	12 979 576	50
Prototyping, testing, certifying and retrofitting of Alstom Prima locomotives for usage on the TEN T corridors	6 475 000	6 475 000	12 950 000	50
IRIS Europe 3	5 230 000	5 230 000	10 460 000	50
Upgrading of ERTMS system on Trenitalia fleet to 2.3.0.d version	4 593 000	4 593 000	9 186 000	50
ERTMS Deployment on the Madrid–Castilla la Mancha–Comunidad Valenciana–Murcia high speed line Albacete–Alicante section	4 438 000	4 438 000	8 876 000	50
Vessel Traffic Management Centres of the Future	3 872 500	3 872 500	7 745 000	50
Onshore Power Supply — an integrated North Sea network	1 007 950	4 031 800	5 039 750	20
ERTMS upgrade to version 2.3.0d for the Perpignan–Figueras high speed line	2 671 000	2 671 000	5 342 000	50
Upgrade of the Berlin–Halle/Leipzig (VDE 8.3) track from ETCS Level 2 (SRS 2.2.2+) to ETCS Level 2 (SRS 2.3.0d)	2 535 000	2 535 000	5 070 000	50
LNG in Baltic Sea Ports	2 392 520	2 392 520	4 785 040	50
Implementation and testing of the interface between the German Baseline 3 system and the Dutch 2.3.0.d ERTMS systems	2 050 000	2 050 000	4 100 000	50
COSTA	1 521 291	1 521 291	3 042 582	50
Simulation Environment for Fast ERTMS Validation	1 380 000	1 380 000	2 760 000	50
TrainMoS	1 254 554	1 254 554	2 509 108	50
Retrofitting of 9 ES64U4 'Husarz' (EU44) locomotives with ETCS SRS 3.x.0 and line tests on the railway infrastructure equipped with ETCS Level 1 and 2 SRS 2.3.0 in Poland, Czech Republic and Austria	1 067 000	1 067 000	2 134 000	50
Preparatory studies for the implementation of additional measures on ERTMS Corridor Rotterdam–Genoa and ERTMS Corridor Antwerp–Basel–Lyon	825 000	825 000	1 650 000	50
Implementation of RIS in Flanders III	575 000	2 300 000	2 875 000	20
Implementation of RIS on the Westerscheldt River II	530 000	2 120 000	2 650 000	20

(*) As at 30 July 2012.

Energy

The ‘Trans-European networks for energy’ programme (TEN-E) aims at encouraging the implementation of internal energy markets, reinforcing the security of energy supplies in Europe and reducing the isolation of island regions. In 2011, the European Commission provided EUR 24.1 million to co-finance mainly feasibility studies on the TEN-E gas and electricity projects.

In addition, the ‘European energy programme for recovery’ (EEPR) established a list of gas and electricity infrastructure projects to sustain the European economy while helping to achieve key energy policy objectives. The EEPR provides European co-financing to projects that will make a big contribution to the security of supply in Europe and bring a strong impetus to the completion of the energy internal market. The programme gives a unique opportunity to boost strategic European investments, particularly when purely commercial considerations, combined with the economic and financial crisis, are limiting new investments. In this context, the Commission granted EUR 2.5 billion to 44 gas and electricity infrastructure projects in 2010.

To date, 13 projects have been completed, including: two gas interconnections connecting Hungary for the first time to both Croatia and Romania, fostering market integration and development in the region; reinforcement of the Belgian gas pipelines network on the Germany–United Kingdom axis, which also enables reverse flow capacity from the Dutch/German border to Zeebrugge in Belgium and towards the UK; and seven gas reverse flow projects (four in Austria, two in Slovakia and one in the Czech Republic). The projects provide better access to the Austrian storage facilities in Baumgarten for all the neighbouring countries. Regarding electricity, there are two interconnections between Portugal and Spain, which improve the functioning of the Iberian electricity market and the integration of renewable energy sources, and one interconnection between Austria and Hungary, which provides considerable additional transfer capacity in the congested south–south direction and thus enables further market integration and trade.

Example

Cobra Cable

The Cobra Cable project [1] consists of the installation of a submarine cable connecting the Dutch and Danish electricity markets, integrating wind energy into the supply systems in both countries and investigating the technical, economic and regulatory aspects of connecting offshore wind farms to the cable.

The purpose of the link is to allow the integration of more renewable energy into the European power grid through the Dutch and Danish power systems, and to increase the security of the power supply. It will also intensify competition on the north-west European power markets. In addition, the project will contribute to the development and implementation of new AC/DC converters, DC circuit breakers and cable technologies for the connection of offshore wind farms to the cable.

The EEPR supports the construction, laying and connection of the cable, and the research and development activities on new technologies necessary for the connection of wind farms to the cable.

Project duration: July 2009 to July 2014
EEPR contribution: EUR 86 500 000
Payments in 2011: EUR 1 339 796

[1] http://ec.europa.eu/energy/eepr/projects/files/offshore-wind-energy/cobra-cable_en.pdf

'Lifelong learning' programme

The development of an advanced knowledge society is one of the keys to sustainable economic growth, more and better jobs and greater social cohesion. The 'Lifelong learning' programme (LLP) covers four actions — on school education (Comenius), higher education (Erasmus), vocational training (Leonardo da Vinci) and adult education (Grundtvig) — offering opportunities for learners, teachers and trainers to study or teach in another country (mobility). They can also obtain grants for projects on transnational cooperation in their respective areas of education.

The LLP budget for 2007–13 amounts to EUR 7 billion.

In 2011 EUR 1.1 billion was spent on the 'Lifelong learning' programme.

Lifelong learning programme — budget programming 2011 (1)

Strand of the programme	Budget allocated (in million EUR)	Number of projects supported	Number of participants
Comenius (schools)	206	27 989	100 867 (2)
Erasmus (higher education)	515	2 710	274 224 (3)
Leonardo da Vinci (vocational training)	315	6 278 (4)	119 059
Grundtvig (adult education)	68	5 648	35 196 (5)
Transversal programme (incl. policy cooperation, language learning, ICT and dissemination–exploitation of results) — Jean Monnet programme	86	236 (6) 56 chairs 62 modules and courses (Jean Monnet)	934
Total	**1 193**	**42 861**	**530 280 (mobility and partnership actions)**

(1) The 2011 allocated budget covers all operational commitment appropriations (including internal and external assigned revenue of this programme) compared to the pie chart on page 43 which covers all 2011 payments of the 'Lifelong learning' chapter (including the 'Lifelong learning' and 'Erasmus Mundus' programmes).

(2) Number of participants in all Comenius actions as: in service training, assistantships, multilateral, bilateral and regio partnerships, etc.

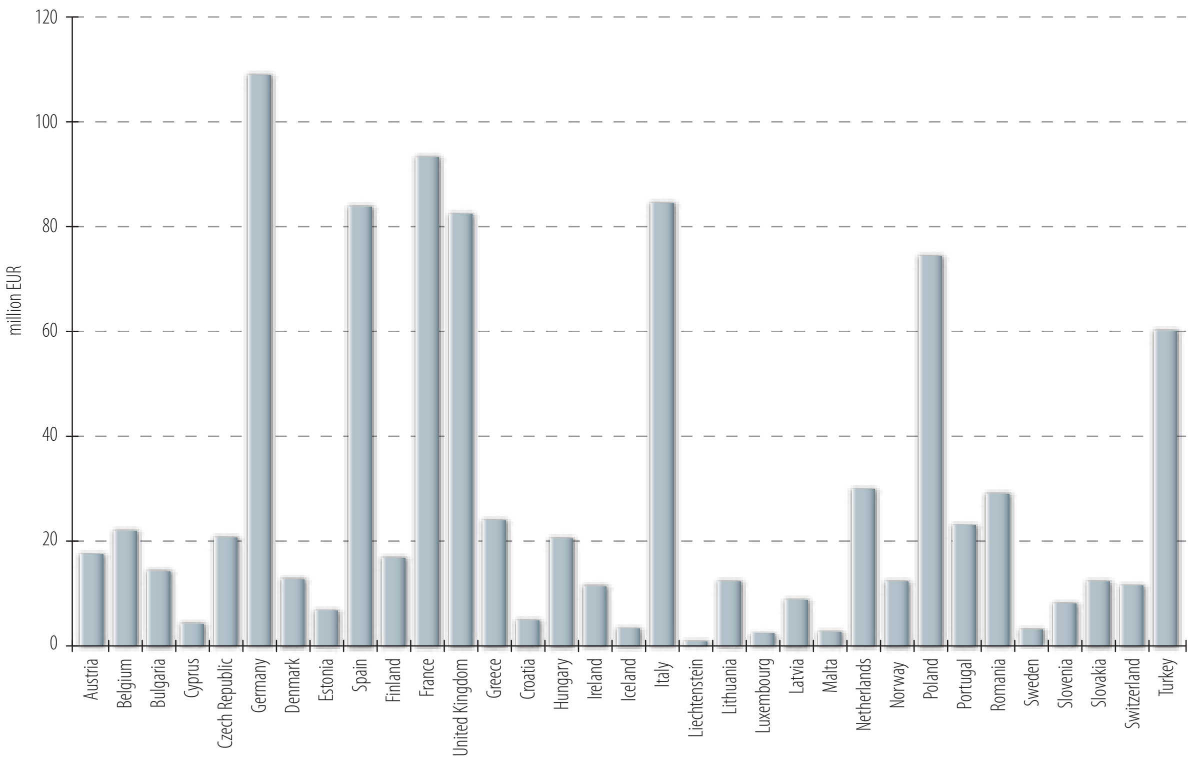
(3) Number covers students and teaching staff for the academic year 2010/11.

(4) This number includes placements for people in initial vocational training and for people in the labour market, innovation projects, partnerships and mobility projects.

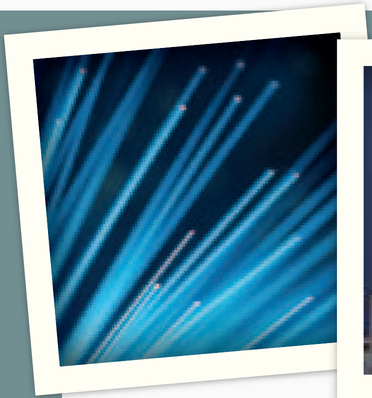
(5) This number includes all Grundtvig actions as: in service training, assistantships, partnerships, mobility projects, etc.

(6) This includes only the Executive Agency's data, the 236 project distribution is:
171 projects for the Jean Monnet programme
1 project for the promotion of lifelong learning strategies (key activity one of the LLP network)
2 projects in studies and comparative research (key activity one of the LLP network)
27 projects for promotion in language learning (key activity two of the LLP network)
28 projects in ICT (key activity three of the LLP network)

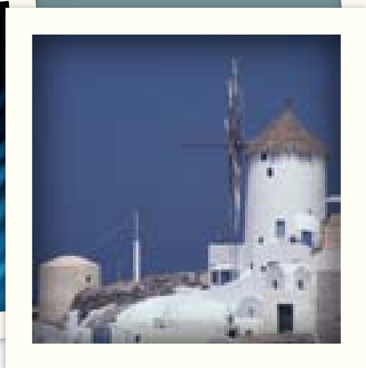
Budget allocated in 2011 — Breakdown by country



Cohesion for growth and employment



By the end of 2011, 40 % of Cornwall's businesses were expected to benefit from the 'Next Generation' broadband project, exceeding the initial target for the whole programme.



A programme to help new entrepreneurs and businesses in a time of crisis has been launched in Greece. Funded by the European Social Fund, it aims to give a helping hand to at least 3 600 businesses and create 2 000 jobs.

The seventh high-speed TGV rail connection in the French Rhine–Rhône region opened in late 2011, including 13 viaducts, 160 bridges, a 2 km tunnel and two brand new railway stations: Bescançon Franche Comté TGV and Belfort-Montbélliard TGV.

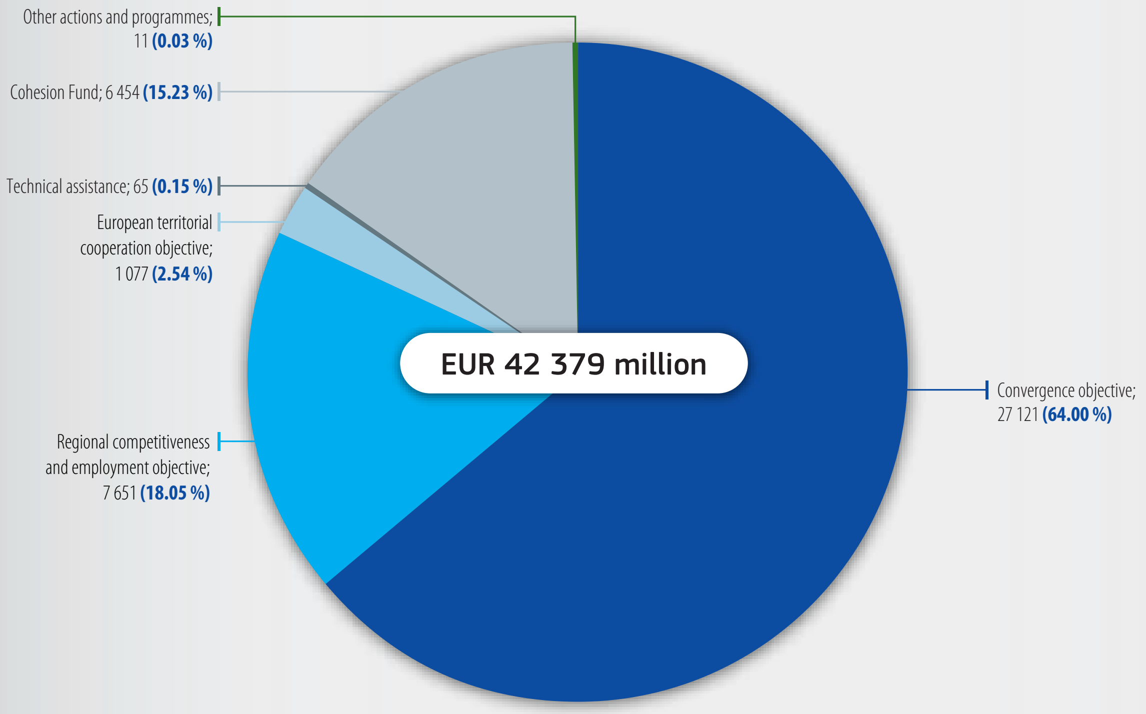
Eight Member States (Denmark, Germany, Estonia, Latvia, Lithuania, Poland, Finland and Sweden) have joined forces to protect the sensitive marine environment of the Baltic Sea.

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

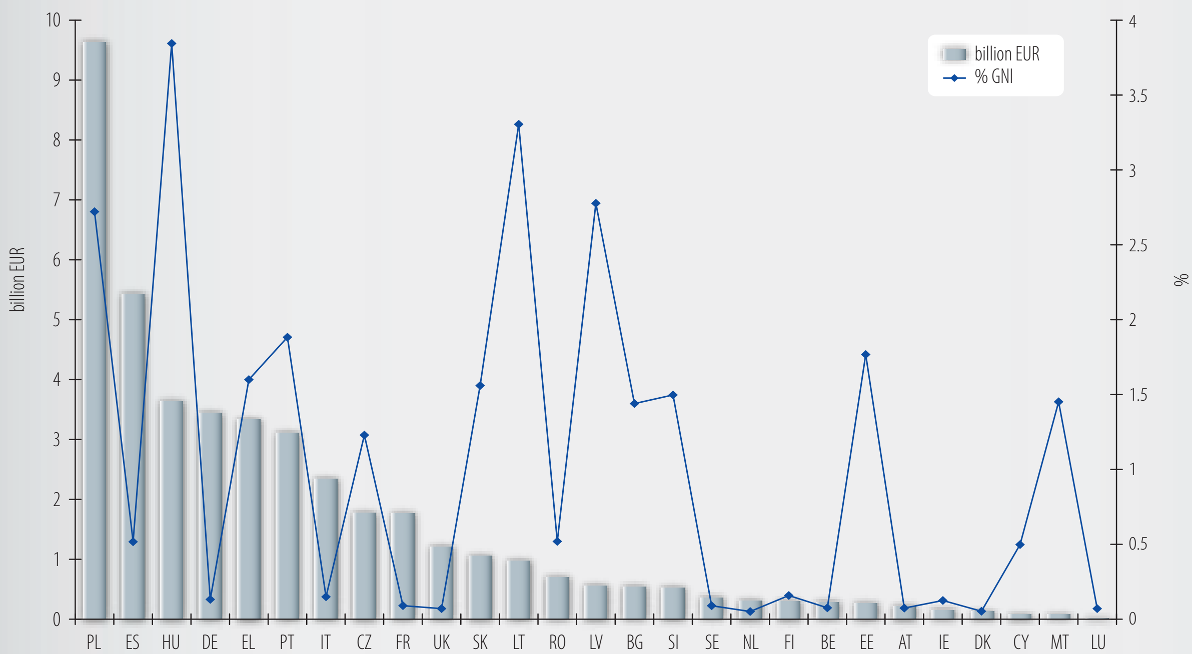
It relates essentially to the following policy areas:
- regional policy, for the ERDF and the CF, and
- employment and social affairs, for the ESF.

The principal objective of the Structural Funds and the CF is to strengthen economic, social and territorial cohesion between regions and Member States of the EU, by providing additional resources for those regions and countries whose economic development is lagging behind. The Structural Funds also aim at strengthening regions' competitiveness and attractiveness, as well as employment, and at strengthening cross-border, transnational and interregional cooperation. The resources available are concentrated on promoting economic convergence, in particular on sustainable growth, competitiveness and employment in line with the Europe 2020 strategy. These resources are also essential tools to fight financial, economic and social crisis and the Commission has proposed practical measures such as simplification of the management, additional advance payments and a facility for reprogramming, in order to maximise their use.

Heading 1b — Implemented payments (million EUR)



Heading 1b — Expenditure by Member State



Cohesion policy aims to reduce disparities between the level of development of regions and countries of the European Union. Overall funding for the period 2007–13 amounts to EUR 348 billion in current prices.

