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Withdrawal of the UK from the EU

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Budgetary Impact

Introductory Remarks

This briefing is intended for members of the EPP UK Advisory Group. The objective is to point towards problematic matters regarding the financial settlement from a budgetary standpoint. It is based on the working paper "Essential Principles on Financial Settlement" published by the European Commission, as the UK has not yet published guidelines regarding the financial settlement. Since no agreement on the financial settlement has been reached yet, this paper cannot forecast any possible future agreement on financial obligations between the United Kingdom (UK) and the European Union (EU).

Legal Framework

The financial commitments made by the UK under the current Multiannual Financial Framework (MFF) are based on:

- the Regulation (EU, Euratom) No 1311/2013 and EU Funds specific Regulations;
- the regulation (EU, Euratom) *on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements*;
- and the regulation (EU, Euratom) *laying down implementing measures for the system of own resources of the European Union*.

Even in the case of withdrawal of the UK from the EU without any agreement, these commitments have to be seen as legally binding, regarding article 70 b of the Vienna convention on the law of treaties:

Article 70

Consequences of the termination of a treaty

1. Unless the treaty otherwise provides or the parties otherwise agree, the termination of a treaty under its provisions or in accordance with the present Convention:

(a) releases the parties from any obligation further to perform the treaty;

(b) does not affect any right, obligation or legal situation of the parties created through the execution of the treaty prior to its termination. (http://legal.un.org/ilc/texts/instruments/english/conventions/1_1_1969.pdf)

Commitments and Payments in the EU Budget

The EU Budget is built around two main types of amounts: commitments and payments.

Commitments are the totality of promises for future payments that can be made in a given year. Commitments must then be honoured with payments, either in the same year or, particularly in the case of multi-year projects, over the following years. Payments are the actual money paid in a given year from the EU budget to cover commitments.

Approaches for the financial settlement

In its position paper, the European Commission sets out its methodology to calculate the UK's obligations. In the opinion of the Commission, there should be one single financial settlement. We fully agree with the Commission's approach. The settlement should include all commitments made by the UK under the 2014-2020 MFF. In this regard, it is important to take into account all possible commitments until the year 2020, as well as the payments that need to be done after 2020 (resulting from commitments and long-term contracts). Furthermore, the UK should honour its share of the outstanding commitments, i.e. commitments agreed to but that have not yet translated into payments. (reste à liquider/RAL). A financial settlement should also include liabilities that are not balanced by corresponding assets, like pensions and provisions. Furthermore, the UK should stay responsible for its share of agreed contingent liabilities for unforeseen expenses and pay specific costs arising from the withdrawal process, like the relocation of agencies. Additionally, assets outside the EU's budget, as the European Development Fund or the European Investment Bank, should be taken into account when negotiating on a financial settlement (EC, *Working paper "Essential Principals on Financial Settlement, 2017*).

Calculations towards a financial settlement based on the Commission's guidelines

Since the UK's contribution to the EU Budget varies from one year to the next, it is difficult to precisely forecast the exact amount the UK will have to pay for the years 2018-2020. The contribution to the budget varies depending on factors like the size of the annual budget, the size of the UK's economy compared to the other member states (to calculate the GNI-based contribution) and the size of the UK rebate, which varies itself.

The national contribution of the UK to the EU Budget has varied in the past years also based on the expenditure of the EU Budget, ranging from 14 billion in 2016, 18.2 billion EUR in 2015, 11 billion in 2014, and even to 7.6 billion in 2008.

The so-called budgetary balance (the difference between the amount, which the UK contributes to the EU Budget and the returns) shows that the UK is a contributor, paying more to the EU Budget than what it receives. This balance has greatly varied in the past years from 11 billion EUR in 2015 to 800 million EUR in 2008, thus an impact that in 2015 was of less than 0.5% of UK's GDP. In comparison, this percentage was of 0.04% of GNI in 2008 (Annex I).

Additionally, as discussed before, the exact amount to be paid by the UK also depends on the reste à liquider in March 2019, as well as other aspects like pension liabilities, relocation of agencies, and others. As the calculation methodology is part of the ongoing negotiations and the European Commission did not support its proposal with figures, it is difficult to foresee what the final financial settlement will exactly look like. Still, there are different publications calculating the amount of a possible financial settlement based on the guidelines of the Commission. Most of them vary from around 20 billion to around 100 billion euro. One of the most quoted calculations arises from the paper "The EUR 60 billion Brexit Bill" by the Centre of European Reform. The author, Alex Barker, is a journalist for the Financial Times. He splits the UK's potential obligations into:

- legally binding budget commitments to be paid after the UK leaves
 - o Project commitments that still have to be paid (reste á liquidar, RAL) by the end of 2018 EUR 241 bn.
 - o structural funds promised to EU member states, to be turned into budget commitments' and paid between 2019 and 2023 (outstanding spending allocations) EUR 172.4 bn.
- pension promises to EU officials EUR 63.8 bn.
- contingent liabilities such - such as bailout loans to Ireland
 - o Guarantees/Provisions EUR 21.1 bn.
 - o EU loans EUR 56.1 bn.

These are offset by

- assets EUR 22.5 bn.
- projected UK receipts EUR 9 bn.
- projected UK rebate EUR 6 bn.

(Policy Department D; M. Ollikainen, V. Boesch: *Brexit and EU Budget - Different takes on the financial settlement*)

Depending on different assumptions for the UK's share (12.1% or 15%) and what is included in the financial settlement, Barker's numbers vary up to 72 billion euro. An overview of the study's results can be found in Annex II.

Other papers dealing with this are for example:

Bruegel: "Divorce settlement or leaving the club? A breakdown of the Brexit bill" or Jaques Delors Institute: "Brexit and the EU budget: Threat of opportunity".

Relocation of Agencies

- European Banking Authority:

Currently, the EBA has a 12-year lease agreement until 2026. With the use of an opting-out clause, it is possible to terminate the contract early in December 2020. The use of the opting-out clause would save 18.25 million euro for the years 2020-2026. The penalty for leaving the contract early is 2.7 million euro, while a quarterly rent of 760 407 Euro needs to be paid until 2020 (Source: European Banking Authority).

- Overall costs leaving 2020 (rent assumed from 12/2017 - 12/2020), ≈ 11.83 million euro, without costs for relocation.

- European Medicines Agency:

Currently, the EMA has a 25-year lease agreement until 2039. No opting-out clause exists. Commitments until the end of the contract: 448 million euro.

- Estimated overall costs for the relocation (including residual obligations under the lease agreement): 582,5 million Euro (Source: European Medicines Agency).

EEA/EFTA: Modell Norway in view of possible future agreement

The EEA (European Economic Area) consists of all EU member states and of three EFTA (European Free Trade Association) countries, namely Iceland, Liechtenstein and Norway. The EEA enables these three states to fully participate in the Single Market, thereby also covering the four freedoms, as well as competition and state aid rules as well as horizontal areas related to the four freedoms (consumer

protection, company law, etc.). Additionally, the EEA members cooperate in areas like research, education, training and youth, SMEs and others. The EEA does not cover the common agriculture and fisheries policies, the Customs Union, the common trade policy, common foreign and security policy, justice and home affairs, direct and indirect taxation or the economic and monetary union (Policy Department D; M. Ollikainen: "*Brexit and EU Budget - EEA and EFTA as reference points*").

Contributions to the EFTA Budget 2016

Member State	Share %	Contributions in euro
Iceland	2,62	524 646
Liechtenstein	0,96	192 188
Norway	54,68	11 041 644
Switzerland	41,74	8 184 362
Total	100,00	19 942 840

Source: <http://www.efta.int/About-EFTA/EFTA-Budget-748>

Over the 2014-2021 period, Norway will pay on average about 905 million euro annually for its EEA Membership. This is based on:

- the 2015/2016 level of participation in EU programs and agencies EUR 447 mio.
- EEA and Norway grants EUR 391 mio.
- participation in Justice and Home Affairs EUR 6 mio.
- Internal Security Fund (ISF) EUR 12 mio.
- Interreg programme EUR 25 mio.
- administrative budgets for EFTA EUR 11 mio.
- EFTA Surveillance Authority (ESA) EUR 12,5 mio.

(Policy Department D; M. Ollikainen: "*Brexit and EU Budget - EEA and EFTA as reference points*")

Average costs of the Membership (EEA/EFTA/EU) per capita per annum:

- Norway 174 €
- Switzerland 77 €
- UK 115 € (in 2015)

(Policy Department D; M. Ollikainen: "*Brexit and EU Budget - EEA and EFTA as reference points*")

Impact on the MFF post 2020

With the UK, a so-called "net contributor", will leave the Union. This will obviously have impacts on the next MFF. The Commissioner responsible for budgetary affairs, Günther Oettinger, expects the yearly gap left by the UK in the next MFF to be around 10 billion euro per annum.

In general, there are different scenarios how to tackle this gap:

- 1.) In the first scenario, all 27 member states will increase their contribution to offset the UK's contribution. Given the current political situation, this does not seem very likely.
- 2.) In the second scenario, the expenditure of the EU budget would be decreased to compensate the shortage of funds caused by the UK's departure. This scenario would leave important programmes underfunded, leaving some member states and regions without crucial financing. This option has the potential to further separate some member states from the Union.
- 3.) The third scenario would be a combination of the first two options.

Recently, Commissioner Oettinger proposed to overcome the 10 billion euro "Brexit-gap" by a 50% reduction and a 50% allocation of "fresh money". This "fresh money" might thereby arise from increased engagement of the member states and/or the genuine of new own resources as proposed by the high level group on own resources in their report in January 2016.

Other Assets to consider

There are some other assets that will need to be taken into account while negotiating a financial settlement, which are not primarily connected to the budget:

- EGNOS and Galileo;
- ITER;
- Joint ventures like:
 - SESAR (Single European Sky ATM Research) Joint Undertaking;
 - Clean Sky 2 Joint Undertaking;
 - Shift2Rail;
 - etc.
- Funds and bodies not in the consolidated accounts like:
 - European Development Fund;
 - Facility for Refugees in Turkey;
 - EIB;
- Assets like buildings.

Main projects benefitting the UK

In general, it seems fair to say that the areas the UK benefits most of are those with the highest added value. The UK is particularly benefitting from the Framework Programme for Research and Innovation (Horizon 2020). The same goes for other policies of the EU, which contribute to the prosperity of the UK's regions: agriculture and rural development - 3.7 billion euro in 2015, cohesion - 1.7 billion euro in 2017. In 2015, the UK was the major beneficiary of Horizon 2020 resources with around 1.2 billion euro. The next biggest amount was paid to Germany with 1.1 billion euro, followed by the Netherlands with 835 million euro (*European Commission, EU Budget 2015 Financial Report*). As the UK relies on its international reputation in regard of university excellence, it will most likely be in their major interest to assure its future participation in this program in any possible agreement with the EU.

2007 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	43.713,0	3.006,2
1.1	Competitiveness for growth and employment	6.738,2	649,3
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	4.059,4	422,4
1.1.2	Decommissioning (Direct research)	31,7	0,3
1.1.3	Ten	371,5	22,5
1.1.4	Galileo	0,0	0,0
1.1.5	Marco Polo	9,5	0,0
1.1.6	Lifelong Learning	958,8	80,8
1.1.7	Competitiveness and innovation framework programme (CIP)	267,4	7,8
1.1.7.1	CIP Entrepreneurship and innovation	181,8	2,5
1.1.7.2	CIP ICT policy support	37,4	0,5
1.1.7.3	CIP Intelligent energy	48,2	4,8
1.1.8	Social policy agenda	119,6	7,1
1.1.9	Customs 2013 and Fiscalis 2013	35,2	0,5
1.1.10	Nuclear decommissioning	37,9	0,0
1.1.11	European Global Adjustment Funds	18,6	0,0
1.1.DAG	Decentralised agencies	198,5	40,7
1.1.OTH	Other actions and programmes	630,2	67,3
1.2	Cohesion for growth and employment	36.974,8	2.357,0
1.2.1	Structural funds	32.699,6	2.357,0
1.2.1.1	Convergence objective	23.521,6	936,7
1.2.1.2	Regional competitiveness and employment objective	7.835,2	1.367,9
1.2.1.3	European territorial cooperation objective	1.297,8	49,2
1.2.1.4	Technical assistance	44,9	3,3
1.2.2	Cohesion Fund	4.275,2	0,0
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	0,0	0,0
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	54.648,4	4.233,7
2.0.1	Market related expenditure and direct aids	42.650,1	3.971,8
2.0.1.1	Agriculture markets	42.413,2	3.953,5
	Direct Aid	37.045,9	3.832,4
	Export refunds	1.444,7	107,0
	Storage	-106,7	-0,1
	Other	4.029,4	14,2
2.0.1.2	Fisheries market	24,7	0,0
2.0.1.3	Animal and plant health	212,3	18,3
2.0.2	Rural development	10.874,3	225,4
2.0.3	European fisheries fund	749,7	13,9
2.0.4	Fisheries governance and international agreements	217,8	11,6
2.0.5	Life+	114,4	11,0
2.0.DAG	Decentralised agencies	40,8	0,0
2.0.OTH	Other actions and programmes	1,3	0,0
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.049,8	42,4
3.1	Freedom, security and justice	212,2	15,4
3.1.1	Solidarity and management of migration flows	68,7	6,3
3.1.2	Security and safeguarding liberties	5,1	0,7
3.1.3	Fundamental rights and justice	2,3	0,0
3.1.DAG	Decentralised agencies	93,4	6,5
3.1.OTH	Other actions and programmes	42,7	1,9
3.2	Citizenship	837,6	27,1
3.2.1	Public health and consumer protection programme	70,8	5,9
3.2.2	Culture 2007-2013	38,1	4,5
3.2.3	Youth in action	124,7	7,8
3.2.4	Media 2007	98,2	5,5
3.2.5	Europe for Citizens	18,6	1,3
3.2.6	Civil protection Financial instrument	8,3	0,4
3.2.7	Communication actions	75,2	1,6
3.2.8	European Solidarity Fund	196,6	0,0
3.2.DAG	Decentralised agencies	76,6	0,0
3.2.OTH	Other actions and programmes	130,5	0,0
4	THE EU AS A GLOBAL PARTNER	7.291,8	0,0
4.0.1	Instrument for Preaccession (IPA)	2.510,5	0,0
	Other actions and programmes	4.781,3	0,0
5	ADMINISTRATION	6.805,6	140,5
6	COMPENSATIONS	444,6	0,0
TOTAL EXPENDITURE		113.953,3	7.422,9

