REGIONE ABRUZZO

Direzione affari della presidenza, politiche legislative e comunitarie, programmazione, parchi, territorio, valutazioni ambientali, energia

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S P E C I A L E

PROSPETTIVE FINANZIARIE 2014-2020

PROPOSTA DELLA COMMISSIONE EUROPEA

8 LUGLIO 2011

Approfondimenti monografici su tematiche di interesse per la Regione Abruzzo

I N D I C E

P R E S E N T A Z I O N E

La proposta del bilancio pluriennale per il periodo 2014-202, è stata presentata dalla Commissione europea lo scorso 29 giugno, come una "proposta ambiziosa ed innovativa " che si concentra sui finanziamenti prioritari a livello UE, in grado di offrire un valore aggiunto reale e realizzare gli obiettivi della strategia Europa 2020.

Come si ricorderà dai precedenti Speciali, il budget UE attualmente in vigore rappresenta solo l'uno per centro della ricchezza europea (misurata su base del reddito nazionale lordo- RNL), il nuovo piano della commissione rimane rigoroso, il budget proposto, infatti, presenta un montante globale per i prossimi sette anni di 1.025 miliardi di euro di impegno, pari all'1,05% del RNL e 972,2 miliardi di euro in stanziamenti di pagamento (1% del RNL).

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In considerazione della sua centralità, dedichiamo alla proposta della Commissione un numero speciale della nostra Newsletter.

Nelle pagine seguenti, pertanto, oltre ad una scheda tecnica, predisposta dall'Ufficio di Bruxelles, che illustra analiticamente la proposta, troverete essenzialmente i documenti ufficiali nelle versioni integrali disponibili.

Come di consueto, rimaniamo a disposizione di quanti - tra i nostri interlocutori istituzionali - ritengano di approfondire il tema ulteriormente.

(Direzione Affari della Presidenza - Attività di Collegamento con l'U.E. - 8 luglio 2011)

	DIREZIONE AFFARI DELLA PRESIDENZA, *POLITICHE LEGISLATIVE E COMUNITARIE* *PROGRAMMAZIONE, PARCHI, TERRITORIO, VALUTAZIONI AMBIENTALI, ENERGIA* **ATTIVITA' DI COLLEGAMENTO CON L'UNIONE EUROPEA - BRUXELLES** **FICHE INFORMATIVA**	*08.07.2011*

PROSPETTIVE FINANZIARIE 2014/2020

PROPOSTA DELLA COMMISSIONE EUROPEA

La proposta del bilancio pluriennale per il periodo 2014-202, è stata presentata dalla Commissione europea il 29 giugno scorso, come "proposta ambiziosa ed innovativa " che si concentra sui finanziamenti prioritari a livello UE, in grado di offrire un valore aggiunto reale e realizzare gli obiettivi della strategia Europa 2020.

Attualmente il budget UE rappresenta solo l'uno per centro della ricchezza europea (misurata su base del reddito nazionale lordo- RNL), il nuovo piano della commissione rimane rigoroso, il budget proposto, infatti, presenta un montante globale per i prossimi sette anni di **1.025** miliardi di euro di impegno, pari all'1,05% del RNL e **972,2** miliardi di euro in stanziamenti di pagamento (1% del RNL).

La Commissione prevede di implementare un nuovo sistema di finanziamento che dovrà generare risorse proprie per sostituire in parte le attuali contribuzioni (stabilite sulla base del RNL lordo) di ogni Stato membro. La modernizzazione del budget permetterà finalmente di realizzare delle vere economie in certi settori per poter drenare i fondi da investire in altri settori che sono prioritari.

Il nuovo bilancio pluriennale dell'Unione prevede entrate più eque e trasparenti, riducendo e semplificando i contributi degli Stati membri.

La Commissione propone nuove risorse proprie in aggiunta a quelle esistenti, come previsto dal trattato. Lo scopo non è aumentare il bilancio UE, ma dotarlo di basi più solide e diminuire i contributi degli Stati membri.

Le nuove risorse proprie consistono in un'imposta sulle transazioni finanziarie e in una nuova IVA modernizzata, che prende il posto dell'attuale risorsa basata sull'IVA (costituita da una percentuale dell'IVA nazionale riscossa dagli Stati membri).

La proposta segue una discussione sulla riforma del bilancio dell'Ue lanciata già nell'ottobre 2010 e apporta diversi elementi innovativi: il piano prevede un budget di **376 miliardi di euro** per la politica di coesione (fondi strutturali), di cui circa **39 miliardi** per le **Regioni in transizione** (è prevista l'introduzione di una nuova categoria di "Regioni in transizione", quelle Regioni cioè che hanno un PIL compreso tra il 75% e il 90%) e nuove norme di condizionalità che comprenderanno sia le condizioni ex ante che le condizioni ex post che saranno determinanti per la liquidazione delle somme aggiuntive per il finanziamento legato al risultato; **11,7 miliardi** sono previsti per la cooperazione territoriale e 68,7 per il fondo di coesione.

Per la crescita e l'occupazione è previsto dalla proposta, la creazione di un nuovo fondo "Connecting europe Facility" (meccanismo per favorire l'interconnessione in Europa), è destinato a finanziare progetti infrastrutturali transfrontalieri in materia di tecnologia dell'energia (**9,1miliardi di euro**), dei trasporti (**31,6 miliardi**), tecnologia dell'informazione e della comunicazione (TIC **con 9,1 miliardi**), con una dotazione di **40 miliardi di euro**, alla quale vanno aggiunti **10 miliardi** previsti all'interno del Fondo di coesione, per un totale di **50 miliardi di euro**, ma anche la sicurezza, l'ambiente e la protezione del clima restano settori cruciali. Questi ultimi due obiettivi saranno inclusi in tutti gli ambiti di intervento.

Nel settore dell'Agricoltura: per il finanziamento dei due pilastri della PAC e dello sviluppo rurale la Commissione propone uno stanziamento pari a **371,72** miliardi di euro; di cui **281,825** per i pagamenti diretti più spese di mercato e **89,895** per lo sviluppo rurale ai quali si aggiungono altri fondi complementari, come ad esempio la sicurezza alimentare, per un montante globale di **386,9 miliardi di euro**.

Attraverso la PAC si continuerà a privilegiare un'agricoltura europea sempre più verde e moderna: il 30% del sostegno diretto agli agricoltori sarà, infatti, erogato a condizione che le aziende diventino più rispettose dell'ambiente e che siano in grado di sviluppare il potenziale economico delle zone rurali secondo quanto previsto dagli obiettivi del programma Europa 2020.

Uno degli elementi innovativi della PAC sarà la nuova misura che dovrà ridurre le disparità del reddito agricolo nei diversi paesi UE: la Commissione europea ritiene che questa sia l'elemento principale della riforma che riguarda pagamenti diretti più equi e meglio determinati.

80 miliardi di euro saranno destinati al settore della ricerca e innovazione con il "quadro strategico comune" (chiamato Horizon 2020) che eliminerà la frammentazione e garantirà più coerenza fra i programmi di ricerca nazionali. Il Quadro strategico sarà legato alle grandi priorità settoriali, come la salute, la sicurezza alimentare e la bio-economia, l'energia ed il cambiamento climatico.

La percentuale di spesa per il clima aumenterà progressivamente fino a raggiungere il 20%; per la sicurezza sono previsti **4,1 miliardi di euro** e **3,4 miliardi di euro** saranno destinati per le politiche di migrazione e asilo**,** per la lotta alla criminalità e al terrorismo. La Commissione propone inoltre di potenziare i programmi di istruzione e formazione professionale e anche di creare un nuovo programma integrato per **istruzione, formazione e giovani, di 15,2 miliardi di euro,** per promuovere lo sviluppo delle competenze e della mobilità.

Il bilancio per le relazioni esterne è portato a **70,2 miliardi di euro**, mentre per i programmi di vicinato con i paesi confinanti con l'UE saranno stanziati **16 miliardi di euro** per promuovere la democrazia e la prosperità. Lo strumento per il finanziamento della cooperazione allo sviluppo (DCI) riceverà uno stanziamento di **20,6 miliardi** per combattere la povertà e conferma l'impegno a favore degli obiettivi di sviluppo del millennio.

PROSPETTIVE FINANZIARIE 2014-2020

QUADRO FINANZIARIO PLURIENNALE (UE-27)

(in milioni di EUR - prezzi 2011)

STANZIAMENTI D'IMPEGNO	2014	2015	2016	2017	2018	2019	2020	Totale 2014-2020
1. Crescita intelligente ed inclusiva	64.696	66.580	68.133	69.956	71.596	73.768	76.179	490.908
di cui: coesione sociale, economica e territoriale	50.468	51.543	52.542	53.609	54.798	55.955	57.105	376.020
2. Crescita sostenibile: risorse naturali	57.386	56.527	55.702	54.861	53.837	52.829	51.784	382.927
di cui: spese connesse al mercato e pagamenti diretti	42.244	41.623	41.029	40.420	39.618	38.831	38.060	281.825
3. Sicurezza e cittadinanza	2.532	2.571	2.609	2.648	2.687	2.726	2.763	18.535
4. Ruolo mondiale dell'Europa	9.400	9.645	9.845	9.960	10.150	10.380	10.620	70.000
5. Amministrazione	8.542	8.679	8.796	8.943	9.073	9.225	9.371	62.629
di cui: spese amministrative delle istituzioni	6.967	7.039	7.108	7.191	7.288	7.385	7.485	50.464
TOTALE STANZIAMENTI D'IMPEGNO	142.556	144.002	145.085	146.368	147.344	148.928	150.718	1.025.000
in percentuale dell'RNL	1,08 %	1,07 %	1,06 %	1,06 %	1,05 %	1,04 %	1,03 %	1,05 %

TOTALE STANZIAMENTI DI PAGAMENTO	133.851	141.278	135.516	138.396	142.247	142.916	137.994	972.198
in percentuale dell'RNL	1,01 %	1,05 %	0,99 %	1,00 %	1,01 %	1,00 %	0,94 %	1,00 %

NON COMPRESO NEL QFP								
Riserva per gli aiuti d'urgenza	350	350	350	350	350	350	350	2.450
Fondo europeo di adeguamento alla globalizzazione	429	429	429	429	429	429	429	3.000
Fondo di solidarietà	1.000	1.000	1.000	1.000	1.000	1.000	1.000	7.000
Strumento di flessibilità	500	500	500	500	500	500	500	3.500
Riserva per crisi nel settore agricolo	500	500	500	500	500	500	500	3.500
ITER	886	624	299	291	261	232	114	2.707
GMES	834	834	834	834	834	834	834	5.841
FES ACP	3.271	4.300	4.348	4.407	4.475	4.554	4.644	29.998
FES PTOM	46	46	46	46	46	46	46	321
Fondo mondiale per il clima e la biodiversità	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
TOTALE NON COMPRESO NEL QFP	7.815	8.583	8.306	8.357	8.395	8.445	8.416	58.316

TOTALE QFP + NON COMPRESO NEL QFP	150.371	152.585	153.391	154.725	155.739	157.372	159.134	1.083.316
in percentuale dell'RNL	1,13 %	1,13 %	1,12 %	1,12 %	1,11 %	1,10 %	1,09 %	1,11 %

QUADRO DEI FINANZIAMENTO
PER GLI STRUMENTI DELLA POLITICA DI COESIONE 2014-2020

- **162,6 miliardi di euro** per le Regioni dell'Obiettivo Convergenza**,**
- **38,9 miliardi di euro** per le Regioni in Transizione**,**
- **53,1 miliardi di euro** per le Regioni dell'Obiettivo Competitività**,**
- **11,7 miliardi di euro** per la cooperazione territoriale**,**
- **68, 7 miliardi di euro** per il fondo di coesione**.**

Inoltre: 40 miliardi per il meccanismo per l'interconnessione in Europa

TOTALE: 376 MILIARDI DI EURO

Il Fondo sociale europeo rappresenterà il 25% del budget per la politica di coesione, esclusi i fondi per il meccanismo per l'interconnessione sopra citato e sarà pari a

84 miliardi di euro.

<u>Fuori dal budget pluriennale</u>**:**

- **3 miliardi di euro** per il Fondo europeo per l'adeguamento alla globalizzazione,
- **7 miliardi di euro** per il Fondo di solidarietà europeo**.**

QUADRO DI FINANZIAMENTO PER L'AGRICOLTURA

- **281 miliardi di euro** per la PAC, politica agricola comune,
- **89,9 miliardi di euro** per lo sviluppo rurale,

Più 15, 2 miliardi di euro supplementari così ripartiti:

- **4,5 miliardi di euro** per la ricerca e innovazione nella sicurezza alimentare, la bio economia e l'agricoltura sostenibile,
- **2,2 miliardi di euro** per la sicurezza alimentare,
- **2,5 miliardi di euro** per l'aiuto alimentare alle regioni più povere,
- **3,5 miliardi di euro** per le nuove riserve per le crisi nel settore agricoltura,
- **Fino a 2,5 miliardi di euro** per il Fondo europeo per l'adeguamento alla globalizzazione.

TOTALE: 386,9 MILIARDI DI EURO

EUROPEAN COMMISSION

Brussels, 29.6.2011
COM(2011) 500 final

PART I

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Budget for Europe 2020

{SEC(2011) 867 final}
{SEC(2011) 868 final}

Foreword

The European Union works everyday to help realise the aspirations of our 500 million people. I believe it can be a force for the renewal of the highly competitive social market economy in Europe and globally. To do this, we need a budget that is innovative. A budget that is attuned to the new realities of globalisation. A budget that responds to today's challenges and creates opportunities for tomorrow.

This is an innovative budget. I invite you to look beyond the traditional headings and focus on how throughout the budget we will deliver the Europe 2020 goals that we have collectively defined. That is why we break from the culture of entitlement where some public authorities expect to spend funds as they wish. Now every request must be clearly linked to the goals and priorities that we have commonly agreed. That is how every euro spent will be a multi-purpose euro. A euro can strengthen cohesion, boost energy efficiency and the fight against climate change, and promote social targets, increase employment and reduce poverty at the same time. It can have a major leverage effect in many areas.

All across Europe, governments, businesses and families are choosing carefully where to spend their money. It is a time to think carefully about where to cut back and where to invest for the future. We need to be rigorous and, at the same time, we also need investment for growth in Europe.

The European Union must also live within its means while investing for the future. We have a relatively small budget of only around 1% of Europe's wealth (measured by GNI) which represents one fiftieth of the budgets of Member States. But we must make a big impact with it, and use every single euro to its full potential.

Today we are making those choices for the period from 2014 to 2020.

The EU budget we propose will not cost taxpayers more than at present. But it will give them more in return. We are modernising the European budget to make savings in some areas so we can spend more in the priority areas that really matter. I am putting forward an ambitious budget in areas where Europe can make a difference. It is a budget based on a pan-European logic, which focuses on where we can exploit synergies by pooling money and which funds actions that would be more expensive to fund separately at national level.

The new budget will be simpler, more transparent and fairer. We propose a budget with the ability to mobilise private finance. And we propose that the way the budget is financed changes with new revenue streams being created to partially replace contributions based on the gross national income of each Member State. We believe that this will give families and governments a better deal. It will make it a truly European budget. A budget for integration. A budget that avoids duplication of expenditure by Member States and that brings added value through the synergy of action that we can decide at European level that cannot be implemented without this European perspective.

A large part of the budget will be aimed at getting people into work and the economy growing, tied in with the Europe 2020 strategy for smart, sustainable and inclusive growth. For example, a Connecting Europe Facility will finance the missing links in energy, transport and information technology, thus strengthening the integrity of the internal market, linking the East with the West and the North with the South, and *creating real territorial cohesion to the benefit of all. The budget will invest in Europe's brains by increasing the amounts allocated to education, training, research and innovation. These areas are so crucial for Europe's global competitiveness so that we can create the jobs and ideas of tomorrow. In a world where we are competing with other blocs, Europe's best chance is to pool the resources at our disposal, so we can deliver a highly competitive social market economy that meets our Europe 2020 targets. With our economies now more interdependent than ever before, we all have a stake in strengthening economic recovery in each and every one of our Member States.*

In the same vein, the share of the budget dedicated to agriculture underpins a true common European policy of strategic importance, where more than 70% of the funding is no longer national and where EU funding is less expensive than 27 national agriculture policies. The Common Agricultural Policy will be modernised to deliver safe and healthy food, protect the environment and better benefit the small farmer. It illustrates how one euro can and must serve many goals.

The world is becoming a smaller place. Shifting alliances and emerging new powers mean that Europe must do more to make its voice count. The money invested in helping Europe engage with the world will be increased. There will be more money for our neighbourhood, and more money delivering on our commitments to help the poorest in the world. If we face tough times at the moment, they face the toughest of times all of the time.

The theme of solidarity is enshrined throughout this proposal - solidarity with the poorest Member States and regions, solidarity in tackling together the challenges of migration, solidarity in terms of energy security and solidarity with people in third countries.

The common perception that Europe spends most of its money on civil servants and buildings is wrong. It is actually only 6 per cent of the budget. But I do believe that the European institutions should also show solidarity with European citizens, in an era where rigorous cost savings and maximum efficiency are demanded at all levels. That is why there will be no increase in administrative expenditure and a 5 per cent cut in European staff over the next seven years.

I believe we are presenting ambitious but responsible proposals. We cut in some areas and increase in the priority areas. We have resisted the temptation to make small adjustments that would result in the same kind of budget. Most of all, we aim to give value for money for Europe's citizens.

The European Parliament, the Member States and the Commission now need to come together to turn these proposals into an agreement. I expect many difficult debates in the months to come, but with a real European spirit on all sides, I believe we can reach agreement on an ambitious and innovative budget that can make a real impact on people's lives.

Jose Manuel Durão Barroso

President of the European Commission

EUROPEAN COMMISSION

Brussels, 29.6.2011
COM(2011) 500 final

PART I

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Budget for Europe 2020

{SEC(2011) 867 final}
{SEC(2011) 868 final}

1. CONTEXT

In preparing its proposals for the future budget of the European Union, the Commission has faced the challenge of being able to fund the growing number of policy areas where the EU can be more effective by acting through the EU level in the current climate of national austerity and fiscal consolidation. This has led it to propose a budget with a strong pan-European logic, designed to drive the Europe 2020 growth strategy. This proposal is innovative in terms of the quality of its spending proposals and also in terms of how the EU budget should be funded in future, potentially easing the direct impact on national budgets and making it a truly European budget.

In the wake of the economic and financial crisis, the European Union has taken significant steps to improve coordination of economic governance to underpin recovery. The European Parliament and the Member States have recognised the benefits of managing the EU's interdependence through the structured approach set out in the European semester of economic policy coordination. The next Financial Framework has been designed to support this process. It provides a long term vision of the European economy going beyond the current fiscal difficulties of some Member States. The EU budget is not a budget for "Brussels" - it is a budget for EU citizens. It is small in size and is a budget that is invested in the Member States in order to produce benefits for the European Union and its citizens. It helps to deliver the EU's growth strategy because it has a strong catalytic effect, in particular when harnessed to meeting the targets of the Europe 2020 strategy.

Smart, sustainable and inclusive growth is the leading theme for this proposal. The Commission is proposing to increase the amounts allocated to research and innovation, education and SME development. It is proposing to unlock more of the potential of the Single Market by equipping it with the infrastructure it needs to function in the twenty first century. It is proposing to make the Common Agricultural Policy more resource efficient, so that it not only delivers high quality food but also helps to manage our environment and fight climate change. The theme of solidarity also runs through this proposal – solidarity with the poorest Member States and regions by concentrating the biggest part of cohesion spending on their needs, solidarity in tackling together the challenges of migration and in coping with disasters, solidarity in terms of energy security and solidarity with people in third countries who need our support for their immediate humanitarian needs and their long term development.

The Commission shares the concern of the European Parliament[1] that "the way the system of own resources has evolved … places disproportionate emphasis on net balances between Member States thus contradicting the principle of EU solidarity, diluting the European common interest and largely ignoring European added value". In making these proposals, the Commission is seeking to put the EU's finances on a different track – to begin moving away from a budget dominated by contributions based on gross national income by giving the EU budget a share of genuinely "own resources", more in line with the Treaty provisions, which state that the budget shall be financed wholly from own resources.

In drawing up this proposal for the next multiannual financial framework (MFF), the Commission has examined the impact of current spending instruments and programmes, has

[1] European Parliament Resolution of 8 June 2011 on 'Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe'.

consulted widely with stakeholders[2] and has analysed options for the design of instruments and programmes under the next multiannual financial framework[3].

2. THE PROPOSED MULTIANNUAL FINANCIAL FRAMEWORK

In deciding on the overall amount to propose for the next MFF, the Commission has taken account of the views of the European Parliament that "freezing the next MFF at the 2013 level…is not a viable option … [and that] … at least a 5% increase of resources is needed for the next MFF"[4]. It has also borne in mind the conclusions of the European Council[5] that it is essential that "the forthcoming Multi-annual Financial Framework reflect the consolidation efforts being made by Member States to bring deficit and debt onto a more sustainable path. Respecting the role of the different institutions and the need to meet Europe's objectives … [it is necessary] to ensure that spending at the EU level can make an appropriate contribution to this work".

The Commission is convinced of the added value of spending at EU level. Current MFF spending represents just over 1% of EU GNI and is small in relation to the pan-European needs regularly identified in the European Parliament and in the Council. The Commission proposes a financial framework with 1.05% of GNI in commitments translating into 1% in payments coming from the EU budget. A further 0.02% in potential expenditure outside the MFF, and 0.04% in expenditure outside the budget will bring the total figure to 1.11%: this includes financial amounts booked to respond to crises and emergencies (which cannot be foreseen, such as humanitarian interventions), and expenditures which benefit from *ad hoc* contributions from Member States (for instance, the EDF which has a contribution key which differs from that of the EU budget). In proposing this framework, the Commission has sought to strike the right balance between ambition and realism, given the time period in which the budgetary negotiations will take place.

In line with the established practice for the multiannual financial framework, the Commission presents its proposal expressed in terms of future financial commitments. It also provides details on the expected rhythm of payments so as to give greater predictability, which is of particular importance at a time of budgetary consolidation, which requires a tight control on the payment levels at the start of the next period.

The Commission has decided to propose the following multiannual financial framework for the period 2014-2020:

2 See, for example, the details on the consultation process prior to the adoption of the EU budget review, http://ec.europa.eu/budget/reform/issues/read_en.htm

3 Details of the Commission's evaluation of spending under the 2007-2013 MFF and its analysis of the impacts of the current proposals are set out in the accompanying staff working document SEC (2011) 868.