Three main objectives are supported by three funds; spending on them in 2011 is set out in the table below:

Convergence	**ERDF** EUR 19 252 million	**ESF** EUR 6 415 million	**Cohesion Fund** EUR 5 505 million
Regional competitiveness and employment	**ERDF** EUR 4 135 million	**ESF** EUR 3 104 million	
European territorial cooperation	**ERDF** EUR 898 million		

1. Convergence objective

This objective covers long-term competitiveness, job creation and sustainable development in the less-developed regions and Member States; 70.5 % of funding for this objective is allocated to regions with a GDP per capita of less than 75 % of the EU average and around 5 % goes towards transitional support to regions that became ineligible for convergence funding due to the statistical effect of enlargement. The remaining 24.5 % is allocated via the Cohesion Fund to Member States whose GNI per capita is less than 90 % of the EU average. Eligibility criteria are: population (structure, density, etc.); regional and national prosperity; and surface area and unemployment rates.

2. Regional competitiveness and employment objective

This objective funds regions not covered by the convergence objective, and is aimed at strengthening regions' competitiveness, attractiveness and employment; 79 % of funding is allocated among Member States according to eligible population, regional prosperity, (un)employment and population density of the regions covered. The remaining 21 % is allocated as transitional support to regions that have become ineligible for convergence funding because their GDP per capita increased to above 75 % of the average GDP of the EU-15, i.e. they experienced growth.

3. European territorial cooperation objective

This objective covers cross-border, transnational and interregional cooperation. It also funds peace and reconciliation actions in Northern Ireland.

Cohesion Fund

Member States whose GNI per capita is less than 90 % of the EU average GNI are eligible for funding from the Cohesion Fund, which serves the convergence objective under the 2007–13 programme. It finances trans-European transport networks, notably priority projects of European interest, other transport activities and environmental activities.

Budgetary execution in 2011 reached EUR 5.5 billion or 100 % with claims pending for EUR 1.3 billion due to lack of available credits at the end of the year. As concerns completion of the 2000–06 Cohesion Fund, at the end of November 2011 some 439 projects were closed out of a total of 1 143.

Example:

Major overhaul for a busy road junction in Estonia

The large-scale reconstruction of a road junction in Tallinn [1] is expected to smooth traffic flow considerably in the south-east of the Estonian capital. Focused on the Ülemiste junction, the work will include a handful of surrounding roads.

Current traffic lights are to be replaced by new roads, tunnels and viaducts. The project will benefit both drivers and pedestrians, while reducing the environmental impact of local traffic.

When completed, the project should significantly improve travel conditions in both directions of the Tartu highway (a TEN-T road). This will speed up access to this road and Tallinn airport, while smoothing the flow of traffic between the city's eastern and western districts.

Less fuel will be burnt in local traffic jams, reducing road users' costs and related environmental harm. The project will also make this road section safer, especially for pedestrians. There are plans for further road improvements in and around the junction, spread over two more phases.

Project duration: 1.12.2008–31.12.2013
Cohesion Fund contribution: EUR 67 930 270
Payments in 2011: EUR 11 786 037

[1] http://ec.europa.eu/regional_policy/projects/stories/details_new.cfm?pay=EE&the=60&sto=2146&lan=7&region=ALL&obj=ALL&per=ALL&defL=en

European Regional Development Fund (ERDF)

The ERDF co-finances infrastructure, productive investment and regional and local development.

It saw record amounts of payments in 2011. At EUR 24.3 billion, they exceeded the previous high of EUR 20.3 billion in 2010, confirming that cohesion policy was advancing in the Member States.

At the end of December, the execution rate of payments for the whole programming period 2007–13 for the ERDF was 34.3 %.

Example:

Cornwall — Next Generation broadband

The 'Next Generation' broadband project [1] aims to transform Cornwall and the Isles of Scilly in the United Kingdom into one of Europe's best-connected regions and to provide a platform for the region's economic transformation to a more knowledge-based, high-value-added and low-carbon economy. The project will deploy superfast fibre-based connections to 86 % of all business premises in the region. An estimated 10 000 of Cornwall's 25 000 businesses are expected to benefit from the new network. They include as many as 2 400 high-growth, high-value businesses that will be priority targets for connection and higher-speed solutions.

Results at end of 2011:

- 31 exchanges and 217 cabinets enabled to date;
- 3 500 connections now live, with a strong pipeline of orders pending;
- average take-up of about 15 % in the pilot areas, with projected take-up currently expected to be 25 % after 18 months of availability;
- 15 service providers now with connected customers, which exceeds the target for the whole programme.

Project duration: July 2010 to December 2014
ERDF contribution: EUR 59 033 773
ERDF payments in 2011: GBP 3 986 707

[1] http://ec.europa.eu/regional_policy/projects/stories/details_new.cfm?pay=UK&the=45&sto=2231&lan=7&region=584&obj=ALL&per=2&defL=EN

European Social Fund (ESF)

The ESF supports employment opportunities by focusing on labour mobility and workers' adaptation to industrial changes.

Example:

Entry to the world of work

The 'Come in' project ([1]) in the German city of Hamburg aims to help young people with their entry into the world of work. It is aimed primarily at persons under the age of 26 who have difficulty in finding a job or training position. This could be due not just to poor performance in school, but also to family problems, drug abuse, debt, a police record or even a lack of social skills.

The project's mission is to lead young people into vocational training or a job at the end of the support phase and finally open up new vistas for the participants, who generally attend the initiative for around 6 months.

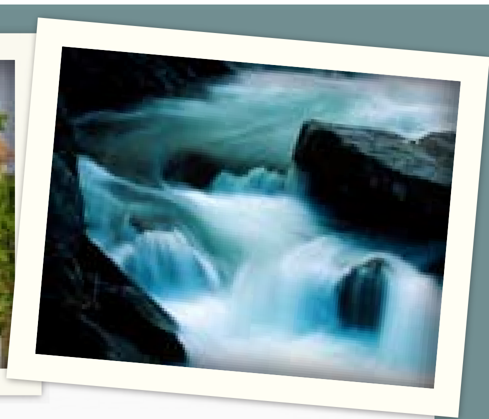
Project duration: March 2009 to December 2013
ESF contribution: EUR 5 854 483
Participants: 652 (until April 2012)

([1]) http://www.gsm-group.de

Preservation and management of natural resources

Over the 50 years of its existence, the common agricultural policy has contributed to growth in economic value, productivity and trade, while leading to a decrease in EU household spending on food from 30 % to 16 %. Since 1962, the average wheat yield per hectare in the EU has tripled (from 2 to 6 tonnes).

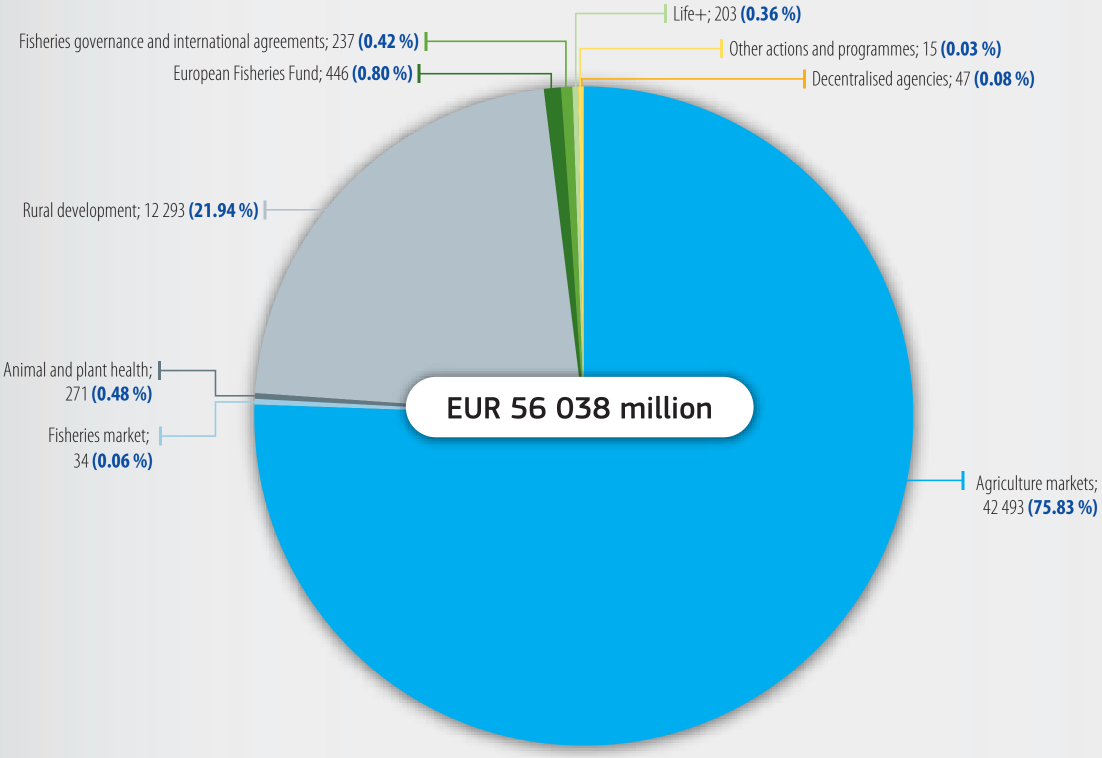
Some 44 % of the EU's rural population can easily benefit from the Leader+ initiative through local action groups, which help them to actively participate in developing the potential of their region.



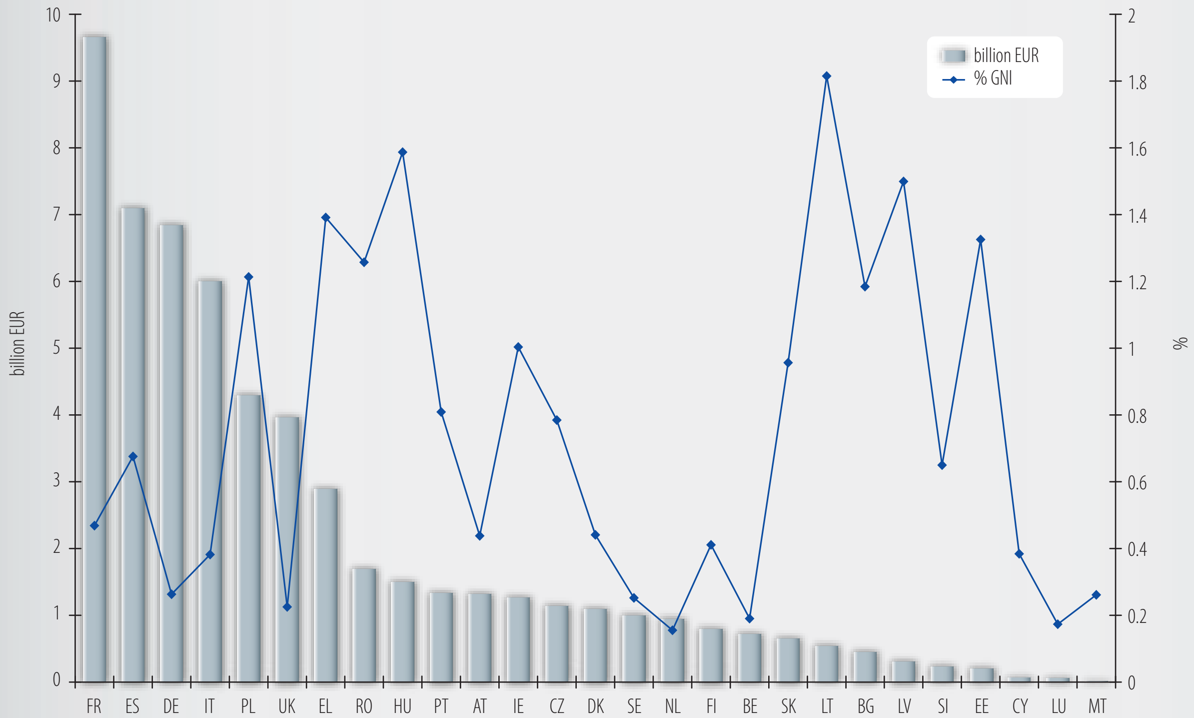
With support from the LIFE+ programme, the concept of a moveable hydroelectric power plant was successfully tested in Germany, achieving high efficiency without negatively impacting on the natural ecosystem functions of river habitats.

The EU's agriculture, rural development, fisheries and environment are financed under this heading. Arable lands and forests cover the vast majority of our continent. Their smart and sustainable use plays a key role in determining the health of rural economies as well as the rural landscape. Agriculture still has a valuable contribution to make to their sustainable economic management. Farmers perform many different functions, ranging from producing food and non-food agricultural products to countryside management, nature conservation and tourism. Farming can thus be described as having multiple functions.

Heading 2 — Implemented payments (million EUR)



Heading 2 — Expenditure by Member State

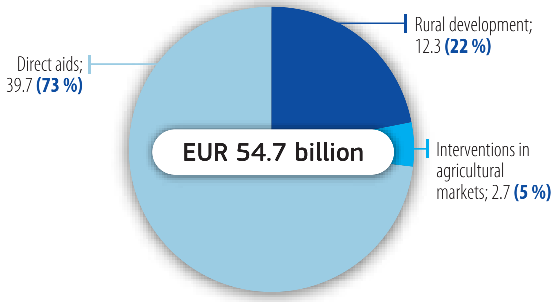


Common agricultural policy

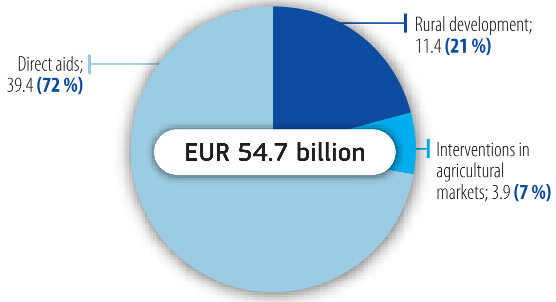
The common agricultural policy (CAP) encompasses two distinct policy areas:
- supporting products and producers, by intervening in agricultural markets and through direct aid; and
- fostering rural development.

Common agricultural policy — Implementation by policy area

In 2011 (billion EUR)



In 2010 (billion EUR)



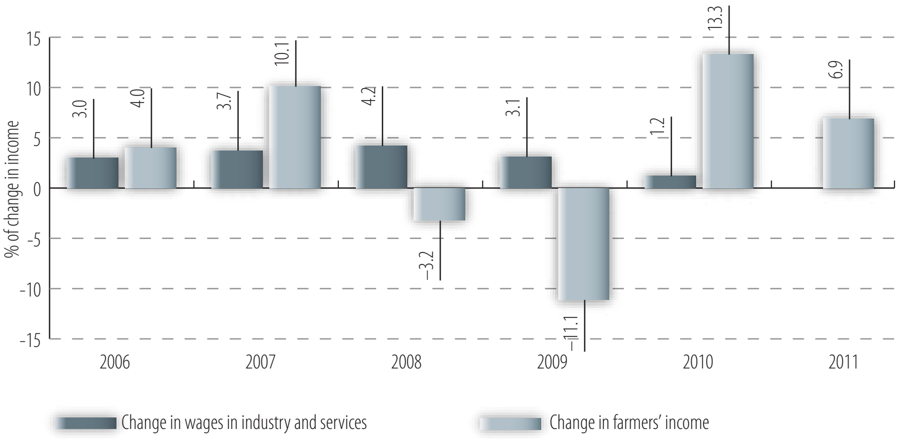
Interventions in agricultural markets and direct aid

The current structure of market management measures and direct payments is the result of ongoing reform started in 1993 and extended significantly in 2003. The idea was to make the agricultural sector more competitive by cutting the link between subsidies and production, while providing farmers with the income stability they need. Farmers now receive an 'income support payment', on condition that they meet environmental, food safety and animal health and welfare standards, but there is a mechanism to ensure that limits set on farm expenditure until 2013 are not exceeded.

Direct payments to new Member States are increasing gradually under a 10-year phasing-in scheme. The 'modulation' instrument (introduced in 2003) allows funds to be transferred from direct aid to the rural development budget.

The agricultural income per worker in real terms increased on average by 6.7 % in 2011 in the European Union as a whole. This is a second year of income increase (+ 12.6 % in 2010), following a sharp income decrease in 2009. With the positive development in 2011, agricultural income has now recovered to a slightly higher level than before the crisis years 2008 and 2009 (+ 3.4 % compared to 2007). The income development shows some significant differences among Member States. For the EU-15, the agricultural income increase has been lower than the EU-27 average.

Farmers' income development 2006–11 — Changes compared with previous year (compared with wages in industry and services)



Data not available for the 2011 change in wages in industry and services.

Rural development

Rural development policy is designed to help rural areas respond to the economic, social and environmental issues of the 21st century. Nearly 60 % of the population of the 27 EU Member States lives in rural areas, which cover 90 % of the territory. National (and in some cases regional) programmes address their specific problems and needs. The programmes cover three 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.

To help ensure a balanced approach to policy, Member States and regions are obliged to spread their rural development funding across these three groups. A further requirement is that some of the funding must support projects developed by local action groups under the so-called 'Leader' approach. This is to encourage highly individual projects designed and executed by local partnerships to address specific local problems.

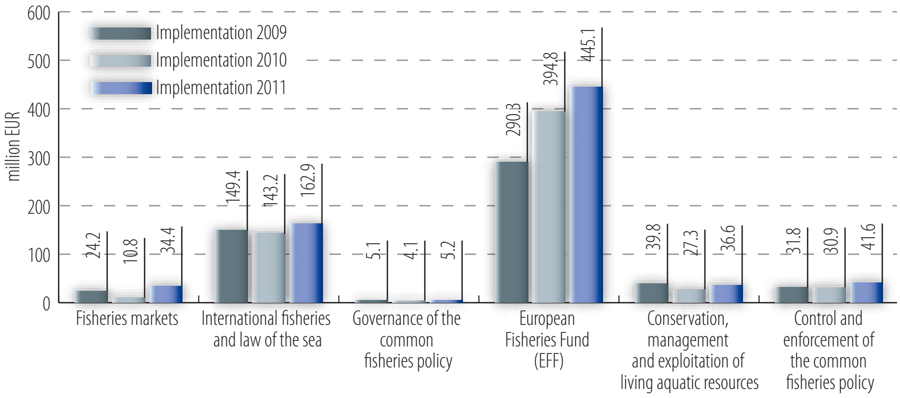
The future of the common agricultural policy

The common agricultural policy is due to be reformed by 2013. After a wide-ranging public debate, the Commission presented on 18 November 2010 a communication on 'The CAP towards 2020', which outlined options for its future and launched a debate with the other institutions and with stakeholders. On 12 October 2011, the Commission presented a set of legal proposals designed to make the CAP a more effective policy for a more competitive and sustainable agriculture and vibrant rural areas.