VAT-based own resource	3.409,6
GNI-based own resource	12.553,6
UK correction	-5.188,9
JHA adjustment for Denmark, Ireland and the United Kingdom	-2,4
TOTAL national contribution	10.771,9
Traditional own resources (TOR) (75%)	2.657,0
Agricultural duties (100%)	603,8
Sugar levies (100%)	4,3
Customs duties (100%)	2.943,2
Amounts (25%) retained as TOR collection costs	-885,7
TOTAL own resources	13.429,0

Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	

Gross National Income (GNI), EUR million*	2.184.633,4
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Operating budgetary balance (EUR million)	-4.155,3
Operating budgetary balance (% GNI)	-0,19%

2008 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	45.611,4	3.134,4
1.1	Competitiveness for growth and employment	10.056,6	1.034,1
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	6.471,3	826,1
1.1.2	Decommissioning (Direct research)	22,8	0,8
1.1.3	Ten	897,9	25,6
1.1.4	Galileo	150,0	0,0
1.1.5	Marco Polo	18,4	1,2
1.1.6	Lifelong Learning	1.052,6	91,1
1.1.7	Competitiveness and innovation framework programme (CIP)	363,9	13,3
1.1.71	<i>CIP Entrepreneurship and innovation</i>	232,1	7,4
1.1.72	<i>CIP ICT policy support</i>	60,6	1,9
1.1.73	<i>CIP Intelligent energy</i>	71,2	4,1
1.1.8	Social policy agenda	131,7	6,9
1.1.9	Customs 2013 and Fiscalis 2013	50,2	0,6
1.1.10	Nuclear decommissioning	197,5	0,0
1.1.11	European Global Adjustment Funds	49,0	0,0
1.1.DAG	Decentralised agencies	265,5	38,9
1.1.OTH	Other actions and programmes	385,7	29,5
1.2	Cohesion for growth and employment	35.554,8	2.100,3
1.2.1	Structural funds	30.264,5	2.100,3
1.2.11	<i>Convergence objective</i>	21.400,3	701,0
1.2.12	<i>Regional competitiveness and employment objective</i>	7.395,2	1.351,8
1.2.13	<i>European territorial cooperation objective</i>	1.361,4	43,9
1.2.14	<i>Technical assistance</i>	107,5	3,6
1.2.2	Cohesion Fund	5.290,4	0,0
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	0,0	0,0
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	54.812,7	3.803,9
2.0.1	Market related expenditure and direct aids	43.288,6	3.226,5
2.0.11	Agriculture markets	43.008,8	3.212,9
	<i>Direct Aid</i>	37.568,6	3.160,8
	<i>Export refunds</i>	925,4	18,0
	<i>Storage</i>	147,9	0,6
	<i>Other</i>	4.366,9	33,4
2.0.12	Fisheries market	26,3	0,5
2.0.13	Animal and plant health	253,5	13,1
2.0.2	Rural development	10.529,1	528,6
2.0.3	European fisheries fund	572,1	22,4
2.0.4	Fisheries governance and international agreements	232,7	15,1
2.0.5	Life+	145,4	11,4
2.0.DAG	Decentralised agencies	42,3	0,0
2.0.OTH	Other actions and programmes	2,3	0,0
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.310,6	202,9
3.1	Freedom, security and justice	389,7	9,2
3.1.1	Solidarity and management of migration flows	194,6	0,5
3.1.2	Security and safeguarding liberties	24,8	4,1
3.1.3	Fundamental rights and justice	29,5	1,8
3.1.DAG	Decentralised agencies	99,5	2,3
3.1.OTH	Other actions and programmes	41,3	0,4
3.2	Citizenship	920,9	193,7
3.2.1	Public health and consumer protection programme	64,0	6,1
3.2.2	Culture 2007-2013	43,2	5,8
3.2.3	Youth in action	135,3	8,7
3.2.4	Media 2007	111,8	6,6
3.2.5	Europe for Citizens	19,3	0,9
3.2.6	Civil protection Financial instrument	8,5	0,9
3.2.7	Communication actions	77,2	2,1
3.2.8	European Solidarity Fund	273,2	162,4
3.2.DAG	Decentralised agencies	102,3	0,0
3.2.OTH	Other actions and programmes	86,1	0,2
4	THE EU AS A GLOBAL PARTNER	7.310,7	0,0
4.0.1	Instrument for Preaccession (IPA)	2.126,7	0,0
	Other actions and programmes	5.184,0	0,0
5	ADMINISTRATION	7.292,5	168,7
6	COMPENSATIONS	206,6	0,0
TOTAL EXPENDITURE		116.544,5	7.309,9

VAT-based own resource	2.940,5
GNI-based own resource	10.930,4
UK correction	-6.252,0
JHA adjustment for Denmark, Ireland and the United Kingdom	-5,1
TOTAL national contribution	7.613,8
Traditional own resources (TOR) (75%)	2.500,1
Agricultural duties (100%)	527,6
Sugar levies (100%)	64,9
Customs duties (100%)	2.740,9
Amounts (25%) retained as TOR collection costs	-833,4
TOTAL own resources	10.113,9
Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	
Gross National Income (GNI), EUR million*	1.910.436,4
Operating budgetary balance (EUR million)	-844,3
Operating budgetary balance (% GNI)	-0,04%

2009 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	44.683,5	2.320,7
1.1	Competitiveness for growth and employment	10.750,6	1.045,8
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	6.675,4	817,7
1.1.2	Decommissioning (Direct research)	19,1	1,1
1.1.3	Ten	852,1	34,5
1.1.4	Galileo	722,9	1,0
1.1.5	Marco Polo	31,0	0,5
1.1.6	Lifelong Learning	1.149,1	95,3
1.1.7	Competitiveness and innovation framework programme (CIP)	309,6	11,1
1.1.71	CIP Entrepreneurship and innovation	189,6	4,7
1.1.72	CIP ICT policy support	54,4	1,4
1.1.73	CIP Intelligent energy	65,5	5,0
1.1.8	Social policy agenda	141,6	9,2
1.1.9	Customs 2013 and Fiscals 2013	62,6	0,4
1.1.10	Nuclear decommissioning	110,0	0,0
1.1.11	European Global Adjustment Funds	12,4	0,0
1.1.12	Energy projects to aid economic recovery	0,2	0,0
1.1.DAG	Decentralised agencies	285,4	42,9
1.1.OTH	Other actions and programmes	379,2	32,2
1.2	Cohesion for growth and employment	33.932,9	1.274,9
1.2.1	Structural funds	26.848,5	1.274,7
1.2.11	Convergence objective	19.886,8	396,5
1.2.12	Regional competitiveness and employment objective	6.176,3	838,3
1.2.13	European territorial cooperation objective	700,0	43,1
1.2.14	Technical assistance	85,4	6,9
1.2.2	Cohesion Fund	7.083,8	0,2
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	0,6	0,0
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	55.877,3	3.712,3
2.0.1	Market related expenditure and direct aids	46.349,2	3.319,9
2.0.11	Agriculture markets	46.093,3	3.307,1
	Direct Aid	39.113,9	3.314,5
	Export refunds	649,5	27,1
	Storage	173,4	0,8
	Other	6.156,4	-35,3
2.0.12	Fisheries market	24,2	0,0
2.0.13	Animal and plant health	231,7	12,8
2.0.2	Rural development	8.739,7	359,0
2.0.3	European fisheries fund	290,9	13,0
2.0.4	Fisheries governance and international agreements	221,9	5,2
2.0.5	Life+	216,0	14,6
2.0.DAG	Decentralised agencies	49,1	0,0
2.0.OTH	Other actions and programmes	10,4	0,7
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.993,0	86,0
3.1	Freedom, security and justice	684,5	56,4
3.1.1	Solidarity and management of migration flows	405,5	41,0
3.1.2	Security and safeguarding liberties	44,7	4,9
3.1.3	Fundamental rights and justice	49,3	3,6
3.1.DAG	Decentralised agencies	138,3	6,4
3.1.OTH	Other actions and programmes	46,7	0,4
3.2	Citizenship	1.308,5	31,6
3.2.1	Public health and consumer protection programme	80,4	7,5
3.2.2	Culture 2007-2013	50,1	4,1
3.2.3	Youth in action	139,8	10,8
3.2.4	Media 2007	110,9	5,4
3.2.5	Europe for Citizens	26,1	0,9
3.2.6	Civil protection Financial Instrument	10,0	0,6
3.2.7	Communication actions	89,6	2,0
3.2.8	European Solidarity Fund	622,5	0,0
3.2.DAG	Decentralised agencies	112,6	0,0
3.2.OTH	Other actions and programmes	66,5	0,3
4	THE EU AS A GLOBAL PARTNER	7.982,9	0,0
4.0.1	Instrument for Preaccession (IPA)	2.203,2	0,0
	Other actions and programmes	5.779,8	0,0
5	ADMINISTRATION	7.615,3	126,1
6	COMPENSATIONS	209,1	0,0
TOTAL EXPENDITURE		118.361,0	6.247,1

VAT-based own resource	2.124,7
GNI-based own resource	10.797,7
UK correction	-5.657,7
Adjustment re-Implementation of the 2007 Own Resources Decision	523,7
Lump Sum Reduction Granted for NL & SE	115,3
JHA adjustment for Denmark, Ireland and the United Kingdom	-24,2
TOTAL national contribution	7.879,6
Traditional own resources (TOR) (75%)	2.232,0
Agricultural duties (100%)	0,0
Sugar levies (100%)	11,5
Customs duties (100%)	2.964,6
Amounts (25% retained as TOR collection costs)	-744,0
TOTAL own resources	10.111,6
Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	

Gross National Income (GNI), EUR million*	1.666.422,8
Operating budgetary balance (EUR million)	-1.903,3
Operating budgetary balance (% GNI)	-0,11%

2010 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	48.828,0	2.600,9
1.1	Competitiveness for growth and employment	11.648,9	931,1
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	6.919,9	722,7
1.1.2	Decommissioning (Direct research)	21,9	0,8
1.1.3	Ten	869,5	8,4
1.1.4	Galileo	453,1	23,9
1.1.5	Marco Polo	32,1	0,0
1.1.6	Lifelong Learning	1.187,9	79,4
1.1.7	Competitiveness and innovation framework programme (CIP)	243,3	10,4
1.1.71	CIP Entrepreneurship and innovation	76,7	5,1
1.1.72	CIP ICT policy support	98,3	0,7
1.1.73	CIP Intelligent energy	68,4	4,5
1.1.8	Social policy agenda	171,3	10,3
1.1.9	Customs 2013 and Fiscals 2013	65,8	0,5
1.1.10	Nuclear decommissioning	219,1	0,0
1.1.11	European Global Adjustment Funds	104,5	0,0
1.1.12	Energy projects to aid economic recovery	701,1	0,0
1.1.DAG	Decentralised agencies	261,6	33,4
1.1.OTH	Other actions and programmes	397,9	41,2
1.2	Cohesion for growth and employment	37.179,1	1.669,8
1.2.1	Structural funds	29.214,0	1.669,0
1.2.11	Convergence objective	21.725,6	376,1
1.2.12	Regional competitiveness and employment objective	6.757,4	1.247,0
1.2.13	European territorial cooperation objective	650,4	43,1
1.2.14	Technical assistance	80,7	2,8
1.2.2	Cohesion Fund	7.959,9	0,8
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	5,2	0,0
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	56.647,3	3.940,9
2.0.1	Market related expenditure and direct aids	44.283,5	3.371,5
2.0.11	Agriculture markets	43.987,4	3.361,4
	Direct Aid	39.675,7	3.292,3
	Export refunds	385,1	12,8
	Storage	93,6	-2,6
	Other	3.833,0	58,9
2.0.12	Fisheries market	10,4	0,5
2.0.13	Animal and plant health	285,8	9,6
2.0.2	Rural development	11.485,8	547,7
2.0.3	European fisheries fund	395,5	1,0
2.0.4	Fisheries governance and international agreements	200,0	6,2
2.0.5	Life+	221,3	13,6
2.0.DAG	Decentralised agencies	49,6	0,0
2.0.OTH	Other actions and programmes	11,6	0,8
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.373,0	64,6
3.1	Freedom, security and justice	683,9	36,5
3.1.1	Solidarity and management of migration flows	302,6	21,4
3.1.2	Security and safeguarding liberties	35,7	2,5
3.1.3	Fundamental rights and justice	54,5	4,8
3.1.DAG	Decentralised agencies	237,1	6,1
3.1.OTH	Other actions and programmes	54,1	1,6
3.2	Citizenship	689,0	28,1
3.2.1	Public health and consumer protection programme	76,9	7,0
3.2.2	Culture 2007-2013	47,2	4,1
3.2.3	Youth in action	144,2	7,4
3.2.4	Media 2007	118,6	5,6
3.2.5	Europe for Citizens	23,7	1,4
3.2.6	Civil protection Financial Instrument	9,4	0,1
3.2.7	Communication actions	83,7	1,9
3.2.8	European Solidarity Fund	13,0	0,0
3.2.DAG	Decentralised agencies	121,1	0,0
3.2.OTH	Other actions and programmes	51,3	0,6
4	THE EU AS A GLOBAL PARTNER	7.486,5	0,0
4.0.1	Instrument for Preaccession (IPA)	1.473,0	0,0
	Other actions and programmes	6.013,5	0,0
5	ADMINISTRATION	7.895,8	139,3
6	COMPENSATIONS	0,0	0,0
TOTAL EXPENDITURE		122.230,7	6.745,6
VAT-based own resource			2.629,0
GNI-based own resource			12.997,8
UK correction			-3.562,7
Lump Sum Reduction Granted for NL & SE			116,1
JHA adjustment for Denmark, Ireland and the United Kingdom			-34,4
TOTAL national contribution			12.145,8
Traditional own resources (TOR) (75%)			2.513,5
Agricultural duties (100%)			0,0
Sugar levies (100%)			12,7
Customs duties (100%)			3.338,7
Amounts (25% retained as TOR collection costs)			-837,8
TOTAL own resources			14.659,4
Surplus from previous year			
Surplus from EAGGF-Guarantee			
Surplus external aid guarantee fund			
Other revenue			
TOTAL REVENUE			
Gross National Income (GNI), EUR million*			1.836.622,0
Operating budgetary balance (EUR million)			-5.625,9
Operating budgetary balance (% GNI)			-0,31%