4 European Parliament Resolution of 8 June 2011 on Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe.

5 Conclusions of the European Council of 29 0ctober 2010.

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million - 2011 prices)

COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
1. Smart and Inclusive Growth	**64.696**	**66.580**	**68.133**	**69.956**	**71.596**	**73.768**	**76.179**	**490.908**
of which: Economic, social and territorial cohesion	50.468	51.543	52.542	53.609	54.798	55.955	57.105	376.020
2. Sustainable Growth: Natural Resources	**57.386**	**56.527**	**55.702**	**54.861**	**53.837**	**52.829**	**51.784**	**382.927**
of which: Market related expenditure and direct payments	42.244	41.623	41.029	40.420	39.618	38.831	38.060	281.825
3. Security and citizenship	**2.532**	**2.571**	**2.609**	**2.648**	**2.687**	**2.726**	**2.763**	**18.535**
4. Global Europe	**9.400**	**9.645**	**9.845**	**9.960**	**10.150**	**10.380**	**10.620**	**70.000**
5. Administration	**8.542**	**8.679**	**8.796**	**8.943**	**9.073**	**9.225**	**9.371**	**62.629**
of which: Administrative expenditure of the institutions	6.967	7.039	7.108	7.191	7.288	7.385	7.485	50.464
TOTAL COMMITMENT APPROPRIATIONS	**142.556**	**144.002**	**145.085**	**146.368**	**147.344**	**148.928**	**150.718**	**1.025.000**
as a percentage of GNI	1,08%	1,07%	1,06%	1,06%	1,05%	1,04%	1,03%	1,05%

TOTAL PAYMENT APPROPRIATIONS	**133.851**	**141.278**	**135.516**	**138.396**	**142.247**	**142.916**	**137.994**	**972.198**
as a percentage of GNI	1,01%	1,05%	0,99%	1,00%	1,01%	1,00%	0,94%	1,00%

OUTSIDE THE MFF								
Emergency Aid Reserve	350	350	350	350	350	350	350	2.450
European Globalisation Fund	429	429	429	429	429	429	429	3.000
Solidarity Fund	1.000	1.000	1.000	1.000	1.000	1.000	1.000	7.000
Flexibility instrument	500	500	500	500	500	500	500	3.500
Reserve for crises in the agricultural sector	500	500	500	500	500	500	500	3.500
ITER	886	624	299	291	261	232	114	2.707
GMES	834	834	834	834	834	834	834	5.841
EDF ACP	3.271	4.300	4.348	4.407	4.475	4.554	4.644	29.998
EDF OCT	46	46	46	46	46	46	46	321
Global Climate and Biodiversity Fund	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
TOTAL OUTSIDE THE MFF	**7.815**	**8.583**	**8.306**	**8.357**	**8.395**	**8.445**	**8.416**	**58.316**

TOTAL MFF + OUTSIDE MFF	**150.371**	**152.585**	**153.391**	**154.725**	**155.739**	**157.372**	**159.134**	**1.083.316**
as a percentage of GNI	1,13%	1,13%	1,12%	1,12%	1,11%	1,10%	1,09%	1,11%

3. FINANCING THE EU BUDGET

The need for modernisation of the financial framework applies not only to the spending priorities and their design, but also to the financing of the EU budget, which has been increasingly called into question in recent years. The Treaty on the Functioning of the European Union reiterates the original intention that the EU budget shall be financed wholly from own resources. However, the reality of the situation is that today more than 85% of EU financing is based on statistical aggregates derived from Gross National Income (GNI) and VAT. These are widely perceived as national contributions to be minimised by Member States. This has given rise to a "my money back" attitude on the part of the net contributors, distorting the rationale for an EU budget and questioning the overarching solidarity principle of the Union. This has also led to over-concentration on net payments and balances and has prevented the EU budget from playing its full role in delivering added value for the EU as a whole.

The time has come to start re-aligning EU financing with the principles of autonomy, transparency and fairness and equipping the EU to reach its agreed policy objectives. The purpose of proposing new own resources is not to increase the overall EU budget but to move away from the "my money back" attitude and to introduce more transparency into the system. It is not about giving the EU fiscal sovereignty but rather about returning to financing mechanisms that are closer to the original intention of the treaties. Therefore, the Commission's proposal would lead to a reduction in direct contributions from Member State budgets.

In the budget review[6], the Commission set out a non-exhaustive list of possible financing means that could gradually replace national contributions and relieve the burden on national treasuries. It also listed several criteria to be applied to their consideration. The Commission has carried out extensive analysis of the options[7] and has decided to propose a new own resource system based on a financial transactions tax and a new VAT resource. These new own resources would partially finance the EU budget and could fully replace the existing complex VAT-based own resource, which the Commission proposes to eliminate, and reduce the scale of the GNI-based resource. The Commission's proposal for a Council Decision on new own resources is detailed in an accompanying legislative text[8]. In this context, the Commission supports the call made by the European Parliament for an inter-parliamentary conference with national parliaments to discuss the issue.

For the reasons highlighted above, the Commission is also proposing an important simplification to the problem of rebates and corrections. Attempts to even out differences between Member States' payments to the EU budget and receipts from different EU spending policies cause distortions in the budget and impair its capacity to deliver its added value. That is why the Commission is proposing, in line with the conclusions of the Fontainebleau European Council of 1984, to contain the contributions of those Member States that would otherwise face a budgetary burden which is excessive in relation to their relative prosperity.

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6 COM (2010) 700

7 For details see the accompanying staff working document SEC (2011) 876

8 COM (2011) 510

4. PRINCIPLES UNDERPINNING THE EU BUDGET

The EU budget is not like national budgets. The EU does not fund direct healthcare or education. It does not fund the police or defence forces as national budgets do. It has a pan-European, not a national, logic. Its comparatively small size allows it to be concentrated where it delivers high EU added value[9]. The EU budget does not seek to fund interventions that the Member States could finance by themselves. It exists because there are activities that need to be funded to enable the EU to function or because they can be done more economically and effectively through the collective funding of the EU budget. The EU budget exists to:

(a) fund the common policies that Member States have agreed should be handled at the EU level (for example, the Common Agricultural Policy);

(b) express solidarity between all Member States and regions, to support the development of the weakest regions, which also allows the EU to function as a single economic space (for example, through cohesion policy);

(c) finance interventions to complete the internal market – that not even the most prosperous Member States could finance on their own. The EU budget allows for a pan-European perspective rather than a purely national perspective (for example, by funding pan-European investment in infrastructure). It also helps to cut out expensive duplication between different national schemes pursuing partly the same objectives;

(d) ensure synergies and economies of scale by facilitating cooperation and joint solutions to issues that cannot be supplied by the Member States acting alone (for example, the pursuit of world class research and innovation, cooperation on home affairs, migration and justice);

(e) respond to persistent and emerging challenges that call for a common, pan-European approach (for example, in environment, climate change, humanitarian aid, demographic change and culture).

Against this background, in the design of the next MFF, the Commission has implemented the principles it outlined in the 2010 budget review:

- Focus on delivering key policy priorities
- Focus on EU added value
- Focus on impacts and results
- Delivering mutual benefits across the European Union

The EU budget expresses "policy in numbers". As such, the funding must go hand in hand with the existing regulatory environment and the policy priorities in the relevant areas. The funding must deliver the expected results – public authorities do not have an "entitlement" to receive funds to spend as they wish, rather they receive EU funding to help them deliver on

[9] For examples of the added value of EU spending see the accompanying staff working document SEC (2011) 867

commonly agreed EU objectives. Therefore, the programmes and instruments included in this MFF proposal have been redesigned to ensure that their outputs and impacts push forward the key policy priorities of the EU. Major hallmarks of the next set of financial programmes and instruments will be a focus on results, increased use of conditionality and the simplification of delivery:

- **Results** will be clearly related to the implementation of the Europe 2020 strategy and the achievement of its targets. This means concentrating programmes on a limited number of high profile priorities and actions that achieve a critical mass. Fragmentation and uncoordinated interventions must be avoided. Where possible, existing programmes will be merged (for example in areas such as home affairs, education and culture) and/or redesigned (such as research and cohesion) to ensure integrated programming and a single set of implementation, reporting and control mechanisms.

- **Simplification:** current funding rules have evolved not only in response to the need for accountability on how public money is spent but also to take account of previous problems. The result is a diversity and complexity that is difficult to implement and control. This complexity imposes a heavy administrative burden on beneficiaries as well as on the Commission and Member States, which can have the unintended effect of discouraging participation and delaying implementation. Work is currently underway to simplify both the general rules (Financial Regulation) and the sector specific rules.

- **Conditionality**: In order to sharpen the focus on results rather than on inputs, conditionality will be introduced into programmes and instruments. This is particularly relevant in the large spending blocs of cohesion policy and agriculture, where Member States and beneficiaries will be required to demonstrate that the funding received is being used to further the achievement of EU policy priorities. More generally the Commission will ensure coherence between the overall economic policy of the EU and the EU budget, in particular to avoid situations where the effectiveness of EU funding is undermined by unsound macro-fiscal policies.

- **Leveraging investment:** By working with the private sector on innovative financial instruments it is possible to magnify the impact of the EU budget, enabling a greater number of strategic investments to be made, thus enhancing the EU's growth potential. Experience in working most notably with the European Investment Bank (EIB) group, national and international public financial institutions has been positive and will be taken forward in the next MFF. Guarantees and risk sharing arrangements can allow the financial sector to provide more equity and lend more money to innovative companies, or to infrastructure projects. In this way, such financial instruments can also contribute to the overall development of post-crisis financial markets.

5. THE MAJOR NEW ELEMENTS

The Commission's ambition for the next EU budget is to spend differently, with more emphasis on results and performance, concentrating on delivering the Europe 2020 agenda through stronger conditionality in cohesion policy and greening of direct payments to farmers. The next budget should be modernised by reallocating resources to priority areas such as pan-

European infrastructure, research and innovation, education and culture, securing the EU's external borders and external relations policy priorities such as the EU's neighbourhood. It addresses cross-cutting policy priorities, such as environmental protection and the fight against climate change, as an integral part of all the main instruments and interventions. Full details of the approach in each policy area are provided in the accompanying part II of this Communication. The following section sets out the key changes that will be made in the main spending areas.

5.1. Horizon 2020: A Common Strategic Framework for research, innovation and technological development

The EU faces a significant innovation gap[10], which needs to be addressed if the EU is to compete with other developed economies and emerging, developing economies. The EU as a whole is lagging behind Japan and the United States in a number of key indicators, such as the number of patents registered, the number of medium-high and high-tech product exports and the percentage of GDP expenditure on research and development.

Research and innovation help deliver jobs, prosperity and quality of life. Although the EU is a global leader in many technologies, it faces increasing challenges from traditional competitors and emerging economies alike. Joint programmes pool research efforts and can thus deliver results that individual Member States cannot deliver on their own.

The challenge is to promote increased investment in research and development across the EU, so that the headline Europe 2020 target of 3% of GDP investment is reached. The EU must also improve its record of turning scientific knowledge into patented processes and products for use not only in high-tech industries but perhaps even more importantly in traditional sectors. This requires effort from the public authorities, the private sector and the research community. The Commission began a major overhaul of the EU's research governance structures with the creation of the European Research Council, which is now producing positive results. The Commission proposes to go further and reorganise the EU's current research and innovation funding instruments (notably the framework programmes for research and the Competitiveness and Innovation Programme) to create a stronger link with defined policy objectives and to simplify procedures for implementation. This will also alleviate the administrative burden on beneficiaries.

The Commission proposes that future research and innovation funding be based on three main areas that are firmly anchored in the Europe 2020 strategy:

- excellence in the science base;
- tackling societal challenges;
- creating industrial leadership and boosting competitiveness.

A common strategic framework (to be called Horizon 2020) will eliminate fragmentation and ensure more coherence, including with national research programmes. It will be closely linked to key sectoral policy priorities such as health, food security and the bio-economy, energy and climate change. The European Institute for Technology will be part of the Horizon 2020

[10] See the Innovation Union Competitiveness Report 2011, SEC (2011) 739.

programme and will play an important role in bringing together the three sides of the knowledge triangle – education, innovation and research – through its Knowledge and Innovation Communities. One feature of the new approach to research funding will be the increased use of innovative financial instruments, following the successful example of the Risk Sharing Finance Facility.

The Commission proposes to allocate €80 billion for the 2014-2020 period for the Common Strategic Framework for Research and Innovation.

This funding will be complemented by important support for research and innovation in the Structural Funds. For example, in the period 2007-2013 around €60 billion was spent on research and innovation across Europe's regions and similar levels of spending can be expected in the future.

5.2. Solidarity and investment for sustainable growth and employment

Cohesion policy is an important expression of solidarity with the poorer and weakest regions of the EU – but it is more than that. One of the greatest successes of the EU has been its capacity to raise living standards for all its citizens. It does this not only by helping poorer Member States and regions to develop and grow but also through its role in the integration of the Single Market whose size delivers markets and economies of scale to all parts of the EU, rich and poor, big and small. The Commission's evaluation of past spending has shown many examples of added value and of growth and job creating investment that could not have happened without the support of the EU budget. However, the results also show some dispersion and lack of prioritisation. At a time when public money is scarce and when growth enhancing investment is more needed than ever, the Commission has decided to propose important changes to cohesion policy.

Cohesion policy also has a key role to play in delivering the Europe 2020 objectives and targets throughout the EU. The Commission proposes to strengthen the focus on results and the effectiveness of cohesion spending by tying cohesion policy more systematically to the Europe 2020 objectives. In addition, it proposes to introduce a new category of region – '**transition regions**' to replace the current phasing-out and phasing-in system. This category will include all regions with a GDP per capita between 75% and 90% of the EU-27 average.

Unemployment and persistently high rates of poverty call for action at EU and national level. As the Union faces the growing challenges of shortfalls in skill levels, under-performance in active labour market policy and education systems, social exclusion of marginalised groups and low labour mobility there is a need both for policy initiatives and concrete supporting action. Many of these challenges have been exacerbated by the financial and economic crisis, demographic and migratory trends and the fast pace of technological change. Unless tackled effectively, they constitute a significant challenge for social cohesion and competitiveness. It is therefore essential to accompany growth enhancing investment in infrastructure, regional competitiveness and business development with measures related to labour market policy, education, training, social inclusion, adaptability of workers, enterprises and entrepreneurs and administrative capacity.

This is where the European Social Fund (ESF) has a key role to play and it is proposed that Member States be required to set out the way in which different funding instruments would contribute to delivering the headline targets of Europe 2020, including by establishing minimum shares of the structural funds support for the ESF for each category of region (25%

for convergence regions, 40% for transition regions, 52% for competitiveness regions, based on the Cohesion Fund continuing to represent one third of the cohesion policy allocation in eligible Member States, and excluding territorial co-operation). The application of these shares result in a minimum overall share for the ESF of 25% of the budget allocated to cohesion policy, i.e. €84 billion. The ESF will be complemented by a number of instruments directly managed by the Commission, such as PROGRESS and the EURES network to support job creation.

The European Globalisation Adjustment Fund (EGF) is a flexible fund, outside the financial framework, which supports workers who lose their jobs as a result of changing global trade patterns and helps them to find another job as rapidly as possible. The amounts which are needed vary from year to year, that is why the Commission is proposing to keep the EGF outside the financial framework.. The EGF can also be used to help those in the agriculture sector whose livelihoods could be affected by globalisation.

In order to increase the effectiveness of EU spending and in line with the territorial approach of the Lisbon Treaty, the Commission proposes to establish a common strategic framework for all structural funds, to translate the Europe 2020 objectives into investment priorities. This is designed to breathe life into the territorial cohesion objective of the Lisbon Treaty. In operational terms, the Commission proposes to conclude a partnership contract with each Member State. These contracts will set out the commitment of partners at national and regional level to utilise the allocated funds to implement the Europe 2020 strategy, a performance framework against which progress on commitments can be assessed.

There should therefore be a strong link to the national reform programmes and the stability and convergence programmes drawn up by the Member States, as well as the country-specific recommendations adopted by the Council on this basis. To ensure that the effectiveness of cohesion expenditure is not undermined by unsound macro-fiscal policies, conditionality linked to the new economic governance will complement the sector specific ex ante conditionality set out in each contract.

The contracts will set out clear objectives and indicators and establish a limited number of conditionalities (both *ex ante* and linked to the achievement of results so that they can be monitored), and include a commitment to give yearly account of progress in the annual reports on cohesion policy. Funding will be targeted on a limited number of priorities: competitiveness and transition regions would primarily devote their entire budgetary allocation, except for the ESF, to energy efficiency, renewable energies, SME competitiveness and innovation, while convergence regions would devote their allocation to a somewhat wider range of priorities (where necessary, including institutional capacity building).

To reinforce performance, new conditionality provisions will be introduced to ensure that EU funding is focussed on results and creates strong incentives for Member States to ensure the effective delivery of Europe 2020 objectives and targets through cohesion policy. Conditionality will take the form of both ‘ex ante’ conditions that must be in place before funds are disbursed and 'ex post' conditions that will make the release of additional funds contingent on performance. Lack of progress in fulfilling these conditions will give rise to the suspension or cancellation of funds.

Conditionality will be based on results and incentives to implement the reforms needed to ensure effective use of the financial resources. In order to strengthen the focus on results and the achievement of the Europe 2020 objectives, 5% of the cohesion budget will be set aside and allocated, during a mid-term review, to the Member States and regions whose programmes have met their milestones in relation to the achievement of the programme's objectives related to Europe 2020 targets and objectives. The milestones will be defined in accordance with the regulations for cohesion policy.

Experience with the current financial framework shows that many Member States have difficulties in absorbing large volumes of EU funds over a limited period of time. Delays in the preparation of projects, commitments and spending are responsible for an important backlog of unused appropriations at the end of the present financing period. Furthermore, the fiscal situation in some Member States has made it more difficult to release funds to provide national co-financing. In order to strengthen absorption of funding the Commission is proposing a number of steps:

- to fix at 2.5% of GNI the capping rates for cohesion allocations

- to allow for a temporary increase in the co-financing rate by 5 to 10 percentage points when a Member State is receiving financial assistance in accordance with Article 136 or 143 TFEU, thus reducing the effort required from national budgets at a time of fiscal consolidation, while keeping the same overall level of EU funding

- to include certain conditions in the partnership contracts regarding the improvement of administrative capacity.

For the next MFF, the Commission proposes to concentrate the largest share of cohesion funding on the poorest regions and Member States. It also proposes to help those regions which move out of "convergence region" status by limiting the reduction in aid intensity that would occur if they were to move immediately to "competitiveness region" status. Therefore, the Commission is proposing that they should retain two thirds of their previous allocations for the next MFF period. These regions, together with other regions with similar levels of GDP (between 75 and 90% of EU GDP) would form a new category of "transition regions".

The Commission proposes to allocate €376 billion for the 2014-2020 period for spending in cohesion policy instruments.

This amount comprises:

- **€162.6 billion for convergence regions,**
- **€38.9 billion for transition regions,**
- **€53.1 billion for competitiveness regions,**
- **€11.7 billion for territorial cooperation**
- **€68.7 billion for the Cohesion Fund**

And €40 billion for the Connecting Europe facility (see 5.3 below)

The European Social Fund (based on the 25/40/52 formula per category of regions) will represent at least 25% of the cohesion envelope, not taking into account the Connecting Europe facility, i.e. €84 billion

Outside the MFF:

- **€3 billion for the European Globalisation Adjustment Fund**
- **€7 billion for the European Solidarity Fund**

5.3. Connecting Europe

A fully functioning single market depends on modern, high performing infrastructure connecting Europe particularly in the areas of transport, energy and information and communication technologies (ICT).

It is estimated that about €200 billion is needed to complete the trans-European energy networks, €540 billion needs to be invested in the trans-European transport network, and over € 250 billion in ICT for the period 2014-2020. While the market can and should deliver the bulk of the necessary investments, there is a need to address market failure – to fill persistent gaps, remove bottlenecks and ensure adequate cross-border connections. However, experience shows that national budgets will never give sufficiently high priority to multi-country, cross-border investments to equip the Single Market with the infrastructure it needs. This is one more example of the added value of the EU budget. It can secure funding for the pan-European projects that connect the centre and the periphery to the benefit of all.

Therefore, the Commission has decided to propose the creation of a Connecting Europe Facility to accelerate the infrastructure development that the EU needs. These growth enhancing connections will provide better access to the internal market and terminate the isolation of certain economic "islands". For example, those parts of the EU that are not yet linked to the main electricity and gas grids depend on investments made in other Member States for their energy supply. The Connecting Europe Facility will also make a vital contribution to energy security, by ensuring pan-European access to different sources and providers inside and outside the Union. It will also help to implement the new concept of territorial cohesion introduced in the Lisbon Treaty. Europe-wide availability of high-speed ICT networks and pan-European ICT services will also overcome the fragmentation of the single market and would assist SMEs in their search for growth opportunities beyond their home market.

The Connecting Europe Facility will fund pre-identified transport, energy and ICT priority infrastructures of EU interest, and both physical and information technology infrastructures, consistent with sustainable development criteria. A preliminary list of the proposed infrastructures (the missing links) accompanies the present proposal.

The Connecting Europe Facility will be centrally managed and will be funded by a dedicated budget and through ring fenced amounts for transport in the Cohesion Fund. Co-financing rates from the EU budget will be higher where the investments take place in 'convergence' regions than in 'competitiveness' regions. Local and regional infrastructures will be linked to the priority EU infrastructures, connecting all citizens throughout the EU, and can be (co-) financed by the structural funds (cohesion fund and/or ERDF, depending on the situation of each Member State/region). Considering the infrastructure deficit of the new Member States, the Commission has decided to propose a relatively unchanged allocation for the Cohesion Fund. This will help boost transport investment in eligible regions and support links between them and the rest of the EU.

The Connecting Europe Facility offers opportunities for using innovative financing tools to speed up and secure greater investment than could be achieved only through public funding. The Commission will work closely with the EIB and other public investment banks to combine funding of these projects. In particular, the Commission will promote the use of EU project bonds[11] as a means of bringing forward the realisation of these important projects.

Some of the infrastructure projects of EU interest will need to pass through neighbourhood and pre-accession countries. The Commission will propose simplified means of linking and financing them through the new facility, in order to ensure coherence between internal and external instruments. This implies the existence of integrated sets of rules so that the financing of the relevant projects can be made available from different headings of the EU budget.

The Commission proposes to allocate €40 billion for the 2014-2020 period for the Connecting Europe Facility to be complemented by an additional €10 billion ring fenced for related transport investments inside the Cohesion Fund.

This amount comprises €9.1 billion for the energy sector, €31.6 billion for transport (including €10 billion inside the Cohesion Fund) and €9.1 billion for ICT.

5.4. A resource-efficient Common Agricultural Policy

The Common Agricultural Policy (CAP) is one of the few truly EU common policies. It is designed to deliver a sustainable agricultural sector in Europe by enhancing its competitiveness, ensuring an adequate and secure food supply, preserving the environment and countryside while providing a fair standard of living for the agricultural community. As such, it replaces 27 different national agriculture policies and represents savings for national budgets because direct support to farmers is provided through the EU budget without national co-financing.

Through the changes it is proposing to the funding of the CAP, the Commission is bringing it more fully inside the Europe 2020 strategy, while ensuring stable levels of revenue for European farmers. In future, not only will the agriculture budget be used to increase agricultural productivity, ensure a fair standard of living for the agricultural community, stabilise markets, assure the availability of supplies and ensure that they reach the consumer at reasonable prices, but it will also support the sustainable management of natural resources and climate action and support balanced territorial development throughout Europe. The three strands of Europe 2020 – smart, sustainable and inclusive growth – will be woven into the next phase of development of the CAP.

The changes proposed by the Commission are designed to lead to a fairer and more equitable system of support across the EU, linking agriculture and environment policy in the sustainable stewardship of the countryside and ensuring that agriculture continues to contribute to a vibrant rural economy. Over the years, a number of obligations and duties have been included in the CAP which more properly belong in other policy areas. The Commission will take the opportunity of the new MFF to refocus the CAP on its core and new activities. Thus, for example, the funds devoted to food safety have been moved to Heading 3 of the budget and in future food aid for the most deprived people will be funded out of Heading 1 where it fits more appropriately with the poverty reduction target of the Europe 2020 strategy. The

[11] For further details see the accompanying staff working document SEC (2011) 868

Commission will propose to extend the scope of the European Globalisation Fund to include assistance to farmers whose livelihoods may be affected by globalisation.

The basic two pillar structure of the CAP will be maintained. The main changes proposed by the Commission are as follows:

Greening of direct payments: to ensure that the CAP helps the EU to deliver on its environmental and climate action objectives, beyond the cross-compliance requirements of current legislation, 30 % of direct support will be made conditional on "greening". This means that all farmers must engage in environmentally supportive practices which will be defined in legislation and which will be verifiable. The impact will be to shift the agricultural sector significantly in a more sustainable direction, with farmers receiving payments to deliver public goods to their fellow citizens.