Common fisheries policy

The aim of the common fisheries policy (CFP) is to promote sustainable fisheries and aquaculture in a healthy marine environment which can support an economically viable industry providing employment and opportunities for coastal communities. To achieve this, the EU provides financial support to the fishing sector, including the aquaculture and fisheries areas. The European Fisheries Fund (EFF) is worth EUR 4.3 billion for the period 2007–13. It is 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 draws up an operational programme setting out its choice of priorities and the relevant targets.

Common fisheries policy — implementation by policy area



LIFE+

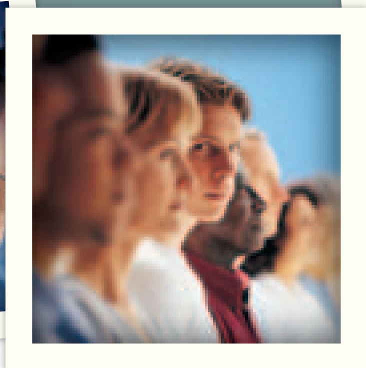
LIFE+ contributes to the implementation, updating and development of EU environmental policy and legislation by co-financing pilot or demonstration projects with European added value. In particular, LIFE+ supports the implementation of the EU's sixth environment action programme (EAP) 2002–12 and its four priority areas: climate change; nature and biodiversity; environment and health; and natural resources and waste. The LIFE+ programme 2007–13 consists of three components: 'LIFE+ nature and biodiversity', 'LIFE+ environment policy and governance' and 'LIFE+ information and communication'.

LIFE+ by programme component

Programme component	Amount awarded 2010 (million EUR)	Amount awarded 2011 (million EUR)
LIFE+ Nature and biodiversity	124	125
LIFE+ Environment policy and governance	120	110
LIFE+ Information and communication	6	10
NGOs	9	9

Freedom, security and justice

By the end of 2011, joint action in 22 European countries against online child sexual abuse material on the Internet had helped to identify 269 suspects and make 112 arrests.



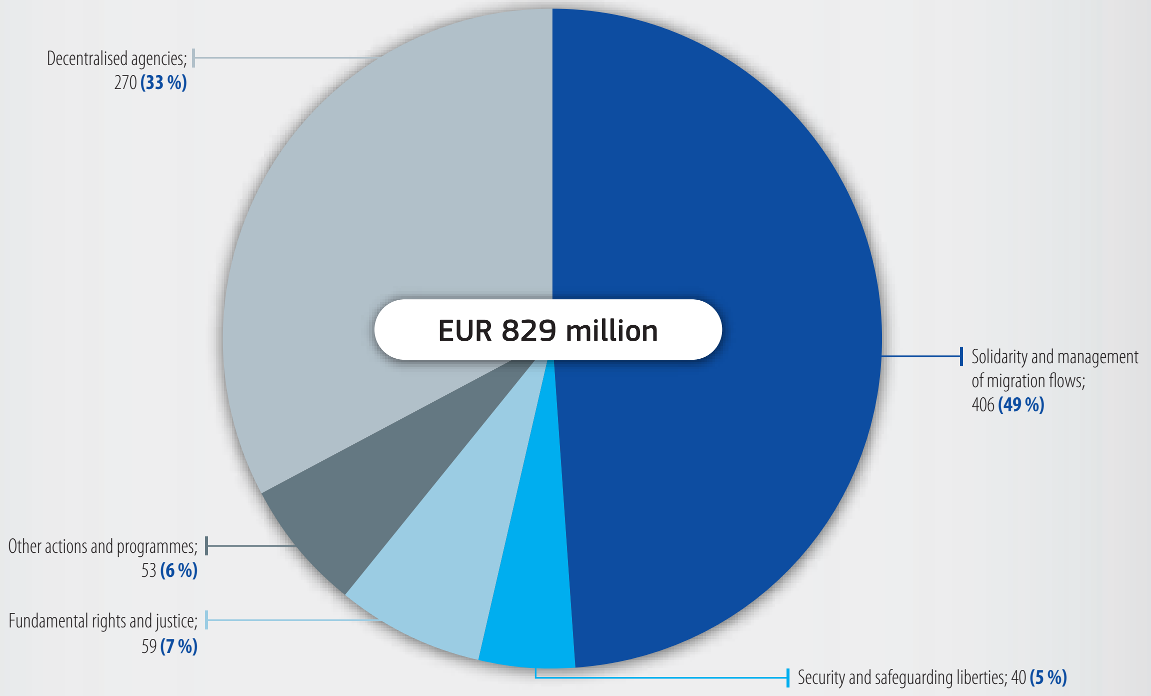
Over 22 000 individuals were helped directly by the European Ombudsman in 2011. The interactive online guide of the European Ombudsman was able to deal with more than 80 % of those enquiries.

By the end of 2011, 22 Member States had communicated to the Commission that their national laws intended to penalise racist and xenophobic speech.

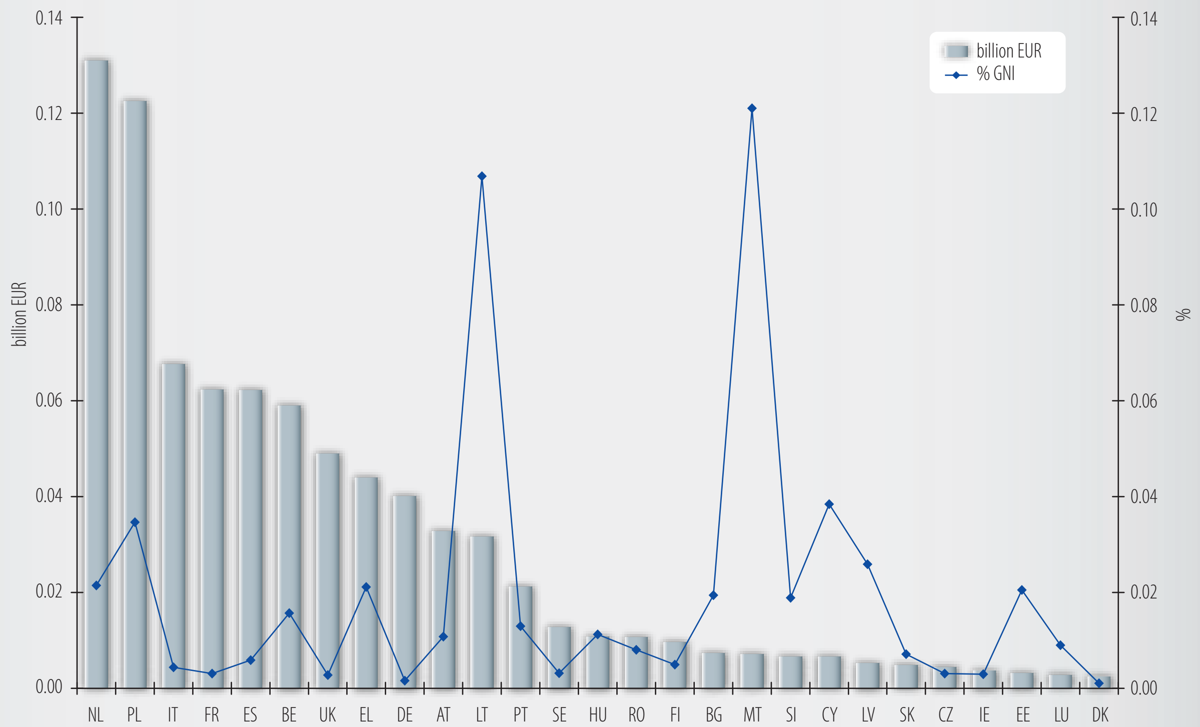
Following the introduction of EU rules on online purchases in 2011, consumers must be given essential information before they order goods or services online, and they have the right to withdraw from such contracts within 14 days.

The protection of life, freedom and property of citizens is an important objective of the EU. In a context of ever stronger security interdependence, responsibilities in this area include 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)



Heading 3a — Expenditure by Member State



Solidarity and management of migration flows

External border control, the free movement of people inside the EU and the effective management of migration issues are the goals of the general programme entitled 'Solidarity and management of migration flows'. The programme offers financial support through four funds.

Number of irregular migrants apprehended (EU)

The 'European programme for the integration of third-country nationals' supports action to help migrants fulfil residence requirements and to facilitate their integration into European societies. One of the targets of the EU activities in this area is to reduce the gap between the high unemployment rate among migrants and that of the rest of the population. The fund finances activities such as language and civic orientation courses, capacity building and exchanges between Member States.

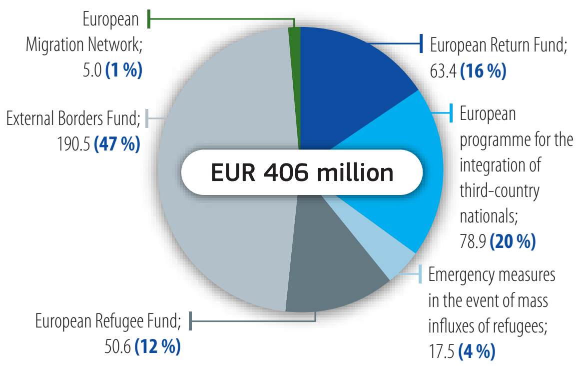
The role of the European Refugee Fund (ERF) is to support the efforts of EU countries to grant reception conditions to refugees and displaced persons, to apply fair and effective asylum procedures and to promote good practices in the field of asylum so as to protect the rights of those who require international protection. There is also a specific budget to assist Member States facing particular pressure due to a sudden influx of displaced persons.

The European Return Fund supports management of the return of non-EU nationals, with a preference for voluntary return, and with a view to supporting fair and effective implementation of common standards on return across the EU. Funding is available for assisted voluntary operations, cash incentives and travel costs.

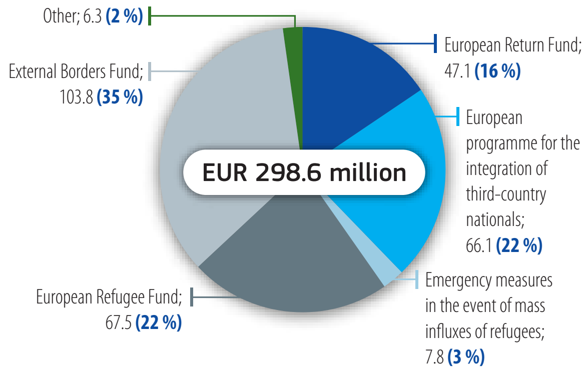
The External Borders Fund helps EU countries cope with the financial burden of external borders and visa policy. The fund finances investment in infrastructure, IT systems, equipment (e.g. document readers and helicopters) and training.

Solidarity and management of migration flows

In 2011 (million EUR)



In 2010 (million EUR)

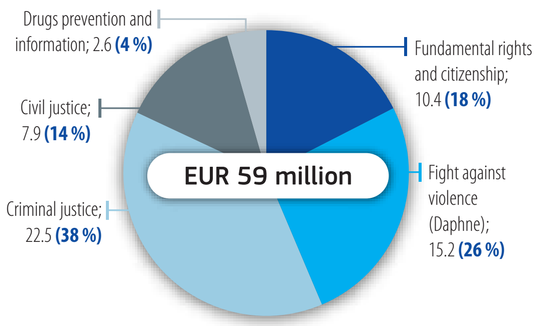


Fundamental rights and justice

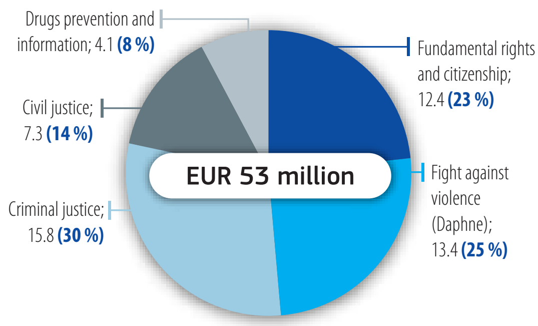
The framework programme 'Fundamental rights and justice' funds actions aimed at combating violence (Daphne III programme), promoting fundamental rights, preventing drug abuse and supporting judicial cooperation and mutual recognition of judicial decisions.

Fundamental rights and justice

In 2011 (million EUR)



In 2010 (million EUR)

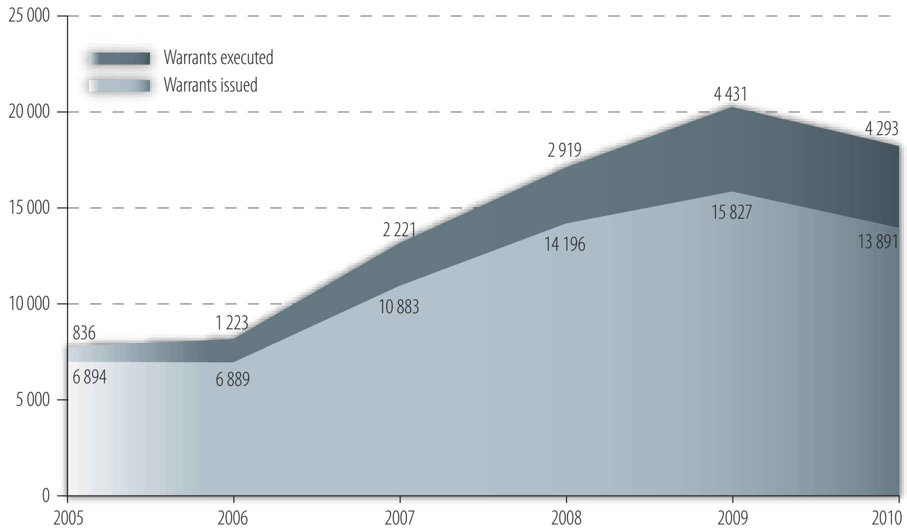


Suspects brought to justice faster

The bulk of the funding targets judicial cooperation in civil and criminal matters. An example of such cooperation is the European arrest warrant (EAW), which replaced the extradition process, and has considerably shortened the length of surrender procedures: from over a year, in many extradition cases, to 5 weeks (and 2 weeks when the person consents to surrender).

European arrest warrant (EAW): latest data show that between 2005 and 2010 a total of 68 580 EAWs were issued and 15 923 executed.

European arrest warrants



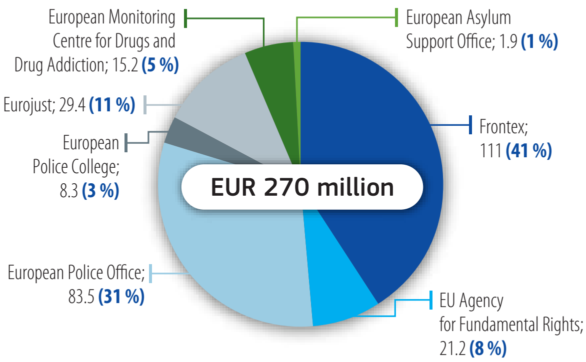
Decentralised agencies

Decentralised agencies such as the European Agency for Fundamental Rights in Vienna, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex) in Warsaw and the European Monitoring Centre for Drugs and Drug Addiction in Lisbon are increasingly active in this area. The decentralised agencies funded under this heading also include the European Police College in Bramshill and the judicial cooperation network Eurojust in The Hague.

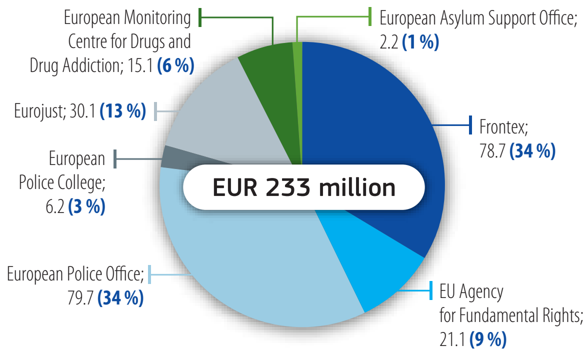
Frontex coordinates operational cooperation between Member States in the field of management of external borders, carries out risk analyses and assists Member States in circumstances requiring increased technical and operational assistance at external borders.

Decentralised agencies

In 2011 (million EUR)

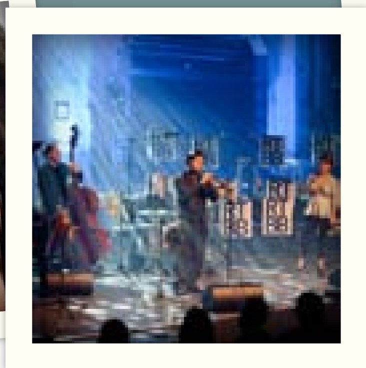


In 2010 (million EUR)



Citizenship

Since the roaming regulation came into effect on 1 July 2007, the prices consumers pay for using mobile phones and other mobile devices while travelling have gone down by over 70 %.