2011 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	54.731,6	2.399,2
1.1	Competitiveness for growth and employment	12.353,0	1.187,2
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	7.510,7	840,8
1.1.2	Decommissioning (Direct research)	23,5	2,5
1.1.3	Ten	865,6	19,6
1.1.4	Galileo	565,6	52,1
1.1.5	Marco Polo	20,8	1,7
1.1.6	Lifelong Learning	1.315,1	107,6
1.1.7	Competitiveness and innovation framework programme (CIP)	494,7	29,6
1.1.71	CIP Entrepreneurship and innovation	297,1	16,8
1.1.72	CIP ICT policy support	102,4	7,6
1.1.73	CIP Intelligent energy	95,3	5,3
1.1.8	Social policy agenda	150,9	10,8
1.1.9	Customs 2013 and Fiscals 2013	61,4	0,5
1.1.10	Nuclear decommissioning	102,0	0,0
1.1.11	European Global Adjustment Funds	114,3	0,1
1.1.12	Energy projects to aid economic recovery	487,7	60,1
1.1.DAG	Decentralised agencies	249,2	33,5
1.1.OTH	Other actions and programmes	391,6	28,1
1.2	Cohesion for growth and employment	42.378,5	1.211,9
1.2.1	Structural funds	35.914,3	1.210,8
1.2.11	Convergence objective	27.121,2	435,2
1.2.12	Regional competitiveness and employment objective	7.651,0	715,9
1.2.13	European territorial cooperation objective	1.076,8	57,0
1.2.14	Technical assistance	65,3	2,7
1.2.2	Cohesion Fund	6.453,7	1,1
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	10,5	0,0
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	57.374,5	3.961,4
2.0.1	Market related expenditure and direct aids	44.123,6	3.337,8
2.0.11	Agriculture markets	43.817,9	3.315,5
	Direct Aid	40.178,0	3.296,9
	Export refunds	179,4	1,1
	Storage	-175,6	-12,4
	Other	3.636,1	29,9
2.0.12	Fisheries market	34,0	0,4
2.0.13	Animal and plant health	271,7	22,0
2.0.2	Rural development	12.295,2	602,0
2.0.3	European fisheries fund	445,9	0,6
2.0.4	Fisheries governance and international agreements	236,9	5,0
2.0.5	Life+	205,2	14,1
2.0.DAG	Decentralised agencies	53,1	0,0
2.0.OTH	Other actions and programmes	14,7	2,0
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.827,3	80,9
3.1	Freedom, security and justice	871,1	49,1
3.1.1	Solidarity and management of migration flows	437,8	26,9
3.1.2	Security and safeguarding liberties	41,2	5,2
3.1.3	Fundamental rights and justice	60,0	7,7
3.1.DAG	Decentralised agencies	272,9	8,4
3.1.OTH	Other actions and programmes	59,3	1,0
3.2	Citizenship	956,2	31,8
3.2.1	Public health and consumer protection programme	67,6	6,0
3.2.2	Culture 2007-2013	51,5	4,3
3.2.3	Youth in action	148,6	10,2
3.2.4	Media 2007	114,9	5,9
3.2.5	Europe for Citizens	27,8	1,3
3.2.6	Civil protection Financial instrument	12,7	0,2
3.2.7	Communication actions	88,2	2,3
3.2.8	European Solidarity Fund	263,8	0,0
3.2.DAG	Decentralised agencies	132,2	0,0
3.2.OTH	Other actions and programmes	48,9	1,6
4	THE EU AS A GLOBAL PARTNER	7.102,2	0,0
4.0.1	Instrument for Preaccession (IPA)	1.262,0	0,0
	Other actions and programmes	5.840,2	0,0
5	ADMINISTRATION	8.359,3	128,6
6	COMPENSATIONS	0,0	0,0
TOTAL EXPENDITURE		129.394,9	6.570,0

VAT-based own resource	2.513,1
GNI-based own resource	12.267,2
UK correction	-3.595,9
Lump Sum Reduction Granted for NL & SE	116,2
JHA adjustment for Denmark, Ireland and the United Kingdom	-27,1
TOTAL national contribution	11.273,4
Traditional own resources (TOR) (75%)	2.551,8
Agricultural duties (100%)	0,0
Sugar levies (100%)	12,7
Customs duties (100%)	3.389,7
Amounts (25%) retained as TOR collection costs	-850,6
TOTAL own resources	13.825,2
Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	

Gross National Income (GNI), EUR million*	1.885.514,9
Operating budgetary balance (EUR million)	-5.565,6
Operating budgetary balance (% GNI)	-0,30%

2012 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	61.584,7	2.549,3
1.1	Competitiveness for growth and employment	13.094,4	1.268,9
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	8.538,6	980,0
1.1.2	Decommissioning (Direct research)	28,0	3,4
1.1.3	Ten	842,3	15,6
1.1.4	Galileo	406,4	43,8
1.1.5	Marco Polo	22,3	0,0
1.1.6	Lifelong Learning	1.448,4	115,8
1.1.7	Competitiveness and innovation framework programme (CIP)	416,7	24,1
1.1.71	CIP Entrepreneurship and innovation	204,3	8,3
1.1.72	CIP ICT policy support	115,5	9,8
1.1.73	CIP Intelligent energy	97,0	6,1
1.1.8	Social policy agenda	174,0	11,1
1.1.9	Customs 2013 and Fiscals 2013	68,5	0,3
1.1.10	Nuclear decommissioning	179,0	0,0
1.1.11	European Global Adjustment Funds	83,3	0,1
1.1.12	Energy projects to aid economic recovery	183,7	20,2
1.1.DAG	Decentralised agencies	263,4	37,3
1.1.OTH	Other actions and programmes	439,8	17,0
1.2	Cohesion for growth and employment	48.490,4	1.280,4
1.2.1	Structural funds	38.858,4	1.279,2
1.2.11	Convergence objective	30.438,2	387,6
1.2.12	Regional competitiveness and employment objective	7.036,0	844,2
1.2.13	European territorial cooperation objective	1.315,6	45,2
1.2.14	Technical assistance	68,6	2,3
1.2.2	Cohesion Fund	9.626,2	1,1
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	5,8	0,1
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	59.096,2	4.182,6
2.0.1	Market related expenditure and direct aids	44.859,1	3.395,6
2.0.11	Agriculture markets	44.554,2	3.340,8
	Direct Aid	40.880,0	3.281,6
	Export refunds	146,6	0,4
	Storage	32,3	22,6
	Other	3.495,2	36,1
2.0.12	Fisheries market	38,1	0,1
2.0.13	Animal and plant health	266,8	54,8
2.0.2	Rural development	13.261,0	730,1
2.0.3	European fisheries fund	480,7	32,7
2.0.4	Fisheries governance and international agreements	173,7	7,2
2.0.5	Life+	244,5	13,4
2.0.DAG	Decentralised agencies	56,1	0,0
2.0.OTH	Other actions and programmes	21,0	3,6
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	2.374,5	70,0
3.1	Freedom, security and justice	917,0	38,6
3.1.1	Solidarity and management of migration flows	475,5	18,0
3.1.2	Security and safeguarding liberties	61,4	4,1
3.1.3	Fundamental rights and justice	62,9	6,6
3.1.DAG	Decentralised agencies	240,6	8,5
3.1.OTH	Other actions and programmes	76,7	1,4
3.2	Citizenship	1.457,5	31,3
3.2.1	Public health and consumer protection programme	83,9	6,1
3.2.2	Culture 2007-2013	56,9	3,9
3.2.3	Youth in action	173,9	10,9
3.2.4	Media 2007	114,5	6,3
3.2.5	Europe for Citizens	28,6	1,2
3.2.6	Civil protection Financial Instrument	16,6	0,4
3.2.7	Communication actions	88,4	2,3
3.2.8	European Solidarity Fund	726,2	0,0
3.2.DAG	Decentralised agencies	134,7	0,0
3.2.OTH	Other actions and programmes	33,8	0,4
4	THE EU AS A GLOBAL PARTNER	7.063,6	0,0
4.0.1	Instrument for Preaccession (IPA)	1.257,2	0,0
	Other actions and programmes	5.806,4	0,0
5	ADMINISTRATION	8.564,4	132,0
6	COMPENSATIONS	0,0	0,0
TOTAL EXPENDITURE		138.683,4	6.933,9
VAT-based own resource			2.794,3
GNI-based own resource			14.391,5
UK correction			-3.803,6
Lump Sum Reduction Granted for NL & SE			126,5
JHA adjustment for Denmark, Ireland and the United Kingdom			-47,5
TOTAL national contribution			13.461,1
Traditional own resources (TOR) (75%)			2.716,3
Agricultural duties (100%)			0,0
Sugar levies (100%)			16,4
Customs duties (100%)			3.605,4
Amounts (25% retained as TOR collection costs)			-905,4
TOTAL own resources			16.177,5
Surplus from previous year			
Surplus from EAGGF-Guarantee			
Surplus external aid guarantee fund			
Other revenue			
TOTAL REVENUE			
Gross National Income (GNI), EUR million*			2.035.002,9
Operating budgetary balance (EUR million)			-7.366,1
Operating budgetary balance (% GNI)			-0,36%

2013 (EUR million)		Total	UK
1	SUSTAINABLE GROWTH	71.238,2	2.106,9
1.1	Competitiveness for growth and employment	14.306,9	1.441,6
1.1.1	Seventh Research framework programme (incl.compl.of sixth Research FP)	9.590,4	1.114,0
1.1.2	Decommissioning (Direct research)	28,5	1,1
1.1.3	Ten	809,9	32,5
1.1.4	Galileo	396,4	38,9
1.1.5	Marco Polo	21,7	0,0
1.1.6	Lifelong Learning	1.524,3	120,6
1.1.7	Competitiveness and innovation framework programme (CIP)	577,0	36,8
<i>1.1.71</i>	<i>CIP Entrepreneurship and innovation</i>	<i>341,1</i>	<i>17,9</i>
<i>1.1.72</i>	<i>CIP ICT policy support</i>	<i>137,1</i>	<i>11,4</i>
<i>1.1.73</i>	<i>CIP Intelligent energy</i>	<i>98,8</i>	<i>7,6</i>
1.1.8	Social policy agenda	134,6	8,2
1.1.9	Customs 2013 and Fiscalis 2013	68,5	0,2
1.1.10	Nuclear decommissioning	180,4	0,1
1.1.11	European Global Adjustment Funds	42,0	0,0
1.1.12	Energy projects to aid economic recovery	201,6	27,2
1.1.DAG	Decentralised agencies	286,0	49,2
1.1.OTH	Other actions and programmes	445,6	12,9
1.2	Cohesion for growth and employment	56.931,3	665,3
1.2.1	Structural funds	45.014,6	664,5
<i>1.2.11</i>	<i>Convergence objective</i>	<i>34.688,8</i>	<i>353,7</i>
<i>1.2.12</i>	<i>Regional competitiveness and employment objective</i>	<i>8.678,4</i>	<i>239,0</i>
<i>1.2.13</i>	<i>European territorial cooperation objective</i>	<i>1.578,9</i>	<i>70,0</i>
<i>1.2.14</i>	<i>Technical assistance</i>	<i>68,5</i>	<i>1,9</i>