Convergence of payments: to ensure a more equal distribution of direct support, while taking account of the differences that still exist in wage levels and input costs, the levels of direct support per hectare will be progressively adjusted. This will be achieved in the following way: over the period, all Member States with direct payments below the level of 90% of the average will close one third of the gap between their current level and this level. This convergence will be financed proportionally by all Member States with direct payments above the EU average. Equally, the allocation of rural development funds will be revisited on the basis of more objective criteria and better targeted to the objectives of the policy. This will ensure a fairer treatment of farmers performing the same activities. To enable the CAP to respond to the challenges that are linked with the economic, social, environmental and geographical specificities of European agriculture in the 21st century and to effectively contribute to the Europe 2020 objectives, the Commission will make proposals to permit flexibility between the two pillars.

Capping the level of direct payments by limiting the basic layer of direct income support that large agricultural holdings may receive, while taking account of the economies of scale of larger structures and the direct employment these structures generate. The Commission proposes that the savings be recycled into the budgetary allocation for rural development and retained within the national envelopes of the Member States in which they originate.

The Commission considers that these new elements can be accommodated under the current two pillar structure of the CAP. The future CAP will therefore contain a greener and more equitably distributed first pillar and a second pillar that is more focussed on competitiveness and innovation, climate change and the environment. Improved targeting of policy should lead to a more efficient use of the available financial resources. The second pillar of the CAP, covering **rural development**, will continue to contribute to specific national and/or regional needs, while reflecting EU priorities, and will be subject to the same Europe 2020 performance-based conditionality provisions as the other structural funds. In the post-2013 period, the European Agricultural Fund for Rural Development (EAFRD) will be included in the common strategic framework for all structural funds and in the contracts foreseen with all Member States. By emphasising the territorial dimension of socio-economic development and combining all available EU funds in a single contract, the economic development of rural areas across the EU will be better supported in future.

Finally, the Commission proposes to restructure the market measures which are currently in the first pillar of the CAP. Today, European agriculture faces a variety of challenges, in particular the need to react to unforeseeable circumstances or to facilitate the adaptations required by international trade agreements. For these reasons, the Commission proposes the creation of two instruments outside the multiannual financial framework which will be subject to the same fast-track procedure as the Emergency Aid Reserve (EAR): an emergency mechanism to react to crisis situations (for instance a food safety problem) and a new scope for the European Globalisation Fund.

The Commission proposes to allocate €281.8 billion for Pillar I of the Common Agricultural Policy and €89.9 billion for rural development for the 2014-2020 period. This funding will be complemented by a further €15.2 billion:

- **€4.5 billion for research and innovation on food security, the bio-economy and sustainable agriculture (in the Common strategic framework for research and innovation)**
- **€2.2 billion for food safety in Heading 3**
- **€2.5 billion for food support for most deprived persons in Heading I**
- **€3.5 billion in a new reserve for crises in the agriculture sector**
- **Up to €2.5 billion in the European Globalisation Fund**

5.5. Investing in human capital

The Europe 2020 headline targets on increasing tertiary education and reducing early-school leaving will not be reached without a stronger investment in human capital. The biggest financial contribution from the EU budget in investing in people comes from the European Social Fund. Beyond its activities, there is scope to increase EU support for all levels of formal education and training (school, higher, vocational, adult) as well as informal and non-formal education and training activities. One of the main successes of the current Lifelong Learning Programme (LLP), Erasmus Mundus and Youth programmes is the growth of transnational learning mobility. In order to raise skills and to help tackle the high levels of youth unemployment in many Member States the actions currently supported by the Leonardo programme, which helps people benefit from education and training in another EU country in areas such as initial vocational education as well as to develop and transfer innovative policies from one Member State to another, will be boosted in the next MFF period. At present there is very little financial support available for those who wish to study at Masters level in another Member State. The Commission will propose to develop, with the involvement of the EIB, an innovative programme to provide guarantees for mobile masters students. Therefore, the Commission proposes to strengthen Community programmes for education and training and to increase the funding allocated for these activities.

EU funding for culture and media activities supports the common cultural heritage of Europeans and works to increase the circulation of creative European works inside and outside the EU. The current programmes play a unique role in stimulating cross border co-operation, promoting peer learning and making these sectors more professional. The growing economic role of the culture and creative industries sector is very much in line with the objectives of the Europe 2020 strategy.

However, the current architecture of the programmes and instruments is fragmented. They have been characterised by a proliferation of small-scale projects and some of them lack the critical mass to have a long lasting impact. There are also some overlaps between actions – this has led to increased management costs and has confused potential applicants.

Therefore, the Commission proposes to rationalise and simplify the current structure by proposing a single, integrated programme on education, training and youth. The focus will be on developing the skills and mobility of human capital. For the same reasons synergy will also be brought into the culture related programmes.

The application processes and the monitoring and evaluation of projects will be simplified, including through the management of projects by national agencies.

The Commission proposes to allocate €15.2 billion in the area of education and training and €1.6 billion in the area of culture for the 2014-2020 period.

This funding will be complemented by important support for education and training in the Structural Funds. For example, in the period 2007-2013 around €72.5 billion was spent on education and training across Europe's regions and similar levels of spending can be expected in the future.

5.6. Responding to the challenges of migration

Home affairs policies, covering security, migration and the management of external borders, have grown steadily in importance in recent years. This is also one of the areas which has seen important changes under the Lisbon Treaty. Their importance has been confirmed by the Stockholm Programme[12] and its Action Plan[13].

The goal of creating an area without internal borders, where EU citizens and third-country nationals with legal rights of entry and residence may enter, move around, live and work confident that their rights are fully respected and their security assured is of paramount importance. At the same time, public concern about irregular immigration and integration has grown. A forward-looking legal immigration policy and integration policy is crucial to enhancing the EU's competitiveness and social cohesion, enriching our societies and creating opportunities for all. The completion of a more secure and efficient Common European Asylum System which reflects our values remains a priority. Overall, this is an area where there is obvious added value in mobilising the EU budget.

For the next multiannual financial framework, the Commission proposes to simplify the structure of the expenditure instruments by reducing the number of programmes to a two pillar structure – creating a Migration and Asylum Fund and an Internal Security Fund. Both funds will have an external dimension ensuring continuity of financing, starting in the EU and continuing in third countries, for example concerning the resettlement of refugees, readmission and regional protection programmes. The Commission also foresees a move away from annual programming towards multi-annual programming, resulting in a reduced workload for the Commission, the Member States and the final beneficiaries.

The Lisbon Treaty foresees EU cooperation in the fight against criminal networks, trafficking in human beings and the smuggling of weapons and drugs as well as in civil protection to ensure better protection of people and the environment in the event of major natural and man-made disasters. The increase in disasters affecting European citizens calls for more systematic

12 Council document 17024/09.
13 COM (2010) 171.

action at European level. Therefore the Commission proposes to increase the efficiency, coherence and visibility of the EU's disaster response.

The Commission proposes to allocate €8.2 billion for the 2014-2020 period in the area of home affairs and €455 million for civil protection and the European Emergency Response Capacity.

5.7. The EU as a global player

What happens outside the borders of the EU can and does directly affect the prosperity and security of EU citizens. It is therefore in the interest of the EU to be actively engaged in influencing the world around us, including through the use of financial instruments.

The Lisbon Treaty marks a new departure in the EU's relations with the rest of the world. The creation of the post of High Representative who is also a Vice President of the Commission, with a strong co-ordinating role, comes from a desire to have a united and effective interaction with our international partners, based on the guiding principles of democracy, the rule of law, human rights and fundamental freedoms, human dignity, equality and solidarity, and respect for the principles of the United Nations Charter and international law. The EU will continue to promote and defend human rights, democracy and the rule of law abroad. It is a major aspect of EU external action in defending its values.

Another key priority is to respect the EU's formal undertaking to commit 0.7% of gross national product (GNP) to overseas development by maintaining the share of the EU budget as part of the common effort made by the EU as a whole by 2015, thus making a decisive step towards achieving the Millennium Development Goals. A pan-African instrument under the Development and Cooperation Instrument (DCI) will be created to support the implementation of the Joint Africa Europe Strategy, focusing on the clear added value of cross regional and continental activities. It will be flexible enough to accommodate contributions from EU Member States, African states, financial institutions and the private sector. In addition, the Development and Cooperation Instrument (DCI) will focus on poverty eradication and the achievement of the Millennium Development Goals (MDGs) in the relevant regions of the world.

The EU's engagement needs to be tailored to individual circumstances. Our partners range from development economies to the least developed countries in need of specific assistance from the EU. In line with its recent European Neighbourhood Policy communication[14], the EU is committed over the long-term to establishing an area of stability, prosperity and democracy in its own neighbourhood. The historic developments in the Arab World also require a sustained investment to support the transformation that is so clearly in our and their interest. The EU will step up its work on crisis prevention in order to preserve peace and strengthen international security.

Our instruments can also facilitate the EU's engagement with third countries on issues that are of global concern, such as climate change, environmental protection, irregular migration and regional instabilities, and allow the EU to respond rapidly and effectively to natural and man-made disasters around the world. The EU is committed to contribute financially to meeting its international commitments on climate change and biodiversity. A major rationalisation of the instruments took place in 2003 and has begun to deliver more effective results. The Commission does not consider that another major alteration of the legislative architecture is

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necessary for the next MFF period, although some improvements are being proposed and the overall investment is being stepped up.

To reflect international changes that are underway, the Commission proposes to reorientate funding of programmes in industrialised and emerging countries and instead to create a new Partnership Instrument to support our economic interests in the rest of the world. This can deliver increased opportunity for EU businesses through the promotion of trade and regulatory convergence in those cases where funding can contribute to strengthening the EU's economic relationships around the world. It will ensure European businesses can benefit from the economic transformation happening in many parts of the world which create unparalleled opportunity but where competition is also very intense.

The EU's humanitarian aid is now recognised in the Lisbon Treaty as a self standing policy in the area of the EU's external action, bringing a high level of added value. A coherent, complementary and coordinated EU approach to the provision of humanitarian aid ensures that scarce resources are used efficiently to meet identified needs and supports the drive to more effective international humanitarian response. The increase in the number of natural and man-made disasters and their economic impact calls for systematic action at European level to strengthen preparedness and to enhance response capacities, both inside and outside the EU. The Commission proposes that crisis response, prevention and management be pursued with the Humanitarian Aid Instrument, and the Civil Protection Mechanism responding to natural and man-made disasters, which will continue as the effects of climate change make themselves felt.

The Commission believes that the financing instruments in some internal policy areas, such as education and migration, should be used also to support actions in third countries, due to the obvious benefits from streamlining and simplifying the approach.

The Commission proposes to allocate €70 billion for the 2014-2020 period for external instruments.

And outside the MFF:

- **European Development Fund (ACP countries), €30 billion**
- **European Development Fund (overseas countries and territories), €321 million**
- **Global Climate and Biodiversity Fund**
- **Emergency Aid Reserve, €2.5 billion**

5.8. Items with a specific status

There are different ways of financing activities that are carried out in the name of the EU or as part of EU policies. For several reasons, some activities are financed by a different budget key or by only some Member States. In this MFF proposal, the Commission also draws attention to a number of expenditure proposals with a specific status.

5.8.1. The European Development Fund

The European Development Fund (EDF) finances development assistance for the EU's developing country partners. It has traditionally been financed outside the EU budget to reflect the particular historical relations that certain Member States have with different parts of the world. The Commission considers that, in the current circumstances, with the Cotonou agreement (on the basis of which the EDF provides support to ACP countries) due to expire in 2020, the conditions for integrating the EDF fully into the budget are not yet met. However, in order to create a perspective of future inclusion, the Commission will consider proposing to bring the EDF contribution key closer to the key used for the EU budget. This will also contribute to the visibility of the absolute amounts provided in development aid. It is also proposed to improve democratic scrutiny of the EDF by bringing it into line with the DCI, whilst taking into account the specificities of this instrument.

5.8.2. Large scale projects

Experience over the years has shown that large scale projects of interest to the EU tend to be disproportionately expensive for the small EU budget. As their specific nature means they often overrun initial cost projections, the subsequent need to find additional funding triggers a need to redeploy funds that have already been earmarked for other priority needs. This is not a sustainable solution and the Commission has therefore decided to make alternative proposals for the future funding of large scale scientific projects, making a distinction between Galileo and other projects.

The EU is the sole owner of the Galileo project and a sufficient budget for its future needs is proposed as part of this package. Continued efforts will be necessary to keep costs under control. This will be ensured in the Regulation laying down the MFF. The full deployment phase and the operational stage of the project should be reached at the beginning of the next financial framework, at which point new governance arrangements should be considered for the longer term.

For projects such as ITER and GMES, where the costs and/or the cost overruns are too large to be borne only by the EU budget, the Commission proposes to foresee their funding outside the MFF after 2013. This will enable the EU to continue to fully meet its international commitments.

6. INSTRUMENTS AND IMPLEMENTATION

6.1. Simplification to improve delivery

Implementation procedures and control requirements of EU programmes need to be effective in ensuring accountability but they also need to be cost effective. Changes over the years have given rise to a system that is now widely regarded as too complicated and often discouraging participation and/or delaying implementation. Against this background, the Commission has decided to propose radical simplification across the whole future MFF. In this context, it is important that the future legal bases of all sectoral programmes strike the right balance between the policy objectives, the means of delivery and the cost of administration and control. In particular, the conditions for the achievement of policy objectives will be set up in a cost-effective way while ensuring clear eligibility conditions, accountability and an appropriate level of control that limits risk of errors and exposure to fraud to a reasonable level at a reasonable cost.

Any meaningful simplification of the use of EU funding will require the combined efforts of all the institutions in reviewing both the general rules in the Financial Regulation and the sector-specific rules under preparation. However, simplification efforts at EU level will not produce their full effect if they are not accompanied by parallel efforts at national level, for instance in the area of shared management. The Commission will issue a dedicated Communication on simplification at the end of 2011 once all of its sector specific proposals have been tabled.

6.1.1. Reducing the number of programmes

A first way of achieving this objective is to reduce the number of separate programmes and instruments; multiple policy objectives can be attained without unnecessarily multiplying the number of instruments to deliver them and without huge differences in management rules from one programme to another. Complex programmes which have not been successful will either be redesigned in a simplified and more effective form or discontinued. This approach is being proposed in some areas - maritime affairs and fisheries, justice and fundamental rights, home affairs, education and culture.

6.1.2. Putting different instruments under a single framework

Another way to simplify the management of programmes is to put them under a single framework with common rules, keeping any exceptions or specificities to the minimum. For example:

- The Commission proposes to bring together the three main sources of funding for research and innovation (the current 7th Framework Programme, the current innovation part of the competitiveness and innovation programme and the European Institute of innovation and technology (EIT)) within a single Common Strategic Framework for Research and Innovation (CSF).

- For funds under shared management - the ERDF, the ESF, the Cohesion Fund, the European Agricultural Fund for Rural Development and the future European Maritime and Fisheries Fund - a Common Strategic Framework will replace the current approach of establishing separate sets of strategic guidelines for the different instruments.

6.1.3. Externalisation

The Commission is also proposing to use the option of more extensive recourse to existing executive agencies. As the Court of Auditors confirmed, these agencies provide better service delivery and enhance the visibility of the EU. This instrument is particularly relevant for the continuation of current smaller programmes that have not yet been externalised and which involve a critical mass of homogenous or standardised operations, thus achieving economies of scale. This does not mean creating new executive agencies, but reviewing as necessary the mandate of the existing ones. This approach is being followed for example in proposals for the education and culture programmes.

6.1.4. Mainstreaming priorities across policies

The optimal achievement of objectives in some policy areas - including climate action, environment, consumer policy, health and fundamental rights - depends on the mainstreaming of priorities into a range of instruments in other policy areas. For example, climate action and environment objectives need to be reflected in instruments to ensure that they contribute to building a low-carbon, resource efficient and climate resilient economy that will enhance Europe's competitiveness, create more and greener jobs, strengthen energy security and bring health benefits. In the area of development cooperation, climate and environment, notably biodiversity, will be mainstreamed in all relevant programmes.

Consequently, the relevant share of the EU budget will increase as a result of effective mainstreaming in all major EU policies (such as cohesion, research and innovation, agriculture and external cooperation). Since the same action can and should pursue different objectives at once, mainstreaming will promote synergies in the use of funds for various priorities and result in increased consistency and cost-efficiency in spending.

6.1.5. More efficient administration

Administrative expenditure currently accounts for 5.7% of current spending. This budget finances all of the European Union's institutions – the European Parliament (20%), the European Council and the Council (7%), the Commission (40%) and the smaller institutions and bodies (15%). For its part, the Commission has made considerable efforts in the past ten years to reform the management of its human and budgetary resources, and to ensure more efficiency in their use. The reform of 2004 alone has brought savings of €3 billion since 2004 and, as the reform process works its way through, will deliver a further € 5 billion in the years up to 2020. As part of its ongoing commitment to limit the costs of administering EU policies, the Commission has been operating on the basis of 'zero growth' in human resources since 2007.

The Commission proposes to simplify and rationalise further the administration of the EU institutions, agencies and bodies to make it a modern, effective and dynamic organisation in line with the objectives of Europe 2020. Mindful of the pressures on Member States' budgets and having regard to cut backs in national public administrative expenditure, the Commission has reviewed administrative expenditure across the institutions to identify further sources of efficiency and cost reduction. It has decided to propose a 5% reduction in the staffing levels of each institution/service, agency and other body, as part of the next MFF. Together with other efficiencies, this will keep the share of administrative costs in the next MFF to a minimum.

Without waiting until 2014 when the next MFF will begin, the Commission has decided to propose a number of changes to the staff regulations applicable to EU civil servants in the EU institutions. These include a new method for calculating the adaptation of salaries, an increase in working hours (from 37.5 to 40 hours a week) without compensatory wage adjustments, an increase of the pension age and the modernisation of certain outdated conditions in line with similar trends in Member State administrations. The Commission is preparing a draft Regulation which will first be discussed with the staff representatives as part of the normal social dialogue process and then presented formally to the European Parliament and the Council for adoption as soon as possible.

7. DURATION, STRUCTURE AND FLEXIBILITY OF THE MULTIANNUAL FINANCIAL FRAMEWORK

Taking into consideration the position of the European Parliament, the Commission has decided to propose a seven year timeframe for the next MFF. This will strengthen the link to the achievement of the Europe 2020 targets in time. The Commission will present in 2016 an assessment of the implementation of the financial framework accompanied, where necessary, by relevant proposals. The Commission proposes that the headings used under the 2007-2013 framework are reshaped to reflect the objectives of the Europe 2020 strategy.

The Commission agrees with the European Parliament that more flexibility within and across budgetary headings is necessary to enable the European Union to face new challenges and to facilitate the decision-making process within the institutions. The Commission therefore proposes five instruments outside the financial framework (the Emergency Aid Reserve, the Flexibility Instrument, the Solidarity Fund and the Globalisation Adjustment Fund, and a new instrument to react to crisis situations in agriculture) plus some additional changes that are presented in the accompanying proposals for the MFF Regulation and the new Inter-institutional Agreement on cooperation in budgetary matters and sound financial management. Furthermore, the future legal bases for the different instruments will propose the extensive use of delegated acts to allow for more flexibility in the management of the policies during the financing period, while respecting the prerogatives of the two branches of the legislator.

On the other hand, the management of programmes has to take more into account the need for a more rigorous planning of future spending and avoid that the backlog of future payments increases too much. The Commission will therefore propose measures to ensure more stringent rules for the financial planning and management of EU funded programmes, in particular in structural funds, also taking into consideration the Member States' responsibilities in the management of these funds.

8. CONCLUSION

The Commission proposes in accompanying legislative texts a Regulation adopting a new multiannual financial framework, an inter-institutional agreement (IIA) on budgetary matters and sound financial management, and for a Decision on own resources (with relevant implementing legislation).

In the months to come before the end of 2011, the approach outlined in this Communication will be set out in detail in the legislative proposals for the expenditure programmes and instruments in the individual policy areas.

The European Parliament and the Council are invited to endorse the orientations set out in this Communication and to take the necessary steps in the negotiation process to ensure that the relevant legislative acts, including the sectoral expenditure programmes and instruments, have been adopted in time to allow for the smooth implementation of the new multiannual financial framework on 1 January 2014. The Commission will propose the necessary adjustments to this framework if, as expected, the Republic of Croatia becomes a Member State of the European Union before the next Multiannual Financial Framework enters into force.