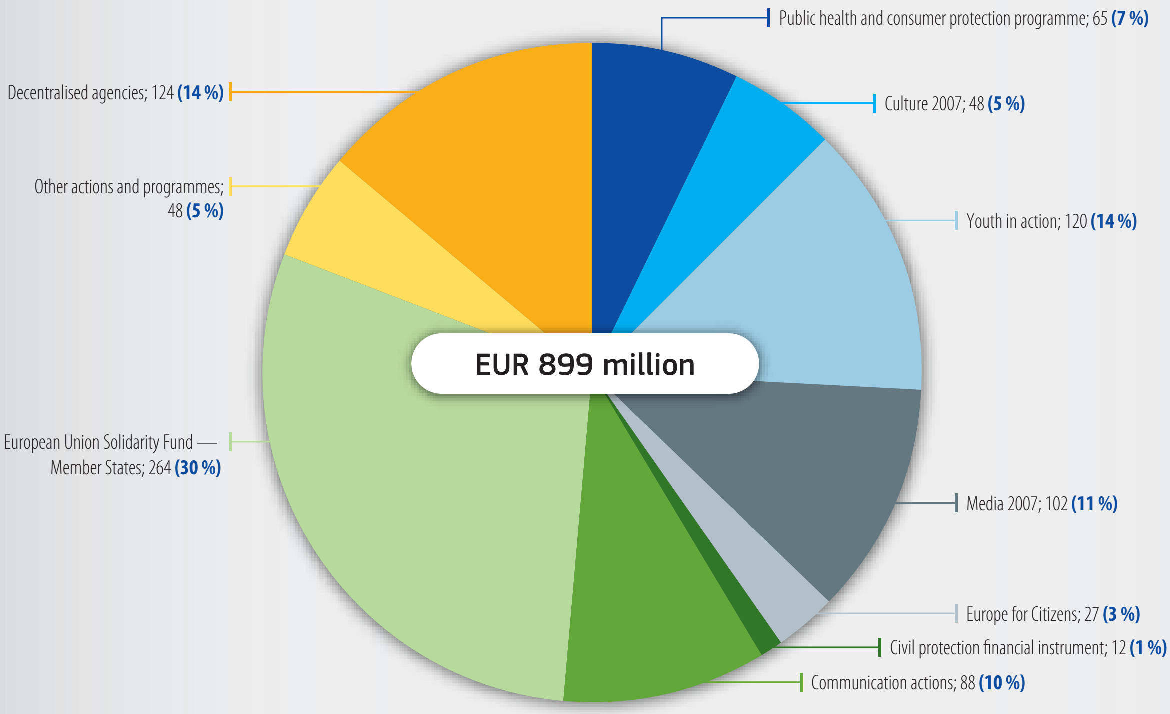
Turku (Finland) was the European Capital of Culture in 2011, alongside Tallinn (Estonia). A survey revealed that 78 % of respondents think the activities generated within the project will continue after 2011. (*Source:* The Turku 2011 Foundation).

On 16 February 2011, a regulation on the citizens' initiative was adopted. For the first time, European citizens have the right to submit legislative proposals to the Commission.

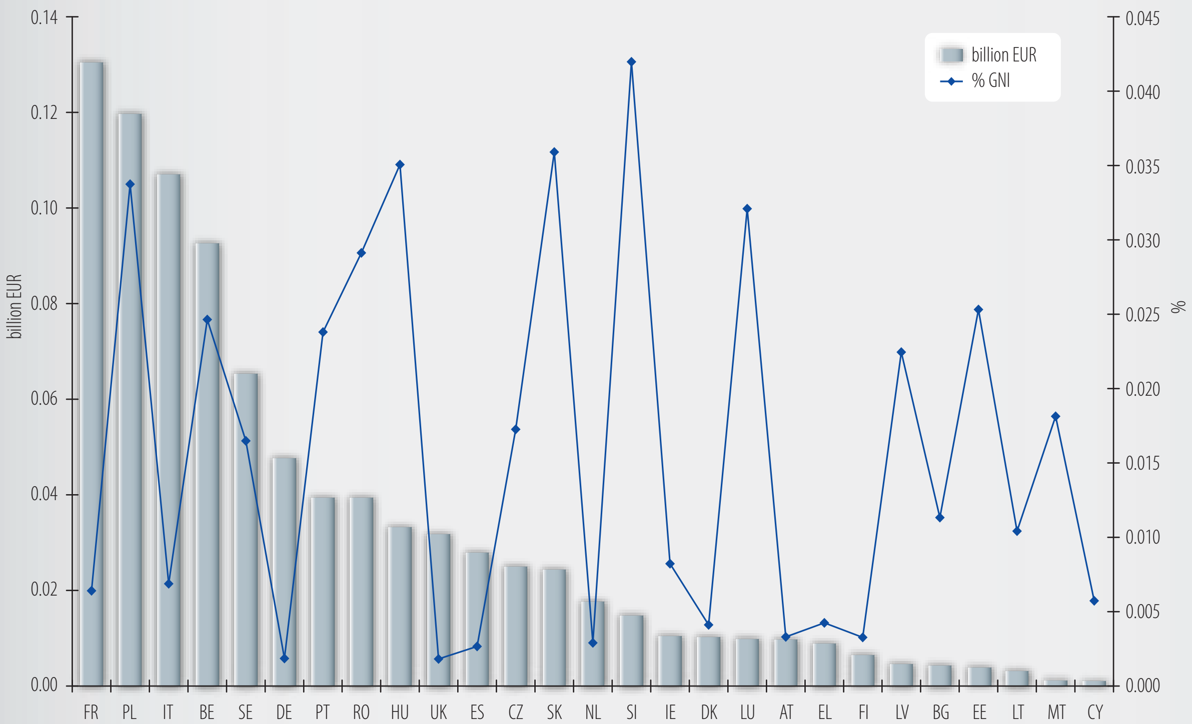
The European Year of Volunteering 2011 saw people throughout Europe commit 2 175 527 hours of their time on volunteering.

Expenditure under 'Citizenship' contributes 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, are covered. The crucial task of reaching out to citizens and communicating Europe also fall within this heading, through the funding of cultural programmes and the policy area of 'Communication'.

Heading 3b — Implemented payments (million EUR)



Heading 3b — Expenditure by Member State



Public health and consumer protection

Public health has become a key factor in the competitiveness of ageing European societies. Health challenges such as the ageing of the population, the increasing demand for healthcare and the growing burden of lifestyle-related diseases are raising concerns about the sustainability of EU health systems. This budget finances measures to identify health threats and develop vaccination policies and emergency plans.

The budget for consumer protection is used to increase consumer welfare through greater empowerment and effective protection. Funding is available for market monitoring and risk evaluation and to support European consumer organisations and projects.

A total of EUR 65 million was spent on public health and consumer protection programmes in 2011.

Example:

RAPEX is the EU rapid alert system that facilitates the rapid exchange of information between Member States and the Commission on measures taken to prevent or restrict the marketing or use of products posing a serious risk to the health and safety of consumers, with the exception of food, pharmaceutical and medical devices, which are covered by other mechanisms. Since 1 January 2010, as regards goods subject to EU harmonisation regulation, the system also facilitates the rapid exchange of information on products posing a serious risk to the health and safety of professional users and on those posing a serious risk to other public interests protected via the relevant EU legislation (e.g. environment and security). The number of RAPEX notifications in 2011 was 1 803, compared to 2 244 in 2010 and 1 963 in 2009.

Civil protection

The EU Civil Protection Financial Instrument helps EU Member States and other countries protect people, environment and property in the event of natural or man-made disasters. This includes facilitating a rapid and efficient response to disasters, better preparedness (training, exchange of experts, ICT systems, etc.) and prevention measures.

The civil protection mechanism was activated 18 times in 2011, four times within and 14 times outside the EU, to respond to, for example, fires in Greece and Albania, flooding in El Salvador and Pakistan, an earthquake followed by a tsunami and nuclear incident in Japan, earthquakes in New Zealand and Turkey, an explosion in Cyprus, damage caused by a volcanic eruption (Chile) in Argentina, a storm in the Philippines and evacuation/repatriation operations from Libya and Tunisia. A total of nine missions containing 52 experts were dispatched inside and outside the EU. During this period, 46 transport requests were processed for transport of the civil protection assistance provided to affected countries, of which one was inside the EU.

A total of EUR 12 million spent on for the Civil Protection Financial Instrument in 2011.

European Union Solidarity Fund

The European Union Solidarity Fund was set up to respond to major natural disasters and express European solidarity with disaster-stricken regions within Europe. The fund was created as a reaction to the severe floods in central Europe in the summer of 2002. Since then, it has been used for 48 disasters covering a range of different catastrophic events including floods, forest fires, earthquakes, storms and drought. Some 23 different European countries have been supported so far with an amount of more than EUR 2.5 billion.

In 2011, five applications were accepted by the Commission; they concerned the Czech Republic (autumn flooding 2010), Croatia (autumn flooding 2010), Slovenia (autumn flooding 2010), Italy (Veneto flooding 2011) and Spain (Lorca earthquake 2011).

In 2011, a total of EUR 264 million was paid out from the fund.

Culture

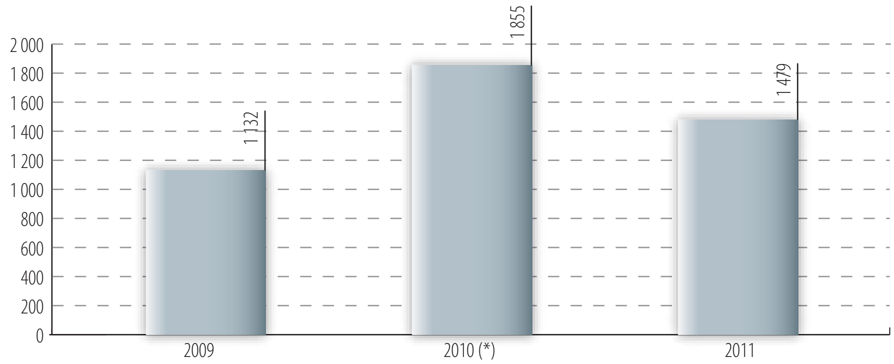
The ‘Culture 2007’ programme promotes cultural exchange and cooperation by supporting the mobility of cultural players, the circulation of artistic works and intercultural dialogue. It finances cooperation projects, festivals and translations. The European Capitals of Culture also receive funding from this programme.

A total of EUR 48 million was spent on ‘Culture 2007’ in 2011.

The Capitals of Culture event is a unique opportunity to elaborate a long-term cultural strategy beyond the programme for the year of the title. Significant effects are generated also in fields other than culture, notably tourism (on average, there is a 12 % of increase in night stays) and investments for urban development. The city’s profile has often been significantly improved and the amount of both public and private investments has increased considerably.

On the basis of 2011 funding applications, several thousands of works have circulated thanks to EU support to date. In the first semester of 2011, the programme supported the translation of 495 books (bringing the total over the period 2007–11 to more than 2 000), including 15 written by winners of the EU literature prize. During the same period, 24 books were translated into certain key languages (German, French and English) (25 in 2010, 19 in 2009).

Number of cultural organisations participating as project leader or as co-organiser in the 'Culture' programme



(*) 2010: this figure contains the multiannual framework contracts for operating grants.

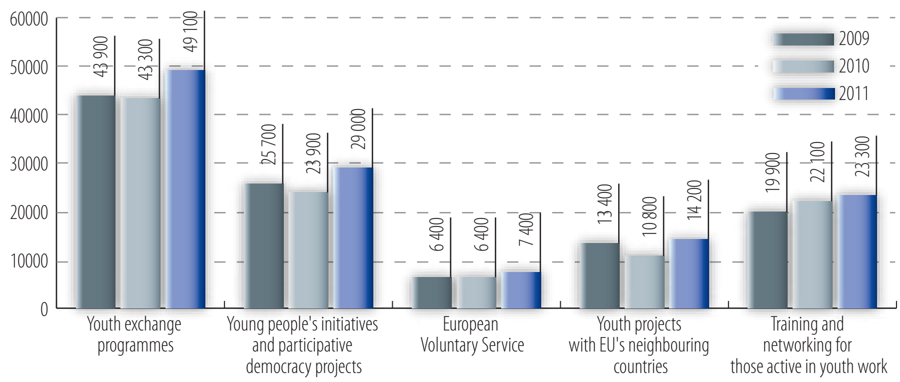
Youth in action

This programme promotes youth exchanges, and encourages young people to participate in democratic life and volunteer in non-profit activities.

The 'European Night Without Accident' was a volunteer project with a budget of over EUR 90 000, for and by young drivers, held on 15 October 2011 in all 27 Member States. About 1 000 volunteers, aged 18 to 29 years, went to 200 nightclubs and asked young drivers to accept a commitment not to drink alcohol or to use drugs when they have to drive home.

A total of EUR 120 million was spent on 'Youth in action' in 2011.

Number of participants in 'Youth in action' activities

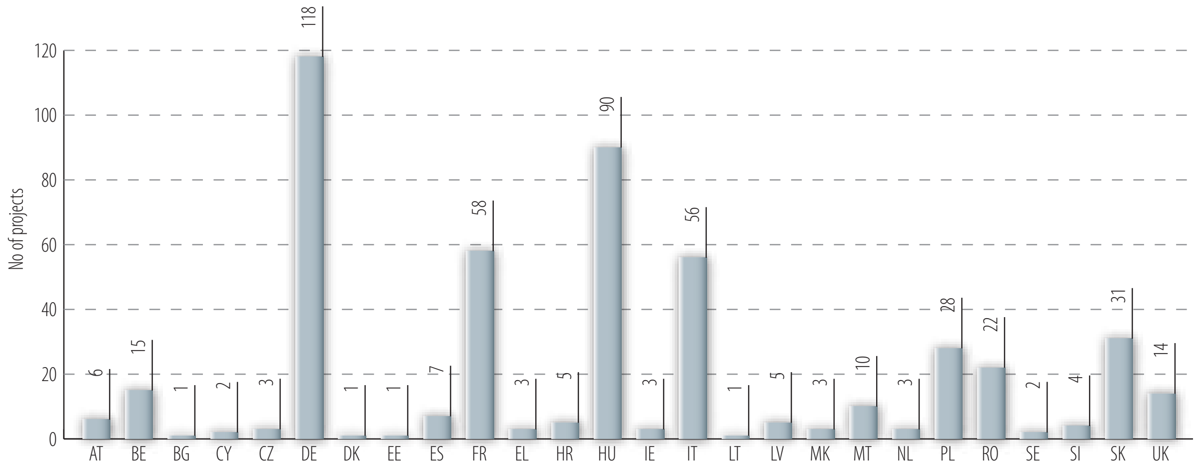


Europe for citizens

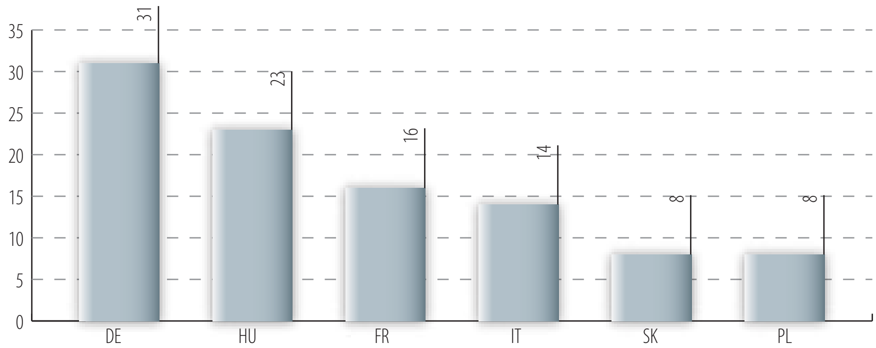
The 'Europe for citizens' programme aims to develop citizens' sense of ownership of the European project, reinforcing solidarity and a sense of European identity built around shared values. Typical actions are the development of exchanges, such as town twinning, and local citizens' projects.

A total of EUR 27 million was spent on the 'Europe for citizens' programme in 2011. As regards the implementation of the programme in 2011, 734 projects were selected or had grants awarded, and over 1 164 000 participants were expected to be involved in the co-financed activities.

Granted projects in 2011



Breakdown of the most active Member States in terms of town twinning in 2011

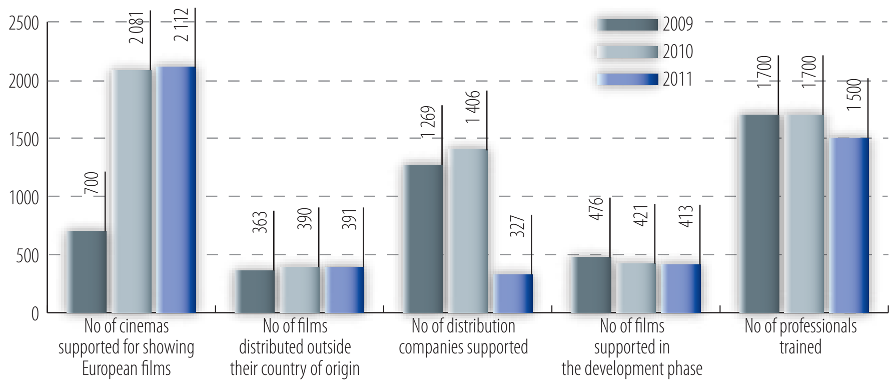


MEDIA 2007

EU action in the audiovisual sector aims to support growth and employment in the industry while maintaining cultural and linguistic diversity. The 'MEDIA' programme supports transnational circulation of European films and professionals in this highly fragmented market, which suffers from a lack of private financing.

A total of EUR 102 million was spent on 'MEDIA 2007' in 2011.

Examples of 'MEDIA' activity



One euro invested in the distribution of a project funded by the MEDIA programme triggers the generation of EUR 6 from private financing sources (and indeed there is a multiplier of 14 for the funding of the cinema network). Without EU intervention, neither the decreasing market share of European cinema (30 % worldwide) nor the still modest distribution of non-national European films (9 % EU-wide) would be able to maintain such a market presence in the face of global competition and both would be considerably lower.

Films supported by 'MEDIA' have had above-average success in leading festivals (e.g. eight out of 11 'Palmes d'Or' between 2000 and 2011, six films honoured at the 2011 European Film Awards and the winner of the 2011 LUX film prize were supported by MEDIA).

Since 2009:

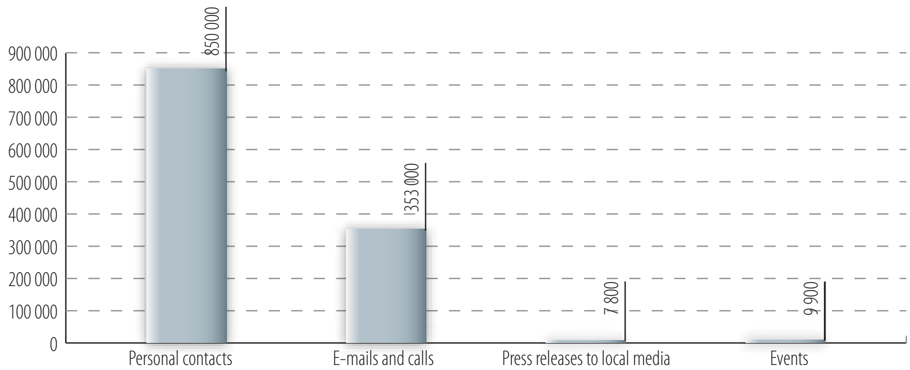
- one out of two European films distributed in Europe outside their country of origin received support from MEDIA; and
- support for the films originating from the new Member States has increased and received high priority (12 % of supported films compared with a current market share of 5.4 %).