1.2.2	Cohesion Fund	11.910,3	0,4
1.2.DAG	Decentralised agencies	0,0	0,0
1.2.OTH	Other actions and programmes	6,4	0,4
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	59.524,2	3.958,2
2.0.1	Market related expenditure and direct aids	45.275,0	3.168,9
2.0.11	Agriculture markets	45.011,7	3.123,9
	<i>Direct Aid</i>	41.658,3	3.084,2
	<i>Export refunds</i>	62,3	0,2
	<i>Storage</i>	31,6	0,3
	<i>Other</i>	#BEZUG!	39,2
2.0.12	Fisheries market	20,5	0,2
2.0.13	Animal and plant health	242,8	44,9
2.0.2	Rural development	13.156,1	751,9
2.0.3	European fisheries fund	567,3	13,4
2.0.4	Fisheries governance and international agreements	184,6	8,2
2.0.5	Life+	268,6	14,4
2.0.DAG	Decentralised agencies	59,5	0,0
2.0.OTH	Other actions and programmes	13,0	1,3
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.883,1	115,1
3.1	Freedom, security and justice	1.122,0	82,0
3.1.1	Solidarity and management of migration flows	607,8	49,9
3.1.2	Security and safeguarding liberties	71,5	9,5
3.1.3	Fundamental rights and justice	65,7	13,1
3.1.DAG	Decentralised agencies	274,5	8,5
3.1.OTH	Other actions and programmes	102,5	1,0
3.2	Citizenship	761,1	33,1
3.2.1	Public health and consumer protection programme	76,2	6,2
3.2.2	Culture 2007-2013	60,1	4,4

3.2.3	Youth in action	199,5	11,7
3.2.4	Media 2007	120,4	7,1
3.2.5	Europe for Citizens	27,8	0,7
3.2.6	Civil protection Financial instrument	14,1	0,1
3.2.7	Communication actions	82,3	2,3
3.2.8	European Solidarity Fund	14,3	0,0
3.2.DAG	Decentralised agencies	133,8	0,0
3.2.OTH	Other actions and programmes	32,6	0,5
4	THE EU AS A GLOBAL PARTNER	7.055,2	0,0
4.0.1	Instrument for Preaccession (IPA)	1.296,6	0,0
	Other actions and programmes	5.758,7	0,0
5	ADMINISTRATIONS	8.693,2	128,1
6	COMPENSATIONS	75,0	0,0
TOTAL EXPENDITURE		148.468,9	6.308,3

VAT-based own resource	2.527,3
GNI-based own resource	16.230,0
UK correction	-4.329,5
Lump Sum Reduction Granted for NL & SE	123,6
JHA adjustment for Denmark, Ireland and the United Kingdom	-41,9
TOTAL national contribution	14.509,5
Traditional own resources (TOR) (75%)	2.558,8
Agricultural duties (100%)	0,0
Sugar levies (100%)	13,9
Customs duties (100%)	3.397,8
Amounts (25%) retained as TOR collection costs	-852,9
TOTAL own resources	17.068,4
Surplus from previous year	
Surplus from EAGGF-Guarantee	

Surplus external aid guarantee fund
Other revenue

TOTAL REVENUE

Gross National Income (GNI), EUR million*	1.998.646,4
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Operating budgetary balance (EUR million)	-8.641,7
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Operating budgetary balance (% GNI)	-0,43%
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* GNI figures are based on ESA 2010

2014 (EUR million)

	Total	UK
1	67.682,9	2.746,9
1.1	13.331,3	1.023,8
1.1.1	1.829,1	48,3
1.1.1.1	1.162,6	37,1
1.1.1.1.1	423,0	0,0
1.1.1.1.2	243,5	11,2
1.1.1.1.3	164,6	0,0
1.1.2	7.643,2	796,5
1.1.3	7.414,8	748,4
1.1.3.1	228,4	48,1
1.1.3.2	236,9	3,9
1.1.4	1.509,4	104,1
1.1.5	83,7	6,8
1.1.6	95,0	0,7
1.1.7	831,0	15,3
1.1.8	11,4	0,1
1.1.8.1	813,8	14,5
1.1.8.2	5,9	0,6
1.1.8.3	239,1	18,1
1.1.9	249,3	13,0
1.1.10	315,6	6,6
1.1.11	18,4	0,9
1.1.12	115,9	9,7
1.1.13	54.351,6	1.723,0
1.2	52.128,7	1.650,0
1.2.1	30.747,4	544,5
1.2.1.1	167,3	6,6
1.2.1.2	7.751,0	1.098,6
1.2.1.3	6,6	0,0
1.2.1.4	13.456,4	0,3
1.2.1.5	1.688,6	71,1
1.2.2	84,4	1,4
1.2.3	84,4	1,4
1.2.3.1	0,0	0,0
1.2.3.2	0,0	0,0
1.2.4	409,5	0,0
1.2.5	34,3	0,5
1.2.DAG	0,0	0,0
1.2.OTH	0,0	0,0
1.2.PPA	6,0	0,0
1.2.SPEC	0,0	0,0
2	56.584,5	3.951,7
2.0.1	44.288,1	3.195,1
2.0.10	44.288,1	3.195,1

		41,659.7	3,159.9
	<i>Direct Aid</i>	2,628.4	35.3
	<i>Other</i>	11,190.0	689.4
2.0.2	European Agricultural Fund for Rural Development (EAFRD)	757.2	48.1
2.0.3	European Maritime and Fisheries Fund (EMFF), Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)	683.6	47.3
2.0.31	<i>European Maritime and Fisheries Fund (EMFF)</i>	73.5	0.9
2.0.32	<i>Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)</i>	270.4	18.5
2.0.4	Environment and climate action (LIFE+)	58.7	0.0
2.0.DAG	Decentralised agencies	0.0	0.0
2.0.OTH	Other actions and programme	17.1	0.4
2.0.PPA	Pilot projects and preparatory actions	3.0	0.0
2.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	1,711.0	136.6
3	SECURITY AND CITIZENSHIP	186.0	20.7
3.0.1	Asylum and Migration Fund (AMF)	214.4	8.6
3.0.2	Internal Security Fund	31.7	0.0
3.0.3	IT Systems	40.1	5.3
3.0.4	Justice	46.8	3.4
3.0.5	Rights and Citizenship	28.4	2.6
3.0.6	Civil Protection	26.4	0.9
3.0.7	Europe for Citizens	219.0	36.5
3.0.8	Food and feed	48.1	4.4
3.0.9	Health for Growth	19.7	0.7
3.0.10	Consumer protection	192.0	11.1
3.0.11	Creative Europe	476.2	38.3
3.0.DAG	Decentralised agencies	0.6	0.0
3.0.OTH	Other actions and programme	11.4	2.0
3.0.PPA	Pilot projects and preparatory actions	170.2	2.1
3.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	7,205.8	0.0
4	THE EU AS A GLOBAL PARTNER	1,314.6	0.0
4.0.1	Instrument for Preaccession (IPA)	5,891.2	0.0
4.0.OTH	other		

5	ADMINISTRATION	8.819,3	149,3
6	COMPENSATIONS	28,6	0,0
8	NEGATIVE RESERVE	0,0	0,0
9	SPECIAL INSTRUMENTS	464,9	0,3
	TOTAL EXPENDITURE	142.497,0	6.984,7

VAT-based own resource	2.932,9
GNI-based own resource	14.524,6
UK correction	-6.066,3
Lump Sum Reduction Granted for NL & SE	0,0
JHA adjustment for Denmark, Ireland and the United Kingdom	-49,6
TOTAL national contribution	11.341,6
Traditional own resources (TOR) (75%)	2.730,7
Agricultural duties (100%)	0,0
Sugar levies (100%)	4,9
Customs duties (100%)	3.638,8
Amounts (25%) retained as TOR collection costs	-912,9
TOTAL own resources	14.072,3
Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	

Gross National Income (GNI), EUR million*	2.174.279,7
Operating budgetary balance (EUR million)	-4.929,8
Operating budgetary balance (% GNI)	-0,23%

* GNI figures are based on ESA 2010

		2015 (EUR million)		Total	UK
1	SMART AND INCLUSIVE GROWTH			68.009,2	3.372,3
1.1	Competitiveness for growth and jobs			16.801,9	1.589,6
1.1.1	Large infrastructure projects			1.784,1	86,4
1.1.1.10	European Fund for Strategic Investments (EFSI)			3,6	0,0
1.1.1.11	Implementation and exploitation of European satellite navigation systems (EGNOS and GALILEO)			836,5	65,4
1.1.1.12	International Thermonuclear Experimental Reactor (ITER)			417,7	3,5
1.1.1.13	European Earth Observation Programme (Copernicus)			526,2	17,6
1.1.2	Nuclear decommissioning assistance programmes			149,7	0,0
1.1.3	Common Strategic Framework (CSF) Research and Innovation			9.985,5	1.280,1
1.1.3.1	The Framework Programme for Research and Innovation (Horizon 2020)			9.626,8	1.209,7
1.1.3.2	Euratom Research and Training Programme			358,7	70,4
1.1.4	Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME)			347,6	15,0
1.1.5	The Union Programme for Education, Training, Youth and Sport (Erasmus+)			1.834,2	120,8
1.1.6	European Union Programme for Employment and Social Innovation (EaSI)			88,3	6,3
1.1.7	Action Programmes for customs, for taxation and for anti-fraud in the European Union (Customs 2020, Fiscals 2020 and Anti-Fraud)			109,1	0,5
1.1.8	Connecting Europe Facility (CEF)			1.414,4	37,1
1.1.8.1	Energy			77,7	6,9
1.1.8.2	Transport			1.312,0	28,6
1.1.8.3	Informations and Communications Technology (ICT)			24,7	1,6
1.1.9	Energy projects to aid economic recovery (EERP)			401,9	11,5
1.1.DAG	Decentralised agencies			252,7	13,5
1.1.OTH	Other actions and programmes			300,9	8,0
1.1.PPA	Pilot projects and preparatory actions			17,0	0,7
1.1.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission			116,8	9,6
1.2	Economic, social and territorial cohesion			51.207,3	1.782,7
1.2.1	Investment for growth and jobs			48.279,6	1.637,7
1.2.1.1	Less developed regions (Regional convergence)			27.818,5	424,3
1.2.1.2	Transition regions			785,7	41,2
1.2.1.3	More developed regions (Competitiveness)			7.562,7	1.172,1
1.2.1.4	Outermost and sparsely populated regions			25,4	0,0
1.2.1.5	Cohesion fund (including contribution to the Connecting Europe Facility CEF)			12.087,3	0,1
1.2.2	European territorial cooperation			1.288,0	77,7
1.2.3	Technical assistance and innovative actions			161,7	3,4
1.2.3.1	Technical assistance			161,7	3,4
1.2.3.2	Innovative actions			0,0	0,0
1.2.4	Fund for European Aid to the Most Deprived			45,5	0,4
1.2.5	Youth Employment Initiative (specific top-up allocation)			1.035,1	63,4
1.2.6	Contribution to the Connecting Europe Facility (CEF)			393,6	0,1
1.2.DAG	Decentralised agencies			0,0	0,0
1.2.OTH	Other actions and programmes			0,0	0,0

Surplus external aid guarantee fund
Other revenue

TOTAL REVENUE

Gross National Income (GNI), EUR million*	1.998.646,4
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Operating budgetary balance (EUR million)	-8.641,7
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Operating budgetary balance (% GNI)	-0,43%
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* GNI figures are based on ESA 2010

2014 (EUR million)

	Total	UK
1	67.682,9	2.746,9
1.1	13.331,3	1.023,8
1.1.1	1.829,1	48,3
	SMART AND INCLUSIVE GROWTH	
	Competitiveness for growth and jobs	
	Large infrastructure projects	
1.1.1.1	1.162,6	37,1
1.1.1.2	423,0	0,0
1.1.1.3	243,5	11,2
	European satellite navigation systems (EGNOS and GALILEO)	
	International Thermonuclear Experimental Reactor (ITER)	
	European Earth Observation Programme (Copernicus)	
1.1.2	164,6	0,0
	Nuclear Safety and Decommissioning	
1.1.3	7.643,2	796,5
	Common Strategic Framework (CSF) Research and Innovation	
	Horizon 2020	
1.1.3.1	7.414,8	748,4
1.1.3.2	228,4	48,1
	Euratom Research and Training Programme	
1.1.4	236,9	3,9
	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	
1.1.5	1.509,4	104,1
	Education, Training, Youth and Sport (Erasmus for all)	
1.1.6	83,7	6,8
	Social Change and Innovation (PSCI)	
1.1.7	95,0	0,7
	Customs, Fiscalis and Anti-Fraud	
1.1.8	831,0	15,3
	Connecting Europe Facility (CEF)	
1.1.8.1	11,4	0,1
	Energy	
1.1.8.2	813,8	14,5
	Transport	
1.1.8.3	5,9	0,6
	Informations and Communications Technology (ICT)	
1.1.9	239,1	18,1
	Energy projects to aid economic recovery (EERP)	
1.1.10	249,3	13,0
	Decentralised agencies	
1.1.11	315,6	6,6
	Other actions and programme	
1.1.12	18,4	0,9
	Pilot projects and preparatory actions	
1.1.13	115,9	9,7
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	
1.2	54.351,6	1.723,0
1.2.1	52.128,7	1.650,0
	Economic, social and territorial cohesion	
	Investment for growth and jobs	
1.2.1.1	30.747,4	544,5
	Regional convergence (Less developed regions)	
1.2.1.2	167,3	6,6
	Transition regions	
1.2.1.3	7.751,0	1.098,6
	Competitiveness (More developed regions)	
1.2.1.4	6,6	0,0
	Outermost and sparsely populated regions	
1.2.1.5	13.456,4	0,3
	Cohesion fund (including contribution to the Connecting Europe Facility CEF)	
1.2.2	1.688,6	71,1
	European territorial cooperation	
1.2.3	84,4	1,4
	Technical assistance and innovative actions	
1.2.3.1	84,4	1,4
	Technical assistance	
1.2.3.2	0,0	0,0
	Innovative actions	
1.2.4	409,5	0,0
	European Aid to the Most Deprived (FEAD)	
1.2.5	34,3	0,5
	Youth Employment Initiative (specific top-up allocation)	
1.2.DAG	0,0	0,0
	Decentralised agencies	
1.2.OTH	0,0	0,0
	Other actions and programmes	
1.2.PPA	6,0	0,0
	Pilot projects and preparatory actions	
1.2.SPEC	0,0	0,0
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	
2	56.584,5	3.951,7
2.0.1	44.288,1	3.195,1
	SUSTAINABLE GROWTH: NATURAL RESOURCES	
	European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	
2.0.1.0	44.288,1	3.195,1
	European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	