MULTIANNUAL FINANCIAL FRAMEWORK 2014-2020 (IN COMMITMENTS)

2011 prices	2013	2014	2015	2016	2017	2018	2019	2020	2014-2020
HEADING 1 Smart and Inclusive Growth									
Galileo	2	1.100	1.100	900	900	700	900	1.400	7.000
Nuclear safety + decommissioning	279	134	134	134	134	55	55	55	700
CSF research and innovation	9.768	10.079	10.529	10.979	11.429	11.879	12.329	12.776	80.000
New Competitiveness/SME	177	235	270	305	340	375	410	445	2.380
Single Education, Training, Youth and Sport	1.305	1.423	1.673	1.923	2.173	2.423	2.673	2.923	15.210
Social development agenda	119	121	121	121	121	121	121	124	850
Customs-Fiscalis-Anti Fraud	107	120	120	120	120	120	120	120	840
Agencies	258	237	291	290	291	265	326	331	2.030
Other	308	267	267	267	267	267	267	267	1.868
Margin	49	513	533	553	573	593	613	633	4.009
Energy	22	973	1.233	1.033	1.173	1.303	1.503	1.903	9.121
Transport	1.552	2.299	2.499	2.899	3.099	3.499	3.699	3.700	21.694
ICT	3	642	782	1.182	1.442	1.512	1.712	1.913	9.185
Connecting Europe Facility	1.577	3.914	4.514	5.114	5.714	6.314	6.914	7.516	40.000
Regional convergence	30.692	22.032	22.459	22.836	23.227	23.631	24.012	24.393	162.590
Transition regions	1.963	5.549	5.555	5.560	5.565	5.570	5.574	5.579	38.952
Competitiveness	6.314	7.592	7.592	7.592	7.592	7.592	7.592	7.592	53.143
Territorial cooperation	1.304	1.671	1.671	1.671	1.671	1.671	1.671	1.671	11.700
Cohesion fund	11.885	9.577	9.620	9.636	9.708	9.888	10.059	10.222	68.710
Outermost and sparsely populated regions	249	132	132	132	132	132	132	132	926
Cohesion policy	52.406	46.554	47.029	47.428	47.895	48.484	49.041	49.589	336.020
H1 TOTAL	**66.354**	**64.696**	**66.580**	**68.133**	**69.956**	**71.596**	**73.768**	**76.179**	**490.908**
HEADING 2 Sustainable Growth: natural resources									
Subceiling CAP (direct payments + market expenditures)	43.515	42.244	41.623	41.029	40.420	39.618	38.831	38.060	281.825
Rural Development	13.890	13.618	13.351	13.089	12.832	12.581	12.334	12.092	89.895
EMFF (incl. market measures) + FPA's + RFMO's	984	945	950	955	955	960	960	960	6.685
Environment and climate action (Life+)	362	390	415	440	465	490	515	485	3.200
Agencies	49	49	49	49	49	49	49	49	344
Margin	230	140	140	140	140	140	140	139	979
H2 TOTAL	**59.031**	**57.386**	**56.527**	**55.702**	**54.861**	**53.837**	**52.829**	**51.784**	**382.927**
HEADING 3 Security and citizenship									
Migration Management Fund	487	490	490	490	490	490	490	493	3.433
Internal Security	604	528	548	568	588	608	628	648	4.113
IT systems	132	104	104	104	104	104	104	105	729
Justice	44	44	50	55	60	65	70	72	416
Rights and Citizenship	35	41	45	50	55	60	65	71	387
Civil protection	20	35	35	35	35	35	35	35	245
Europe for Citizens	29	29	29	29	29	29	29	29	203
Food safety		330	323	317	311	305	299	293	2.177
Public Health	54	57	57	57	57	57	57	54	396
Consumer protection	24	25	25	25	25	25	25	25	175
Creative Europe Programme	181	182	197	212	227	242	257	273	1.590
Agencies	387	431	431	431	431	431	431	431	3.020
Other	155	106	106	106	106	106	106	106	743
Margin	57	130	130	130	130	130	130	129	909
H3 TOTAL	**2.209**	**2.532**	**2.571**	**2.609**	**2.648**	**2.687**	**2.726**	**2.763**	**18.535**
HEADING 4 Global Europe									
Instrument for Pre-Accession (IPA)	1.888	1.789	1.789	1.789	1.789	1.789	1.789	1.789	12.520
Eur. neighborhood Instr. (ENI)	2.268	2.100	2.213	2.226	2.265	2.340	2.439	2.514	16.097
EIDHR	169	200	200	200	200	200	200	200	1.400
Stability(IfS)	357	359	359	359	359	359	359	359	2.510
Security (CFSP)	352	359	359	359	359	359	359	359	2.510
Partnership Instrument (PI)	70	126	130	135	141	148	156	164	1.000
Development Coop Instr. (DCI)	2.553	2.560	2.682	2.808	2.938	3.069	3.202	3.338	20.597
Humanitarian aid	841	930	925	920	915	910	905	900	6.405
Civil Protection (CPFI) + ERC	5	30	30	30	30	30	30	30	210
EVHAC	0	20	22	25	29	33	38	43	210
Instrument for Nuclear Safety Cooperation (INSC)	76	80	80	80	80	80	80	80	560
Macro-financial assistance	132	85	85	85	85	84	84	85	593
Gurantee fund for External actions	250	236	231	226	195	157	128	84	1.257
Agencies	20	20	20	20	20	20	20	20	137
Other	141	134	134	189	134	134	134	134	995
Margin	101	374	388	396	422	439	458	523	3.000
H4 TOTAL	**9.222**	**9.400**	**9.645**	**9.845**	**9.960**	**10.150**	**10.380**	**10.620**	**70.000**
HEADING 5 Administration									
Pension expenditures and European Schools	1.522	1.575	1.640	1.687	1.752	1.785	1.839	1.886	12.165
Adminstrative expenditure of the institutions	6.802	6.812	6.869	6.924	6.991	7.074	7.156	7.239	49.064
Margin	510	155	170	185	200	215	230	247	1.400
H5 TOTAL	**8.833**	**8.542**	**8.679**	**8.796**	**8.943**	**9.073**	**9.225**	**9.371**	**62.629**
TOTAL	**145.650**	**142.556**	**144.002**	**145.085**	**146.368**	**147.344**	**148.928**	**150.718**	**1.025.000**
in % of GNI	**1,12%**	**1,08%**	**1,07%**	**1,06%**	**1,06%**	**1,05%**	**1,04%**	**1,03%**	**1,05%**

EUROPEAN COMMISSION

Brussels, 29.6.2011
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PART II

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Budget for Europe 2020 - Part II: Policy fiches

{SEC(2011) 867 final}
{SEC(2011) 868 final}

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Agriculture and Rural Development

1. Policy Objectives

Agriculture and forests cover the vast majority of our territory and play a key role in the health of rural economies and the rural landscape. Farmers perform many different functions ranging from the production of food and non-food agricultural products, to countryside management, nature conservation, and tourism.

The Common Agricultural Policy (CAP) is designed to deliver a modern, sustainable and efficient agricultural sector in Europe. It aims to promote the competitiveness of the sector, to ensure an adequate and secure food supply and to preserve the environment and countryside while providing a fair standard of living for the agricultural community.

The CAP is a genuinely European policy. Instead of operating 27 separate agriculture policies and budgets, Member States pool resources to operate a single European policy with a single European budget. This naturally means that the CAP accounts for a significant proportion of the EU budget. However, this approach is both more efficient and economical than an uncoordinated national approach.

Today, European agriculture faces a variety of challenges. In recent years, agriculture prices have risen by 50%, but energy and fertiliser prices have risen by 200% and 150%, respectively. The result has been a steep long-term decline in agricultural income. The sector must also respond to the challenges of climate change and environmental degradation and pressing concerns in relation to food security, territorial balance and the pursuit of sustainable growth.

Faced with these challenges, the CAP has evolved considerably in recent years. The forthcoming reform will continue this process and will result in a more modern, greener policy, equipped to contribute actively to the goals of the Europe 2020 strategy by unlocking economic potential in rural areas, developing local markets and jobs, accompanying the restructuring of agriculture and supporting farmers' income to maintain a sustainable agriculture sector throughout Europe.

The reformed CAP will promote smart, sustainable and inclusive growth by promoting resource efficiency in order to maintain the production base for food, feed and renewable energy across the whole EU; incentivising actions to mitigate and adapt to climate change, to protect ecosystems and fight biodiversity loss; and supporting diversification of economic activity in rural areas so as to promote balanced territorial development throughout Europe.

2. Instruments

The Commission proposes to maintain the current two pillar structure of the CAP:

- **Pillar I** will continue to provide **direct support to farmers and to support market measures**. Direct support and market measures are funded entirely by the EU budget, so as to ensure the application of a common policy throughout the single market and to allow for an integrated administration and control system.

- **Pillar II** of the CAP will continue to deliver specific environmental public goods, improve the competitiveness of the agriculture and forestry sectors and promote the diversification of economic activity and quality of life in rural areas. Member States have flexibility in the design of the measures, based on specific national and regional needs but reflecting EU priorities. Measures in Pillar II are co-financed by Member States, which helps to ensure that the underlying objectives are accomplished and reinforces the leverage effect of rural development policy. Through higher co-financing rates for the poorer regions of the EU, Pillar II also contributes to the cohesion objectives of the EU.

Within the two pillar structure, the design of the policy will be comprehensively modernised and simplified so as to deliver a fairer, greener policy, aligned with the Europe 2020 objectives.

The main elements of the reform will include:

- **A more equitable distribution of direct income support**

For historical reasons, the level of direct support for EU farmers per hectare differs substantially across the EU. For example, the average direct payment per hectare of potentially eligible land and per beneficiary for the year 2013 is €94.7 in Latvia and €457.5 in the Netherlands. The EU-27 average is €269.1.

The reformed CAP will include a system of 'convergence' to reduce these disparities and promote a fairer distribution of financial support. This rebalancing of support is a major element of the reform aimed at a more effective use of budgetary resources through more equitable and better targeted direct payments as well as a better fit between the future distribution of rural development support and the policy objectives. This will be achieved in the following way: all Member States with direct payments below 90% of the EU-27 average will, over the period, close one third of the gap between their current level and 90% of the EU average direct payments.

The allocation of aid for rural development will also be modernised, with shares determined on the basis of a series of objective territorial and economic criteria reflecting the future economic, social, environmental and territorial policy objectives.

- **Greening of direct payments**

The compulsory greening of direct payments is a fundamental pillar of the reform. It will enhance the environmental performance of the sector and illustrates clearly how the reformed CAP will contribute to a wider range of the Union's priorities.

Specifically, in future, 30% of direct payments will be made contingent on compliance with a range of environmentally-sound practices, going beyond cross-compliance.

- **Support for active farmers**

To ensure the efficient use of CAP resources, the benefit of direct support will be reserved to active farmers.

- **Capping the level of direct payments for the largest farmers**

At present**,** large agricultural holdings receive a disproportionate share of direct income support from the CAP. The reformed CAP will introduce a moderate and progressive process of 'capping' of the level of direct income support for the largest holdings, while taking due account of the economies of scale of larger structures and the direct employment these structures generate.

- **A rural development policy focused on results**

To maximise the synergies between rural development policy and the EU's other territorial development funds, the European Agricultural Fund for Rural Development (EAFRD) will be incorporated in the Partnership Contracts between the Commission and each Member State. These contracts will be linked to the objectives of the Europe 2020 strategy and the National Reform Programmes. They will set out an integrated strategy for territorial development supported by all of the relevant EU structural funds, including rural development. They will include objectives based on agreed indicators, strategic investments and a number of conditionalities.

- **Simplified scheme for small farmers**

Many of the beneficiaries of direct support are small farmers; a simplified allocation mechanism for their support will substantially reduce the administrative burden for Member States and farmers while being neutral for the EU budget.

- **Market expenditure and crisis mechanisms**

Today, European agriculture faces a variety of challenges, in particular the need to react to unforeseeable circumstances, which have a sudden impact on agricultural income, or the need to facilitate the adaptations/transitions required by international trade agreements.

For these reasons, it is proposed to restructure the market measures which are currently regrouped in Pillar 1, to create and extend two instruments outside the multi-annual financial framework. An emergency mechanism to react to crisis situations (which could result from a food safety problem or sudden markets developments) will be created to provide immediate support to farmers through a fast-track procedure. The procedure for mobilising this Fund will be the same as that for mobilising the Emergency Aid Reserve.

It is also proposed to extend the scope of interventions of the European Globalisation Fund to provide transitory support to farmers to facilitate their adaptation to a new market situation resulting from indirect effects of globalisation. Furthermore, the Commission proposes to transfer the funding of food support for the most deprived persons to Heading 1 in order to regroup actions to fight poverty and exclusion and to transfer the financing of food safety together with actions concerning public health.

3. IMPLEMENTATION

With the creation of the European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD), the legislative basis of the CAP was restructured to align the two pillars of the CAP. In the post-2013 period, it is proposed to maintain the alignment of the two funds as far as possible.

The proposal for a new article of the Financial Regulation on shared management is in line with the current management and control systems applied for the EAGF and EAFRD.

A major streamlining of EU legislation on the organisation of agricultural markets has also been undertaken with the Single Common Market Organisation (CMO, Regulation (EC) No

1234/2007) bringing together into a single regulation the provisions formerly covered by the sectoral CMOs.

For the post-2013 period, a review of all legislative bases of the CAP is being conducted to ensure that simplification is continued wherever necessary and possible.

4. BUDGET ALLOCATION

All figures in constant 2011 prices

Total proposed budget 2014-20	€386.9 bn
of which	
• Pillar I – direct payments and market expenditure	€281.8 bn
• Pillar II – rural development	€89.9 bn
• Food safety	€2.2 bn
• Most deprived persons	€2.5 bn
• Reserve for crisis in the agricultural sector	€3.5 bn
• European Globalisation Fund	Up to €2.5 bn
• Research and innovation on food security, the bio-economy and sustainable agriculture (in the Common Strategic Framework for Research and Innovation)	€4.5 bn

CITIZENS

1. POLICY OBJECTIVES

The Lisbon Treaty empowers citizens and citizens associations to participate fully in the democratic life of the EU.

The "Europe for Citizens" Programme supports transnational projects in the field of citizens' participation and European identity. While specific measures exist in various policy areas, the 'Europe for Citizens' programme is the only tool that enables citizens to engage on general European issues, whether institutional - for example, the EU Treaties or the European Parliament elections - or cross-cutting.

Communicating, i.e. informing the general public about EU policies is another way of strengthening citizens' awareness of European affairs and their rights. Communication activities therefore raise awareness of and provide support for the political priorities of the Union.

2. INSTRUMENTS

The largest share of the Europe for Citizens programme supports transnational town twinning partnerships. The programme also provides structural support to EU level civil society umbrella organisations and think tanks. These strategic partnerships ensure that European public interest organisations can develop their input to EU-wide debates. This strengthens the ownership of the EU agenda among civil society and EU citizens and promotes a culture of civic participation to the benefit of the EU and Member States. The programme also contributes to developing a shared understanding of European history (specifically in relation to the Holocaust and Stalinism) by supporting remembrance projects.

- Since 2007, around 1 million European citizens per year have participated directly in actions supported by the programme.
- Between 2007 and 2010, there were around 800 civil society and remembrance projects, and over 4,000 town twinning projects.
- The programme also supports over 50 major EU level think tanks, umbrella organisations and networks, who are key interlocutors of the EU institutions and multipliers.

In addition to this specific programme, more efficiency in communication to the public at large and stronger synergies between the communication activities of the Commission are necessary to ensure that the Union's political priorities are communicated effectively. Therefore, a provision on communication, including corporate communication, will be included in each legal basis under the new generation of 2014-2020 legal instruments.

3. IMPLEMENTATION

The "Europe for Citizen" programme is centrally managed by the Commission assisted by the Education and Audiovisual Executive Agency (EACEA). They are supported by a Programme Committee composed of representatives of Member State governments. 'Europe for Citizens' Contact Points were established in the majority of the participating countries to assist beneficiaries at the national level and provide feedback to the European Commission on the implementation of the programme. Regular dialogue with stakeholders is organised in the framework of the programme.

Synergies and pooling of resources from the different legal bases for communication will ensure greater consistency, economies of scale and a better use of resources for communication actions addressed to the public at large.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020	€203 million

CIVIL PROTECTION

1. POLICY OBJECTIVES

The overall objectives of EU cooperation in the field of civil protection are to ensure better protection of people, the environment, property and cultural heritage in the event of major natural, technological and man-made disasters.

The **increase in the number and intensity of natural and man-made disasters and in their economic impact** calls for systematic action at European level to strengthen preparedness and to enhance response capacities, both inside and outside the EU. **European cooperation and solidarity enables the EU** as a whole **to be collectively prepared** to face major disasters and allows Member States and other participating states (Norway, Liechtenstein, Iceland and Croatia) to pool resources and respond with a collective effort which maximises the impact of disaster response and minimises human and material loss. When disaster strikes within the EU or in third countries, the authorities of the affected country can benefit from **immediate and tangible assistance** through the **EU Civil Protection Mechanism.**

EU cooperation in the field of civil protection aims at:

– Facilitating a rapid and efficient <u>response</u> to disasters;

– Ensuring sufficient <u>preparedness</u> of civil protection actors to emergencies; and

– Developing measures for the <u>prevention</u> of disasters.

The EU has developed an integrated approach to disaster management addressing response, preparedness and prevention activities. A Communication "Towards a Stronger European Union Disaster Response" was adopted[1] by the Commission and endorsed by the Council in 2010. The main aim is to improve effectiveness, coherence and visibility of EU response. This will be done by building on lessons learnt from natural disasters occurring within Europe and outside the EU during 2010 (such as storm Xynthia, floods in Eastern Europe, forest fires in Southern Europe, the red sludge spill in Hungary, the Haiti earthquake, Pakistan floods).

The creation of the **European Emergency Response Capacity** will primarily build on existing Member State capacities, thereby avoiding additional costs. At the EU level, the establishment of the European Emergency Response Centre with strengthened planning and coordination functions will bring a gain for the whole EU by generating savings at Member State level which should outweigh the costs to the EU budget, although of course the benefits of fast and effective disaster response in terms of human lives saved cannot be measured in purely financial terms.

Prevention and Preparedness policy measures as set out in Commission Communications and Council Conclusions[2] include support for training and exercises, the exchange of experts and cooperation projects testing new approaches to reduce the risk of disasters. Independent

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1 COM(2010) 600 final– adopted on 26 October 2010.

2 COM(2009) 82 final and Council conclusions of 30.11.2009 on a Community framework on disaster prevention within the EU and Council conclusions of 14.11.2008 on European disaster management training.

studies for organisations including the World Bank have indicated that the **return on investments in disaster prevention** is between 400% and 700%.

2. INSTRUMENTS

The Commission proposes to renew the **Civil Protection Financial Instrument** (CPI) to provide financial support for activities addressing the different aspects of the disaster management cycle, namely a more coherent and better integrated response in case of emergencies, improved preparedness to deal with disasters and innovative actions to reduce the risk of disaster. The CPI will also be used for the creation of the **European Emergency Response Capacity,** building on voluntary pooling of Member States civil protection assets, so as to generate enhanced cost-effectiveness through coordinated availability of civil protection assets.

The revised CPI will further strengthen and enhance the EU's disaster management capacity through a shift to predictable and pre-planned systems. This will be done by a more comprehensive collection of real-time information on disasters, an improved mapping of Member States' civil protection assets and a coordinated approach in facilitating the rapid deployment of staff and material to the disaster area. It will also support preparedness activities focusing on raising the quality of training, broadening the scope of training to include prevention and integrating training and exercises. It will also support Member States' efforts to reinforce risk management planning and to develop innovative financing mechanisms (such as regional insurance pooling).

3. IMPLEMENTATION

The renewal of the CPI will take into account the results of the evaluation and proposals of civil protection stakeholders on how to simplify procedures and funding mechanisms, as well as experience gained through pilot projects and preparatory actions on rapid response.

The civil protection activities implemented by the civil protection bodies of the Member States will be supported and supplemented by EU activities, including through the facilitation of co-ordinated action. This will take the form of activities such as the voluntary pooling of resources, training and supporting the cost of transport to deliver assets to places of emergencies.

This will facilitate the simplification of procedures used under the current instrument and will streamline administrative procedures, especially in the area of grants, taking into account the principles of transparency and equal treatment. The options being assessed relate to the type of operations to be supported – training, exercises related to emergencies, transport support for Member States in time of an emergency, cooperation projects on prevention and preparedness for disasters.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 of the **Civil protection Instrument** of which	€455 million
Civil protection – internal	€245 million
Civil protection – external and European Emergency Response Capacity	€210 million

CLIMATE ACTION

1. POLICY OBJECTIVES

Tackling climate change is one of the great challenges facing the EU and its global partners. The need for urgent action is reflected clearly in the Europe 2020 Strategy and the EU's ambitious 20/20/20 targets, namely

– to cut greenhouse gases by 20% (30% if the conditions are right);

– to reduce energy consumption by 20% through increased energy efficiency; and

– to meet 20% of energy needs from renewable sources.

Building a low-carbon and climate-resilient economy will enhance Europe's competitiveness, create new, greener jobs, strengthen energy security and bring health benefits through cleaner air.

To achieve the climate and energy targets for 2020 and beyond, sustained effort and investment will be required. The EU has played a central role in monitoring and pursuing these targets. For example, efforts need to be significantly stepped up to reach the 20% energy efficiency target (with current estimates predicting that less than 10% will be achieved), which can lead to 25% reduction in greenhouse gas emissions. The Commission has mapped out the actions that could enable the EU to deliver greenhouse gas reductions of 80-95% by 2050.[3]

The EU budget has an important role to play in promoting climate action in all sectors of the European economy and in catalysing the specific investments that will be needed to meet the climate targets and to ensure climate resilience. These investments relate to a wide range of technologies that improve energy efficiency, to renewable energy sources and related infrastructures, and to investments for adaptation to climate change.

The cost of mitigation investments, estimated to be in the order of €125 billion per year[4], during the period 2014-2020 should be borne primarily by private investors, but the EU budget can act as a stimulus for national spending and offer long term predictability for private investors. The most promising areas include the renovation of buildings, innovation in transport and the deployment of new technologies, such as smart grids as well as renewable energy.

Such investments have huge potential to boost competitiveness and growth throughout the EU. The EU budget can bring particularly strong EU added-value by facilitating investments in Member States with high potential for cost-effective emissions reductions, but which have a relatively low capacity to invest. Investing in energy efficiency in all Member States will also increase overall productivity and contribute to resolving energy security and energy poverty issues. By supporting these investments, the EU budget can help to reduce significantly the overall cost of achieving the EU's climate and energy targets.

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3 COM(2011)112: A Roadmap for moving to a competitive low carbon economy in 2050, 8 March 2011.
4 Based on the Impact Assessment of the 2050 Roadmap.

2. INSTRUMENTS

2.1. Mainstreaming of climate action

Today, climate action is integrated into many policy areas and implemented through a range of instruments that support multiple EU objectives, for instance both biodiversity and climate change mitigation policies. Already today, a proportion of the EU budget is related to climate mainstreaming and thus contributes to Europe's transition to a low carbon and climate resilient society. The Commission intends to increase the proportion to at least 20%, with contribution from different policies, subject to impact assessment evidence.

In order to reach the Europe 2020 objectives, and to help other parts of the world to step up their efforts to combat climate change, the climate-related share of the future EU budget must be significantly increased, including investments in projects that are not exclusively climate-related but which have a significant climate component.

To achieve this aim, climate mitigation and adaptation actions will be mainstreamed into all the major EU programmes.

- **Cohesion, energy and transport** policies are highly climate-relevant. With respect to cohesion policy, a strong focus on results and strengthened conditionality will ensure that the projects supported by the EU budget contribute actively to the EU's climate objectives. The Partnership Contracts with Member States will be used to stimulate and monitor progress of investments contributing towards the 20/20/20 objectives. Mainstreaming should aim at "climate-proofing" of investments. Through its operational programmes throughout the EU, cohesion policy has a crucial role to play in stepping up efforts to reach the 20% energy efficiency target.

- **Research and innovation:** climate action will be a key pillar in the future Common Strategic Framework for Research and Innovation, which will support actions with a direct or indirect positive climate impact, in areas such as transport, energy, materials research and sustainable bio-economy. The Strategic Energy Technology Plan estimates the 2010-2020 needs at €50 billion for technology development to address climate change, to secure the EU's energy supply and ensure competitiveness. A substantial part of the budget should be invested via financial instruments (debt and equity) to address shortfalls in the market uptake of innovative low carbon and adaptation technologies.[5]

- The **greening** of direct payments to farmers will be one of the major elements of the reform of the **Common Agricultural Policy (CAP).** Beyond the existing cross-compliance requirements, 30% of the payments to farmers will be contingent on compliance with a number of sound environmental practices which will contribute to more climate-friendly agriculture. In this way, the reformed CAP will make an important contribution to the achievement of the EU's climate objectives, both on mitigation (e.g. increase soil organic matter, reduce emissions from the use of fertilizer and manure) and on adaptation (e.g. increasing resilience against pests, coping with lower water availability).

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[5] Building upon the experience of the "NER 300 programme" which is expected to mobilise around € 10 billion (including €4 to €5 billion from revenues of auctioning of allowances) for the period 2011-2015 to support Carbon Capture and Storage and renewable energy demonstration projects.

- In addition, **rural development policy** will increasingly be linked to climate action. Through the mainstreaming of climate and environment, strong incentives will be created for farmers to deliver EU public goods and improve the up-take of efficient technology for a greener and more climate-friendly and resilient agriculture sector.

2.2. LIFE + Programme

In addition to the mainstreaming of climate action and environment objectives, the Commission proposes to continue the **LIFE+ programme** and to align it more closely to the Europe 2020 objectives, including a larger share of climate actions. LIFE+ will continue to act as a platform for the exchange of best practice among Member States and as a catalyst for more effective investments. It will contribute to bottom-up climate action, both for developing capacity building projects at local/regional levels and for supporting private actors in testing small-scale low carbon and adaptation technologies, especially by SMEs.

Seed money is needed both for adaptation and mitigation pilot projects to ensure policy learning and further policy development for these new EU priorities. The Climate Action sub-programme will focus on pilot projects and small-scale demonstration projects. Integrated projects will also be used, for example, to promote cross border adaptation strategies in areas prone to flooding.

The Climate Action sub-programme will, in particular, support efforts contributing to the following objectives:

(1) **Mitigation**: *Support for the reduction of greenhouse gas emissions*. Actions for setting up pilot projects, which can be used to test innovative approaches including through support to SMEs, to improve the knowledge base and to facilitate the implementation of the climate acquis.

(2) **Adaptation:** *Support to efforts leading to increased resilience to climate change*. Actions to support the development or implementation of national/regional/local adaptation strategies. Actions enabling decision makers to effectively use knowledge and data about climate change impacts in particular for adaptation related planning.