Communication actions

EU communication actions focus on three main objectives: listening, communicating and 'going local', thus bringing the EU closer to its citizens. The activities funded include partnerships with EU information channels (Euronews, Euranet, PressEurop) and the running of the EU's information centres, Europe Direct.

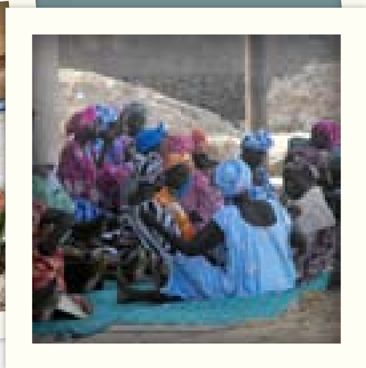
In 2011, the Europe Direct Information Centres (EDICs) network organised over 9 000 events with a large variety of target groups and with particular focus on youth, students and teachers. These activities included debates, meetings, conferences and information campaigns on the political priorities of the EU, but also adapted to the local needs.

'Going local': 468 Europe Direct centres across the EU in 2011



The EU as a global player

With EU support, access to primary healthcare in Afghanistan rose to 65 % (compared to 9 % in 2002) and basic services have been provided to over 5 million Afghans.



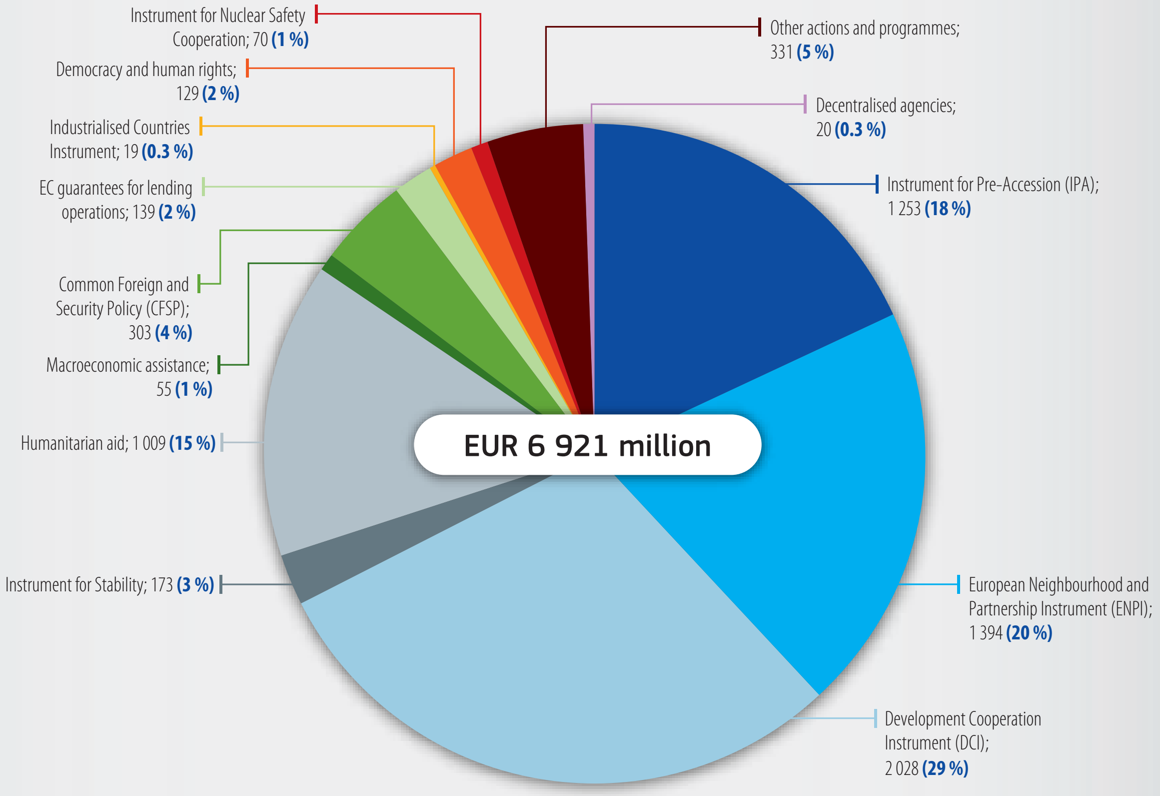
Thanks to a joint EU and Unicef project, the number of villages in Senegal that have declared that they have abandoned the practice of female genital mutilation or cutting increased from 300 to 5 315 between 2008 and 2011.

A EuropeAid project aiming to increase food security in Mozambique has provided subsidised seeds and fertilisers to 1 350 farming families in poor rural communities.

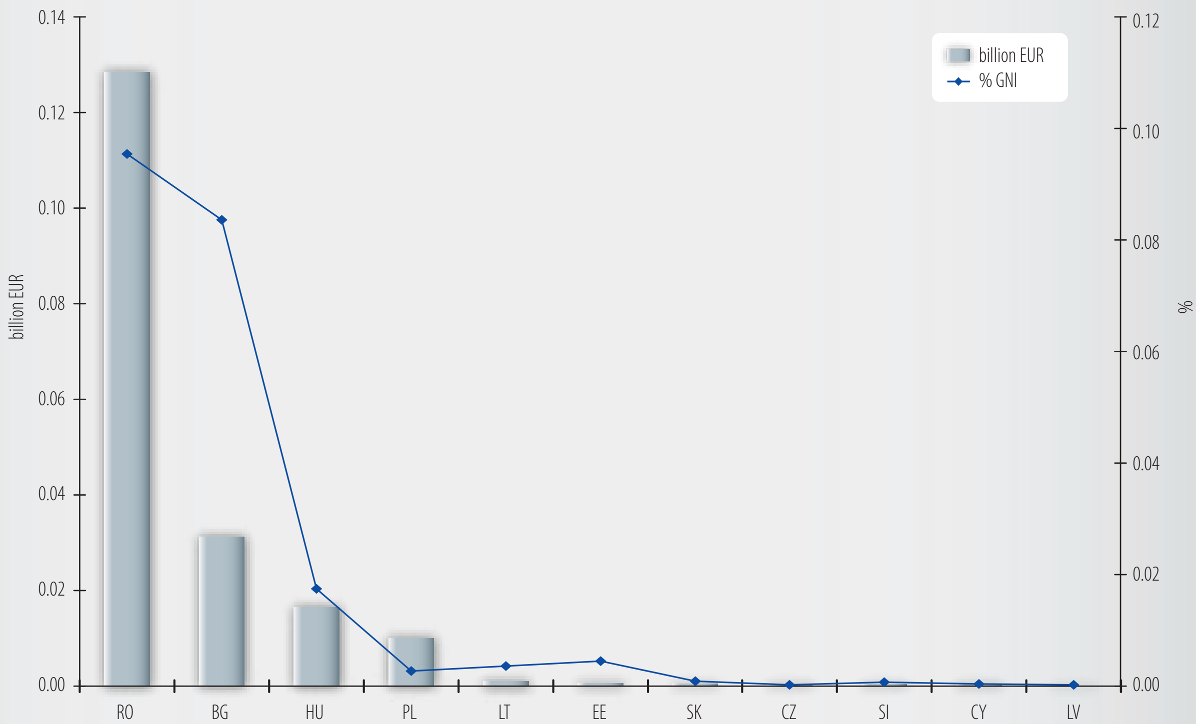
After the devastating earthquake and tsunami struck Japan on 11 March 2011, 20 Member States provided rescue assistance through the EU Civil Protection Mechanism.

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

Heading 4 — Implemented payments (million EUR)



Heading 4 — Pre-accession programmes (former Phare, ISPA and Sapard only) — Expenditure by Member State



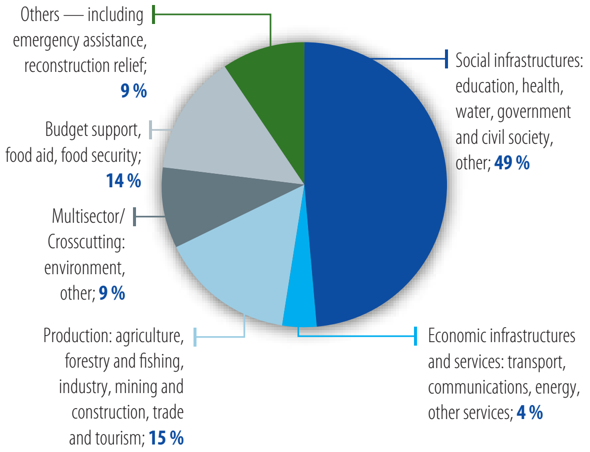
Development Cooperation Instrument (DCI)

The overarching objective of this EU instrument for external cooperation is to eradicate poverty by means of sustainable development, partly by working towards the millennium development goals.

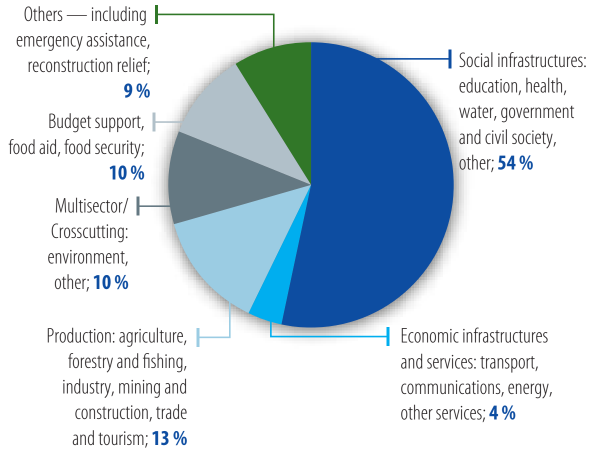
A total of EUR 2 028 million was spent on the Development Cooperation Instrument in 2011.

DCI payments (ODA — Official Development Assistance) — Breakdown by sector, general Commission budget

In 2011



In 2010



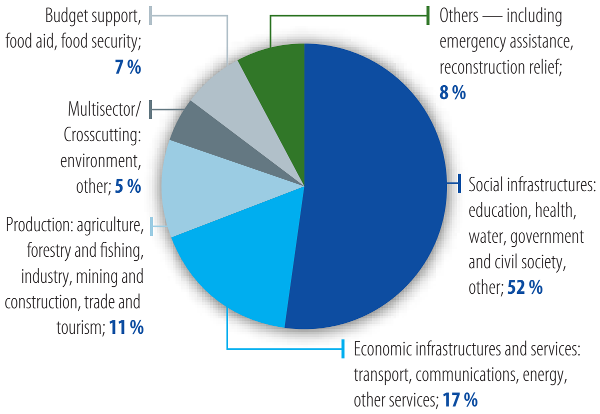
European Neighbourhood and Partnership Instrument (ENPI)

The EU's neighbourhood policy aims to build economic stability and security around the EU's borders. Funding is available through the European Neighbourhood and Partnership Instrument (ENPI) to support the neighbouring countries' own reforms and integration.

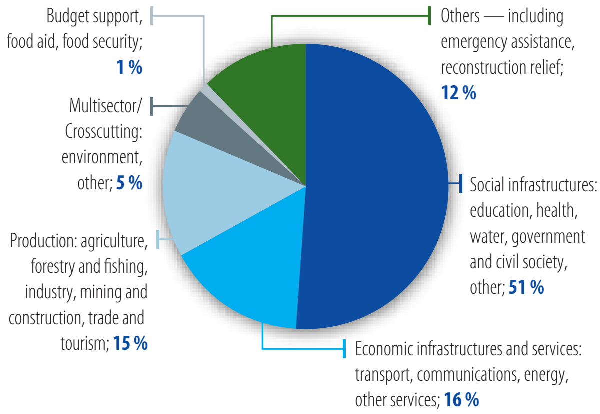
A total of EUR 1 394 million was spent on ENPI in 2011.

ENPI payments (ODA) — Breakdown by sector, general Commission budget

In 2011



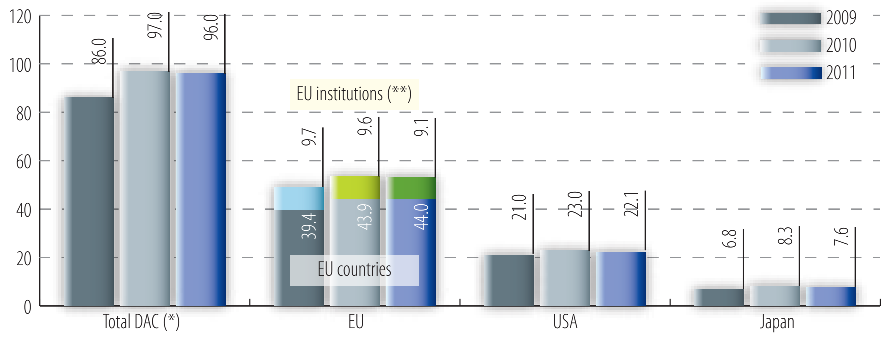
In 2010



EU assistance brings us closer to the millennium development goals

The EU is the world's largest source of official development assistance.

Net official development assistance (ODA) (billion EUR — current prices)



(*) Development Assistance Committee.
(**) Combined: EU budget, European Development Fund (EDF)

Sources: European Commission, OECD (June 2012).

At the EU level, this aid is delivered through six major instruments:

- the European Development Fund (managed by the European Commission but technically not part of the EU budget; see below);
- the Development Cooperation Instrument (DCI);
- the European Neighbourhood and Partnership Instrument (ENPI);
- the European Instrument for Democracy and Human Rights (EIDHR);
- the Instrument for Stability (IfS);
- the Instrument for Nuclear Safety Cooperation (INSC).

The European Development Fund (EDF), formally outside the EU budget and financed directly by Member States' contributions, is the main instrument for providing EU aid for development cooperation in the African, Caribbean and Pacific (ACP) states and overseas countries and territories (OCTs). The EDF consists of grants managed by the European Commission and risk capital and loans managed by the European Investment Bank (EIB) under the Investment Facility. EUR 22 682 million has been allocated to the 10th EDF (2008–13). The millennium development goals (MDGs) ([1]) set quantitative benchmarks to halve extreme poverty in all its forms by 2015 and the EU is a key player in these efforts. The European Commission is striving to ensure that the progress towards the MDGs observed in recent years will not be impeded by the effects of the crisis.

In 2011, in the face of continued budgetary constraints owing to the ongoing crisis, the EU collective ODA decreased from EUR 53.5 billion in 2010 to EUR 53.1 billion. This reduction in support to developing countries brings the EU ODA level to 0.42 % of GNI, down from the 2010 outcome of 0.44 % of GNI. Nevertheless, the EU has maintained its position as the biggest global ODA donor, accounting again for over half of the total ODA to developing countries. The EU Heads of State or Government have reaffirmed at the June 2012 European Council their commitment to achieve the ambitious EU development aid target of 0.7 % of GNI by 2015.

([1]) For more information on MDGs and targets, please refer to the UN's 2011 Millennium Development Goals Report.

Food facility

Operating over a 3-year period from 2009 to 2011, the EUR 1 billion food facility enabled the EU to respond rapidly to problems caused by soaring food prices in developing countries.

The final evaluation of the programme will be done in 2012. Draft preliminary findings from the desk review would indicate that production increases following this intervention have occurred and the safety nets mechanisms supported have mitigated the impact of the food prices (followed by the financial) crises. At the end of 2011, all funds allocated to this instrument were committed and contracted (EUR 1 billion).

Example

Addressing food and livelihood security in drought and war-affected rural populations in Eritrea

In 2009, Eritrea was facing a humanitarian crisis as a result of the 2008 drought and the aftermath of the 1998–2000 war with Ethiopia, which resulted in a large number of internally displaced people (IDPs). The resettlement of IDPs was completed in March 2008, but livelihoods did not return to normal levels. This project [1] is an expansion of the ongoing UNDP joint programme to facilitate the resettlement process. The main goal of the programme is to address the emergency and early recovery needs of the drought and war-affected regions of the country.

Results:
- Improved access to water for 8 000 households and their livestock through the construction of two micro-dams and 14 cisterns;
- 10 700 farmers have benefited from the distribution of 301 000 kg of seed;
- 4 350 vulnerable households benefit from improved access to ploughing services (draught animals or tractors) for farming purposes;
- Improved access to animal feed for 6 710 households (i.e. development of 4 505 hectares of rangeland for livestock feeding);
- 6 710 households have increased their income through soil and water conservation (cash for work) activities.

Project duration: 2010–11
EU contribution: EUR 5 million (100 % of the total)

[1] http://ec.europa.eu/europeaid/documents/case-studies/eritrea_food-security_livelihood_en.pdf

Millennium development goals initiative

The millennium development goals (MDG) initiative was launched in 2010 at the MDG Summit in New York. Costed at EUR 1 billion, the initiative aims to foster speedier progress towards the goals. It combines targeted funding for the goals that are furthest off track and performance-based funding focusing on countries that have successfully implemented aid.

The additional funding for projects targeting the most off-track MDGs is made available to reduce hunger and child mortality, secure better maternal health and improve sanitation facilities in 36 African, Caribbean and Pacific countries. This allocation, adopted in December 2011, amounts to EUR 700 million.

The initiative mobilises money from the 10th European Development Fund (EDF). Clear indicators were set to ensure that the projects trigger results on the ground.