		41,659.7	3,159.9
	<i>Direct Aid</i>	2,628.4	35.3
	<i>Other</i>	11,190.0	689.4
2.0.2	European Agricultural Fund for Rural Development (EAFRD)	757.2	48.1
2.0.3	European Maritime and Fisheries Fund (EMFF), Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)	683.6	47.3
2.0.31	<i>European Maritime and Fisheries Fund (EMFF)</i>	73.5	0.9
2.0.32	<i>Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)</i>	270.4	18.5
2.0.4	Environment and climate action (LIFE+)	58.7	0.0
2.0.DAG	Decentralised agencies	0.0	0.0
2.0.OTH	Other actions and programme	17.1	0.4
2.0.PPA	Pilot projects and preparatory actions	3.0	0.0
2.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	1,711.0	136.6
3	SECURITY AND CITIZENSHIP	186.0	20.7
3.0.1	Asylum and Migration Fund (AMF)	214.4	8.6
3.0.2	Internal Security Fund	31.7	0.0
3.0.3	IT Systems	40.1	5.3
3.0.4	Justice	46.8	3.4
3.0.5	Rights and Citizenship	28.4	2.6
3.0.6	Civil Protection	26.4	0.9
3.0.7	Europe for Citizens	219.0	36.5
3.0.8	Food and feed	48.1	4.4
3.0.9	Health for Growth	19.7	0.7
3.0.10	Consumer protection	192.0	11.1
3.0.11	Creative Europe	476.2	38.3
3.0.DAG	Decentralised agencies	0.6	0.0
3.0.OTH	Other actions and programme	11.4	2.0
3.0.PPA	Pilot projects and preparatory actions	170.2	2.1
3.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	7,205.8	0.0
4	THE EU AS A GLOBAL PARTNER	1,314.6	0.0
4.0.1	Instrument for Preaccession (IPA)	5,891.2	0.0
4.0.OTH	other		

5	ADMINISTRATION	8.819,3	149,3
6	COMPENSATIONS	28,6	0,0
8	NEGATIVE RESERVE	0,0	0,0
9	SPECIAL INSTRUMENTS	464,9	0,3
	TOTAL EXPENDITURE	142.497,0	6.984,7

VAT-based own resource	2.932,9
GNI-based own resource	14.524,6
UK correction	-6.066,3
Lump Sum Reduction Granted for NL & SE	0,0
JHA adjustment for Denmark, Ireland and the United Kingdom	-49,6
TOTAL national contribution	11.341,6
Traditional own resources (TOR) (75%)	2.730,7
Agricultural duties (100%)	0,0
Sugar levies (100%)	4,9
Customs duties (100%)	3.638,8
Amounts (25%) retained as TOR collection costs	-912,9
TOTAL own resources	14.072,3
Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	

Gross National Income (GNI), EUR million*	2.174.279,7
Operating budgetary balance (EUR million)	-4.929,8
Operating budgetary balance (% GNI)	-0,23%

* GNI figures are based on ESA 2010

		2015 (EUR million)		Total	UK
1	SMART AND INCLUSIVE GROWTH			68.009,2	3.372,3
1.1	Competitiveness for growth and jobs			16.801,9	1.589,6
1.1.1	Large infrastructure projects			1.784,1	86,4
1.1.1.10	European Fund for Strategic Investments (EFSI)			3,6	0,0
1.1.1.11	Implementation and exploitation of European satellite navigation systems (EGNOS and GALILEO)			836,5	65,4
1.1.1.12	International Thermonuclear Experimental Reactor (ITER)			417,7	3,5
1.1.1.13	European Earth Observation Programme (Copernicus)			526,2	17,6
1.1.2	Nuclear decommissioning assistance programmes			149,7	0,0
1.1.3	Common Strategic Framework (CSF) Research and Innovation			9.985,5	1.280,1
1.1.3.1	The Framework Programme for Research and Innovation (Horizon 2020)			9.626,8	1.209,7
1.1.3.2	Euratom Research and Training Programme			358,7	70,4
1.1.4	Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME)			347,6	15,0
1.1.5	The Union Programme for Education, Training, Youth and Sport (Erasmus+)			1.834,2	120,8
1.1.6	European Union Programme for Employment and Social Innovation (EaSI)			88,3	6,3
1.1.7	Action Programmes for customs, for taxation and for anti-fraud in the European Union (Customs 2020, Fiscals 2020 and Anti-Fraud)			109,1	0,5
1.1.8	Connecting Europe Facility (CEF)			1.414,4	37,1
1.1.8.1	Energy			77,7	6,9
1.1.8.2	Transport			1.312,0	28,6
1.1.8.3	Informations and Communications Technology (ICT)			24,7	1,6
1.1.9	Energy projects to aid economic recovery (EERP)			401,9	11,5
1.1.DAG	Decentralised agencies			252,7	13,5
1.1.OTH	Other actions and programmes			300,9	8,0
1.1.PPA	Pilot projects and preparatory actions			17,0	0,7
1.1.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission			116,8	9,6
1.2	Economic, social and territorial cohesion			51.207,3	1.782,7
1.2.1	Investment for growth and jobs			48.279,6	1.637,7
1.2.1.1	Less developed regions (Regional convergence)			27.818,5	424,3
1.2.1.2	Transition regions			785,7	41,2
1.2.1.3	More developed regions (Competitiveness)			7.562,7	1.172,1
1.2.1.4	Outermost and sparsely populated regions			25,4	0,0
1.2.1.5	Cohesion fund (including contribution to the Connecting Europe Facility CEF)			12.087,3	0,1
1.2.2	European territorial cooperation			1.288,0	77,7
1.2.3	Technical assistance and innovative actions			161,7	3,4
1.2.3.1	Technical assistance			161,7	3,4
1.2.3.2	Innovative actions			0,0	0,0
1.2.4	Fund for European Aid to the Most Deprived			45,5	0,4
1.2.5	Youth Employment Initiative (specific top-up allocation)			1.035,1	63,4
1.2.6	Contribution to the Connecting Europe Facility (CEF)			393,6	0,1
1.2.DAG	Decentralised agencies			0,0	0,0
1.2.OTH	Other actions and programmes			0,0	0,0

1.2.PPA	Pilot projects and preparatory actions	3,7	0,0
1.2.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	0,0	0,0
2	SUSTAINABLE GROWTH: NATURAL RESOURCES	58.065,5	3.788,5
2.0.1	European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	44.939,6	3.101,2
2.0.10	<i>European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments</i>	44.939,6	3.101,2
	<i>Direct Aid</i>	42.168,0	3.069,3
	<i>Other</i>	2.771,6	31,8
2.0.2	European Agricultural Fund for Rural Development (EAFRD)	11.793,3	619,1
2.0.3	European Maritime and Fisheries Fund (EMFF), Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)	911,4	40,7
2.0.31	<i>European Maritime and Fisheries Fund (EMFF)</i>	785,9	40,1
2.0.32	<i>Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)</i>	125,5	0,7
2.0.4	Programme for the Environment and Climate Action (Life)	341,1	25,9
2.0.DAG	Decentralised agencies	56,3	0,1
2.0.OTH	Other actions and programme	0,0	0,0
2.0.PPA	Pilot projects and preparatory actions	13,4	1,5
2.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	8,4	0,0
3	SECURITY AND CITIZENSHIP	2.018,5	149,5
3.0.1	Asylum, Migration and Integration Fund	413,2	43,6
3.0.2	Internal Security Fund	365,8	2,7
3.0.3	IT Systems	19,3	0,0
3.0.4	Justice Programme	32,2	1,7
3.0.5	Rights, Equality and Citizenship programme	39,6	4,7
3.0.6	Union Civil Protection Mechanism	24,8	0,2
3.0.7	Europe for Citizens	19,1	0,6
3.0.8	Food and feed	205,7	41,1
3.0.9	Union action in the field of health (Health Programme)	47,8	3,8
3.0.10	Consumer Programme	19,6	0,6
3.0.11	Creative Europe Programme	169,2	12,0
3.0.DAG	Decentralised agencies	560,9	35,4
3.0.OTH	Other actions and programme	0,0	0,0
3.0.PPA	Pilot projects and preparatory actions	11,6	1,1
3.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	89,7	1,8
4	GLOBAL EUROPE	7.884,4	0,0
4.0.1	Instrument for Pre-accession Assistance (IPA)	1.526,1	0,0
4.0.OTH	other	6.358,3	0,0
5	ADMINISTRATION	8.977,6	147,4
6	COMPENSATIONS	0,0	0,0
8	NEGATIVE RESERVE	0,0	0,0
9	SPECIAL INSTRUMENTS	287,9	0,0
TOTAL EXPENDITURE		145.243,2	7.457,6

VAT-based own resource	3.737,5
GNI-based own resource	20.599,7
UK correction	-6.083,6
Lump Sum Reduction Granted for NL & SE	0,0
JHA adjustment for Denmark, Ireland and the United Kingdom	-44,1
TOTAL national contribution	18.209,4
Traditional own resources (TOR) (75%)	3.199,9
Agricultural duties (100%)	0,0
Sugar levies (100%)	13,5
Customs duties (100%)	4.256,4
<i>Amounts (25%) retained as TOR collection costs</i>	<i>-1.070,0</i>
TOTAL own resources	21.409,3
Surplus from previous year	
Surplus from EAGGF-Guarantee	
Surplus external aid guarantee fund	
Other revenue	
TOTAL REVENUE	
Gross National Income (GNI), EUR million*	2.521.046,8
Operating budgetary balance (EUR million)	-11.521,4
Operating budgetary balance (% GNI)	-0,46%

* GNI figures are based on ESA 2010

The Brexit bill calculations

	EU end 2018 € billions	UK share (12%) € billions	UK share (15%) € billions
LIABILITIES			
Pension liabilities	63.8	7.7	9.6
Reste à liquider (RAL) end 2018	241.0	29.2	36.2
ESI Funds Cohesion: Outstanding allocation 2019-20	113.0	13.7	17.0
ESI Funds Rural/Fish: Outstanding allocations 2019-20	30.4	3.7	4.6
Copernicus	2.9	0.4	0.4
Connecting Europe Facility	10.1	1.2	1.5
EFSI Capital	16.0	1.9	2.4
European Development Fund and Trust Funds	-	1.7	1.7
TOTAL	€477.2	€59.6	€73.3
CONTINGENT LIABILITIES			
Guarantees/Provisions	23.1	2.8	3.5
EU loans	56.1	6.8	8.4
TOTAL	€559.7	€69.1	€85.2
OFFSET PAYMENTS: UK RECEIPTS			
Assets	22.5	2.7	3.4
UK rebate for 2018 (approx)	-	6.0	6.0
Receipts for UK projects (approx)	9.0	9.0	9.0

METHOD 1: Maximum liabilities, includes contingent liabilities paid upfront, excludes rebate			
UK share of liabilities	-	59.6	73.3
Contingent liabilities (UK share upfront)	-	9.6	11.9
UK receipts	-	11.7	12.4
NET TOTAL		€57.4	€72.8

METHOD 2: Maximum liabilities, excludes contingent liabilities and rebate			
UK share of liabilities	-	59.6	73.3
UK receipts	-	11.7	12.4
NET TOTAL		€47.9	€60.9

METHOD 3: Excludes 2019-20 allocations, maximum receipts			
UK share of liabilities	-	42.2	51.8
UK receipts including rebate	-	17.7	18.4
NET TOTAL		€24.5	€33.4

Cohesion policy programmes (ERDF and Cohesion Fund only)

PROGRAMME CONCEPT PAPER

Current programme(s): Cohesion policy programmes
Names: European Regional Development Fund and the Cohesion Fund
Heading:1b
Management mode: shared
DG: Regional and Urban Policy
2014-2020 total budget: EUR 275.2 billion (ERDF and the Cohesion Fund)
Total implemented as of September 2017¹: 38.7 % of the total budget allocated to projects

Introduction: An agenda for creating equal opportunities for people and regions

The European project is based on core values: democracy and freedom, equal opportunities, the rule of law and – most importantly, peace. However, in the wake of the financial and economic crisis, significant economic, social and territorial disparities have emerged across the Union which risk undermining the common will to stay united under these core values.

The top 10 % richest EU regions are four times as productive as the poorest 10 %. This gap is also seen in job opportunities. The employment rate in the top 10 % of EU regions is over 80 %, in the bottom 10 % only slightly above 50 %. Less developed regions often struggle to finance social inclusion and provide social infrastructure and services, to meet EU environmental standards or EU goals in terms of greenhouse gas emissions. Even richer urban areas often contain concentrated pockets of economic and social deprivation, sometimes linked to migrants. Rural areas face specific challenges in terms of competitiveness and diversification. Industrial transition, often in richer Member States and regions, brings economic and social challenges, including promoting innovation and creating SMEs in new, growing sectors and providing workers with new skills.