(3) **Governance and Awareness**: support for efforts leading to increased awareness, communication, cooperation and dissemination on climate mitigation and adaptation actions. Actions for awareness-raising amongst EU citizens and stakeholders including on behaviour changes.

2.3. The global dimension

The Lisbon Treaty made combating climate change on an international level a specific EU objective. The EU, as the world's largest aid donor and a forerunner in market based mechanisms, has unique expertise to contribute. Financial contributions and participation in the governing bodies of the international instruments and funds will ensure the EU continues to be a major player in shaping future international climate policy. The EU is determined to deliver on its **international climate finance commitments.**

Climate policy will be mainstreamed and scaled up in the geographical external action instruments with the aim of significantly scaling up climate-related funding under the external action heading; regarding the thematic instruments of the DCI, the EU should aim to spend no less than 25% of the programme for "Global Public Goods" on climate change and environmental objectives. The EU budget will contribute to the international climate finance funding foreseen for developing countries by 2020 ($100 bn yearly) in the UNFCCC negotiations.

In addition to the mainstreaming of climate action into the external action budget, the Commission is considering the creation of a mechanism/fund outside the budget to pool together contributions from the Member States and the EU budget.

3. IMPLEMENTATION

3.1. Mainstreaming

Mainstreaming maximises synergies between climate policies and other areas but it must be visible and robust. It will be accompanied by a clear cross-cutting obligation to identify where programmes promote climate action or energy efficiency so that the EU is able to set out clearly how much of its spending relates to climate action.

It is proposed to establish clear benchmarks, monitoring and reporting rules for all relevant EU policy instruments. The framework should be simple and pragmatic and be built on two strands: 1) common tracking procedures for climate related expenditure; and 2) target setting in all relevant policies and the monitoring of results.

The tracking of climate-related expenditure will be integrated in the existing methodology for measuring performance used for EU programmes. All relevant instruments will include a specific objective related to climate, accompanied by a result indicator.

All expenditures will be marked in one of three categories: climate related only (100%); significantly climate related (40%); and not climate related (0%). This is based on an established OECD methodology ("Rio markers"), but does not exclude the use of more precise methodologies in policy areas where these are available.

Monitoring of delivery of results will ensure the effectiveness of the mainstreaming effort during the next budgetary cycle. This will also help to identify the effectiveness of different spending programmes and the conditionalities attached to them.

3.2. LIFE +

The current **LIFE + programme** is managed by the Commission in direct centralised management mode. The Commission considers that the future programme should remain centrally managed, but that management tasks could to a large extent be delegated to an existing executive agency. The conditions and terms of the delegation will have to take into account the need for the Commission to maintain strong policy links as regards Integrated Projects.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

Figures in constant 2011 prices. Excludes funds for mainstreaming which are included within the budgetary allocations for sectoral funding instruments.

LIFE + Programme (climate sub-programme)	€800 million

COMPETITIVENESS AND SMES

1. POLICY OBJECTIVES

Promoting the competitiveness of EU industry - in particular small and medium-sized enterprises (SMEs) - and helping the adjustment of production and services processes to a low carbon, climate resilient, resource-efficient economy are key goals of the Europe 2020 Strategy. The EU is working to improve the business environment and to support the development of a strong and diversified industrial base capable of competing on a global scale.

Particular effort is needed to promote the development of SMEs. SMEs are a major source of economic growth and job creation in the EU, accounting for more than 67 % of private sector jobs and providing more than 58 % of total turnover in the EU. Creating the conditions for SMEs to flourish is part of the EU's growth and jobs strategy, as described in the Commission's Europe 2020 Industrial Policy flagship communication.[6]

The EU has an important role to play in unlocking the growth potential of SMEs, including through the targeted use of the EU budget. Activities in this area focus on addressing the key market failures that limit SME growth - for example in relation to access to finance – and ensuring that SMEs are able to take full advantage of the enormous potential of the European single market.

The strategic and innovative use of the EU budget will contribute significantly to these efforts. The EU budget will be used to help provide much-needed equity and debt finance via the use of innovative financial instruments and to support a wide range of activities to promote the development of SMEs at European level. Together, these activities will provide a significant boost to SMEs.

2. INSTRUMENTS

The European strategy for industrial competitiveness and SMEs will focus on the promotion of SME-friendly activities across the full range of EU policies and spending programmes and on providing a dedicated support and services reflecting the particular needs of the SME community at European level.

2.1. Promoting industrial competitiveness and SMEs

It is essential that the specific interests and circumstances of SMEs are taken into account in the design of all EU policies and funding programmes.

In particular, the future financial framework will be designed so as to facilitate the participation of small businesses in funding programmes, for example by simplifying rules, reducing the costs of participation, accelerating award procedures and providing a "one-stop shop" to make life easier for the beneficiaries of EU funding.

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[6] COM(2010) 614.

2.2. A dedicated programme for industrial competitiveness and SMEs

In addition to the promotion of SME interests and the steps being taken to reinforce the coordination and simplification of funding programmes, the EU budget will also provide targeted financial support for SMEs. The Commission proposes to establish a dedicated "Competitiveness and SMEs Programme" as a successor to the non-innovation part of the current "Competitiveness and Innovation Framework Programme" (CIP). All research and innovation support to SMEs (including the innovation part of the CIP) will be included in the Common Strategic Framework for Research and Innovation. The "Competitiveness and SMEs Programme" will focus mainly on measures to promote more dynamic and internationally-competitive SMEs. These measures will include:

2.2.1. Access to finance: the financial instruments for growth

Financial instruments for growth will facilitate SME access to funding through the use of innovative financial instruments. These instruments will take full advantage of the new equity and debt platforms to provide both equity and loan guarantee facilities. Financial instruments, for start-up and growth investments, in particular venture capital, will also be provided in the Common Strategic Framework for Research and Innovation for innovative companies and SMEs. The instruments in the Competitiveness and SMEs programme will include:

(1) An **equity facility** for growth-phase investment, which will provide commercially-oriented reimbursable equity financing primarily in the form of venture capital (VC) through financial intermediaries to SMEs. Two measures are envisaged:

   – Investments in VC funds which operate across borders within the EU and are focused on investing in growth-oriented enterprises, thereby supporting the development of an EU-wide VC market.

   – A “fund-of-funds” (or “European fund”) investing across borders in VC funds which subsequently invest in enterprises, in particular in their international expansion phase.

(2) A **loan facility**, providing direct or other risk sharing arrangements with financial intermediaries to cover loans for SMEs. The facility would generate a high leverage effect and would provide the cross-border lending or multi-country lending that could not easily be achieved through facilities at national level.

In order to ensure complementarity, these activities will be closely coordinated with the types of action undertaken within cohesion policy under shared management.

2.2.2. Improving the competitiveness and sustainability of EU industry

This strand of the Competitiveness and SMEs programme will support actions including:

- **Activities to improve European competitiveness**: EU action in this area will focus on supporting coherence and consistency in implementation as well as informed policy making at European level. In particular, it will improve the economic and regulatory environment through benchmarking, the exchange of best practices and sectoral initiatives.

- **Developing SME policy and promoting SME competitiveness in line with the goals of the Small Business Act (SBA).** EU actions will include reinforcing the use of the 'Think Small First' principle in EU and Member State policy making, identifying and exchanging best practices in order to contribute to the implementation of the SBA, maintaining a single entry point to EU policies – the Small Business Portal and support to SMEs to exploit the potential of the single market.

- **Tourism**: EU tourism measures will focus, inter alia, on providing reliable information on trends in tourism demand at European level; developing competitiveness in the tourism industry and promoting ICT uptake by tourism enterprises; combating tourism seasonality; promoting sustainable tourism products and destinations; deploying a skills and competences framework for employees and employers in the sector; facilitating exchange of best practices and partnership creation. In line with the Lisbon Treaty provisions, EU tourism measures will encourage cooperation between the Member States by contributing to the diversification of the transnational tourism offer, coordinating national efforts towards enhancing Europe’s visibility in third markets and jointly promoting emerging, non-traditional European destinations.

- **New business concepts for sustainable, user-driven design-based goods**: This initiative will focus on the commercial use of relevant concepts and ideas in the textiles, footwear and sport and other consumer goods sectors.

2.2.3. Access to markets

These activities will include:

- **Provision of growth-oriented business support services via the Enterprise Europe Network**: As a one-stop-shop for SMEs, the Enterprise Europe Network with 600 partners organisations in 49 countries will continue to provide comprehensive and integrated services to SMEs which include:

  – information and advisory services on EU matters;

  – facilitation of cross-border partnerships by managing a cooperation database with 13,000 active requests and offers for cooperation;

  – internationalisation services within the EU leading to 2,500 business cooperation, technology and R&D partnership agreements every year;

  – informing SMEs on EU legislation and promotion of EU funding programmes, including the Common Strategic Framework for Research and Innovation;

  – provision of a two-way channel for communication between SMEs and the Commission where 10,000 SMEs have been involved;

  – support for improving the financial knowledge of SMEs; and

  – access to energy efficiency, climate and environmental expertise by SMEs.

- **SME business support in markets outside the EU**: To access third country markets successfully, SMEs must be equipped with appropriate skills and knowledge of the third country regulatory framework. The proposed activities in this area include comparing the demand for services with current service delivery, the creation of an online portal and, where appropriate, in selected cases the establishment of and/or continuation of support to EU SME Centres, in cooperation with local European and Member State business organisations. The EU SME Centres will provide comprehensive support services for SMEs operating in markets outside the EU.

- **International industrial cooperation**: Activities will aim at reducing differences in regulatory and business environments between the EU and its main trading partners and the countries in the "European Neighbourhood" by government-to-government regulatory dialogue, business-to-business dialogues and "direct actions" with third countries such as thematic workshops and conferences.

2.2.4. Promotion of Entrepreneurship

Activities in this area will encompass the simplification of administrative procedures and the development of entrepreneurial skills and attitudes, especially among new entrepreneurs, young people and women. All activities will have a strong European dimension.

The Erasmus for Entrepreneurs exchange programme offers new or prospective entrepreneurs the possibility to work for up to six months with an experienced entrepreneur in another EU country. This European mobility scheme aims to promote entrepreneurship and to support the internationalisation and competitiveness of micro and small enterprises in the EU.

3. IMPLEMENTATION

The management of the new Competitiveness and SMEs Programme will be largely outsourced to external bodies, in particular the EIB Group for the "Financial Instruments for Growth" and the (successor of the) Executive Agency for Competitiveness and Innovation (EACI) for other activities related to SMEs.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Competitiveness and SMEs Programme	€2.4 bn

CUSTOMS UNION AND TAXATION

1. POLICY OBJECTIVES

One of the cornerstones of the internal market is the customs union. It enables a borderless internal market to function by ensuring that goods originating in third countries comply with agreed rules upon entry or release into circulation, and can thus move freely within the internal market. The customs union is also the operational arm of the common commercial policy, implementing bilateral and multilateral trade agreements, collecting duties, applying trade measures (such as rules of origin), embargoes and other restrictions.

In addition, customs increasingly has a protective function, such as contributing to the security of the supply chain, the fight against terrorism and international crime (e.g. money laundering, drug precursors and the illegal trade in weapons) and the enforcement of intellectual property rights at the border. It contributes to a level playing field by ensuring that imported goods comply with the same technical, health and safety standards as EU goods.

International trade is steadily expanding and efficient import and export processes are crucial for the competitiveness of the EU economy. At the same time, security and safety risks are growing. The EU therefore faces a double challenge which will shape its priorities for the future: to facilitate the flow of goods for legitimate traders while at the same time protecting citizens against risks to their safety and security.

National customs officials are responsible for the smooth functioning of the customs union on a day-to-day basis. This requires intense operational networking between customs administrations, including through cutting-edge IT infrastructure and systems that allow them to act as a single world-class customs administration. Funding certain actions through the EU budget instead of separate national programmes makes economic sense. That is why an EU-funded programme – the **Customs cooperation programme** – supports this networking and cooperation in a variety of practical ways.

EU businesses and citizens face a variety of tax-related obstacles when engaging in cross-border activities. Such obstacles result from fragmentation and divergence in the way that the same transactions are treated in different Member States. This is why the removal of these barriers and the pursuit of further tax co-ordination between the Member States – in full respect of Member State competences in this area – is one of the priorities for strengthening and deepening the single market.

Tax fraud has been and continues to be a serious challenge for the EU and the Member States, all the more so at a time when fiscal discipline is paramount. The fight against tax fraud within the single market is therefore high on the agenda of EU taxation policy. To combat fraud within the single market, strong administrative co-operation arrangements between Member State tax administrations and the efficient sharing of information on transactions, businesses or fraud schemes is necessary. For example, the fight against VAT and excise fraud is greatly facilitated by systems allowing for the rapid exchange of information between administrations.

The EU plays an indispensable role in assisting Member States in putting in place the necessary systems and processes for effective cross-border cooperation. In particular, the

Fiscalis cooperation programme is pivotal in facilitating this cooperation, thereby adding value to the Member States' own efforts in this area.

2. INSTRUMENTS

The Commission proposes a new generation of **Customs ("Customs 2020")** and **Taxation ("Fiscalis 2020") programmes.**

Both programmes will be instrumental in supporting and strengthening the internal market in the decade to come. The benefits will be enjoyed by all stakeholders through a more efficient and secure business environment, greater safety and security for citizens, and more efficient and effective implementation of public policy for governments.

These programmes will help the tax and customs administrations of the Member States to interact more efficiently, supported by modern and efficient information-exchange systems to facilitate legitimate trade while combating fraudulent activities. Such pan-European facilities can be provided most efficiently and economically at EU level. For example, the availability of a European-wide secure trans-European computer network interconnecting the customs and tax administrations generates annually a saving of €35 million for Member States, while costing only €11 million at the central EU level.

The programmes will support the following activities:

- **Trans-European IT systems** to share data and processes between national customs and taxation authorities through interoperable IT applications allowing administrations to cooperate and 'act as one' and further enhancing the e-administration for businesses and citizens;
- **Reinforced human networks and competency building** to stimulate practical cooperation, knowledge sharing, and the identification and dissemination of best practices and training between national customs officials, national tax officials, and trade representatives;
- **Infrastructure capacity building** to co-finance the purchase of specific operational equipment required for performing customs control and surveillance tasks at the EU's external borders, which is in the interest of all Member States.

3. IMPLEMENTATION

The Customs and Fiscalis programmes are implemented in a priority-based manner. Work programmes are established - together with the stakeholders - stipulating the priorities for a specific period. The legal bases of these programmes will be re-designed to move them from annual to multi-annual work programmes and to simplify current arrangements.

The direct central management mode currently in place will be retained and fully streamlined for both programmes in order to ensure maximum efficiency in terms of daily management support at Commission and national level and to allow for a better understanding of the implementing rules by all stakeholders.

Procurement contracts, accounting for the largest part of the programmes' budget, will mainly be executed by the Commission in accordance with EU rules and by using common quality assurance and acceptance rules.

Both programmes are designed so that the EU can **react appropriately and quickly in fast-evolving situations**. Having a tailor-made toolbox at the programmes' disposal as well as a flexible mechanism for the submission of proposals will enable the efficient implementation of programme activities.

There is a clear case for applying more alternative financing methods to cover participation and organisational costs. The Commission will replace (at least partially) the current application of actual costs with the payment of lump sums.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 For Customs 2020 and Fiscalis 2020	€690 million

ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1. POLICY OBJECTIVES

The primary objective of EU cohesion policy is to reduce the significant economic, social and territorial disparities that still exist between Europe's regions. Failure to act to reduce these disparities would undermine some of the cornerstones of the EU, including its single market and its currency, the euro.

Cohesion policy also has a key role to play in delivering the Europe 2020 objectives throughout the EU. Well-targeted cohesion spending can deliver real added-value, stimulating growth and creating jobs in Europe's regions. In accordance with the conclusions of the 5th Cohesion Report[7], the Commission proposes to strengthen the focus on results and EU added-value by tying cohesion policy more systematically to the Europe 2020 objectives.

In particular, the Commission is proposing important changes to the way cohesion policy is designed and implemented. Funding will be concentrated on a smaller number of priorities, progress towards agreed objectives will be monitored more closely and strict conditionalities will be established in partnership contracts with the Member States. This will allow EU cohesion policy to make the greatest possible contribution to economic, social and territorial cohesion and the creation of growth and jobs.

2. INSTRUMENTS

2.1. A common strategic framework

The Commission is proposing to bring the European Regional Development Fund, the European Social Fund and the Cohesion Fund together under a **Common Strategic Framework**, which will also cover the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. This will ensure greater coherence between the sources of funding and a much sharper focus on Europe 2020.

2.2. Increased concentration on Europe 2020

To increase the effectiveness of cohesion spending, funding in future will be targeted on a limited number of objectives linked to the priorities of Europe 2020.

Cohesion funding will continue to be concentrated on the less developed **regions and Member States**. However, in view of the difficulties experienced by Member States in absorbing structural funding and in raising the necessary co-financing, the cohesion allocation will be capped at 2.5% of GNI.

A new category of region – '**transition regions**' – will be introduced to replace the current phasing-out and phasing-in system. This category will include all regions with a GDP per capita between 75% and 90% of the EU27 average, and more in particular:

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[7] COM(2010) 642.

- Regions currently eligible under the convergence objective but whose GDP per capita has grown to more than 75% of the EU27 average. As a safety net, these regions will keep two thirds of their current allocation; and

- Regions which – although currently not eligible under the convergence objective – have a GDP per capita between 75% and 90% of the EU27 average. The level of support will vary according to the level of GDP, so that regions with GDP close to 90% of the EU average will receive an aid intensity similar to that of the more developed regions.

Competitiveness regions with GDP above 90% of the EU average will continue to receive support from cohesion policy for a limited number of priorities.

Transition regions and competitiveness regions would be required to focus the entire allocation of cohesion funding (except for the ESF) primarily on energy efficiency and renewable energy; SME competitiveness and innovation. In these regions, investments in energy efficiency and renewable energy will be at least 20%. Convergence regions will be able to devote their allocation to a wider range of objectives reflecting their broader range of development needs.

Finally, **territorial cooperation** will continue to play its role in helping regions overcome the disadvantages of their location on internal or external borders, in contributing to an ambitious neighbourhood policy and addressing shared cross-border and transnational challenges.

The cohesion instruments will be used to pursue distinct but complementary objectives:

- **European Regional Development Fund**

The ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF supports regional and local development by co-financing investments in R&D and innovation; climate change and environment; business support to SMEs; services of general economic interests; telecommunication, energy and transport infrastructures; health, education and social infrastructures; and sustainable urban development.

Contrary to the current period, all these types of investment will in future be able to be financed not only by grants but also by financial instruments (risk capital risk funds, local development funds, etc.).

- **European Social Fund**

The European Social Fund aims to strengthen economic and social cohesion by supporting employment promotion; investment in skills, education and life-long learning; social inclusion and the fight against poverty; and enhancing institutional capacity and efficient public administration.

Minimum shares for the European Social Fund will be established for each category of regions (25% for convergence regions; 40% for transition; and 52% for competiveness regions) and the scope of the European Social Fund will be extended to cover the cost of equipment linked to investments in social and human capital.

- **Cohesion Fund**

The Cohesion Fund helps Member States whose GNI per inhabitant is less than 90% of the EU27 average in making investments in TEN-T transport networks and the environment. Part of the Cohesion Fund allocation (€10 billion) will be ring-fenced to finance core transport networks under the "Connecting Europe" facility (see also separate fiche). The Cohesion Fund can also support projects related to energy, as long as they clearly present a benefit to the environment, for example by promoting energy efficiency and the use of renewable energy.

3. IMPLEMENTATION

3.1. Shared management

The support provided through cohesion policy will continue to be subject to shared management by the European Commission and the Member States (except for the Connecting Europe Facility which will be centrally managed), which will be required to provide co-financing. Countries receiving financial assistance in accordance of Article 136 or 143 TFEU will have the possibility of benefitting from a higher rate of co-financing.

3.2. Partnership Contracts

Partnership Contracts between the Commission and each Member State will set out the commitments of partners at national and regional level and the Commission. They will be linked to the objectives of the Europe 2020 strategy and the National Reform Programmes. They will set out an integrated strategy for territorial development supported by all of the relevant EU structural funds and include objectives based on agreed indicators, strategic investments and a number of conditionalities. They will contain commitments to give yearly account of progress in the annual reports on cohesion policy and in other public reporting.

3.3. Integrated programming

Member States will in the future be encouraged to use **multi-fund programmes** with common processes for preparation, negotiation, management and implementation, in particular where the need for improved coordination of human capital and infrastructure investments is greatest.

Where appropriate, a "lead fund" will be established, linked to the policy domain(s) of the programme. The lead fund's interventions would be complemented by interventions from the other structural funds so to ensure coherent support for the different thematic objectives under cohesion policy.

3.4. Conditionality

New conditionality provisions will be introduced to ensure that EU funding is focussed on results and creates strong incentives for Member States to ensure the effective delivery of Europe 2020 objectives and targets through Cohesion policy. And to ensure that the effectiveness of cohesion expenditure is not undermined by unsound macro-fiscal policies, conditionality linked to the new economic governance will complement the sector specific ex ante conditionalities set out in each contract.

Conditionality will take the form both of 'ex ante' conditions that must be in place before funds are disbursed and 'ex post' conditions that will make the release of additional funds contingent on the achievement of pre-specified results. To facilitate this, clear milestones and indicators will be specified and progress monitored rigorously through annual reporting. Lack of progress will give rise to the suspension or cancellation of funding,

3.5. Performance reserve

In order to strengthen the focus on results and the achievement of the Europe 2020 objectives, 5% of the cohesion budget will be set aside and allocated, during a mid-term review, to the Member States and regions whose programmes have met their milestones in relation to the achievement of the programme's objectives related to Europe 2020 targets and objectives. The milestones will be defined in accordance with the regulations for cohesion policy.

3.6. Innovative financing

In addition to grant funding, it is proposed that cohesion support for enterprises and projects expected to generate substantial financial returns will be delivered primarily through innovative financial instruments. (See also separate fiche on innovative financial instruments)

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 Of which	€376 bn
• Convergence regions • Transition regions • Competitiveness regions • Territorial cooperation • Cohesion fund • Extra allocation for outermost and sparsely populated regions	€162.6 bn €39 bn €53.1 bn €11.7 bn €68.7 bn €926 million
• Connecting Europe Facility for transport, energy and ICT	€40 bn plus €10 bn ring fenced inside the Cohesion Fund

EDUCATION AND CULTURE

1. POLICY OBJECTIVES

Education and training are essential to the development and growth of the European economy and will play a crucial role in the collective pursuit of the Europe 2020 targets. Increased investment in human capital and the modernisation of education and training systems will help the EU to become a smart, sustainable and inclusive economy.

Much of this investment will be made at national level. However, with increasing numbers of European citizens looking beyond national borders for education and training opportunities, the EU has an important role to play in ensuring that the opportunities of the single market are made available to all.

The EU works to promote education and training in a wide variety of ways. Programmes to promote transnational learning mobility - such as the Erasmus programme - have proven to be a great success, helping people to acquire the new skills that will be needed for the jobs of tomorrow. Increased mobility can also contribute to the reform of education and training systems by facilitating the cross-border dissemination of ideas and best practices. Through a combination of targeted funding programmes and in combination with other sources of funding, such as the structural funds, the EU budget can deliver real value-added by promoting mobility, facilitating cooperation and exchange of best practice and supporting Member States in the modernisation of their education and training systems.

Europe's cultural diversity is one of our greatest strengths, enriching and inspiring citizens and delivering real economic benefits. The economic and social role of the cultural and creative industries is increasingly evident, representing 4.5% of total European GDP in 2008 and accounting for some 3.8% of the workforce. The EU works in close co-operation with Member States in this area to harness the potential of the single market and to provide the right conditions for cultural and creative industries to prosper.