Instrument for Pre-Accession Assistance (IPA)

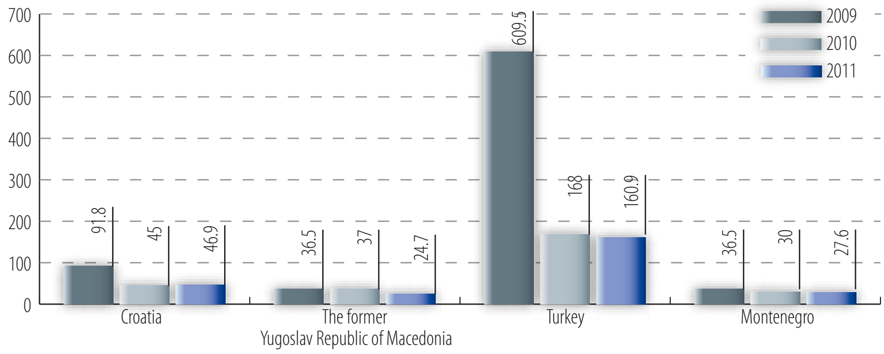
The enlargement policy is one of the most effective EU foreign policy instruments, providing a strong stimulus for political and economic reforms in candidate countries. In 2011 the EU provided focused pre-accession financial aid to four candidate countries (Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Turkey), and the potential candidates (Albania, Bosnia and Herzegovina, Kosovo ([1]) and Serbia), intended to help these countries carry out political, economic and institutional reforms in line with EU standards.

A total of EUR 1 253 million was spent on the IPA in 2011.

The Copenhagen criteria

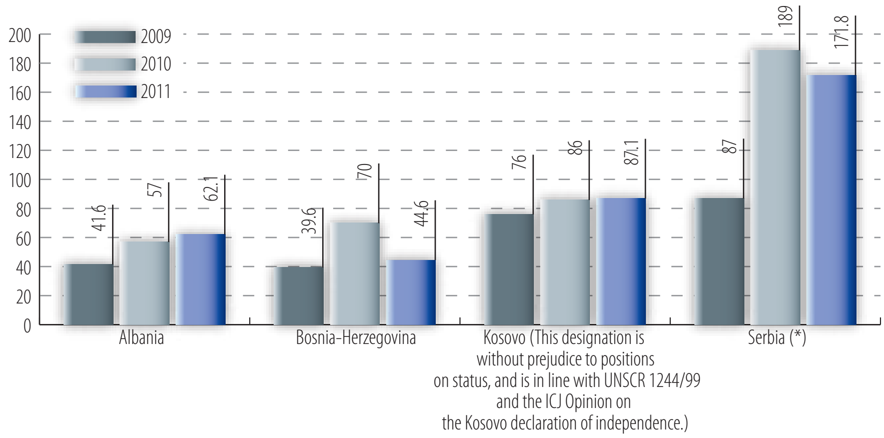
These are the conditions for EU accession. They require the candidate country to have:
- stable institutions that guarantee democracy, the rule of law, human rights and respect for minorities (political criteria);
- a functioning market economy, as well as the ability to cope with the pressure of competition inside the Union (economic criteria);
- the ability to assume the obligations of membership (*acquis* criteria — alignment with EU standards).

IPA 2011 by country: payments to EU candidate countries, excluding multi-beneficiary actions (million EUR)



([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.

IPA 2011 by country: payments to EU potential candidate countries, excluding multi-beneficiary actions (million EUR)

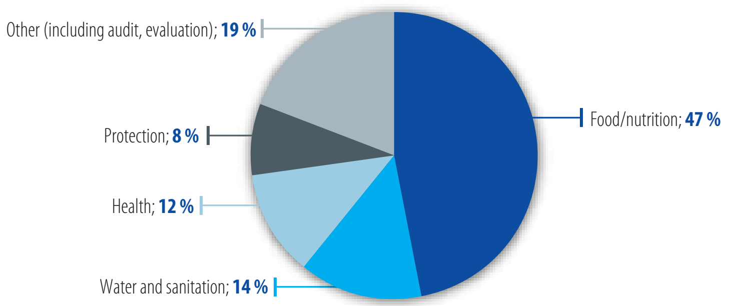


(*) Serbia became a candidate country in March 2012.

Humanitarian aid and civil protection

Every year the EU's humanitarian aid helps millions of people affected by man-made crises or natural disasters. The European Commission is one of the world's largest humanitarian aid donors, and the EU taken as a whole accounts for more than half of total official humanitarian aid.

Humanitarian aid, 2011 — Main sectors of intervention



In 2011, the Commission provided needs-based humanitarian assistance to more than 105 million people in 91 countries. The initial budget of EUR 853 million was reinforced with funds from the Commission's Emergency Aid Reserve (EAR) which was mobilised four times in 2011 for a total amount of EUR 253.9 million. Other transfers and the use of EDF funds in respect of ACP countries were added, bringing the final budget to EUR 1 161 million.

Civil protection activities in third countries complemented humanitarian activities and, within the EU, supported the efforts of EU Member States' civil protection activities.

Common foreign and security policy (CFSP)

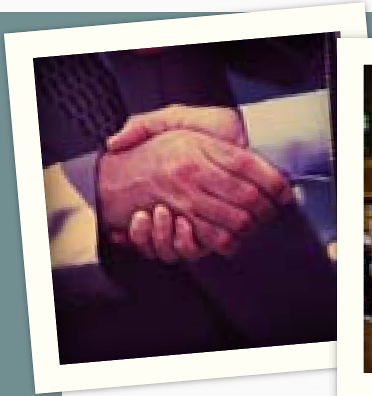
Through its common foreign and security policy, the EU acts to strengthen stability and peace in many of the world's hot spots including Kosovo, the south Caucasus, Afghanistan, the Middle East and Africa.

CFSP missions in 2011

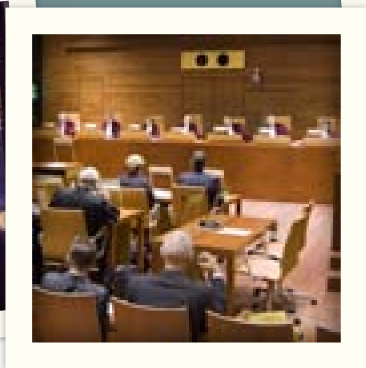
Mission	Since	Authorised staff, 2011
EU Police Mission, Bosnia and Herzegovina (*)	2003	285
EU Border Assistance Mission, Rafah	2005	23
EU Integrated Rule of Law Mission, Iraq	2005	71
EU Rule of Law Mission, Kosovo (*)	2008	3 200
EU Coordinating Office for Palestinian Police Support (*)	2006	95
EU Police Mission, Afghanistan (*)	2007	556
EU Police Mission, Democratic Republic of Congo (*)	2007	72
EU Monitoring Mission, Georgia	2008	447

(*) Contributing states include non-EU countries.

Administration



In 2011, the European Ombudsman helped more than 22 000 European citizens, companies, NGOs and associations, either by investigating complaints, answering information requests or giving advice via his online interactive guide.



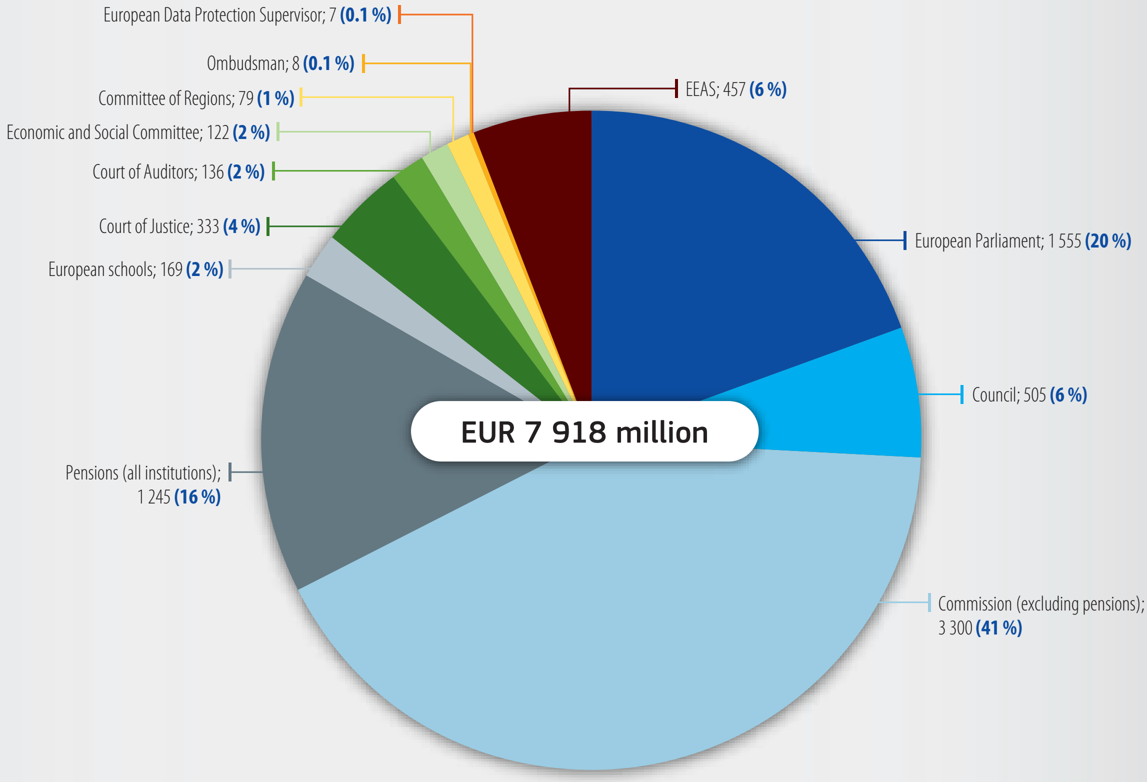
Since its establishment in 1952, the Court of Justice of the European Union has delivered 25 400 judgments and orders.

On 7 May 2011, the EU institutions in Brussels again opened their doors to thousands of visitors to facilitate better contact with citizens. The European Commission headquarters, the European Parliament and the Council of the EU welcome a total of about 30 000 visitors each year, on that occasion.

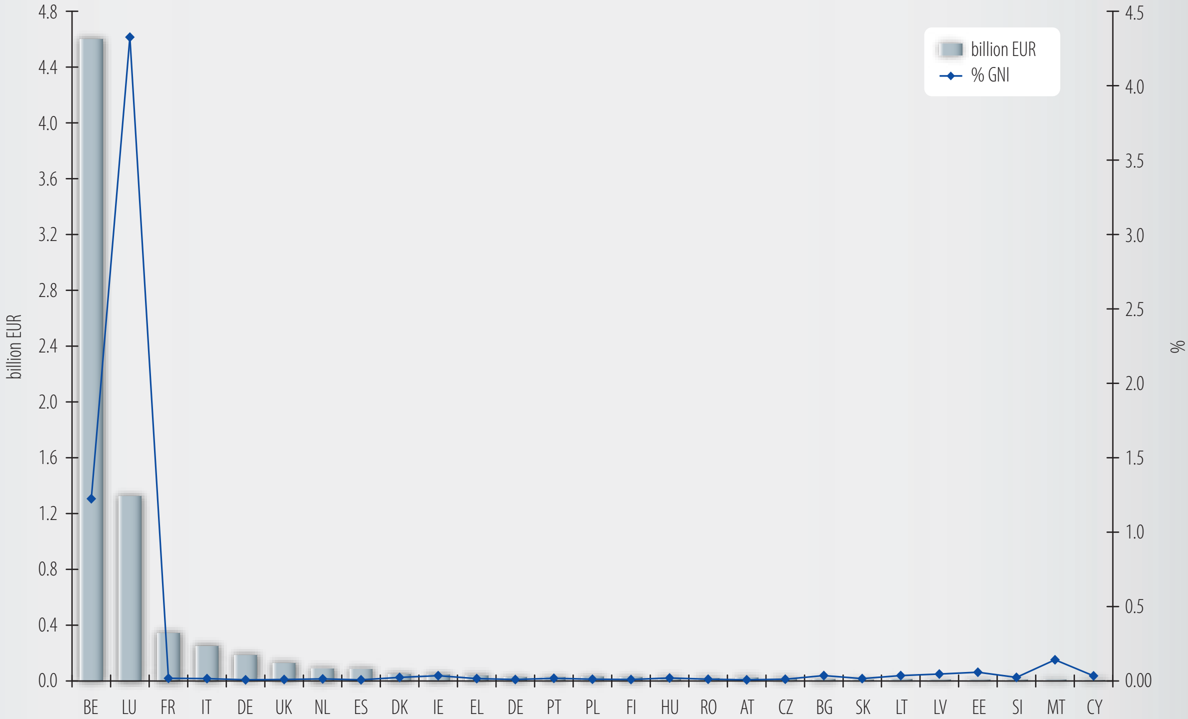
The European Commission has been applying a policy of a 'zero increase' in the number of staff posts.

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

Administrative expenditure 2011 (million EUR)



Heading 5 — Expenditure by Member State



The Commission remains more committed than ever to addressing the challenges of the 21st century by optimising the tools and procedures of the Lisbon Treaty and to delivering on the targets of the Europe 2020 strategy for smart, sustainable and inclusive growth. The Commission is not only committed to meeting all staffing needs up to 2013 under constant resources (its 'zero post increase' policy) as announced in the 'screening' of human resources exercise but also to implement a 5% staff reduction between 2013 and 2017, as announced in the Commission proposal for the next multiannual financial framework of 29 June 2011. In this context, delivering on the EU agenda and ambitions will require more redeployment than ever.

The beginning of the Commission mandate (2010) was characterised by an important reorganisation of the services, which affected some 1 730 posts, the creation of the European External Action service, which implied the transfer of 1 114 posts, and the split of the former Justice Department into two different departments (affecting some 200 posts). More recently, the Economic and Financial Affairs DG has been reorganised and reinforced to ensure appropriate monitoring of the Member States' economic and financial situation, affecting another 230 posts.

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	70 147	438 618
1a. Competitiveness for growth and employment	8 918	10 386	13 269	14 167	12 987	14 853	15 623	90 203
1b. Cohesion for growth and employment	45 061	47 267	48 427	49 388	50 987	52 761	54 524	348 415
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	2 376	12 216
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	715	4 667
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	9 095	55 535
6. Compensations	445	207	210					862
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**	**143 911**	**925 576**
% 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)

	Heading	2007 Implemented budget	2008 Implemented budget	2009 Implemented budget	2010 Implemented budget	2011 Implemented budget	2012 Voted budget	2013 Draft budget
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	7 003	8 969
1.1.2	Decommissioning	32	23	19	22	24	26	32
1.1.3	TEN	371	898	845	857	836	823	793
1.1.4	Galileo		150	721	442	548	367	361
1.1.5	Marco Polo	10	18	29	30	20	26	52
1.1.6	Lifelong learning and Erasmus Mundus	875	962	1 010	1 073	1 119	1 024	1 186
1.1.7	Competitiveness and innovation framework programme (CIP)	245	348	295	232	462	370	546
1.1.8	Social policy agenda	134	128	137	166	146	162	170
1.1.9	Customs 2013 and Fiscalis 2013	35	50	62	65	61	50	61
1.1.10	Nuclear decommissioning	38	198	110	219	102	209	190
1.1.11	European Globalisation Adjustment Fund (EGF)		49	12	105	114	50	50
1.1.12	EEPR — Energy projects to aid economic recovery			0	701	488	786	491
1.1.OTH	Other actions and programmes	553	323	295	329	231	354	393
1.1.DAG	Decentralised agencies	189	240	252	228	326	251	258
1.1	*Subtotal*	*6 203*	*9 504*	*10 066*	*10 914*	*11 514*	*11 501*	*13 553*
1b.	**Cohesion for growth and employment**							
1.2.1	Structural Funds	32 700	30 265	26 848	29 214	35 914	35 062	39 294
1.2.11	Convergence objective	23 522	21 400	19 887	21 726	27 121	28 122	31 224
1.2.12	Regional competitiveness and employment objective	7 814	7 395	6 176	6 757	7 651	5 918	6 819
1.2.13	European territorial cooperation objective	1 298	1 361	700	650	1 077	953	1 177
1.2.14	Technical assistance	66	108	85	81	65	69	74
1.2.2	Cohesion Fund	4 271	5 290	7 084	7 960	6 454	8 762	9 676
1.2.OTH	Other actions and programmes			1	5	11	12	5
1.2	*Subtotal*	*36 971*	*35 555*	*33 933*	*37 179*	*42 379*	*43 836*	*48 975*
Total — Sustainable growth		**43 174**	**45 059**	**43 999**	**48 093**	**53 892**	**55 337**	**62 528**
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	43 876	44 113
2.0.11	Agriculture markets	41 863	40 478	41 032	43 403	42 493	43 601	43 834
2.0.12	Fisheries markets	25	26	24	10	34	29	27
2.0.13	Animal and plant health	212	249	227	286	271	245	252
2.0.2	Rural development	10 803	10 529	8 739	11 493	12 293	12 093	12 749
2.0.3	European Fisheries Fund	750	572	291	396	446	488	523

2.0.4	Fisheries governance and international agreements	218	233	222	200	237	235	237
2.0.5	LIFE+	109	139	212	218	203	254	273
2.0.OTH	Other actions and programmes	2	2	10	12	15	38	18
2.0.DAG	Decentralised agencies	36	39	41	44	47	50	52
Total — Preservation and management of natural resources		**54 016**	**52 267**	**50 799**	**56 061**	**56 038**	**57 034**	**57 965**
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	414	489
3.1.2	Security and safeguarding liberties	10	24	44	35	40	43	44
3.1.3	Fundamental rights and justice	9	29	49	53	59	59	65
3.1.OTH	Other actions and programmes	30	41	45	48	53	59	58
3.1.DAG	Decentralised agencies	83	95	127	233	270	260	273
3.1	*Subtotal*	*200*	*380*	*667*	*667*	*829*	*836*	*928*
3b.	**Citizenship**							
3.2.1	Public health and consumer protection programme	69	55	78	75	65	75	71
3.2.2	Culture 2007	36	41	47	45	48	51	52
3.2.3	Youth in Action	115	122	121	123	120	124	130
3.2.4	Media 2007	93	102	97	104	102	106	106
3.2.5	Europe for citizens	18	19	26	23	27	28	29
3.2.6	Rapid response and preparedness instrument for major emergencies	8	8	9	9	12	14	15
3.2.7	Communication actions	75	77	89	83	88	86	88
3.2.8	European Union Solidarity Fund — Member States	197	273	623	13	264	p.m.	p.m.
3.2.OTH	Other actions and programmes	130	86	66	51	48	36	27
3.2.DAG	Decentralised agencies	71	99	108	114	124	129	129
3.2	*Subtotal*	*811*	*882*	*1 263*	*638*	*899*	*649*	*646*
Total — Citizenship, freedom, security and justice		**1 011**	**1 262**	**1 930**	**1 306**	**1 728**	**1 484**	**1 575**
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	1 350	1 634
4.0.2	European Neighbourhood and Partnership Instrument (ENPI)	1 403	1 510	1 455	1 486	1 394	1 318	1 472
4.0.3	Development Cooperation Instrument (DCI)	1 984	1 922	1 931	1 953	2 028	2 048	2 042
4.0.4	Instrument for Stability	44	126	142	150	173	200	216
4.0.5	Humanitarian aid	729	869	774	947	1 009	792	828
4.0.6	Macroeconomic assistance	20	40	16	101	55	79	97
4.0.7	Common foreign and security policy (CFSP)	89	192	314	251	303	303	321
4.0.8	EU guarantees for lending operations	0	0	92	94	139	260	156
4.0.9	Emergency aid reserve	0	0	0	0	0	90	110
4.0.10	Industrialised Countries Instrument	10	16	13	20	19	20	19
4.0.11	Democracy and human rights	129	117	127	154	129	154	140
4.0.12	Instrument for Nuclear Safety Cooperation	51	73	77	89	70	66	71
4.0.13	ICI+						9	18
4.0.OTH	Other actions and programmes	165	172	678	611	331	245	169
4.0.DAG	Decentralised agencies	21	38	13	19	20	20	21
Total — The European Union as a global player		**7 091**	**7 191**	**7 788**	**7 340**	**6 921**	**6 955**	**7 312**
5.	**Administration**							
5.0.1	Commission (excluding pensions)	3 170	3 303	3 464	3 567	3 300	3 322	3 374
5.0.3	Pensions (all institutions)	963	1 023	1 099	1 191	1 245	1 323	1 413
5.0.4	European Schools	127	142	148	155	169	169	181
	Other institutions	*2 380*	*2 618*	*2 671*	*2 776*	*3 203*	*3 464*	*3 578*
Total — Administration		**6 640**	**7 085**	**7 382**	**7 689**	**7 918**	**8 278**	**8 546**
6. Compensation								
6.0.1	Compensation	445	207	209				
Total — Compensation		**445**	**207**	**209**				
Grand total		**112 377**	**113 070**	**112 107**	**120 490**	**126 497**	**129 088**	**137 924**

Source: Accounting datawarehouse as at date of report.