Cohesion policy is the main investment policy of the EU to counteract these challenges. It aims at reducing the disparities by offering equal opportunities to people in all its regions. Cohesion policy supports EU priorities by bringing together responses under various sectoral policies through integrated approaches, and intervenes based on the needs defined by those who know best – the citizens, entrepreneurs and administrations on the ground. Hence it is the most effective EU policy in overcoming policy silos. It also brings together regions across borders so that regions can grow more quickly.

Cohesion policy supports the economic adjustment of Member States – both those currently in the Euro area and those who prepare for the successful adoption of the common currency. It also plays an important role in mitigating economic and financial shocks by stabilising public investments in times of fiscal consolidation.

Last but not least, cohesion policy is the most tangible expression of European solidarity. It fosters equality of chances and opportunities; it promotes employment, education and social inclusion across Europe. It helps restructure declining industrial areas and diversify economic activities in rural areas and equip the workforce with matching skills.

Therefore, the policy should continue targeting all regions post-2020, albeit with different intensities of financial support.

¹ *Contrary to directly managed funds where advance payments up to one third of the selected operations' budget are transferred upon selection, such payments are not eligible under cohesion policy. This makes the level of EU payments inappropriate for comparing implementation.*

Cohesion policy should continue investing in people and regions to make them more competitive and resilient to the challenges of globalisation and technological changes. It should support regions to continuously adapt and innovate by facilitating investment in new technologies and embracing changes brought on by increased digitisation and the transition to a low-carbon and more circular economy. Member States and regions should be strongly supported to reap the benefits of industrial transformation; those who lose out must be able to find opportunities and support to adapt. Creating investment and innovation opportunities, fair access to education, training but also to social care are at the heart of building such resilience relying on integrated strategies of the Member States and regions supported.

The policy should continue to promote integration and cooperation, dialogue between levels of government, and multi-sectoral approaches, taking account of national, regional and local development needs. In line with the Sustainable Development Goals Agenda for 2030, priorities linked to migration energy and climate change will be strongly addressed through the policy.

Through the Reflection Paper process, a number of concrete reform ideas for discussion have been presented, including for improved flexibility and administrative capacity, faster implementation, increased national co-financing, a Single Fund or a single set of rules, a revised allocation method, simpler rules and management systems with a stronger focus on results and performance.

I. Analysis of current programme(s) performance

The ex-post evaluation of the results² of the 2007-2013 period indicate that cohesion policy has significantly contributed to growth and job creation and that each and every region and country in the EU has benefited from this policy. Main achievements:

- **In central and eastern Europe, cohesion policy funds and rural development investments increased GDP in 2015 by 4 % above what it otherwise would have been;**
- **The ERDF and the Cohesion Fund led to the direct creation of 1.2 million jobs;**
- **More than EUR 11 billion allocated to financial instruments in 25 Member States helped firms to stay in business during the credit crunch of the economic crisis. Leverages for guarantees, loans and equity ranged from 1 to 20;**
- **An additional 8 million EU citizens benefitted from a broadband connection;**
- **Clean drinking water is now available to 6 million additional EU citizens and 7 million more people benefit from upgraded or new wastewater treatment facilities;**
- **More than 5,000 km of roads (half of which belongs to TEN-T) were constructed and 1,500 km of TEN-T railway lines (including new and upgraded lines);**
- **EUR 29 billion worth of investment in urban development and social infrastructure improved quality of life in cities especially through improved access to education, healthcare and social services as well as local regeneration.**

In 2014-2020 the policy was successfully aligned to the economic governance of the European semester and the priorities of the Juncker Commission concentrating investments on jobs, growth and innovation, creating a truly digital single market, fostering an energy union and implementing a European agenda for migration.

As regards quantitative achievements by the end of 2016³ the following key results merit attention. They correspond to roughly 5 % of the total budget implemented and highlight the policy's unique ability to inform its citizens about the results it delivers in aggregate terms:

- **Support to 78,500 enterprises, of which 36,000 are supported by financial instruments;**
- **EUR 2.4 billion of private investment leveraged, matching public support to enterprises (grants);**
- **EUR 183 million of private investment leveraged, matching public support to enterprises (non-grants);**
- **9,000 jobs created along with 600 new researchers employed;**
- **5,000 researchers working in improved research infrastructures;**

² http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/

³ Source: Open data platform (<https://cohesiondata.ec.europa.eu/>) – the main vehicle to communicate the results of the funds through providing data and info on 2014-2020 ESI Funds achievements

Cohesion policy programmes - REGIO

- 40 km of newly built and 116 km of reconstructed TEN-T road;
- 155,000 citizens with improved water supply;
- 200,000 citizens benefiting from improved risk prevention (floods/fire);
- 41,000 households with an improved energy consumption classification;
- 41,900,000 kWh/year of decrease of annual primary energy consumption of public buildings;
- 1.4 million people benefitting from improved health services;
- 105,000 Hectares of habitats supported to attain a better conservation status;
- 2.7 million people living in areas with integrated urban development strategies.

Compared to the 2007-2013 MFF, the regulatory framework for 2014-2020 was adopted about 6 months later, thus delaying the start of the current programmes. In addition, new requirements seeking to enhance the performance of the policy and the quality of delivery (e.g. annual accounts, designation of programme authorities) have led to a delayed start of implementation of the current programmes. This delay does not mean that there is an interruption in cohesion policy – actual investment on the ground continues in a seamless way. Programming periods overlap, with the closure of one period stretching into the next.

Implementation on the ground is picking up speed; at the end of June 2017⁴ the total eligible cost of selected projects was close to 40 % of the total allocations. This corresponds to the level of the previous programming period 2007-13. While implementation on the ground is progressing, on the financial and budgetary side the higher level of EU pre-financing and the generous n+3 de-commitment rule reduced pressure on Member States to submit payment claims. The new procedure of annual declaration of accounts also discourages the submission of EU payment claims at early stages of implementation.

Based on a series of studies⁵ analysing the early stages of programming and implementation of the 2014-2020 period and the recommendations of the High Level Group for Simplification⁶, areas for improvement include:

- Reducing overlaps and competition among policies and funding instruments;
- Reducing uncertainty and administrative burden for beneficiaries by aligning the rules for similar interventions irrespective of the funding source (e.g. State aid, public procurement);
- Reducing complexity of the legal framework, prone to gold-plating at national level and limiting new requirements which disrupt a smooth transition between periods;
- Addressing complexity of management and control systems, reporting and monitoring;
- Reducing audit burden and introducing differentiation across Member States and programmes;
- Improving flexibility in reprogramming to respond to new challenges;
- Stronger focus on administrative capacity building and institutional reforms.

In 2014-2020 joint investments by ERDF and ESF enabled integrated approaches in key areas of cohesion policy including research, development and innovation, SME support and digital growth. "Hard" measures focusing on infrastructure and equipment (ERDF) are efficiently paired with necessary (vocational) education and training (ESF) under a common objective and serving the same priorities. Similarly, improving access to education and childcare facilities, health and social infrastructure (ERDF) were planned hand in hand with modernising the curricula and teacher training (ESF). The possibility of programming and implementing ESF and ERDF resources together under single integrated programmes were exploited by 16 Member States.

⁴ Member States' next reporting is due at end October 2017.

⁵ Studies commissioned by DG REGIO can be found at: http://ec.europa.eu/regional_policy/en/policy/analysis/

⁶ http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/high-level-group-simplification/

II. EU added value objectives of the programme(s) in the next MFF

Cohesion policy has a crucial role to play for fulfilling the objective set out in the Treaty⁷ to reduce disparities between the levels of development of the various regions, the backwardness of the least favoured regions and pay particular attention to areas affected by industrial transition or rural decline. Effectively realising this objective is only possible in shared management through strong reliance on subsidiarity: integrated investment strategies need to derive from territorial needs and guarantee the presence of ownership.

The European added value of the policy lies in its capacity to:

1. **Help achieve convergence between regions and countries in the EU through an integrated approach.**
2. **Provide an economic stabilisation effect - as proven during the economic crisis but also through economic reconversion actions in the programmes, especially through support provided to innovation and enterprises.**
3. **Deliver public goods of a European dimension with a strong spill over effect across regions: social inclusion, employment, skills, research and innovation, climate change, energy and environmental transition are identified by the Reflection Paper on EU finances as the main or exclusive focus of cohesion policy, depending on the scenarios. In addition, the paper highlights other areas where cohesion policy has a positive impact, such as support for SMEs, healthcare and social infrastructure, transport and digital infrastructure. Member States' needs in these areas are well depicted by their distance to the Europe 2020 targets, in particular in Cohesion countries.**
4. **Foster cooperation across European regions and cities with particular focus on cross border areas.**
5. **Contribute to sound economic governance: the focus of investments on European priorities and the link with the country specific recommendations of the European semester ensure that cohesion policy makes an important contribution to the implementation of structural reforms.**
6. **Enhance administrative and institutional capacity: support to administrative and institutional capacity is a core business of cohesion policy, whether through the programmes for professionalization of civil servants, with training and peer support, joint action plans on state aid and public procurement and actions to prevent fraud and corruption. The lagging regions initiative was launched specifically to provide assistance to tackle bottlenecks that hold back growth and investment in low-growth and low-income regions.**

III. Quantitative scenarios

The scale of disparities and economic, social and territorial challenges (cf. Introduction) plead in favour of scenario 3 described below. Regional GDP projections until 2025 (cf. map in Annex 4) show a high risk of growing disparities endangering the cohesion of the European Union.

	2014-2020 total financial envelope*	Average for 2014-2020	Scenario 1	Scenario 2	Scenario 3
	(In current prices)	(e.g. /7)	Reference scenario		"Freeze" in 2011 prices
			(-15% in current prices) (-26% in 2011 prices)	(-30% in current prices) (-39% in 2011 prices)	(+15% in current prices) (0% in 2011 prices)
Annual	N/A	39 307 657 091	33 411 508 527	27 515 359 963	45 068 120 550
7 years	275 153 599 634	N/A	233 880 559 689	192 607 519 744	315 476 843 852
<i>in 2011 prices</i>	243 682 700 043	N/A	180 655 561 203	148 775 168 049	243 682 700 043
5 years	N/A	N/A	167 057 542 635	137 576 799 817	225 340 602 751
<i>in 2011 prices</i>	174 059 071 460	N/A	129 039 686 574	106 267 977 178	174 059 071 460

* assuming a flat annual profile 2021-2027 in constant prices and an annual deflator of 2%

⁷ Article 174 TFEU mandates action to reduce disparities; Article 175 explicitly links this to the various funds. Article 162 mandates ESF to improve employment opportunities; Article 176 mandates ERDF to redress regional imbalances and Article 177 the Cohesion Fund to finance projects in the fields of environment and transport. ESI funds are implemented through shared management in line with Art. 4(2)(c) of the Treaty in full respect of the subsidiarity principle.

Scenarios 1 and 2 bring political risks and would prevent the EU from achieving its goals of cohesion and convergence. The reduction in financial resources (in real terms -26 % and -39 % respectively) would put in question the European solidarity principle, discredit the policy's capacity to fulfil the Treaty objectives, and not allow to bring the EU closer to its citizens. Both scenarios would reduce EU aid intensities to such an extent that the critical mass of investment needed to ensure a tangible impact of the policy in many countries and regions would vanish. Regional economic divergence would increase threatening economic progress, social cohesion and political stability. Tensions between net contributors to the EU budget, which would to a large extent or entirely be excluded from cohesion policy, and beneficiaries of the policy would be exacerbated. This could undermine unity in the EU by creating a politically damaging divide between the old and new Member States.

Under scenario 1 (EUR 234 billion in 2011 prices, cf. map in Annex 1) the policy would cover only the less developed regions and the cohesion countries. The reason for this is that the allocation for the current more developed and transition regions corresponds to approximately one fourth of the allocations (i.e. the reduction in 2011 prices). For example, support for Germany or mainland France would be discontinued. The Interreg programmes would be maintained.

Under scenario 2 (EUR 193 billion in 2011 prices, cf. map in Annex 2), only the cohesion countries could be supported. The overall allocation corresponding to the regions for which support would be discontinued is approximately 36 % of the envelope. Compared to scenario 1, the support for less developed regions in non-cohesion countries like France, Italy and Spain would also be discontinued.

Scenario 3 (status quo in 2011 prices, cf. map in Annex 3) corresponds to a scenario where cohesion and solidarity principles of the Union would be upheld. It is justified by the economic and social realities described above, with many mid-income regions being hit hard by the crisis or globalisation. The challenge here is to favour innovation, improve education, increase productivity, and foster government quality and efficiency. In more developed regions, on the other hand, there is a need to continue investing in innovation through specialisation in high-wage activities while upgrading skills with a view to move up the technology ladder. In all regions, there is need to fight poverty and social exclusion and address the challenge of climate change adaptation and mitigation. This requires a consolidation of European financial support and not a reduction.

The current financial allocation system relies too much on the GDP per head criterion; indicators related to demographic change, unemployment, migration, innovation and energy challenges, should also be taken into account. A smoother and linear allocation mechanism with a more flexible approach to regional categorisation should be considered for post-2020. This however only makes sense if the policy covers all European regions.