The next generation of programmes funded by the EU budget will address the weaknesses that limit the growth potential of this sector, by tackling market fragmentation, strengthening competitiveness in the cultural and audiovisual sectors, and focusing on capacity building measures and support for the circulation of cultural works.

2. INSTRUMENTS

The Commission proposes that the EU budget will support education and cultural policy via two main instruments:

2.1. A programme for education, training and youth - 'Education Europe'

This programme will bring together the currently separate sub-programmes of the Lifelong Learning Programme, the international aspects of Higher Education, including Erasmus Mundus, and Youth in Action. This will allow for greater efficiency, a stronger strategic focus and for synergies to be exploited between the various aspects of the programme.

Although they constitute the most efficient education degrees for innovative jobs and research, the current EU instruments for mobility are not adapted to masters' students. The most cost efficient manner to reach this category of students is to use the EU budget to leverage funds from the private sector, mainly national banks, to guarantee the portability of student loans and grants.

The actions currently supported by the Leonardo programme will be boosted as part of efforts to combat youth unemployment and the Commission will work with the EIB to provide guarantees for loans to Master students wishing to do their Masters in another Member State.

The new programme will focus on:

– providing targeted transnational learning opportunities;

– matching skills and labour market demand in order to boost the employability, entrepreneurial spirit and participation of young people;

– volunteering as well as non-formal and informal learning; and

– supporting widespread reforms and the modernisation of education and training systems throughout Europe and beyond.

Concretely, the programme will comprise three main lines of action:

(1) Trans-national learning mobility - as many as 800,000 EU citizens, mainly students, could be helped to be mobile each year.

(2) Co-operation activities between education institutions and the world of work will be supported to promote the modernisation of education, innovation and entrepreneurship.

(3) Policy support will be provided to gather evidence on the effectiveness of education investments and to help Member States implement effective policies.

Strict quality conditions for mobility, concentration on key policy objectives where critical mass can be achieved and complementarity with other EU programmes will be instrumental in ensuring very high European added value.

The Education Europe programme will incorporate existing international programmes such as Erasmus Mundus, Tempus, Alfa and Edulink and cooperation programmes with industrialised countries under the same instrument, and will accommodate different objectives (attractiveness of European Higher Education Area, excellence, solidarity and equity).

This approach will put an end to the current fragmentation of EU instruments supporting international cooperation in higher education which makes it difficult for students and universities to get access to information on Europe's higher education opportunities and for EU higher education to be visible on the global scene.

2.2. Sport

As part of the Education Europe programme, the proposed Sport sub-programme will focus on:

- tackling transnational threats that are specific to sport such as doping, violence, racism and intolerance, or issues relating to the integrity of competitions and sportspersons;

- developing European cooperation in sport through, for example, guidelines for dual careers of athletes or benchmarks for good governance of sporting organisations; and

- supporting grassroots sports organisations which can play a role in addressing wider socioeconomic challenges such as social inclusion.

This programme will bring EU added-value to issues arising from the specific nature of sport, mobilising private-sector financing from actors in the field of sport, and supporting organisations at the base of the sporting pyramid - not the top professional level.

2.3. A programme for culture and the audiovisual industry - 'Creative Europe'

This programme will bring together the current Culture, MEDIA and MEDIA Mundus programmes in order to focus support on the achievement of the Europe 2020 goals and to help unlock the job creation potential of the cultural and creative sectors. The programme will complement other EU programmes by specifically targeting the needs of the cultural and creative sectors aiming to operate beyond national borders, and with a strong link to the promotion of cultural and linguistic diversity. The specificities of each sector will be catered for, including through a dedicated budgetary allocation, and a third strand will provide horizontal support to the creative and cultural industries through the use of innovative financial instruments.

3. IMPLEMENTATION

Implementation of the new programmes will be greatly simplified.

The new **Education Europe** programme will bring about a significant simplification of actions and rules through the elimination of sub-programmes, a reduction in the overall number of activities and an increased use of lump sums.

The **Creative Europe** programme will be managed centrally through the Education Audiovisual and Communication Executive Agency (EACEA), as is currently the case for both Culture and MEDIA. A small number of actions will be managed directly by the Commission (e.g. European Capitals of Culture, EU cultural prizes, joint actions with international institutions).

The Culture and MEDIA strands of the Creative Europe programme will be complemented by an innovative financial instrument, run by the EIB group, to provide debt and equity finance for cultural and creative industries (CCI). This will address one of the key barriers to the development of cultural and creative content - access to finance - and would reach cultural and creative industries that are not supported through other EU programmes.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 of which	€16.8 bn
• Education Europe	€15.2 bn
• Creative Europe	€1.6 bn

EMPLOYMENT AND SOCIAL AFFAIRS

1. POLICY OBJECTIVES

The European Union faces considerable challenges in the employment and social fields. Almost 23 million people are today unemployed and over 113 million are estimated to be living at risk of poverty or exclusion[8]. Social and employment issues are a primary concern of European citizens and an area where more is expected from the Union. Despite a recent improvement in the economic outlook, employment prospects remain mixed in the medium term, among other things due to the uneven situation among Member States and the expected pressures on economic restructuring coming from the global economy.

Unemployment and persistently high rates of poverty call for comprehensive action. Policies that have already been put in place need to be updated and strengthened as the Union is faced with pressing challenges: shortfalls in skill levels, under-performance in active labour market policy and education systems, social exclusion of marginalised groups and low labour mobility. Many of these challenges have been exacerbated by the financial and economic crisis, demographic and migratory trends and the fast pace of technological change. Unless tackled effectively, they constitute a significant threat to social cohesion and competitiveness.

The main responsibility for modernising labour market and social policy systems lies with the Member States. However, the EU adds value to their efforts by acting as a catalyst to promote and facilitate reform, providing funding notably through the European Social Fund and by empowering social partners, civil society organisations and other stakeholders who have a crucial role to play in the delivery of reform.

2. INSTRUMENTS

A European employment and social inclusion initiative will be set up through joint action in the fields of education and vocational training, employment and inclusion. Funding in this area will be delivered essentially through three main instruments. These will be fully aligned with the Europe 2020 objectives and their delivery improved through enhanced complementarity with other instruments and the simplification of relevant procedures.

2.1. The European Social Fund

The European Social Fund (ESF) will provide funding for **structural actions for economic, social and territorial cohesion**. Funding will be concentrated on the key priorities of the Europe 2020 strategy, in particular through four 'investment windows':

– employment promotion;

– investment in skills, education and life-long learning;

– social inclusion and the fight against poverty; and

– enhancing institutional capacity and efficient public administration.

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[8] Eurostat unemployment report 10 May 2011 and Eurostat data on Europe 2020 indicators, 20 May 2011.

Within these windows, the ESF will also contribute to other policy objectives, such as facilitating the transition to a low-carbon and resource efficient economy, promoting research and innovation, especially in the social area, strengthening gender equality and combating discrimination. It is proposed to regroup actions, in particular in favour of social inclusion, by transferring the scheme of food support for the most deprived persons to the ESF.

For the post-2013 period, the ESF will be covered by the Common Strategic Framework (CSF) for structural funds[9]. Funding will be programmed as part of the Partnership Contracts which will be negotiated with the Member States. The targets set will be aligned with the National Reform Programmes and will translate the agreed objectives into decisions on investment.

To strengthen the focus on results, a conditionality mechanism, based on a comprehensive set of ex-ante defined requirements, will be put in place to maximise the impact of the EU budget and trigger and support the necessary reforms in the Member States.

In order for the ESF to make a real contribution to the Europe 2020 strategy targets, a critical mass of funding is required both at EU level and at the level of the operational programmes. The necessary minimum share of cohesion policy investments allocated to the ESF will be tailored to the different categories of region reflecting the different intensities of aid they receive and challenges that they face: this will be done by establishing minimum shares for the ESF of the structural funds support for each category of region (25% for convergence regions, 40% for transition regions, 52% for competitiveness regions, based on the Cohesion Fund continuing to represent one third of the cohesion policy allocation in eligible Member States, and excluding territorial co-operation). The application of these shares result in a minimum overall share for the ESF of 25% of the budget allocated to cohesion policy.

2.2. An integrated programme for employment, social policy and inclusion

The integrated programme for employment, social policy and inclusion will contribute to the delivery of the Europe 2020 strategy and its mutually reinforcing headline targets through support for actions to promote a high level of employment and adequate social protection, combat social exclusion and poverty and improve working conditions. The programme will act as a catalyst for change in the Member States and consist of the following elements:

- A Europe-wide platform for **mutual-learning processes** to enhance the evidence base for reform design and implementation and promoting stakeholder involvement in policy-making to strengthen ownership of EU employment, social policy and inclusion objectives, building on the successful experience with the Progress Programme;

- Promoting **evidence-based social innovation** to boost the Member States' efforts to modernise national social and employment policy systems through the use of proven methods for designing, implementing and evaluating innovation and more effective dissemination of information;

[9] The CSF will cover the ESF, the European Regional Development Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

- Promoting **intra-EU labour mobility and improving access to employment opportunities**, in particular for young people, building on the activities of the EURES network;

- Supporting **entrepreneurship and self-employment** as a means of creating jobs and combating social exclusion by increasing the availability and accessibility of micro-finance for vulnerable groups, micro-enterprises and the social economy, building on the Progress Micro-finance Facility.

2.3. European Globalisation Adjustment Fund

Specific support to workers made redundant as a result of major structural change will be provided through the European Globalisation Adjustment Fund (EGF).

Through the EGF, the EU will continue to assist the Member States in providing tailor-made support for workers made redundant as a result of major structural changes triggered by the increasing globalisation of production and trade patterns. In addition, the EGF will address large-scale redundancies resulting from a serious disruption of the local, regional or national economy caused by a sudden and unexpected crisis. The EGF will aim to achieve a 50% rate of assisted workers finding a new and stable job after 12 months[10].

The Commission will propose to extend the scope of the EGF to provide compensation in certain cases for the consequences of globalisation on certain agricultural sectors.

2.4. Autonomous budget lines

In addition to these instruments and by virtue of the powers conferred on it by the Treaty, the Commission will continue to implement autonomous budget lines[11] in order to:

– facilitate the European social dialogue which is a crucial component of the European social model;

– analyse and evaluate major trends in national legislation on free movement of persons and promote coordination of national social security systems; and

– analyse the social situation and the impact of demographic change.

3. IMPLEMENTATION

The reduction in the number of financial instruments and budget lines and the streamlining of management and implementation methods and systems will allow for greater integration between instruments and bring considerable simplification, notably for the beneficiaries.

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10 Experience so far suggests that the reintegration rate is around 40 % after 12 months and further positive impact can be observed over a longer period of time.

11 As set out in the Financial Regulation, these actions do not require a specific basic act for their implementation. Their financial appropriations are allocated by the Budgetary Authority on an annual basis.

3.1. The European Social Fund

The implementation of the ESF will focus on combining a stronger results-based approach, through the incorporation of the ESF within the Common Strategic Framework for all shared management instruments and the Partnership Contracts negotiated with Member States.

Implementation will also be simplified. More use will be made of simplified cost options, in particular for small projects, thereby reducing the administrative burden on Member States and regions and facilitating access to funding for local initiatives. Closer linkage of payments to achievement of targets pre-defined in the Partnership Contracts will also be enabled on the basis of joint action plans.

Finally, result-based incentive mechanisms will be introduced to reward successful programmes and measures and stimulate changes in those that under-perform.

3.2. An integrated programme (direct management) for employment, social policy and inclusion

The new integrated programme for employment and social inclusion will be directly managed by the Commission. The main procedures include calls for tender, calls for proposals and joint management – in particular for implementing the microfinance facility in collaboration with the European Investment Fund. The new programme will focus on large projects with clear EU added value in order to reach critical mass and reduce administrative burden. Harmonised and simplified rules and procedures will be put in place to facilitate access to the programme, in particular for small organisations.

In addition, multi-annual programming will be put in place to set out long-term policy objectives together with annual funding, thereby ensuring that the programme is a genuine policy-driven instrument. The programme will be implemented through a results-based management approach based on regular monitoring of progress against clear indicators.

3.3. Support for workers made redundant

The mobilisation of the EGF will continue to require a decision of the budgetary authority. The Commission will seek to ensure that the operation of the EGF becomes simpler and more responsive to changing economic circumstances.

3.4. Autonomous budget lines

The implementation of the autonomous budget lines will be fully coordinated with both instruments to avoid overlap and to increase synergies. Their number will be reduced and larger projects will be given priority in order to achieve critical mass and reduce administrative burden.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 of which	€88.3 bn
• European Social Fund (based on the 25/40/52 formula per category of regions, resulting in 25% of the cohesion envelope, except the Connecting Europe Facility)	€84 bn
• Integrated Policy for Employment, Social Policy and Inclusion	€850 million
• European Globalisation Adjustment Fund	€3 bn
• Autonomous Budget Lines	€400 million

ENVIRONMENT

1. POLICY OBJECTIVES

The European Union's **environmental policy** contributes to the Europe 2020 objectives of smart, sustainable and inclusive growth. Investments in environmental protection are investments in the modernisation of our societies and will help to transform Europe into a knowledge-based, resource-efficient economy. They are indispensable for protecting and improving the quality of the environment.

Greening the economy entails reducing environmental costs through the more efficient use of resources, thereby contributing to growth, competitiveness and job creation. Protecting biodiversity - our natural capital - and strengthening the resilience of ecosystems will make an important contribution to our sustainable growth objectives. Ecosystems provide food, fresh water, raw materials and many other benefits, thereby contributing to productivity and quality of life and reducing public health bills. The restoration of ecosystems and the services they provide contribute to the green economy through new skills, jobs and business opportunities, by boosting innovation and by contributing to climate change challenges mitigation and adaptation.

The value added of working together at European level to achieve common environmental goals is widely recognised, since environmental issues are not confined within national borders. Working closely with the EU's neighbours and with emerging economies is a prerequisite for a greener Europe. Environmental sustainability is also one of the Millennium Development Goals, to which the EU is committed.

In addition to the benefits of European environmental legislation, the EU budget can contribute to environmental objectives, both through dedicated programmes and by ensuring that environmental objectives are firmly embedded in all the activities supported by the EU budget.

2. INSTRUMENTS

2.1. Mainstreaming

Environmental policy priorities will be 'mainstreamed' into all the major EU funding instruments, including cohesion, agriculture, maritime and fisheries, research and innovation, as well as into external aid programmes. This approach will maximise synergies between environmental policies and other areas, recognising that the same actions can and should pursue a variety of complementary objectives. This approach will also help to avoid a proliferation of programmes and to minimise administrative burden.

- **Agriculture**. A major objective of the reform of the Common Agricultural Policy (CAP) is to promote environmental objectives through the **greening of direct payments** to farmers. 30% of direct payments will be made conditional on respect for a range of environmental best practices, over and above existing cross-compliance obligations. In addition, **rural development** under the CAP will be further re-focused on delivering public goods, including through agri-environment measures. These measures will help to ensure that the EU agricultural sector is sustainable and a key provider of environmental public goods such as clean water, biodiversity, soil protection, cleaner air and landscape protection. This will also contribute to the achievement of the EU's climate objectives, both on mitigation and adaptation.

- **Maritime and Fisheries Policy**. Environmental sustainability will be at the heart of the future maritime and fisheries policy. This will be achieved inter alia through reducing overfishing and overcapacity and reducing direct impacts (such as by-catch or impact on the sea bottom), as well as supporting marine-protected areas. The Integrated Maritime Policy will further define the boundaries of sustainability of human activities that have an impact on the marine environment as part of the implementation of the Marine Strategy Framework Directive.

- **Cohesion policy**. Cohesion policy will be given a stronger focus on the Europe 2020 priorities, including making the EU a more resource efficient, green and competitive economy. This will be achieved through a strong focus on results and conditionality, including in relation to environmental objectives. These objectives include promoting the implementation of the environmental acquis (water, waste, marine, nitrates, Industrial Emissions Directive, air quality, flood legislation) and funding the related environmental infrastructure; protecting and restoring biodiversity and ecosystem services, including through the development of green infrastructures and reducing and preventing desertification. Environmental proofing will be strengthened as part of cohesion policy.

- **Research and innovation**. The new Common Strategic Framework for Research and Innovation will contribute to catalysing the scientific and technological breakthroughs needed for the transition to a resource efficient economy. Continuing financial support for **eco-innovation** more broadly will also help to deliver smart and sustainable growth. Innovation partnerships will have a direct impact on resource efficiency, for instance on water, ecosystems, raw materials, and smart cities.

- In **external action**, the Pre-Accession Instrument will help candidates to finance the environmental infrastructure and capacity building needed to respect the EU acquis. Through policy dialogue at the regional and national level, the Commission will continue to mainstream support for environment under the European Neighbourhood Instrument. Environment should also be further mainstreamed into aid programmes for developing countries. Biodiversity and ecosystems are key global public goods and will be part of the planned thematic programme for global public goods and challenges. The Lisbon Treaty gives the EU a stronger role to play in multilateral environmental agreements and international environmental governance, which will be reflected in enhanced funding.

2.2. A dedicated instrument for Environment and Climate Action

In addition to mainstreaming, the Commission proposes to continue the **LIFE+ programme** and to align it more closely to Europe 2020 objectives. As is the case under the current programming period, the new instrument will cover within one programme a variety of actions in the areas of environment and climate action.

Under the Environment sub-programme[12]**,** the instrument will focus on two types of project: new Integrated Projects, the number and financial share of which will gradually increase over the lifetime of the programme; and "traditional" projects. The Commission considers that integrated projects can play an essential role as a catalyst for achieving goals such as the protection and restoration of biodiversity and ecosystems, effective management of the Natura 2000 network, the promotion of environmental governance, waste and water management and to effectively mobilise other funds to these ends. Projects will continue to be selected for their EU added value and potential for transfer of know-how.

LIFE Integrated Projects are designed to demonstrate the sustainable implementation of environmental action plans[13] relating to major EU environmental directives, such as the Habitats Directive or the Water Framework Directive. Integrated Projects will support a series of specific activities and measures. Additional funding for these projects will be sourced from other EU funding programmes as well as national, regional and private sector funds and will be jointly directed towards the environmental objectives. LIFE funding would thus act as a catalyst, ensuring consistency and a strategic environmental focus, exploiting synergies to the full and more structured cooperation with other EU funds will be established through the Common Strategic Framework.

The **Environment sub-programme** will be organised according to the following priorities:

(a) **LIFE Biodiversity,** while still focusing on Natura 2000 and on the development and sharing of best practices in relation to biodiversity, will also target wider biodiversity challenges in line with the Europe 2020 biodiversity strategy target to maintain and restore ecosystems and their services;

(b) **LIFE Environment** will focus on supporting the implementation of EU environmental policy by the public and private sectors and in particular the implementation of environmental legislation relevant to the Europe 2020 resource efficiency objectives (such as the Water Framework Directive or the Waste Framework Directive).

(c) **LIFE Governance** will support the creation of platforms for the exchange of best practices for improved compliance with EU environmental policy priorities and enforcement, policy development and knowledge-based decision-making (e.g., wide dissemination of project results), with an emphasis on good governance. This strand will also support environmental NGOs and promote awareness-raising, advocacy and dissemination of environmental information, as these are inextricably linked to achieving good governance and full implementation and compliance.

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12 See separate fiche on Climate Action policy for the proposed features of the Climate Action sub-programme.

13 Environmental action plans are plans or programmes for the implementation of a specific environmental policy as required by EU environment Directives (e.g., a Prioritised Action Framework under the Habitats Directive, a River Basin Management Plan under the Water Framework Directive, waste minimisation plan under the Waste Framework Directive, air pollution abatement plan to meet the air quality requirements of the CAFÉ legislation, etc.) or developed by the authorities in line with EU recommendations (e.g., a sustainable urban plan, integrated coastal zone management plans etc.).

2.3. Financing biodiversity

Financing the **EU Biodiversity Strategy** to 2020[14] requires **mainstreaming biodiversity** throughout the EU budget, both within the EU via the main funding instruments and through external action funding. To increase the efficiency of EU spending, it is also important to maximise synergies with climate finance through funding ecosystem-based adaptation and mitigation projects that also provide wider ecosystem services, both within the EU and externally.

The effective management and restoration of Natura 2000 protected areas is central to the attainment of the Europe 2020 target of halting and reversing the decline of biodiversity in the EU set by the European Council in 2010. At EU level, a strengthened integrated approach using the various EU sectoral funds, ensuring their consistency with the priorities of the Natura 2000 action frameworks, together with an enhanced LIFE Biodiversity strand, will provide a strong basis for the new Natura 2000 financing strategy.

Externally, the EU committed itself, along with other participating parties, at the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP10) in October 2010 in Nagoya, to increasing substantially the **mobilisation of financial resources for global biodiversity** by 2020. Funding from the EU budget will be provided through the geographic and regional allocations of the EU's external action programmes as well as through the thematic programme for global public goods.

In addition to mainstreaming biodiversity into the external action budget, the Commission is also proposing the creation of a mechanism/fund outside the budget to pool together contributions from the Member States and the EU budget.

3. IMPLEMENTATION

3.1. Mainstreaming

Mainstreaming will be delivered via the structures and instruments described elsewhere in the sectoral policy fiches. In order to ensure the delivery of results, there will be clearly established benchmarks, monitoring and reporting rules for all relevant EU policy instruments, with appropriate indicators.

To maximise synergies between different policy objectives, a tracking procedure for environment-related expenditure similar to that proposed for climate-related expenditure is envisaged.

As regards biodiversity, the 'Rio markers' established by the OECD and already used by the Commission for external instruments will be integrated in the existing methodology for measuring performance used for EU programmes. They will also help to demonstrate the co-benefits of climate and biodiversity expenditures, and to highlight the biodiversity co-benefits of climate spending on REDD+ (Reducing Emissions from Deforestation and Forest Degradation) actions.

[14] COM(2011) 244.

3.2. A specific instrument for Environment and Climate Action

The current LIFE+ programme is managed by the Commission in direct centralised management mode. The Commission considers that the future programme should remain centrally managed, but that management tasks could to a large extent be delegated to an existing executive agency. The extent, conditions and terms of the delegation will have to take into account the need for the Commission to maintain strong policy links as regards Integrated Projects.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices. Excludes funds for mainstreaming which are included within the budgetary allocations for sectoral funding instruments.

LIFE+ Programme (environment sub-programme)	€2.4 bn

EXTERNAL ACTION

1. POLICY OBJECTIVES

The European Union is a global player by virtue of its population and economic power. With 500 million inhabitants, it accounts for over 25% of the world's gross domestic product and a fifth of global trade. The Union is also an active political player, with regional (in particular in its neighbourhood) and global security interests and responsibilities. In particular, it shows solidarity by providing more than half of all international development aid and is the world's biggest donor of humanitarian assistance. It is actively involved in protecting human rights, promoting a decent work agenda, other universal values and respect of international environmental and social conventions.

The EU is increasingly active in conflict prevention, crisis management and peace building, through EU-led crisis management missions and EU crisis response and stabilisation instruments. The EU also supports UN and African Union peacekeeping and peace-restoring missions in fragile or war-torn countries. Moreover, the EU is committed to supporting the multilateral system and its reform, the Doha multilateral trade negotiations, the UNFCCC (United Nations Framework Convention on Climate Change) negotiations on climate change, the CBD (Convention on Biological Diversity) negotiations on biodiversity, negotiations on other multilateral agreements, G-8 and G-20 reforms and the global governance agenda.

External policies are therefore a major field of action for the EU, which has been reinforced within the new institutional framework of the Lisbon Treaty.

The EU uses financial instruments for external relations to support the implementation of these external policies, in particular in:

(1) **Promoting and defending EU values abroad**. Putting human rights, democracy and the rule of law at the core, recent events in different parts of the world call for a review of EU assistance to transitional and democratic processes and to civil society.