Annex 2b — Revenue 2000–11 by type of source

	EU-15								EU-25						EU-27									
	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
Type of revenue	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million 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	19 440.8	16.5	19 007.7	15.6	12 796.2	10.9	12 470.5	9.8	14 798.9	11.4
(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	73 914.7	62.9	74 477.3	61.3	81 982.5	69.7	91 066.8	71.3	88 414.3	68.0
(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	58.9	0.1	400.0	0.3	−321.1	−0.3	−114.8	−0.1	5.4	0.0
(4) Other payments from/to Member States (**)	0.0	0.0	0.0	0.0	–	–	−0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.2	0.0	−78.9	−0.1	−6.9	0.0	−1.7	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	93 414.5	79.5	93 886.2	77.2	94 378.7	80.2	103 415.6	80.9	103 216.9	79.4
(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	16 573.0	14.1	17 282.9	14.2	14 528.2	12.4	15 659.3	12.3	16 777.7	12.9
Agricultural duties	*1 198.4*	*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*	*1 872.1*	*1.6*	*1 703.5*	*1.4*	–	–	–	–	–	–
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*	*−40.9*	*0.0*	*943.8*	*0.8*	*175.5*	*0.1*	*194.1*	*0.2*	*175.6*	*0.1*
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*	*20 266.2*	*17.2*	*20 396.6*	*16.8*	*19 195.5*	*16.3*	*20 684.9*	*16.2*	*22 194.7*	*17.1*
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*	*−4 687.7*	*−4.4*	*−5 009.4*	*−4.6*	*−5 524.3*	*−4.7*	*−5 761.0*	*−4.7*	*−4 842.7*	*−4.1*	*−5 219.8*	*−4.1*	*−5 592.6*	*−4.3*
(7) Total own resources	87 969.2	94.9	80 718.1	85.6	77 698.0	81.4	83 632.5	89.5	95 053.3	91.8	100 811.1	94.1	102 351.2	94.4	109 987.5	93.6	111 169.1	91.4	108 906.9	92.6	119 074.9	93.2	119 994.7	92.3
= (5) + (6) *% GNI*	*1.01*		*0.89*		*0.83*		*0.87*		*0.90*		*0.92*		*0.88*		*0.89*		*0.89*		*0.93*		*0.97*		*0.95*	
(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	1 847.6	1.6	1 528.8	1.3	1 796.2	1.5	2 253.6	1.8	4 539.4	3.5
(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	5 727.9	4.9	8 886.4	7.3	6 922.5	5.9	6 466.8	5.1	5 465.9	4.2
(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**	**117 563.0**	**100**	**121 584.4**	**100**	**117 625.6**	**100**	**127 795.3**	**100**	**130 000.0**	**100**
= (7) + (8) + (9) *% GNI*	*1.06*		*1.04*		*1.02*		*0.98*		*0.98*		*0.97*		*0.93*		*0.95*		*0.98*		*1.00*		*1.04*		*1.03*	
p.m. EU GNI	8 732 149.8		9 055 527.4		9 378 048.0		9 561 089.0		10 546 941.1		10 983 668.7		11 612 729.6		12 410 322.1		12 454 263.2		11 731 007.7		12 254 372.6		12 629 104.6	

(*) 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 2011 amounts were recorded in 2002.
(****) ESA95 GNI replaces ESA79 GNP as of 2002.

Annex 2c — Expenditure and revenue by Member State 2011 (million EUR) ([1])

Explanatory notes on concepts used in this annex can be found at the end of the Glossary (Annex 6) under the header 'Expenditure and revenue 2000–11 by Member State'

	1a. Competi-tiveness	1b. Cohesion	2. Natural resources	3a. Freedom, security, justice	3b. Citizenship	4. The EU as a global player	5. Administration	6. Compensation	Total expenditure	VAT-based own resource	GNI-based own resource	UK correction	Reduction in GNI-own resource granted to the NL and SE	JHA adjustment for DK, IE & UK	National contribution	TOR collected on behalf of the EU (net, 75 %)	Total revenue	p.m. breakdown of TOR: Sugar levies (gross, 100 %)	p.m. breakdown of TOR: Customs duties (gross, 100 %)	p.m. breakdown of TOR: Amounts (25 %) retained as TOR collection costs
BE	1 041.6	286.8	713.5	59.1	92.7	0.0	4 603.1	0.0	6 796.7	516.5	2 626.2	177.5	24.2	1.1	3 345.5	1 581.0	4 926.5	8.8	2 099.3	– 527.0
BG	68.1	539.4	443.7	7.3	4.3	31.3	13.1	0.0	1 107.1	51.2	274.0	18.4	2.4	0.1	346.1	49.1	395.2	0.5	65.0	– 16.4
CZ	75.1	1 774.8	1 132.8	4.4	24.9	0.3	16.8	0.0	3 029.1	207.7	1 169.9	74.6	9.3	0.4	1 462.0	220.6	1 682.5	4.9	289.2	– 73.5
DK	189.7	131.7	1 088.1	2.4	10.2	0.0	50.9	0.0	1 473.1	291.3	1 704.6	112.1	16.1	– 3.3	2 120.8	327.6	2 448.3	4.5	432.3	– 109.2
DE	1 576.7	3 447.5	6 836.9	40.1	47.6	0.0	184.2	0.0	12 133.0	1 671.5	17 602.4	218.3	170.9	8.0	19 671.1	3 456.0	23 127.1	36.1	4 571.9	– 1 152.0
EE	19.2	268.1	201.0	3.1	3.8	0.7	8.7	0.0	504.7	22.9	106.8	6.0	1.0	0.0	136.7	21.9	158.6	0.0	29.2	– 7.3
IE	170.5	155.1	1 257.2	3.7	10.3	0.0	42.5	0.0	1 639.5	193.5	886.5	52.7	8.3	– 2.1	1 139.0	199.8	1 338.7	0.0	266.3	– 66.6
EL	219.9	3 331.7	2 894.7	44.0	8.9	0.0	37.7	0.0	6 536.9	278.6	1 375.4	93.1	14.2	0.7	1 762.0	141.0	1 903.0	1.9	186.1	– 47.0
ES	903.1	5 428.1	7 092.4	62.3	27.8	0.0	85.2	0.0	13 599.0	1 964.4	7 351.8	487.7	69.0	3.3	9 876.1	1 170.2	11 046.3	6.7	1 553.5	– 390.1
FR	1 312.7	1 772.6	9 541.5	62.5	130.4	0.0	342.6	0.0	13 162.3	2 916.6	14 029.0	965.9	133.0	6.3	18 050.8	1 566.3	19 617.2	51.1	2 037.4	– 522.1
IT	826.7	2 341.0	5 993.5	67.8	107.1	0.0	249.7	0.0	9 585.9	1 811.8	11 698.5	717.9	103.1	4.9	14 336.2	1 741.7	16 078.0	5.3	2 317.0	– 580.6
CY	18.5	85.3	66.0	6.6	1.0	0.0	6.2	0.0	183.6	27.0	123.4	8.5	1.2	0.1	160.1	24.6	184.8	0.0	32.8	– 8.2
LV	28.1	560.8	302.7	5.2	4.5	0.0	9.5	0.0	911.0	15.9	133.6	9.0	1.2	0.1	159.8	22.6	182.3	0.0	30.1	– 7.5
LT	93.0	977.1	536.2	31.7	3.1	1.1	10.6	0.0	1 652.8	27.9	213.6	14.0	1.9	0.1	257.4	44.6	302.0	1.1	58.4	– 14.9
LU	134.5	21.6	53.3	2.8	9.8	0.0	1 326.6	0.0	1 548.5	46.7	215.0	15.0	2.1	0.1	278.8	14.3	293.1	0.0	19.1	– 4.8
HU	111.5	3 637.1	1 500.0	10.8	33.3	16.5	21.7	0.0	5 330.9	116.6	666.1	47.0	6.4	0.3	836.4	101.0	937.4	2.6	132.0	– 33.7
MT	18.9	84.7	15.3	7.1	1.1	0.0	8.2	0.0	135.2	9.5	43.5	2.9	0.4	0.0	56.3	10.1	66.5	0.0	13.5	– 3.4
NL	578.8	307.0	940.4	131.4	17.6	0.0	89.1	0.0	2 064.3	290.3	4 215.3	50.7	– 625.0	1.9	3 933.3	1 935.7	5 868.9	9.7	2 571.2	– 645.2
AT	283.0	218.8	1 312.4	32.8	9.7	0.0	19.1	0.0	1 875.8	306.1	2 149.1	24.0	19.1	0.9	2 499.2	189.5	2 688.7	4.2	248.4	– 63.2
PL	234.0	9 633.3	4 293.0	122.8	119.7	10.1	27.7	0.0	14 440.6	527.0	2 493.6	182.7	23.5	1.0	3 227.8	352.6	3 580.4	18.0	452.1	– 117.5
PT	184.9	3 108.1	1 333.4	21.3	39.4	0.0	28.1	0.0	4 715.3	299.3	1 207.2	81.6	10.8	0.5	1 599.4	135.0	1 734.4	0.1	179.9	– 45.0
RO	68.0	700.1	1 693.6	10.7	39.3	128.5	19.3	0.0	2 659.5	138.8	901.8	66.9	8.2	0.4	1 116.0	109.9	1 225.9	1.1	145.4	– 36.6
SI	64.9	524.9	227.0	6.7	14.7	0.2	8.7	0.0	847.0	54.7	251.8	17.9	2.4	0.1	326.9	74.2	401.1	0.0	98.9	– 24.7
SK	40.9	1 056.0	647.9	4.8	24.4	0.5	10.7	0.0	1 785.1	60.0	474.7	36.9	4.5	0.2	576.3	117.4	693.7	1.8	154.8	– 39.1
FI	153.9	303.6	794.6	9.6	6.3	0.0	25.0	0.0	1 293.0	266.9	1 435.5	87.1	12.6	0.6	1 802.8	152.4	1 955.2	1.0	202.2	– 50.8
SE	295.7	357.8	996.2	12.8	65.4	0.0	29.2	0.0	1 757.0	173.1	2 797.7	33.0	– 138.3	1.2	2 866.6	466.9	3 333.6	3.6	618.9	– 155.6
UK	1 187.2	1 211.9	3 961.4	49.1	31.8	0.0	128.6	0.0	6 570.0	2 513.1	12 267.2	– 3 595.9	116.2	– 27.1	11 273.4	2 551.8	13 825.2	12.7	3 389.7	– 850.6
EU-27	**9 899.1**	**42 265.0**	**55 868.8**	**823.0**	**889.3**	**189.2**	**7 402.7**	**0.0**	**117 336.9**	**14 798.9**	**88 414.3**	**5.4**	**– 1.4**	**– 0.3**	**103 216.9**	**16 777.7**	**119 994.7**	**175.6**	**22 194.7**	**– 5 592.6**
HR	11.7	0.0	0.0	0.0	2.5	97.6	1.3	0.0	113.2							Surplus from previous year	4 539.4	p.m. amount of UK correction 2010 (prov.): 3 630.5		
third countries	914.5	0.3	161.2	4.9	14.9	5 077.3	152.1	0.0	6 325.1							Surplus external aid guarantee fund	0.0			
other	890.9	113.3	8.6	1.7	4.3	1 557.4	363.7	0.0	2 939.8							Other revenue	5 465.9			
earmarked	636.9	0.0	1 335.9	41.5	45.3	180.7	439.6	0.0	2 679.9							**Total**	**130 000.0**			
Total	**12 353.0**	**42 378.5**	**57 374.5**	**871.1**	**956.2**	**7 102.2**	**8 359.3**	**0.0**	**129 394.9**											

([1]) Data for the years 2000–10 are available online (http://ec.europa.eu/budget/library/biblio/publications/2010/fin_report/fin_report_10_data_en.pdf).

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 ([1]) (i.e. excluding administration) allocated to each Member State, and
- the adjusted ([2]) 'national contribution' ([3]) of each Member State.

For the sake of clarity, a numerical example, presenting the calculation of the 2011 operating budgetary balance of Belgium, is included hereafter.

([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.
([3]) As for the calculation of the UK correction, 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.

Numerical example

For Belgium, the method detailed above can be illustrated as follows using the data for the year 2011:

- Operating expenditure (i.e. excluding administration) amounts to EUR 2 193.6 million (= 6 796.7 – 4 603.1) for Belgium and to EUR 109 934.2 million (= 117 336.9 – 7 402.7) for the EU as a whole.

- 'National contribution' (i.e. excluding TOR) amounts to EUR 3 345.5 million (= 4 926.5 – 1 581) for Belgium and EUR 103 216.9 million (= 119 994.7 – 16 777.7) for the EU as a whole.

- Belgium's share in EU 'national contribution' is thus 3.24 % (= 3 345.5/103 216.9).

- Belgium's **adjusted** 'national contribution' is thus: 3.24 % x EUR 109 934.2 million = EUR 3 563.2 million.

- The 'Operating budgetary balance' is established as follows: EUR 2 193.6 million – EUR 3 563.2 million = – EUR 1 369.6 million (rounded).

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'.

Operating budgetary balances, 2000–11
(i.e. excluding administrative expenditure and TOR, and including UK correction)

	2000		2001		2002		2003		2004		2005		2006	
	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
BG	–	–	–	–	–	–	–	–	–	–	–	–	–	–
CZ	–	–	–	–	–	–	–	–	+272.2	+0.31	+178.0	+0.18	+386.2	+0.34
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
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
EE	–	–	–	–	–	–	–	–	+145.0	+1.57	+154.3	+1.43	+176.4	+1.39
IE	+1 719.5	+1.88	+1 198.3	+1.20	+1 574.1	+1.44	+1 559.0	+1.29	+1 593.8	+1.23	+1 136.6	+0.81	+1 080.5	+0.69
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
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
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
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
CY	–	–	–	–	–	–	–	–	+63.5	+0.53	+90.3	+0.69	+102.4	+0.73
LV	–	–	–	–	–	–	–	–	+197.7	+1.81	+263.9	+2.07	+255.5	+1.65
LT	–	–	–	–	–	–	–	–	+369.3	+2.06	+476.4	+2.31	+585.3	+2.48
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
HU	–	–	–	–	–	–	–	–	+193.4	+0.25	+590.1	+0.70	+1 115.0	+1.32
MT	–	–	–	–	–	–	–	–	+45.0	+1.00	+90.0	+1.96	+101.0	+2.08
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
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
PL	–	–	–	–	–	–	–	–	+1 438.3	+0.72	+1 853.2	+0.77	+2 997.6	+1.13
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
RO	–	–	–	–	–	–	–	–	–	–	–	–	–	–
SI	–	–	–	–	–	–	–	–	+109.7	+0.41	+101.5	+0.36	+142.8	+0.47
SK	–	–	–	–	–	–	–	–	+169.2	+0.52	+270.9	+0.72	+323.2	+0.75
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
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
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
EU	0.0		0.0		0.0		0.0		0.0		0.0		0.0	