Programming negotiations with Member States and closure of programmes make a 5-year programming period difficult to accommodate, even without considering the investment cycle being 7-10 years for infrastructure intensive programmes. While the 5+5 scenario could potentially work, with a major mid-term review, the risk is high that reprogramming turns into a heavy process leading de facto to two rounds of distinct programme negotiations. Thus for cohesion policy a 7-year (ideally 5+2) programming period remains the preferred scenario with a "rendezvous" clause for all programmes after 5 years. This obligatory review would provide more flexibility in adjusting programmes to new priorities while keeping the strategic orientation of the policy.

IV. Qualitative elements

A key initiative of cohesion policy post-2020 would include assisting regions and Member States to overcome specific challenges deriving from acute crisis situations or gradual decline linked to globalisation challenges. A tailored, hands-on and targeted support needs to be designed to remove or overcome barriers to sustainable growth by creating effective conditions to stimulate innovation, encourage entrepreneurship and job creation, foster digitisation, promote decarbonisation, and develop people's skills, which will effectively respond to emerging markets' needs. Investment in human capital

through ESF support is an inseparable part of cohesion policy that aspires to bring about a comprehensive reconversion; innovation and education are tied together, innovative SMEs need upskilling of the labour force, urban reconversion cannot be successful without appropriate employment measures, childcare and healthcare facilities require trained workers.

As regards the interaction with other Union instruments or programmes, complementarities concern most importantly projects financed by Horizon 2020 and the CEF. For Horizon 2020, complementarities need to be promoted through fully aligned rules, stronger consideration for seal of excellence mechanisms to receive funding, revised ex-ante conditionalities to support the quality of innovation ecosystems, and stronger considerations for supporting infrastructure on the European Strategy Forum on Research Infrastructures (ESFRI) list. For innovation support, smart specialisation strategies should be the basis for cohesion policy interventions (including in support of inter-regional cooperation), while Horizon would continue with EU-wide competitive processes focused on excellence and cutting-edge technology⁸. This approach is reflected in the programme concept paper for Research: "The European Structural and Investment Funds (ESIF) should continue to have a strong Research & Innovation component to nurture excellence in all Member States/Regions".

There is scope for considering to manage TEN-T core network projects financed from the Cohesion Fund via direct implementation mode (CEF) only – provided evidence shows this mode works better. Cohesion policy, on the other hand, would focus more on investments such as connectivity to the TEN-T network, and including the development of the comprehensive TEN-T network, sustainable urban mobility, urban/rural linkages, intelligent transport systems, alternative fuels and clean transport.

Regarding migration-related support, cohesion policy could address all long-term needs linked to integration, while AMIF could focus on the management of emergency situations.

There is also a strong case to eliminate overlaps and rationalise the action of the different funds in rural or coastal areas: investment in infrastructure, support to non-agricultural SMEs (for the EAFRD), Natura 2000 and support to primary processing (ERDF) or coastal regeneration (EMFF) are relatively marginal compared to the main respective tasks of the funds. Investment in infrastructure and support to SMEs should be done exclusively by the ERDF, while the EAFRD would have sole competence over Natura 2000, forestry and primary processing. Coastal regeneration could be done under cohesion policy only.

In view of enhancing flexibility, an unallocated capacity could also be introduced for two specific purposes linked to cohesion policy. Both dimensions below would provide more flexibility for the implementation of cohesion policy. This capacity could be placed above the relevant MFF heading as it would not be included in the basic allocation per Member State:

- **First, such a mechanism could be used to provide financial incentives for countries ready to implement structural reform contracts according to pre-agreed milestones and targets. A bonus mechanism increasing the EU co-financed amounts to relevant programmes is proposed upon meeting pre-agreed targets fixed in the structural reform contract.**
- **Second, the unallocated capacity would also serve to address challenges emerging in the course of the period (e.g. migration) coupled with a rapid reprogramming mechanism.**

The key characteristics of the European Globalisation Adjustment Fund should also be maintained, including its current feature consisting in an unallocated reserve. However, its intervention scope needs to cover a significantly wider range of economic and social measures in order to have a genuine capacity of addressing the risks globalisation represents for a high number of citizens and regions in Europe. This would make it indeed possible to implement industrial transition strategies in this framework for a successful economic reconversion of regions.

⁸ COM(2017) 376 final "Strengthening Innovation in Europe's regions – strategies for resilient, inclusive and sustainable growth", with the accompanying staff working document.

In terms of delivery mechanism, the current system should be significantly simplified, for example by ending the need for designation of programme authorities and simply rolling over the existing management and control systems, without legal requirement for programmes to undergo a new designation process. There is also a widespread perception that the administrative burden related to control and audit is too high (including management verifications, verifications carried out by certifying authorities and audits carried out by audit authorities). A simplified system should reduce the number of controls and audits carried out by the different authorities. Lighter programmes and less reporting requirements should reduce the administrative burden for programme managers and beneficiaries.

In addition, differentiation in the implementation of cohesion programmes based on objective criteria could be introduced, thus moving away from the one-size-fits-all model. This approach would recognise that different models are appropriate for different contexts. In practice, it could mean that for some Member States or programmes (e.g. with lower EU co-financing rates and good past track record in managing cohesion funding), a lighter management and control system would be implemented which would rely more on national systems.

Differentiation could also lead for more developed regions to limiting support to certain key EU priorities (for example, innovation, digital economy, social cohesion, climate change). The thematic focus of the policy would thus be enhanced. Higher national co-financing ranging between 40 % and 60 % depending on the level of development of the regions or Member States should also be introduced. This would increase ownership on the ground as well as the impact of the policy.

For certain investment areas (e.g. innovation, energy efficiency), the delivery system should move away from the reimbursement of real or simplified costs by the Commission towards payments based on the fulfilment of agreed upon conditions. The Omnibus proposal of the Commission includes provisions to use 'payments based on conditions' in the context of cohesion policy. A Delegated Act which sets out how such a system could work in the framework of the current 2014-2020 period is currently under preparation. Based on this experience, such a delivery system could be rolled out more widely post-2020. Under such a scenario, the focus would move away from checking compliance of expenditure. Payments would instead be linked to the fulfilment of a condition (deliverable or result) and the assurance system would be organised accordingly.

Genuine simplification for beneficiaries needs to be achieved through full alignment of rules applicable to the European Structural and Investment Funds (ESIF). Eliminating the multitude of fund-specific provisions and derogations would strongly reduce the current complexity of the legal framework. The applicable rules should only be determined by the type of investment carried out and irrespective of the source of funding. A single set of rules in this sense could also result in increased efficiency and administrative savings both in the Commission and the Member States.

Regarding other Union instruments, the creation of a single rule book should guarantee that requirements are the same for similar interventions. For example, applicable State aid rules under shared management are more complex to handle than under directly managed instruments. Public procurement control also represents higher administrative burden for the very same projects. Finally, the use of simplified cost options (flat rates, lump sums and unit costs) needs to be further promoted, in particular by setting out related benchmarks at EU level.

Grants proved to be a useful tool for the implementation of all thematic objectives given the investment gaps and persistent market failures in certain areas and Member States. This justifies maintaining the support in form of grants. However, there is a significantly growing proportion of financial instruments' use across programming periods.⁹ They would be further developed and deployed in cohesion policy, building on the successful experience with their use.

⁹ In 2014-2020 more than EUR 20 billion of ERDF and Cohesion Fund will be allocated to financial instruments in 25 Member States.

A better defined complementarity with EU level instruments is also necessary. EU-wide policy objectives and market gaps could be addressed through integrating all instruments within a single EU-level Fund/and/or EFSI 3.0+. This centrally run instrument could focus on EU-wide products characterised by high leverage, low risk and big volume. It could also contain an opt-in to allow Member States or regions to transfer part of their shared management resources with a view to boosting the EU level instrument/EFSI 3.0 activities in that particular Member State or region. FIs under cohesion policy, on the other hand, would focus on those policy objectives and market gaps which would not be covered by the EU-level instrument(s). These would be tailored to national, regional or local market gaps (including smaller ticket sizes, thin markets, smaller firms, specific sectors or geographies). They would be expected to have lower leverage (due to higher risk), proportionately higher running costs and need for complementary grant funding for related support activities, such as training and advice.

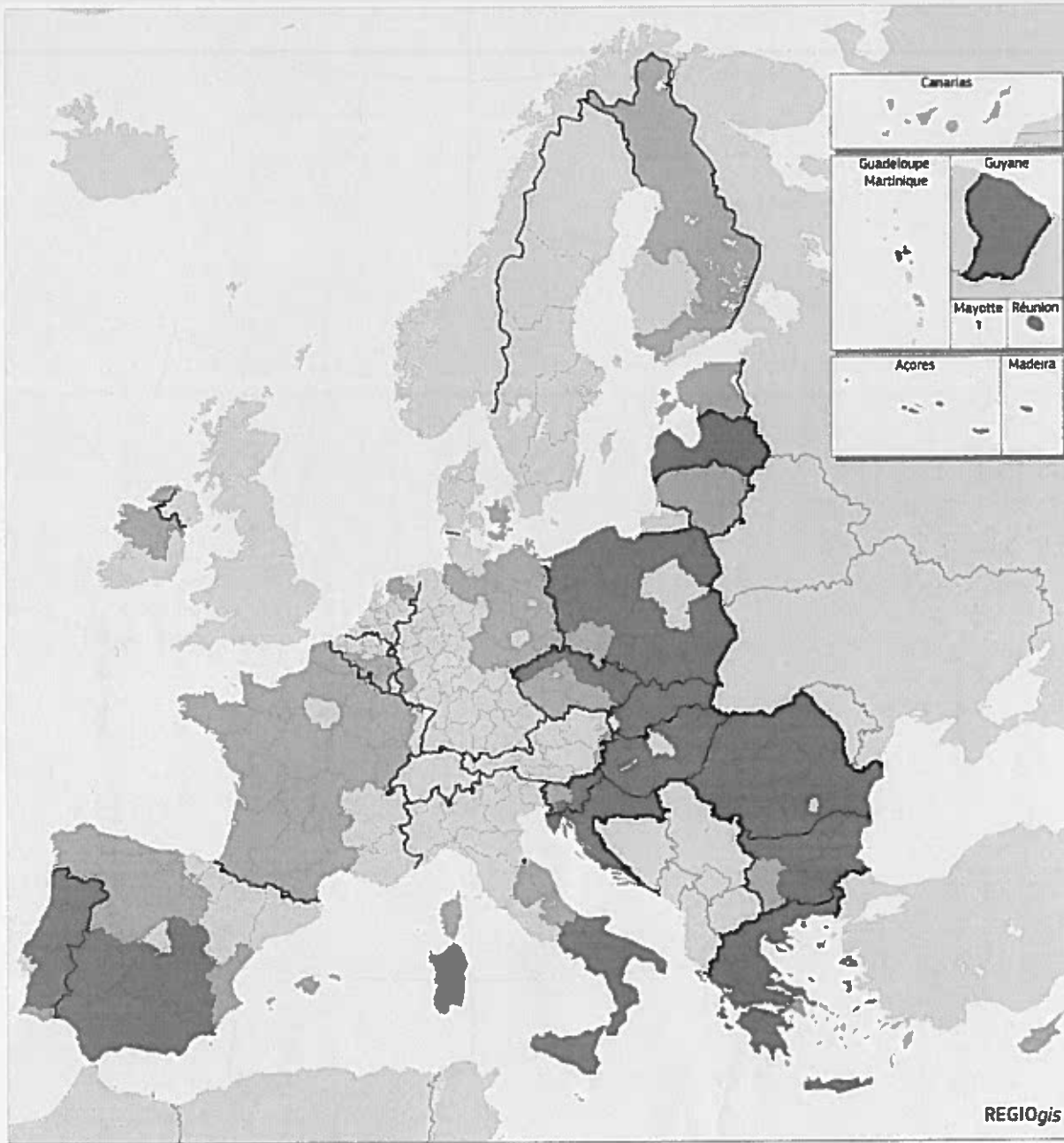
In the area of cooperation industry-led cross-regional demonstration projects have been launched in 2014-20 to accelerate market development in view of improving the competitiveness of EU regions. The macro-regional aspect of these projects merits more attention; reinforced cooperation actions post-2020 should therefore be envisaged. Other areas for reinforced cooperation include eliminating cross-border obstacles, improving capacities for joint action, institutional cooperation and decision making, stimulating social innovation, and fostering inter-regional cooperation along European value chains and through innovation. Initiatives to support cities and urban areas remain equally important elements of the future policy by supporting integration and multi-sectorial investments.

The current performance framework is a key element of the increased result orientation as it establishes clear milestones and targets to ensure that progress in implementation occurs as planned. A preliminary analysis shows that the performance framework is helpful in improving the focus of the programmes and contributes strongly to a result based approach. Nevertheless, the performance framework of cohesion policy needs to be simplified through the harmonisation of the underlying concepts and terminology for indicators. The number of indicators should be reduced and stronger focus should be put on common indicators and results. The current mechanics for applying the performance reserve also need to be reviewed.

In order to improve investment conditions and compliance with the EU acquis including its effective implementation, ex-ante conditionalities were introduced in the 2014-2020 period. They have greatly contributed to establishing the right framework conditions for cohesion policy investments and enjoy wide support from stakeholders¹⁰. However, the number of ex-ante conditionalities and the assessment criteria will have to be reduced and the corresponding procedures simplified to increase the effectiveness and efficiency of this instrument.