(2) **Projecting EU policies in support of** addressing major global challenges such as combating climate change, reversing biodiversity loss, and protecting global public goods and resources should be further strengthened. The Commission proposes to develop a proactive agenda of EU and mutual interests with third countries, with a specific focus on strategic partners.

(3) **Increasing the impact of EU development cooperation**, with the primary aim of helping to eradicate poverty. The EU will concentrate aid on those areas where the EU has particular expertise to offer, differentiating among partner countries and regions to ensure that aid resources are allocated according to needs, capacities, interests and commitments; improve aid coordination and policy coherence for development; and ensure adequate financing for development. A pan-African instrument will be created to support the implementation of the Joint Africa Europe Strategy, focusing on the clear added value of cross regional and continental activities. It will be flexible enough to accommodate contributions from EU Member States, African States, financial institutions and the private sector.

(4) **Investing in the long-term prosperity and stability of the EU's Neighbourhood**. The aim of establishing an area of stability, prosperity and democracy will be

pursued both through preparing (potential) candidate countries for membership and through our renewed neighbourhood policy. The EU will be active in supporting democratic values and principles in its neighbourhood and a more equitable distribution of the benefits of growth through greater political cooperation and deeper economic integration to the south and the east.

(5) **Enhancing European solidarity following natural or man-made disasters.** Upholding the internationally agreed principles of humanitarian law and upgrading its capacity, in humanitarian aid and civil protection, the EU budget will support actions to anticipate, prepare for, prevent and respond more quickly to disasters and engage more flexibly in development actions to rebuild from crisis and to develop resilience for the future.

(6) **Improving crisis prevention and resolution.** EU action on crisis prevention and resolution, preserving peace and strengthening international security, including enhancing EU capacities for crisis preparedness will be increased.

An open Europe, operating within a rules-based international framework, is the best route to exploiting the benefits of globalisation that will boost growth and employment.

2. INSTRUMENTS

The Commission proposes the following structure for the EU's future external action instruments:

2.1. Development cooperation

The Commission proposes to build on the current Development Cooperation Instrument (DCI) as regards its geographic and thematic scope. It proposes that the European Development Fund (EDF) covering cooperation with ACP (African, Caribbean and Pacific countries) and OCT (Overseas countries and territories) should remain outside the budget for the period of the next MFF.

2.2. Instrument for enlargement countries

A single integrated pre-accession instrument is proposed as the financial pillar of the Enlargement Strategy, encompassing all dimensions of internal policies and thematic issues. The aim will be to ensure that candidate countries and potential candidates are fully prepared for eventual accession. Emphasis will be put on socio-economic development, on regional cooperation, on adopting and implementing the *acquis,* and on preparing for managing internal policies upon accession. It will be implemented through national/multi-beneficiary programmes agreed with the beneficiaries and will also mirror the Structural Funds, the Cohesion Fund and the European Agricultural Fund for Rural Development (EAFRD), including their refocusing on delivering public goods. In addition, political and financial crisis-related instruments (Macro Financial Assistance, Instrument for Stability) will continue to be available for use in enlargement countries, when needed.

2.3. European Neighbourhood Instrument (ENI)

The European Neighbourhood Instrument (ENI) will benefit the EU's neighbouring countries supporting deeper political cooperation, closer economic integration with the EU and support to effective and sustainable transition to democracy. Cooperation with the EU's neighbours will be based on the principle 'more for more', in line with the conclusions of the Commission Communication 'A new response to a changing neighbourhood'. The ENI will provide the bulk of the EU funding to the Neighbourhood and will be complemented by other external instruments as required.[15]

2.4. Partnership Instrument

This new programme will provide ad hoc support for cooperation with all third countries (non-developing and developing) with a specific focus on strategic partners / emerging economies. It will finance activities to support the projection of EU policies abroad through bilateral cooperation and common approaches to challenges, economic partnerships and business cooperation, public diplomacy activities and networks, people-to-people links; the conduct of policy discussions and joint activities with individual partner countries; and the promotion of trade and investment and regulatory convergence with strategic partners.

2.5. Promotion of human rights worldwide

A reinforced European Instrument for Democracy and Human Rights (EIDHR) will focus on two activities. First, there will be strengthened support for the development of thriving civil societies and to their specific role as actors for change and in support of human rights and democracy. This will include a reinforced capacity for the EU to react promptly to human rights emergencies as well as stronger support to international and regional human rights observations and mechanisms. Second, support will be given to electoral observation missions and improvement in electoral processes.

2.6. Solidarity and aid for populations confronted by natural and man-made disasters

Humanitarian Assistance and Civil Protection will be strengthened and continue to follow a needs-based and principles-based approach.

– The **Humanitarian Aid Instrument** will provide response to natural and man-made disasters, based on the international principles of humanitarian law, and through the use of specialised organisations.

– The **Civil Protection Mechanism** will respond to natural and man-made disasters in third countries through coordination of civil protection agencies of EU Member States.

2.7. Crisis prevention and management

There are several strands to the EU's work in this area:

- Reaction to crises through the Instrument for Stability (IfS), including natural disasters, focusing on conflict prevention, peace building and state building. Its long term capacity will address global and trans-regional threats such as proliferation of weapons of mass destruction, the fight against terrorism and organised crime, prevention of illicit trafficking, etc.

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[15] Russia will continue to benefit from the cross-border and regional cooperation support under the ENI.

- Addressing the short term financing needs of countries subject to stabilisation and adjustment programmes through Macro-Financial Assistance (MFA).

- Promoting nuclear safety in support of international regulations through the Instrument for Nuclear Safety Cooperation (INSC). The objective will be to support the promotion of a high level of nuclear safety, radiation protection and the application of efficient and effective safeguards of nuclear material in third countries.

- In addition, the Common Foreign and Security Policy budget will support actions without military and defence implications.

3. IMPLEMENTATION

Implementation of the new programmes will be further **simplified**, in particular to embrace aid effectiveness. The new instruments will, where appropriate, embed **mutual accountability** in the allocation and disbursement of funds. Increasing **synergies** in the use of external funds for multiple EU policy objectives will be sought, e.g. for delivering on the EU's poverty reduction and climate and biodiversity finance commitments.

Increased **flexibility** in external actions will also be proposed. Budget mechanisms outside the financial framework for coping with large unforeseen events will be reinforced (Emergency Aid Reserve, Flexibility Instrument).

Simplification will be delivered through a clearer delineation and a reduction of overlaps between the instruments, so as to identify them individually with clearly defined policy objectives. Simplification of rules and procedures for the delivery of EU assistance will also be proposed, notably for programming to be conducive to joint action with Member States.

Further use of **innovative financial instruments** is proposed under all instruments (in particular through regional investment facilities), which should allow a greater share of grants to be blended with loans, so as to mobilise additional funding to cover the investment needs of partner countries.

It is considered that **democratic scrutiny** of external aid must be improved. This could be achieved by the use of delegated acts in accordance with Article 290 of the Treaty for certain aspects of programmes, not only placing the co-legislators on an equal footing but also ensuring more flexibility in programming. For the EDF, it is proposed to bring scrutiny into line with the DCI, whilst taking into account the specificities of this instrument.

4. Proposed Budget Allocation for 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 of which	€70 bn
• Development Cooperation Instrument	€20.6 bn
• Pre-accession instrument	€12.5 bn
• European Neighbourhood Instrument	€16.1 bn
• Partnership Instrument	€1 bn
• Instrument for Stability	€2.5bn
• European Instrument for Democracy and Human Rights	€1.4 bn
• Common Foreign and Security Policy	€2.5 bn
• Humanitarian Aid Instrument	€6.4 bn
• Civil Protection and Emergency Response Capacity	€0.2 bn
• European Voluntary Humanitarian Aid Corps	€0.2 bn
• Instrument for Nuclear Safety Cooperation	€0.56 bn
• Macro-financial Assistance	€0.6 bn
• Guarantee Fund for External Actions	€1.26 bn
Emergency Aid Reserve	€2.45 bn
Total proposed budget under 11th EDF	€30.3 bn

FIGHT AGAINST FRAUD

1. POLICY OBJECTIVES

The objective of the EU's anti-fraud policy is to protect the financial interests of the European Union by preventing, deterring, investigating and ensuring the prosecution of fraud against the EU budget. The policy is implemented by the European Anti-Fraud Office (OLAF) which is part of the Commission but conducts investigations in full independence.

As a service of the Commission, OLAF administers the programmes described below in support of the Union's anti-fraud policies. A specific strand of anti-fraud activity is the defence of the Euro against counterfeiting of notes and coins, which is central to the functioning of the single currency.

2. INSTRUMENTS

Three programmes are designed to coordinate the action of the Member States in combating fraud against the budget, in line with the duty of close and regular cooperation in Article 325 of the TFEU.

- The **Hercule II programme** promotes anti-fraud activity through enhancing transnational and multidisciplinary cooperation, training, specialist legal studies, the provision of other specialist anti-fraud services to Member State authorities with responsibilities in this area (police and customs agencies, public prosecutors, etc.), the building of professionals networks including acceding and candidate countries and the funding of technical equipment for the Member States. The Hercule programme has a particular role in supporting the fight against cigarette smuggling.

- The Anti-Fraud Information System (**AFIS**) provides a secure infrastructure for the exchange of fraud-related information among Member States and between Member States and the Commission. This infrastructure also enables joint customs operations involving Member States and third countries which coordinate the resources of different services against high-risk targets of common concern.

- The **Pericles programme** dedicated to the protection of the Euro against counterfeiting provides for staff exchanges, assistance and training programmes. The fight against Euro counterfeiting has been successful as a result of a coherent set of measures with an emphasis on close co-operation between all actors involved at national and European level, as well as training and awareness-raising.

In addition to the specific spending programme for anti-fraud, greater coherence in anti-fraud provisions across the whole range of spending programmes will help ensuring that the Union's commitment to fight against fraud is implemented effectively. Anti-fraud provisions will therefore be included in each legal basis for the new generation of programmes 2014-2020.

3. IMPLEMENTATION

Evaluations of the previous **Hercule** programmes have shown significant impact in terms of improvements in the level of technical equipment employed by Member States, facilitation of cross-border operations, and quality of evidence. Contacts between specialist law enforcement officers have been reinforced. Legal studies focussed on specific issues relating to cross-border anti-fraud operations have strengthened the basis for cooperation.

Use of **AFIS** in Member States has increased substantially following the introduction of new technology in 2010. Further improvements are planned, in particular facilitating risk analysis. Capacity to conduct joint customs operations will be increased.

The **Pericles** programme has contributed to the relatively low level of counterfeiting of Euro notes and coins and successful actions stopping counterfeits even before they enter into circulation. With about 110 actions and almost 6,000 officials trained, Pericles is an important part of the set of measures protecting the Euro against counterfeiting

These programmes are implemented through grants and public procurement.

The proposal for all three programmes is to improve the present approach in the light of experience, consistent with the Commission's Anti-Fraud Strategy, while maintaining appropriate levels of spending.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 for HERCULE, PERICLES and AFIS	€150 million

HEALTH AND CONSUMERS

1. POLICY OBJECTIVES

The European Union's health and consumer policy focuses on issues that are of central importance to all European citizens - their health and safety and the availability of a wide range of food and consumer products in an efficient and secure internal market. EU policies in this area are designed to empower European consumers, to protect and improve the health of European citizens, to ensure that food is safe and wholesome, and to protect the health of plants and the welfare and health of animals.

The Commission has a particular responsibility to help protect and improve the health status and condition of animals in the Community, in particular food-producing animals, while facilitating intra-Community trade and imports of animals and animal products in accordance with the appropriate health standards and international obligations. Similarly, the EU supervises the marketing and use of plant protection products and sets standards to monitor and control pesticide residues. It implements preventative measures to guard against the introduction and spread of organisms harmful to plants or plant products within the EU. It also ensures quality conditions for the sale of seeds and propagating material within the EU. This task is carried out more efficiently and economically through the EU budget than through 27 different national budgets.

Promoting good health is an integral part of the smart and inclusive growth objectives of Europe 2020. Keeping people healthy and active for longer has a positive impact on productivity and competitiveness. Innovation in health care helps take up the challenge of sustainability in the sector in the context of demographic change.

Similarly, consumer policy contributes significantly to the efficiency of the European economy by empowering citizens to play a full role in the single market and strengthening their ability and confidence to buy goods and services cross-border, in particular on-line. With consumer expenditure accounting for 56% of EU GDP, an effective consumer policy can contribute actively to the Europe 2020 objectives.

Programmes funded as part of the EU's health and consumer policy contribute to the well-being of European citizens. The added-value of EU health and consumer programmes lies in their capacity to tackle issues that could not be addressed as effectively by Member States acting alone. For example, activities to promote cross-border shopping or to respond to major challenges, diseases or pandemics affecting several Member States require a coordinated and coherent response. Similarly, animal and plant diseases do not respect national borders. Ensuring a uniform and high level of animal health and food safety throughout the EU enables the free movement of live animals and animal products, which is essential to the functioning of the single market, benefits consumers through greater choice and increased competition, and allows EU food producers to enjoy economies of scale.

2. INSTRUMENTS

The Commission proposes the following programmes to support the delivery of EU health and consumer policy.

2.1. Health

2.1.1. Health for Growth Programme

The new Health for Growth programme will be oriented towards actions with clear EU added-value, in line with the Europe 2020 objectives and new legal obligations. The principal aim is to work with Member States to protect citizens from cross-border health threats, to increase the sustainability of health services and to improve the health of the population, whilst encouraging innovation in health. For example, the programme will support health policy by developing best practices and guidelines for the diagnosis and treatment of rare diseases, supporting European reference networks on diseases, developing best practices and guidelines for cancer screening and developing a common EU approach to health technology assessments and e-Health. Research and innovation actions in the area of health will be supported under the Common Strategic Framework for Research and Innovation.

2.1.2. Animal and Plant Health and Food Safety

The Animal and Plant Health and Food Safety programme focuses on the eradication of animal diseases, the emergency veterinary fund and related actions such as the financing of EU reference laboratories, training programmes and vaccine banks. The future programme will continue these activities with a strengthened emphasis on results. The programme will also fund additional and much-needed action to address the plant health pests and diseases which are becoming increasingly prevalent across the EU.

2.2. Consumers

Consumers Programme

The Consumers programme will promote consumer empowerment as a key means to achieve a high level of protection throughout the single market. The programme will focus on improving the information flow to consumers and the representation of consumer interests. It will support the effective application of consumer protection rules, through cooperation between authorities and organisations responsible for their implementation, information, education and dispute resolution. The new programme will build on the positive results of the current programme with some refocusing to address key new priorities. In particular, the Commission proposes to increase the resources dedicated to alternative dispute resolution and to building capacity to advise consumers when shopping cross-border.

3. IMPLEMENTATION

The health and consumers budget is implemented through direct and indirect centralised management. Most of the food and feed budget is implemented by centralised direct management, notably by means of grants paid to Member State authorities.

In 2004, the Commission set up an Executive Agency for Health and Consumers to manage the Public Health Programme. The mandate of the Agency was enlarged in 2008 to cover the implementation of the Consumers programme and of food safety training measures financed under the food and feed budget. A number of other regulatory agencies are active in this area: the Community Plant Variety Office (CPVO), the European Centre for Disease Prevention and Control (ECDC), the European Food Safety Authority (EFSA) and the European Medicines Agency (EMA). The CPVO is totally self-financed by fees. The ECDC and EFSA are financed by an annual budgetary subsidy, while EMA receives a budget subsidy together with fees from the private sector. These bodies will be used to implement the new programmes in their areas of expertise.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 of which	€2.75 bn
• Food Safety	€2.2 bn
• Health for Growth Programme	€396 million
• Consumers Programme	€175 million

HOME AFFAIRS

1. POLICY OBJECTIVES

The aim of the European Union's home affairs policy is to create an area without internal borders where people may enter, move, live and work freely, confident that their rights are fully respected and their security assured.

The EU has a decisive role to play in addressing the threats of serious and organised crime, cybercrime and terrorism, and by ensuring the effective management of the EU's external borders and responding swiftly to emerging crises caused by man-made or natural disasters. In the era of globalisation, where threats are growing and increasingly have a transnational dimension, no Member State is able to respond effectively on its own. A coherent and comprehensive European answer is needed to ensure that law enforcement authorities can work effectively across borders and jurisdictions.

Cooperation and solidarity at EU level have already enabled substantial progress in building a more open and secure Europe. The EU will continue to face important challenges, not least in the context of an ageing population and a declining labour force. A forward-looking legal immigration and integration policy is crucial to enhancing the EU's competitiveness and social cohesion, enriching our societies and creating opportunities for all. We need to address irregular migration and combat trafficking in human beings and other forms of modern slavery. At the same time, the EU must continue to show solidarity with those in need of international protection. The completion of a more secure and efficient Common European Asylum System which reflects our values remains a priority.

Support from the EU budget can offer genuine added-value in this area. EU funding is a tangible sign of the solidarity and responsibility-sharing that are indispensable in responding to our common challenges. For example, control of the EU's external borders is a basic condition for free movement and is carried out by some Member States in the interest of and on behalf of the entire EU. Moreover, in a situation where a Member State is confronted with exceptional pressures on its borders, the EU should be able to provide adequate support. Similarly, those Member States which, due to their geographical situation, incur disproportionate costs as a result of migration flows should receive appropriate financial support through the EU budget.

EU funding can also help to promote efficiencies through the pooling of resources and reinforcing transnational practical cooperation between Member States, and between Member States and third countries. This is particularly relevant in the area of internal security, where financial support for joint operations such as Joint Investigation Teams enhances cooperation between police, customs, border guards and judicial authorities.

In addition to support for the internal aspects of home affairs policies, sufficient EU funding should also be available to reinforce the external dimension of home affairs policy in full coherence with EU external action; for example, by providing support for implementing readmission agreements and Mobility Partnerships, by helping third countries to develop their border surveillance capabilities or by providing funding for the fight against international criminal networks, trafficking in human beings and the smuggling of weapons and drugs.

2. INSTRUMENTS

The Commission proposes to simplify the structure of EU funding in this area by reducing the number of financial programmes to two:

– The **Migration and Asylum Fund** will support actions in relation to asylum and migration, the integration of third-country nationals and return.

– The **Internal Security Fund** will provide financial assistance for initiatives in the areas of external borders and internal security.

Both funds should have a **sizeable external dimension** in order to ensure that the EU has the means to pursue its home affairs policy priorities in relations with third countries and to uphold the interests of the EU. Financial support will be made available to ensure territorial continuity of financing, starting in the EU and continuing in third countries. For instance, in relation to resettlement of refugees, readmission agreements, regional protection programmes, the fight against irregular migration, reinforcing border management and police cooperation with e.g. neighbouring countries.

The instruments will also provide for a **rapid response in case of emergencies**, with the fund(s) designed so that the EU can react appropriately in rapidly-evolving situations.

3. IMPLEMENTATION

The reduction in the number of programmes and their corresponding implementing rules will streamline procedures and allow for a better understanding of the rules by all stakeholders.

Moving to shared management rather than direct management where possible will remove unnecessary bureaucratic burdens. Direct management will be maintained for specific transnational or particularly innovative projects and to support non-state actors, as well as to promote events and studies. It will also be maintained for the flexible emergency response mechanism and the external dimension.

For the funds under shared management, it is proposed to move to a system of results-driven multi-annual programming, instead of annual programmes. This will contribute to a better focus on objectives and outputs, reducing the workload for all stakeholders and shortening the time needed for the approval of the national programmes, thereby speeding up the release of funds.

A number of agencies support the EU's work in this area, including Europol, Frontex, the European Asylum Support Office, European Police College, European Monitoring Centre for Drugs and Drug Addiction and the IT Agency. There is scope and need for improving synergy and coherence between the activities of the Commission and its agencies in order to ensure that the agencies are effective in supporting practical cooperation among Member States.

Large-scale IT systems (such as SIS II and VIS) account for a significant share of the budget in this area. They bring a high EU added value. These systems are currently being managed by the Commission, but their management will gradually be transferred to the future IT Agency, which will begin operations in 2012. The IT Agency will also be responsible for developing and managing future IT systems in this area.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020 of which	€8.23 bn
• Migration and Asylum Fund	€3.4 bn
• Internal Security Fund	€4.1 bn
• IT systems	€730 million

INFRASTRUCTURE – 'CONNECTING EUROPE' FACILITY

1. POLICY OBJECTIVES

Europe's economic future requires smart, sustainable and fully interconnected transport, energy and digital networks. They are a necessary condition for the completion of the European single market. They will also help meet the EU's sustainable growth objectives outlined in the Europe 2020 Strategy and the EU's ambitious "20-20-20" objectives in the area of energy and climate policy[16].

While the market is expected to play a major role in delivering the required infrastructures through appropriate investment and pricing mechanisms, without proper public intervention (including from the EU budget) some investments in infrastructure will not take place or will be delayed far beyond the 2020 deadline.

In the **energy** sector, in 2010 the Commission defined priority corridors for the transport of electricity (four), gas (three) and oil. It is estimated that about €200 billion of investment is needed for gas pipelines and power grids by 2020. €100 billion of this total investment should be delivered by the market unaided, whereas the other €100 billion will require public action to source and leverage the necessary private capital.

In the **transport** sector, infrastructure has to be planned in a way that maximises positive impact on economic growth and minimises negative impact on the environment. Transport infrastructure has developed unevenly in the eastern and western parts of the EU, which need to be brought together. Europe needs a pan European **'core network'** with corridors, carrying freight and passenger traffic with high efficiency and low emissions, making extensive use of existing infrastructure, completing missing links and alleviating bottlenecks and using more efficient services in multimodal combinations. This core network will be supported by the Connecting Europe facility and complemented by a comprehensive network of national infrastructures (which can be supported by the EU's structural funds). The core network will be established using a pan European planning methodology. Beyond maintenance of existing assets, the comprehensive network would be based on the current TEN-T and encompass existing and planned infrastructure in Member States. The cost of EU infrastructure development to match the demand for transport has been estimated at over €1.5 trillion for 2010-2030. The completion of the TEN-T network requires about €500 billion by 2020, of which €250 billion would be for the removal of the main bottlenecks.

Digital networks, both physical and service-based, are key enablers for smart growth. As part of the Digital Agenda, every European should have access to basic broadband by 2013 and fast and ultra fast broadband by 2020. In September 2010, the Commission outlined the steps it and Member States can take to help trigger the €180 to €270 billion of investment required to bring fast broadband to all households by 2020. Focused public intervention is necessary to stimulate private investment where the market case is weak. As Europe modernises, common architectures for digital services will support increasingly mobile citizens, enable the emergence of the digital single market, stimulate growth of cross-border services, and to reduce transactions costs for enterprises, in particular SMEs in search of growth opportunities beyond their home markets.

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16 20% reduction in greenhouse gas emissions, 20% share of renewable energy in EU final energy consumption and 20% improvement in energy efficiency by 2020.

2. INSTRUMENTS

Within the heading regrouping all actions supporting economic, social and territorial cohesion, the Commission is proposing to create a Connecting Europe Facility to promote the completion of the "transport core network", the "energy priority corridors" and the digital infrastructure that the EU needs for its future sustainable competitiveness. It will support infrastructures with a European and Single Market dimension, targeting EU support on priority networks that must be implemented by 2020 and where European action is most warranted. Given the increasing complexity of networks, the effective co-ordination which will minimise the costs for all citizens can only be achieved at the European level.

Furthermore, the task is to build an environment conducive to private investment and develop instruments that will be attractive vehicles for specialised infrastructure investors. Member States and the European Union must set the conditions to stimulate private investment and must also step-up their own efforts despite, and because of the current financial difficulties facing all public authorities. To be most effective, such vehicles need to be multi-sector and multi-country to maximise diversification and thereby reduce risk. This can only be achieved at the European level and on the basis of well-defined corridors and targeted areas of investment. Attracting savings to long term, growth enhancing investments will stimulate the economy, create jobs, boost consumption and support the goals agreed by all as part of the Europe 2020 strategy.