	2007		2008		2009 (*)		2010		2011		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
BE	− 868.2	− 0.26	− 720.6	− 0.21	− 1 663.9	− 0.49	− 1 466.4	− 0.41	− 1 369.6	− 0.36	− 965.9	− 0.28	− 838.7	− 0.24	− 1 452.7	− 0.43
BG	+335.1	+1.17	+669.6	+1.98	+624.2	+1.83	+895.5	+2.53	+725.4	+1.94	+327.7	+1.15	+658.7	+1.95	+642.2	+1.88
CZ	+656.7	+0.54	+1 178.0	+0.80	+1 702.5	+1.29	+2 079.3	+1.49	+1 455.2	+1.01	+625.6	+0.51	+1 133.9	+0.77	+1 776.8	+1.35
DK	− 604.4	− 0.26	− 543.2	− 0.23	− 969.5	− 0.43	− 615.3	− 0.26	− 836.6	− 0.34	− 673.7	− 0.29	− 625.2	− 0.26	− 821.0	− 0.36
DE	− 7 415.2	− 0.30	− 8 774.3	− 0.35	− 6 357.5	− 0.26	− 9 223.6	− 0.37	− 9 002.5	− 0.34	− 6 521.5	− 0.26	− 7 836.0	− 0.31	− 8 107.3	− 0.33
EE	+226.2	+1.51	+227.4	+1.47	+573.0	+4.26	+672.7	+4.95	+350.4	+2.31	+222.3	+1.48	+222.0	+1.44	+582.0	+4.33
IE	+662.1	+0.40	+566.1	+0.36	− 47.5	− 0.04	+803.9	+0.62	+383.8	+0.31	+619.0	+0.38	+512.6	+0.33	+47.0	+0.04
EL	+5 437.2	+2.51	+6 279.7	+2.79	+3 121.0	+1.38	+3 597.4	+1.63	+4 622.6	+2.22	+5 382.9	+2.49	+6 201.0	+2.75	+3 251.5	+1.44
ES	+3 651.8	+0.36	+2 813.2	+0.27	+1 181.7	+0.12	+4 100.9	+0.40	+2 995.0	+0.29	+3 379.4	+0.33	+2 460.8	+0.23	+1 794.3	+0.18
FR	− 2 997.3	− 0.16	− 3 842.7	− 0.20	− 5 872.7	− 0.31	− 5 534.8	− 0.28	− 6 405.8	− 0.31	− 3 500.9	− 0.18	− 4 494.9	− 0.23	− 4 739.4	− 0.25
IT	− 2 013.5	− 0.13	− 4 101.4	− 0.26	− 5 058.5	− 0.33	− 4 534.0	− 0.29	− 5 933.0	− 0.38	− 2 479.7	− 0.16	− 4 636.6	− 0.30	− 4 079.2	− 0.27
CY	− 10.5	− 0.07	− 17.7	− 0.10	− 2.3	− 0.01	+10.6	+0.06	+6.9	+0.04	− 14.5	− 0.10	− 23.1	− 0.14	+6.9	+0.04
LV	+488.8	+2.40	+407.0	+1.80	+501.5	+2.52	+674.2	+3.67	+731.3	+3.62	+483.7	+2.38	+399.5	+1.76	+513.6	+2.58
LT	+793.2	+2.87	+842.6	+2.68	+1 493.3	+5.49	+1 358.4	+5.00	+1 368.0	+4.63	+785.9	+2.84	+832.3	+2.65	+1 510.6	+5.55
LU	− 139.8	− 0.46	− 22.1	− 0.07	− 100.2	− 0.40	− 41.9	− 0.15	− 75.0	− 0.24	− 147.8	− 0.49	− 31.9	− 0.11	− 82.8	− 0.33
HU	+1 605.9	+1.74	+1 111.7	+1.13	+2 719.4	+3.11	+2 748.4	+2.98	+4 418.3	+4.67	+1 578.1	+1.71	+1 078.9	+1.09	+2 772.1	+3.17
MT	+28.1	+0.54	+30.0	+0.54	+8.6	+0.16	+52.9	+0.94	+67.0	+1.15	+26.7	+0.51	+28.2	+0.50	+11.7	+0.22
NL	− 2 864.3	− 0.49	− 2 678.2	− 0.46	+117.7	+0.02	− 1 833.1	− 0.31	− 2 214.0	− 0.36	− 1 766.4	− 0.30	− 1 551.0	− 0.27	− 2 026.2	− 0.36
AT	− 563.2	− 0.21	− 356.4	− 0.13	− 402.1	− 0.15	− 677.0	− 0.24	− 805.1	− 0.27	− 545.5	− 0.20	− 341.4	− 0.12	− 431.5	− 0.16
PL	+5 136.4	+1.71	+4 441.7	+1.25	+6 337.1	+2.11	+8 427.5	+2.46	+10 975.1	+3.10	+5 060.4	+1.69	+4 330.3	+1.22	+6 488.5	+2.16
PT	+2 474.4	+1.51	+2 695.1	+1.63	+2 150.7	+1.33	+2 622.6	+1.57	+2 983.7	+1.81	+2 433.4	+1.48	+2 642.1	+1.59	+2 242.8	+1.39
RO	+595.8	+0.50	+1 581.0	+1.16	+1 692.5	+1.45	+1 245.2	+1.02	+1 451.5	+1.08	+562.0	+0.47	+1 537.9	+1.13	+1 755.8	+1.51
SI	+88.6	+0.26	+113.8	+0.31	+241.9	+0.70	+424.1	+1.22	+490.1	+1.40	+80.3	+0.24	+102.1	+0.28	+261.6	+0.76
SK	+617.8	+1.16	+725.6	+1.15	+542.1	+0.88	+1 349.6	+2.08	+1 160.6	+1.71	+603.1	+1.14	+705.7	+1.12	+580.2	+0.94
FI	− 171.6	− 0.10	− 318.5	− 0.17	− 544.2	− 0.31	− 300.2	− 0.16	− 652.1	− 0.34	− 223.2	− 0.12	− 383.3	− 0.21	− 430.3	− 0.25
SE	− 994.8	− 0.29	− 1 463.1	− 0.42	− 85.6	− 0.03	− 1 211.4	− 0.34	− 1 325.4	− 0.33	− 620.2	− 0.18	− 1 090.7	− 0.32	− 704.2	− 0.24
UK	− 4 155.3	− 0.20	− 844.3	− 0.05	− 1 903.3	− 0.12	− 5 625.9	− 0.33	− 5 565.6	− 0.32	− 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		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 2012 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.

(*) Including the adjustment relating to the implementation of the ORD2007.
(**) 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 2011. More details can be found in note 6 to the annual accounts ([1]).

The table below gives the amount of financial corrections and recoveries implemented during 2011 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 2011 as well as amounts decided and implemented during 2011. 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 applies itself 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 in 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 that includes the suspension of payments to the programme; 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.

([1]) http://ec.europa.eu/budget/biblio/documents/2011/2011_en.cfm

Summary of financial corrections implemented during 2011 (million EUR)

Agriculture	
— EAGF	443
— Rural development	40
Subtotal financial corrections	*483*
— EAGF irregularities	178
— Rural development irregularities and recoveries	161
Subtotal recoveries	*339*
Cohesion policy	
— 1994–99 programming period	32
— 2006–06 programming period	432
— 2007–13 programming period	160
Subtotal financial corrections	*624*
Other recoveries	
— External actions	77
— Internal policies	268
Subtotal	*346*
Total	**1 792**

These figures are taken from the 2011 consolidated annual accounts of the European Union, and should be considered provisional pending the final audit opinion of the Court of Auditors.

The split per Member State of amounts implemented in 2011 for EAGF is as follows:

Member State financial clearance

(million EUR)

Member State	Financial clearance and non-respected payment deadlines	Conformity clearance	Irregularities declared by Member States (repaid to EU)	Total 2011	Total 2010
Belgium	0	–	10	10	3
Bulgaria	0	12	2	15	6
Czech Republic	0	1	1	2	1
Denmark	0	0	3	3	12
Germany	– 1	0	11	10	26
Estonia	0	–	0	0	0
Ireland	– 1	–	6	5	5
Greece	2	191	5	198	150
Spain	2	116	22	140	130
France	2	22	16	41	120
Italy	– 58	41	60	44	33
Cyprus	0	–	0	0	1
Latvia	0	–	1	1	0
Lithuania	0	0	2	2	4
Luxembourg	0	–	0	0	1
Hungary	0	– 3	2	– 1	26
Malta	0	–	0	0	0
Netherlands	–	52	4	56	51
Austria	0	–	1	1	3
Poland	0	1	2	3	97
Portugal	1	16	8	25	24
Romania	8	26	7	41	16
Slovenia	0	4	1	4	1
Slovakia	0	–	1	1	1
Finland	0	–	1	1	2
Sweden	0	–	2	2	5
United Kingdom	– 20	27	10	18	215
Total implemented	**– 63**	**506**	**178**	**621**	**934**

These figures are taken from the 2011 consolidated annual accounts of the European Union, and should be considered provisional pending the final audit opinion of the Court of Auditors.
NB: figures disclosed as 0 represent actual figures of less than 500 000.

Financial corrections implemented in 2011 (confirmed in 2011 and in previous years)

(million EUR)

Member State	ERDF	CF	ESF	FIFG	EAGGF-Guarantee	Total
1994–99	**30**	**0**	**1**	**0**	**1**	**32**
Belgium	0					0
Denmark	0					0
Germany	– 2			0	1	– 1
Ireland						0
Greece						0
Spain			0			0
France	6		1			8
Italy	0				0	0
Luxembourg						0
Netherlands	1					1
Austria					0	0
Portugal					0	0
Finland						0
Sweden						0
United Kingdom	23				0	23
Interreg	0					0
2000–06	**387**	**115**	**19**	**– 90**	**0**	**432**
Belgium	0					0
Bulgaria		9				9
Czech Republic		5				5
Denmark						0
Germany	0		0		0	1
Estonia		0				0
Ireland		1				1
Greece	244	2				245
Spain	15	74		– 90		0
France	1				0	1
Italy	62		3			65
Cyprus						0
Latvia						0
Lithuania		0				0
Luxembourg						0
Hungary	4	2	8			14
Malta				0		0
Netherlands			0			0
Austria						0
Poland	41	11	8			61
Portugal	4	5				8
Romania		3				3
Slovenia			0			0
Slovakia	2	3				4
Finland	0					0
Sweden	0		0			0
Interreg	1					1

2007–13	2	0	158	0	N/A	160
Belgium			0			0
Bulgaria			1			1
Czech Republic						0
Denmark						0
Germany			3			3
Estonia						0
Ireland			2			2
Greece						0
Spain			41			41
France	0					0
Italy						0
Cyprus						0
Latvia						0
Lithuania						0
Luxembourg			0			0
Hungary	2		25			27
Malta						0
Netherlands						0
Austria						0
Poland			86			86
Portugal	0		0			0
Romania						0
Slovenia						0
Slovakia						0
Finland						0
Sweden						0
United Kingdom						0
Interreg	0					0
Total confirmed	**419**	**115**	**178**	**– 90**	**1**	**624**

These figures are taken from the 2011 consolidated annual accounts of the European Union, and should be considered provisional pending the final audit opinion of the Court of Auditors.
NB: Figures disclosed as 0 represent actual figures of less than EUR 500 000.

Annex 5

Borrowing and lending activities

Borrowing

A number of European Union and 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 2011

EU balance of payments: EUR 1.35 billion
EU macrofinancial assistance: EUR 0.126 billion
Euratom: none
EFSM: EUR 28 billion

Lending to Member States

Balance of payments (BOP)

The European Union medium-term financial assistance facility (balance-of-payments facility, BoP) 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. The Council decided on 12 May 2011 [1] to provide precautionary EU medium-term financial assistance for Romania amounting to a maximum of EUR 1.4 billion.

Loan disbursements

Disbursements under the BoP facility amounted to EUR 1.35 billion in 2011. They correspond to the balance of the 2009 BOP decision for Romania.

[1] Council Decision 2011/288/EU of 12 May 2011 providing precautionary EU medium-term financial assistance for Romania (OJ L 132, 19.5.2011, p.15).

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.

Loan disbursements

Disbursements under the EFSM facility amounted to EUR 28 billion in 2011: EUR 13.9 billion for Ireland and EUR 14.1 billion for Portugal.

Lending to non-member countries

Macrofinancial assistance

The EU may help to restore the macroeconomic equilibrium in a particular third country, generally through loans and grants (macrofinancial assistance) ([1]). The Commission administers such support in accordance with the relevant Council decisions.

No decisions were taken in 2011.

Grant disbursements

Regarding the implementation of assistance, payments of EUR 35 million were made in favour of Armenia in two instalments (EUR 14 million in June and EUR 21 million in December). Furthermore, the second tranche of EUR 20 million, in favour of Moldova, was disbursed in September.

Loan disbursements

Two loan disbursements took place in 2011, both in July: the first instalment of EUR 100 million for Serbia and the first instalment of EUR 26 million for Armenia.

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.

No decisions were taken and no disbursements were carried out in 2011.

([1]) For more information on macrofinancial assistance, see Annex 6, Glossary.

European Investment Bank loans

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

Following the mid-term review of the EIB external mandate, Parliament and the Council adopted a new decision (1080/2011/EU of 25 October 2011, *OJ L 280, 27.10.2011, p. 1*) granting an EU guarantee to the EIB against losses under loans and loan guarantees for projects outside the Union and repealing Decision 633/2009/EC of 13 July 2009. The new decision entered into force on 30 October 2011. As a consequence the aggregate amount of credits disbursed and guarantees provided under EIB financing operations, less amounts reimbursed plus all related sums, would be increased from EUR 25 800 million to a maximum ceiling of EUR 29 484 million ([1]).

The EU budget guarantee covers 65 % of the overall ceiling, with the following regional ceilings:

- pre-accession countries: EUR 9 billion
- neighbourhood and partnership countries: EUR 13.5 billion
- Asia and Latin America: EUR 3.9 billion
- South Africa: EUR 936 million

EU-guaranteed financing under current mandate on 31 December 2011

Mandate	Financing ceiling (million EUR)	Financing made available minus cancellations (million EUR)
Pre-accession countries	9 048	7 662
Neighbourhood and partnership countries	13 548	8 268
Mediterranean	*9 700*	*6 560*
Eastern Europe, southern Caucasus and Russia	*3 848*	*1 708*
Asia and Latin America	3 952	2 761
Asia	*1 040*	*783*
Latin America	*2 912*	*1 978*
South Africa	936	591
Climate change	2 000	150
Guaranteed at 65 %	**29 484**	**19 393**

([1]) The maximum ceiling of EUR 29 484 million is broken down into two parts: a general mandate of EUR 27 484 million and a climate change mandate of EUR 2 000 million.

Annex 6

Glossary

Term	Definition
ABAC	Accrual based accounting. In 2006, the Commission produced the first set of 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. • Executive agencies: are created by a Commission decision to implement all or part of a Community programme directly from the EC budget. • Traditional agencies have been created by the Council or the Council and the European Parliament. They receive a grant from the EC budget to perform specific budget implementation tasks. • National agencies receive a grant from the EC budget to perform specific budget implementation tasks.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for one 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 the European Union.
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.
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 18 of the financial regulation).

Term	Definition
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.
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-27 means the EU as constituted in 2007: Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Greece (EL), Spain (ES), France (FR), Ireland (IE), 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) EU-25 means the EU as constituted in 2004: BE CZ DK DE EE EL ES FR IE IT CY LV LT LU HU MT NL AT PL PT SI SK FI SE UK EU-15 means the EU as constituted in 1995: BE DK DE EL ES FR IE IT LU NL AT PT FI SE UK EU-12 means the EU as constituted in 1986: BE DK DE EL ES FR IE IT LU NL PT UK EU-10 means the EU as constituted in 1981: BE DK DE EL FR IE IT LU NL UK EU-9 means the EU as constituted in 1973: BE DK DE FR IE IT LU NL UK EU-6 means the EU as constituted in 1957: BE DE FR IT LU NL
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 (euro area countries: BE DE EE EL ES FR IE IT CY LU MT NL AT PT SI SK FI).
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)	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. 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. 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.
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.
Implementing rules	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.

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 3 March 2010.
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 (see annex V of the IIA of 6 May 1999).
Macroeconomic equilibrium	The situation where there is no tendency for change. The economy can be in equilibrium at any level of economic activity.
Macrofinancial 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 annual report on allocated expenditure, 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.
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.

Revenue 2000–11 and expenditure 2000–11 by Member State

NOTES	TOR = traditional own resources Revenue 2000–11 by Member State and expenditure 2000–11 by category, as published in annual accounts. Data for 2011 is provisional.
Revenue by Member State	Other revenue (earmarked revenue, interest on late payments, fines, taxes on salaries of the employees of EU institutions, proceeds from borrowing, lending operations, etc.) is not allocable by Member State. The 10 states (resp. Bulgaria and Romania), which joined the EU on 01.05.2004 (resp. 01.01.2007), made own resources payments only from this date onwards, and even only from July 2004 (resp. March 2007) for TOR, which are paid with a 2-month delay. They paid no sugar levies in 2004 (in 2007 for Bulgaria and Romania).
Expenditure 2000–11 by Member State	Year of reference: executed and allocated expenditure are actual payments made during a financial year, pursuant either to that year's appropriations or to carryovers of non-utilised appropriations from the previous year. Expenditure financed from earmarked revenue is presented separately, except for the payments made under EFTA appropriations, which cannot be isolated in the central accounting system of the Commission (ABAC). Allocation of expenditure: based on the criteria used for the UK correction, i.e. all expenditure must possibly be allocated, except for external actions, pre-accession strategy (if paid to EU-15), guarantees, reserves and earmarked. Over 2004–06, expenditure by Member State for heading '4. External actions' includes the pre-accession strategy for Malta and Cyprus. Over 2004–06, expenditure by Member State for heading '7. Pre-accession strategy' includes, for non EU-15 Member States, the Sapard, ISPA and PHARE programmes. Since 2007, expenditure by Member State for heading '4. The EU as a global player' includes, for non EU-15 Member States, the Instrument for Preaccesion (IPA) Allocation by Member State: expenditure is allocated to the country in which the principal recipient resides, on the basis of the information available in ABAC. Some expenditure is not (or 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).
UK correction	UK correction amounts for the years 2000 to 2008 are final, amounts for the years 2009 and 2010 are provisional. UK correction payments recorded under the VAT-based own resource and under the GNP-based own resource in the Annual Accounts 2000 are included under 'UK correction' in the tables. In year n are budgeted: the provisional amount of the UK correction of year n-1, the final amount of the UK correction of year n-4 and possibly updated amounts of the UK correction of years n-2 and n-3. Besides, corresponding budgeted payments to the UK and from other Member States differ from these amounts because of exchange rate differences. Consequently, the final amount of the UK correction of a year n-1 is not equal to the payment budgeted for the United Kingdom in year n. Up to the year 2001, only Germany had a reduction (to 2/3 of its normal share) in the financing of the UK correction. As from the year 2002, the financing share of Austria, Germany, the Netherlands and Sweden is reduced to 1/4. The unusually high amount of the UK correction in 2001 is due to the combined effect of the simultaneous increase of the corrections relative to several years but all budgeted in 2001.

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