In terms of administrative capacity building, a stronger, better targeted and more coordinated approach to the provision of technical assistance by the Commission and through cohesion programmes should be envisaged. Building on the existing delivery system, cohesion policy should continue to help national administrations removing bottlenecks to investment. It should provide positive financial incentives for structural reforms such as regulatory reforms of the labour market and the business environment. Finally, hands-on support by the Commission services to accompany regions in their transformation process needs to be deployed more widely.

¹⁰ Cf. the Commission's Staff Working Document on the value added of the ex-ante conditionalities SWD(2017) 127 final



Scenario 3: status quo in constant prices

Categories of regions

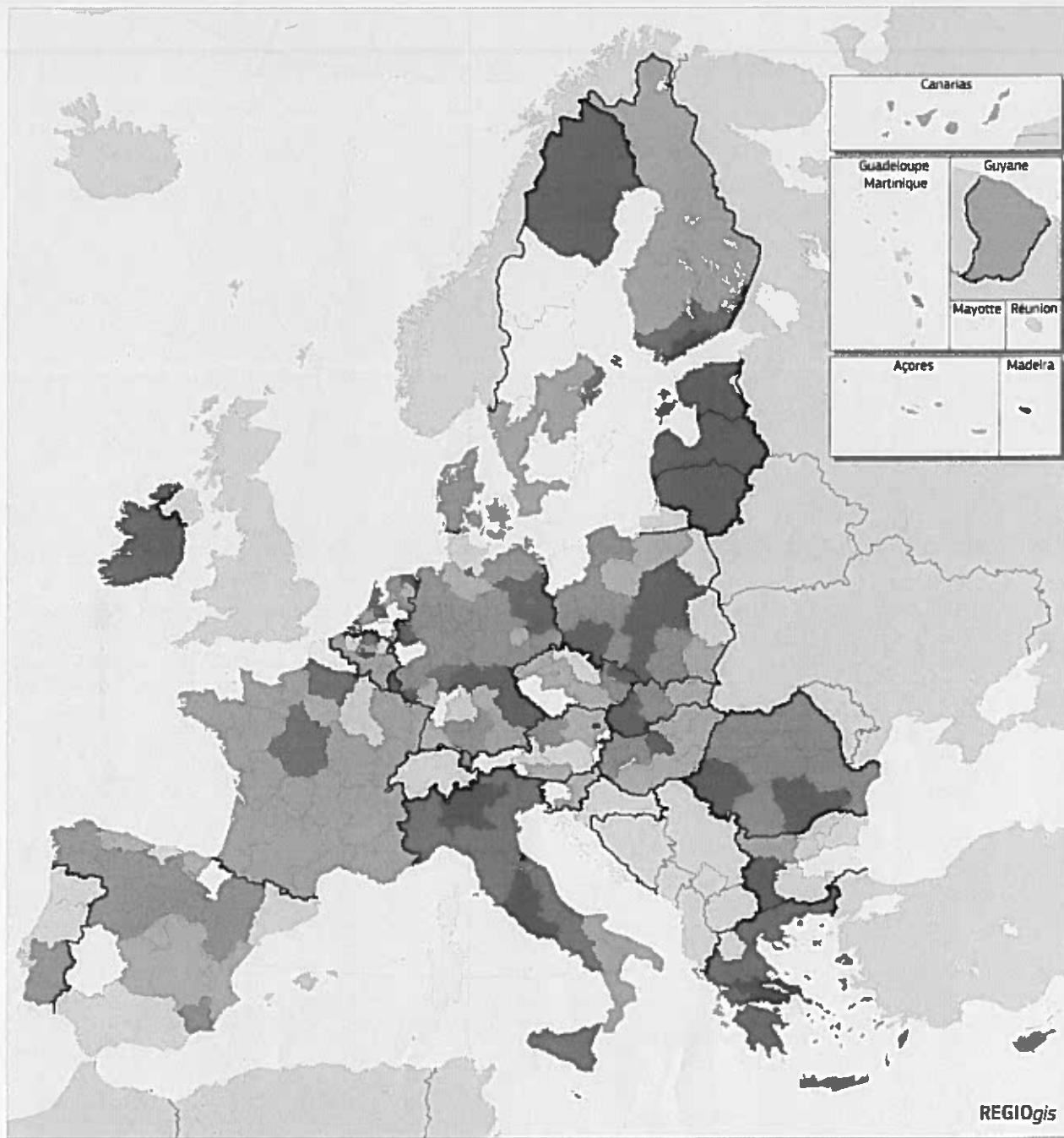
- Less developed: GDP/head < 75% of EU-27 average
- Transition: GDP/head >= 75% and < 100% of EU-27 average
- More developed: GDP/head >= 100% of EU-27 average

GDP/head: average of the years 2013-14-15
 The 2015 values for the two regions of Ireland have been estimated by using the national value.
 Source: Eurostat, DG REGIO



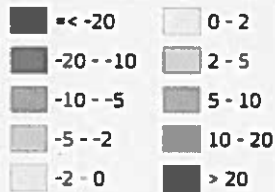
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Annex 4 – Regional GDP per head projections by 2025



Projected change in GDP per head (PPS), 2010-2025

Difference in index, EU28-UK = 100

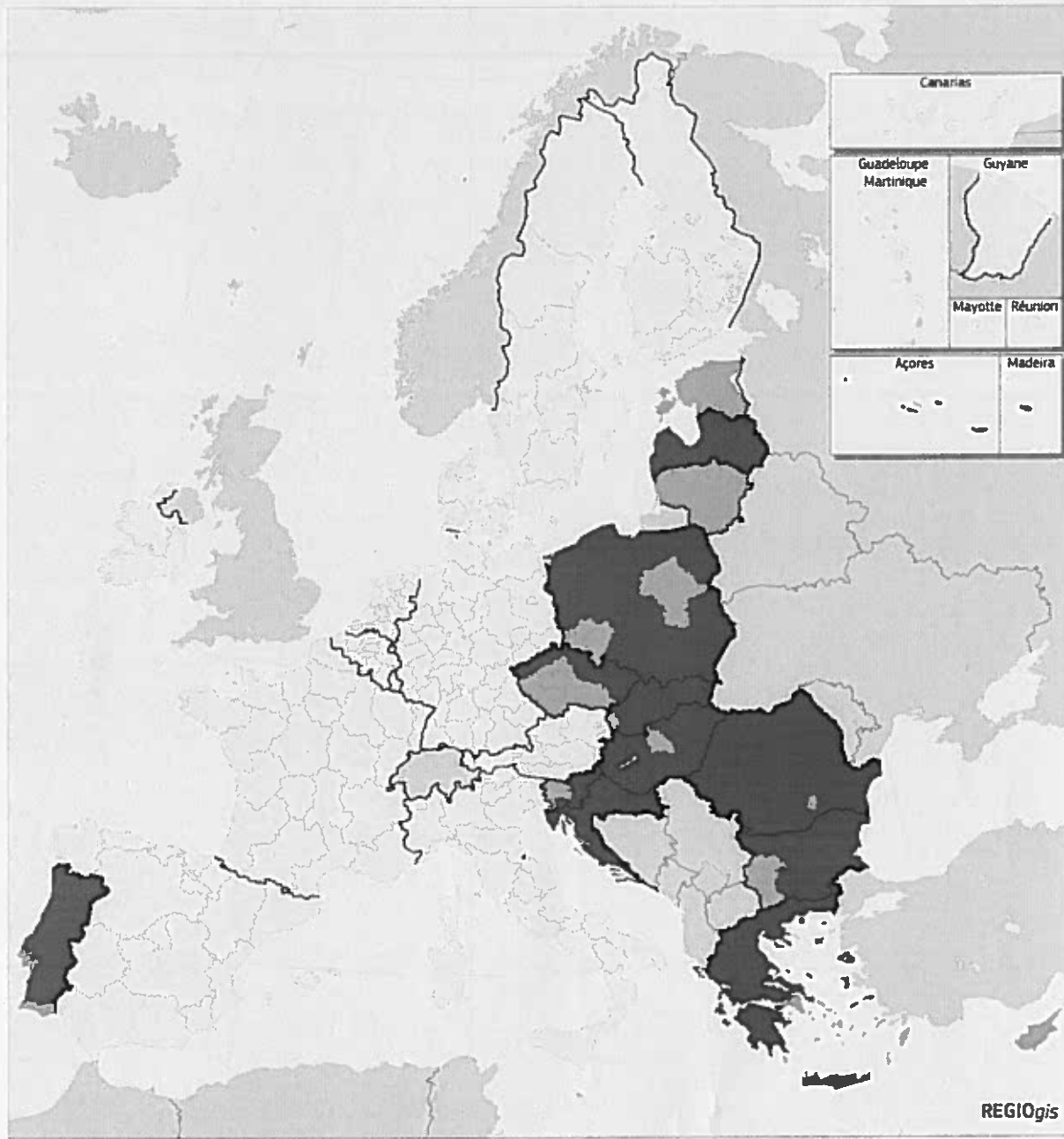


ECFIN Spring 2017 forecasts and JRC Reg/Nat scenario.
Source: Eurostat, DG ECFIN, JRC, REGIO



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Annex 2 – Scenario 2: Support for less developed countries only



Scenario 2: -30% in current prices; i.e. -39% in constant prices

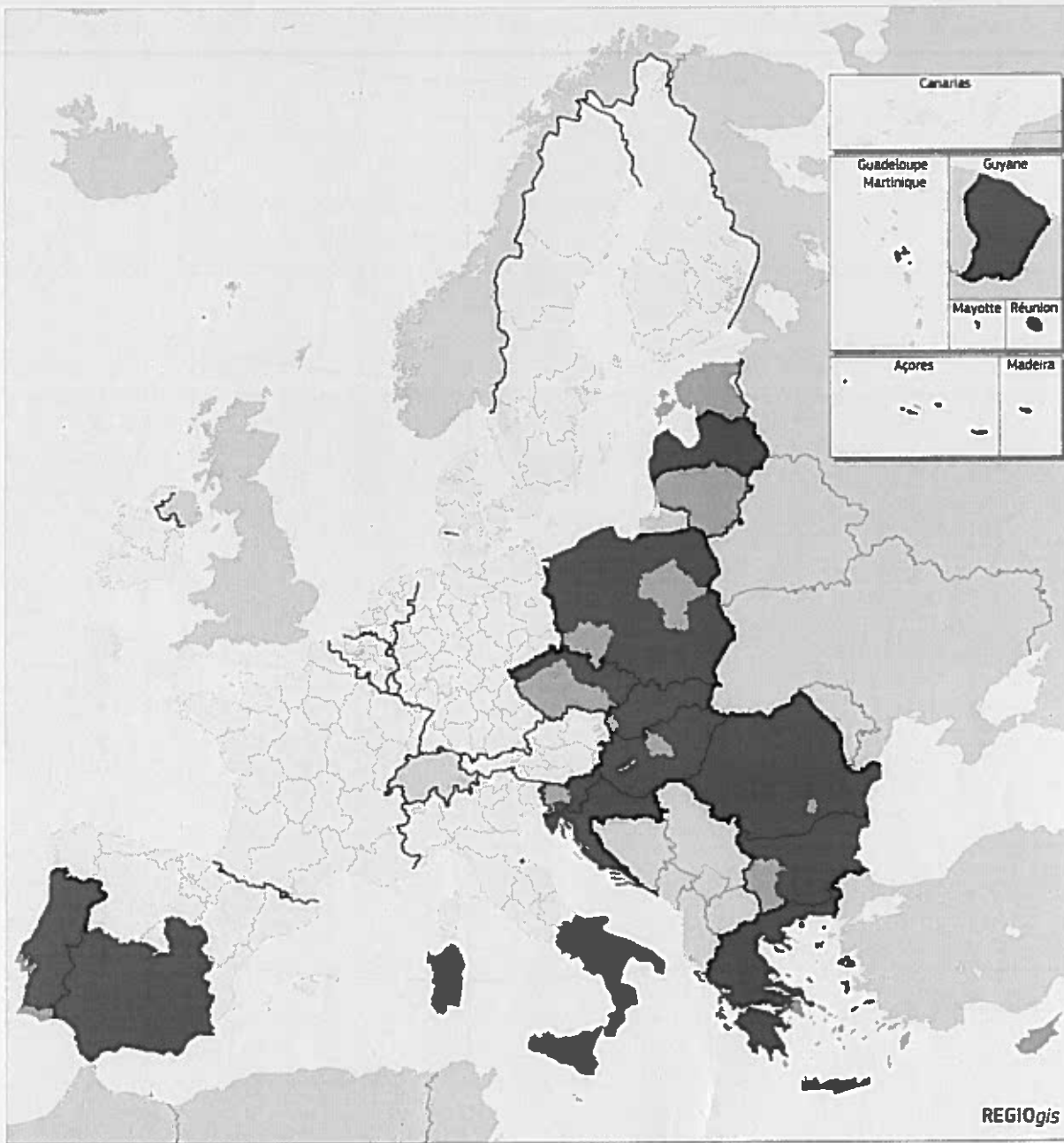
- Potentially eligible regions
- Regional support
 - Cohesion Fund support
 - Other regions

Regions with GDP/head below 75% of EU average in Cohesion Fund eligible Member States and Cohesion Fund eligible Member States

0 500 km

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Annex 1 – Scenario 1: support for less developed regions only



Scenario 1: -15% in current prices; i.e. -26% in constant prices

- Potentially eligible regions
- Regional support
- Cohesion Fund support
- Other regions

Regions with GDP/head below 75% of EU average and Cohesion Fund eligible Member States

0 500 km

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