The Connecting Europe Facility will support pan European projects where a coordinated and optimised approach will reduce the collective costs or address the issue of uneven returns. Furthermore, through the joint establishment of financial instruments, it will provide tools for attracting private sector funds from both within and beyond the EU. Project financing will thereby complement and enhance the use of EU funds. The 'Connecting Europe' facility will also exploit synergies in hard infrastructure (for example by realising jointly large transport and energy cross-border links) and by deploying smart information technologies in transport and energy infrastructure.

3. IMPLEMENTATION

The Infrastructures Facility will have a single fund of €40 billion for the period 2014-2020. Inside this amount, specific funding will be allocated for the energy, transport and digital networks. The Facility will be centrally managed by the Commission with the support of an executive agency (such as the current TEN-T Executive agency) and financial intermediaries. The actual technical implementation of projects on the ground (e.g. procurement and tendering) will be done by the project promoters. The Facility will be complemented by an additional €10 billion ring fenced for related transport infrastructures investments inside the Cohesion Fund.

Depending on the sectors, the geographical location and the type of projects, different co-financing rates will apply, balancing both the need to maximise leverage and to significantly accelerate the project's implementation. Maximum rates of co-financing will be modulated based on a cost-benefit analysis of each project, availability of budget resources and the need to maximise the leverage of EU funding. For the three sectors, the impact of the applicable co-financing rate heavily depends on the economic/development status of the concerned countries[17]. As regards energy specifically, the European Economic Recovery Plan (EERP) has also demonstrated that a higher co-financing rate was necessary to trigger projects increasing security of supply[18].

The Connecting Europe Facility will combine market based instruments and EU direct support in order to optimise the impact of financing. The high leverage effects of innovative financial instruments (e.g. which could be as high as up to 1:25 for project bonds) and the successful absorption of direct EU support (as experienced in the EERP or TEN-T programme) will contribute significantly to mitigating risks and to facilitating access to capital for the huge investment needs.

Key priority network needs covering all of Europe have been identified by the Commission in the revised TEN-T guidelines (to be adopted in September 2011), in the Energy Infrastructure package (COM(2010) 677) endorsed by the European Council on 4 February 2011 and in the Digital Agenda for Europe (COM (2010) 245) respectively.

A proposed list of the links to be funded is presented in annex.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Connecting Europe Facility of which	€40 bn
• Energy	€9.1 bn
• Transport	€21.7 bn
• ICT/Digital	€9.2 bn
Amounts earmarked in Cohesion Fund for transport infrastructures	€10 bn
Total	€50 bn

17 For transport projects, the co-financing rates will vary across modes depending on the availability of project financing. Higher co-financing rates will be envisaged for cross-border projects. In convergence regions, the co-financing rates will be based on the co-financing rates for investments provided under the new regulations for the Cohesion and Structural Funds.

18 Based on the experience with the European Economic Recovery Programme, it is estimated that typically up to 30% of co-financing may be necessary to trigger the final investment decision and bring the difficult cross-border projects on track. In case a project is not commercially viable but aims at increasing security of supply or ending isolation of some Member States, the required rate of co-financing could even be higher (up to 80%).

Preliminary list of European Mobility Corridors and Transport Core Network Projects

Horizontal Priorities

Innovative Management & Services	*Single European Sky - SESAR*
Innovative Management & Services	*Traffic Management Systems for Road, Rail and Inland Waterways (ITS, ERTMS and RIS)*
Innovative Management & Services	*Core Network Ports and Airports*

European Corridors

Project Pipeline on the TEN-T Core Network Corridors	**Sections to be financed until 2020**	**mode**	**Main dates**
1. Baltic – Adriatic Corridor - Helsinki – Tallinn – Riga – Kaunas – Warszawa – Katowice - Gdynia – Katowice - Katowice – Ostrava – Brno- Wien - Katowice – Žilina – Bratislava – Wien - Wien – Graz – Udine (including Koralm) – Venezia - Graz – Maribor – Ljubljana – Trieste / Koper – Venezia - Venezia – Bologna - Ravenna			
	Tallinn - Riga - Kaunas - Warszawa	Multimodal	feasibility study finalised, upgrading of the existing line to be completed until 2015, works for new line to start before 2020
	Multimodal connection Gdynia - Katowice	Multimodal	upgrading for 160 kmh ongoing
	Katowice - Ostrava - Brno & Katowice - Žilina - Bratislava	Rail	upgrading ongoing
	Rail connection Bratislava - Wien airport - Wien	Rail	airport interconnection under construction
	Rail connection Wien - Graz - Klagenfurt (Semmering, Koralm)	Rail	detailed studies ongoing for Semmering, construction ongoing for Koralm up till 2024
	Rail connection	Rail	traffic management systems to

	Klagenfurt - Udine (Pontebbana)		be deployed
	Rail connection Graz - Maribor	Rail	to be completed after 2020
	Rail connection Maribor - Ljubljana - Trieste	Rail	studies and partial upgrading ongoing
	Rail connection of Koper	Rail	upgrading ongoing
	Venezia – Bologna - Ravenna	Rail	traffic management systems to be deployed, upgrading of modal interconnection

2. Warszawa – Berlin – Amsterdam Corridor - Amsterdam (Rotterdam) – Hannover – Berlin – Poznań – Warzsawa			
	Multimodal connection Warszawa - Poznań -DE Border	Multimodal	upgrading road and rail ongoing, studies for high speed rail ongoing
	Rail connection PL Border - Berlin - Hannover - Amsterdam	Rail	studies ongoing, traffic management systems to be deployed
	Amsterdam locks	IWW	studies ongoing

3. Mediterranean Corridor - Algeciras – Madrid – Tarragona - Valencia – Tarragona - Tarragona – Barcelona – Perpignan – Lyon – Torino – Milano - Milano – Venice - Ljubljana – Budapest – UA border			
	Rail Connection Algeciras - Madrid	Rail	studies ongoing, works to be launched before 2015, to be completed 2020
	Rail connection Valencia - Taragona - Barcelona	Rail	construction between 2014 - 2020
	Barcelona - Perpignan	Rail	works ongoing, completed by 2015
	Perpignan - Montpellier direct rail connection	Rail	bypass Nîmes - Montpellier to be operational in 2017, Montpellier - Perpignan for 2020

	Rail connection Lyon - Torino	Rail	works to be achieved in 2025
	Milano - Brescia	Rail	upgrading ongoing
	Brescia - Venezia - Trieste	Rail	works to start before 2014 on several sections
	Trieste - Divača	Rail	studies and partial upgrading ongoing
	Maribor - Budapest – Záhony	Rail	works ongoing

4. Hamburg – Rostock – Constanta – Burgas – Piraeus – Lefkosia Corridor - Hamburg – Berlin - Rostock – Berlin - Berlin – Praha – Brno – Bratislava – Budapest - Arad - Arad – Bucureşti – Constanța - Arad – Timişoara – Sofia – Burgas - Sofia – Thessaloniki – Piraeus – Lefkosia	Hamburg - Berlin & Rostock – Berlin - Dresden		traffic management systems to be deployed
	Dresden - Praha		traffic management systems to be deployed, studies for high-speed rail ongoing
	Děčín locks	IWW	studies ongoing
	multimodal connection Bratislava - Budapest (including Budapest ring)	Multimodal	works ongoing
	Multimodal connection Budapest - Bucureşti – Constanța, Arad - Timişoara - Calafat	Multimodal	upgrading in HU nearly completed, ongoing in RO
	Multimodal connection Calafat - Sofia - Burgas Sofia - Thessaloniki	Multimodal	studies Calafat - Sofia-Thessaloniki ongoing, upgrading Sofia - Burgas ongoing
	Ports investments & multimodal connections in CY	Multimodal	traffic management systems to be deployed, upgrading of modal interconnection

5. Helsinki – Valletta Corridor - Helsinki – Turku – Stockholm – Malmö – København – Hamburg (including Fehmarn) - Hamburg – Hannover – Nurnberg – München – Verona (including Brenner Base Tunnel) – Bologna – Roma – Napoli – Bari – Valletta			
	Helsinki - Turku	Multimodal	works ongoing
	Stockholm - Malmö (Nordic Triangle)	Multimodal	works ongoing
	Fehmarn only	Multimodal	studies ongoing, construction works of the Fehmarn between 2014 and 2020
	multimodal connection København - Hamburg via Fehmarn: access routes	Multimodal	access routes DK to be completed by 2020, access routes Germany to be completed in 2 steps (2020 - 2027)
	Rail bottlenecks between Hamburg and München	Rail	completion expected around 2017
	München - Wörgl: access to Brenner Base Tunnel and cross-border section	Rail	studies launched
	Brenner Base Tunnel	Rail	works on main tunnel 2010-2024
	Brenner Base Tunnel access routes to Verona	Rail	studies ongoing
	Verona - Bologna - Roma - Napoli	Rail	upgrading of modal interconnection
	Napoli - Bari - Valletta	Rail	studies ongoing
	Ports investments & multimodal connections in MT	Multimodal	traffic management systems to be deployed, upgrading of modal interconnection

6. Genova – Rotterdam Corridor - Genova – Milano/Novara – Basel – Mannheim – Köln - Köln– Düsseldorf – Rotterdam - Köln– Liège – Bruxelles/Brussel– Zeebrugge			

	Terzovalico - Milano/Novara - Genova	Rail	studies and works ongoing
	Rail connection Karlsruhe - Basel	Rail	works to be completed by the end of 2020
	Rail connection Frankfurt - Mannheim	Rail	studies ongoing
	Rail connection Rotterdam - Oberhausen	Rail	works to be completed until 2017
	Maritime locks in Zeebrugge	Maritime	studies ongoing

7. Atlantic Corridor - Sines / Lisboa – Madrid - Valladolid - Lisboa - Aveiro - Oporto - Aveiro – Valladolid – Vitoria – Bordeaux – Paris	High Speed rail Sines/Lisboa - Madrid	rail	studies and works ongoing, upgrading of modal interconnection
	High speed rail Porto - Lisboa	Rail	studies ongoing
	Rail connection Aveiro - ES	Rail	cross-border works ongoing
	Rail Connection Bergara - San Sebastián - Bayonne	Rail	completion expected in ES by 2016, in FR by 2020
	Bayonne - Bordeaux	Rail	ongoing public consultation

8. Dublin – London – Paris – Brussel/Bruxelles Corridor - Belfast – Dublin - Dublin – Holyhead - Holyhead – Birmingham – London – Lille – Brussel/Bruxelles - Lille – Paris (including Canal Seine – Escaut)			
	Rail Connection Dublin - Belfast	Rail	works ongoing until 2018
	Multimodal Connections in England (including High Speed Line 2)	multimodal	to be completed by 2025

	Canal Seine - Escaut	IWW	design completed, competitive dialogue launched, overall completion by 2018
	Waterways upgrade in Wallonia	IWW	studies ongoing

9. Antwerp – Lyon – Basel Corridor - Rotterdam – Antwerp – Brussel/Bruxelles – Luxembourg - Luxembourg – Dijon – Lyon - Luxembourg – Strasbourg – Basel			
	Upgrade of the Maas	IWW	to be completed by 2015
	Upgrade of locks in Terneuzen	IWW	studies ongoing
	Maritime Locks in Antwerp	Maritime	studies ongoing
	Eurocaprail	Rail	works ongoing
	Rail Connections Luxembourg Dijon Lyon (TGV Rhin - Rhône)	Rail	studies ongoing
	Canal Saône - Moselle Strasbourg - Mulhouse - Basel	IWW multimodal	studies ongoing studies and upgrading ongoing

10. Seine – Danube Corridor - Le Havre – Paris – Strasbourg – Stuttgart – München – Wien			
	High Speed Connection Le Havre - Paris	Rail	studies ongoing
	Rail Connection - Paris Strasbourg: 2ème phase LGV Est	Rail	to be completed by 2016
	Rail connection Strasbourg - Kehl Appenweier Karlsruhe - Stuttgart - München	Rail Rail	to be completed by 2016 studies and works ongoing
	Rail connection München - Salzburg	Rail	studies and works ongoing
	Rail connection Wels - Wien	Rail	completion expected by 2017

	Danube Upgrade	IWW	studies and works ongoing

Other Sections on the Core Network

Cross-Border	Rail connection Sofia - Plovdiv - Istanbul	Rail	upgrading ongoing
Cross-Border	Road connection Sofia - Bucureşti via Ruse	Road	studies ongoing
Cross-Border	Road and Rail connection Sofia to Skopje	Multimodal	studies ongoing
Cross-Border	Road and rail connection Timişoara - Belgrade	Multimodal	studies ongoing
Cross-Border	Rail connection Nürnberg - Praha	Rail	studies and works ongoing
Cross-Border	Road and Rail connection Wrocław - Dresden	Multimodal	upgrade ongoing
Cross-Border	Multimodal connection Nürnberg - Linz	multimodal	works ongoing
Bottleneck	Rail Network North-West Spain and Portugal	Rail	works ongoing
Bottleneck	Rail connection Frankfurt - Fulda - Erfurt - Berlin	Rail	studies ongoing
Bottleneck	Halle - Leipzig - Nürnberg	Rail	works ongoing, to be completed by 2017
Bottleneck	HSL Provence - Côte d'Azur	Rail	studies ongoing
Bottleneck	Rail Egnathia (EL)	Rail	studies ongoing
Bottleneck	Inland waterways Dunkerque - Lille	IWW	studies ongoing
Bottleneck	Parallel HSR line Paris-Lyon	Rail	preliminary studies ongoing
Other Core Network	Core Network HS connections between Zaragoza - Pamplona - Logrono, Valladolid - La Coruña	Rail	Partial works ongoing
Other Core Network	Rail connection Shannon - Cork - Dublin	Rail	studies ongoing
Other Core Network	Rail improvement and HS connection between major PL cities (including Warszawa, Łódź, Wrocław, Poznań, Kraków)	Rail	studies ongoing
Other Core Network	Rail connection to Wilhelmshaven and Bremerhaven	Rail	studies ongoing

<u>Preliminary list of Priority Energy Corridors</u>

Horizontal Priorities

Smart grids deployment	*Investments in large-scale projects for demand/supply balancing using smart grid solutions for high and medium voltage electricity grids in large cross-border regions with significant variable electricity generation*

European Electricity Corridors

	Objective to be achieved by 2020	Countries concerned	Main short term bottlenecks
1. Offshore electricity grid in the Northern Seas	**An integrated offshore grid in the Northern Seas connecting the planned 40 GW of renewable energy sources and transporting it to consumption centres**	**BE, DE, DK, FR, IE, LU, NL, SE, UK** **(NO)**	- Optimal grid solutions using submarine radial or hub connections to shore and T-connections to interconnectors in the North Sea, the Irish Sea and the Channel region
			- reinforcement of onshore grids to allow electricity flows to main consumption centres in Northern Seas littoral countries
			- increased access to hydro and other storage capacities for back-up and balancing

2. Electricity interconnections in South Western Europe	**Interconnections in the South Western region between EU Member States and with Mediterranean third countries.**	**ES, FR, IT, MT, PT** **(CH, North African countries)**	- interconnections between the Iberian Peninsula and France
			- connections further towards Central Europe
			- interconnections between Italy/Spain and North African countries in view of their longer term renewables potential

			- adequate connection of Malta with Italy

3. Electricity connections in Central Eastern and South Eastern Europe	**Strengthened regional electricity network in North-South and East-West power flow directions, in order to complete the internal market and to integrate renewables, both through interconnectors and internal lines**	**AT, BG, CZ, DE, GR, HU, IT, PL, RO, SI, SK** **(AL, BA, FYROM, HR, ME, SP)**	- reinforcement of internal networks of Poland, Czech Republic, Romania, Slovakia, Croatia and Bulgaria, as well as Austria and Germany in the North-South direction
			- new interconnections between Germany and Poland, Slovakia and Hungary
			- increase transfer capacities between Romania, Bulgaria and Greece, including with countries of the Energy Community Treaty - connections between Italy and countries of the Energy Community (notably Montenegro, but also Albania and Croatia)

4. Baltic Energy Market Interconnection Plan in electricity (BEMIP)	**End the isolation of the three Baltic States and increase their system independence from the Russian electricity network. In the longer term, synchronously connect to the European continental system covered by ENTSO-E**	**DE, DK, EE, FI, LT, LV, PL, SE** **(NO)**	- electricity links from the three Baltic States to Sweden, Finland and Poland
			- strengthen the internal grid of the Baltic States accordingly, particularly in Latvia - further interconnection between Latvia and Estonia to move towards system independence
			- enhance the Polish grid in the North-East, as well as additional cross-border capacity between Poland and Lithuania, to prepare for synchronous connection

European Gas Corridors

5. Southern Gas Corridor	**Open a fourth gas supply corridor to the EU that is able to link Europe to gas supplies from the Caspian Sea and Middle East Basin (90.6 trillion cubic metres of proven reserves).**	Directly: IT, EL, BG, RO, AT, HU Indirectly: DE, CZ, PL, FR (AL, BA, FYROM, HR, ME, SP; Georgia, Iraq, Turkey, countries of the Caspian Region)	- pipelines that would allow creating a direct connection between the territory of the EU with gas fields in the Caspian and Middle East
			- Multiple options and pipeline configurations are considered including a dedicated pipeline via the territory of Turkey and undersea pipelines on the sea-bed of the Caspian and Black seas (Turkmenistan-Azerbaijan and Georgia-EU)

6. North-South gas corridor in Western Europe	**New interconnections on the North-South axis in Western Europe to better interconnect the Mediterranean area with the North-West gas region, thereby providing further diversification from Italy and Spain and competition in the whole area, giving access to supplies from Africa, Norway and Russia and increasing flexibility of the whole EU gas network**	**BE, CY, DE, ES, FR, IE, IT, LU, MT, NL, PT, UK** **(North African countries)**	- further interconnection capacities between the Iberian Peninsula and France and remove internal bottlenecks
			- further interconnection capacities in the North of Italy with Austria and in the South with the North Africa region
			- adequate LNG/CNG/pipeline solutions in Cyprus and Malta
			- further infrastructures to increase capacities in UK and IRL (e.g. storage/LNG)

7. North-South gas connections in Central Eastern and South East Europe	**Gas connections between the Baltic Sea region and the Adriatic and Aegean Seas and further to the Black Sea to enhance security of supply and diversification of supply sources in the region. In**	**BG, HU, CZ, PL, RO, SK, AT, GR, SI** **(HR, Energy Community countries)**	- North-South connections in and between the countries, in particular upgrades or new pipelines within Poland, Bulgaria and Romania, interconnections between Poland and Slovakia and Slovakia and Hungary

	a second step, this integration process will have to be extended to member countries of the Energy Community Treaty through adequate interconnection capacity.		- increased cross-border capacity or allow bidirectional flows between Poland and Czech Republic, Poland and Germany and Romania and Hungary - new infrastructure for gas imports from new sources and their connection to the regional gas network in the North and South through new pipelines and LNG terminals in Poland, Croatia and Romania serving a wider region

8. Baltic Energy Market Interconnection Plan in gas (BEMIP)	**End the isolation of the three Baltic States and Finland, ending single supplier dependency as well as enhancing security of supply in the whole Baltic Sea region through increased diversification of supplies from Norway**	**DK, EE, FI, LT, LV, PL, SE, DE** **(NO)**	- interconnectors linking Finland and Estonia, Poland and Lithuania and a regional LNG terminal in the East Baltic
			- internal system upgrades to reach sufficient capacity to allow free flow of gas in all directions - for the West Baltic area, further interconnection possibilities between the Norwegian and Danish systems, an interconnection between Poland and Denmark and increase bidirectional capacities between Germany and Denmark

Preliminary list of Broadband Target Areas and European Digital Service Infrastructures Corridors

Horizontal Priorities

Innovative Management & Services	**Mapping of pan-European broadband infrastructure** will develop an on-going detailed physical surveying and documentation of relevant sites, analysis of rights of way, assessments of potential for upgrading existing facilities, etc.
Innovative Management & Services	**Technical assistance measures including project and investment planning and feasibility studies,** in support of investment measures and financial instruments.

Broadband Target Areas

Project Pipeline on the priority Broadband Target Areas	Description of the target areas to be financed until 2020	Significance / Main dates
1. Development of geographically diversified portfolio of broadband projects which contribute to the objectives set out by the Digital Agenda for Europe	Geographically diversified portfolio of broadband projects corresponding to the Broadband Target Areas, predominantly identified as the suburban areas, for which portfolio companies will benefit from access to dedicated financial instruments, catalyzed and/or credit-enhanced by a financial contribution of €1 bn from the EU Budget. The financial contribution is likely to attract other funds from public or private sectors which could underpin gross investment of €6bn - €15bn in broadband depending on the financing needs and the risk profiles of the underlying investments. In the first wave of broadband target areas projects it is likely that established telecom companies (incumbents or operators) will invest in areas where the pressure from cable companies is strong. Other utility companies (water, sewage, electricity) are expected to invest in passive broadband networks, either alone or in partnership with operators. Several operators (often active in fixed and mobile markets) may join forces to build new generation of infrastructures. Partnerships are inherently more risky than sole borrowers.	Substantial economic and social benefits are associated with higher broadband speeds. An immediate effect on employment related to construction and implementation of high speed broadband. Mid term, direct effects will be related to enhanced and improved cost effectiveness of ICT-enabled services (e.g. smart grids, e-government, consumer benefits with respect to provision of health services). An OECD study has shown that an increase in broadband penetration rates higher by 5 percentage points translate into a labour productivity growth rate higher by 0.07 percentage point. In the long run there will be durable effects on GDP.

European Digital Infrastructures Corridors

Project Pipeline on the priority infrastructures	Description of the service infrastructure to be financed until 2020	Significance / Main dates
1. Enabling access to digital resources of Europe's cultural heritage (*Europeana*)	Service infrastructure to explore the digital resources of Europe's museums, libraries, archives and audio-visual collections. This infrastructure is to provide an easy to use, single access to European cultural content online and will turn Europe's cultural resources into a lasting asset for the digital economy, to be coupled with a dedicated rights infrastructure and to serve as a hub for the creative industries and for the innovative re-use of cultural material It builds on Europeana and scales up to previously unused collections in all Member States.	Europeana promotes access to knowledge, cultural diversity and creative content, and aims at facilitating the digitisation and dissemination of cultural works in Europe. Strengthening of Europeana was agreed in the May 2010 Council conclusions. The cultural and creative industries is one of Europe's most dynamic sectors and accounts for 3.3% of total EU GDP and 3% of employment. Europe’s strong cultural heritage provides a sound basis for the content sector. All public domain masterpieces to be available in 2016. Expanding further content and services from 2016 onwards.
2. Interoperable secure electronic identification and authentication across Europe	Service infrastructure to make the cross-border use of electronic identification (eID), including authentication across Europe, possible for citizens and businesses to access digital services in any Member State they live in or travel to. Electronic identity and authentication services extended to all Member States participating in this service infrastructure and integrated in additional higher-level services (electronic procurement, business mobility, electronic exchange of judicial information)	A number of other service infrastructures would depend on the deployment of cross-border eID service infrastructure such as the single stop shop of the Service directive, exchange of criminal records, of patient health records, etc. Actions for proving the service concept in operation in a limited setting should run until 2014. Full-scale operations should be from 2014 onwards.
3. Interoperable cross-border electronic procurement services	Service infrastructure to enable any company in the EU to respond to European public tenders from any Member State covering pre-award and post-award electronic procurement activities. Scaling up to all Member States and integrating activities like Virtual Company Dossier, eCatalogues, eOrders and eInvoices.	Electronic public procurement enlarges the market for companies and public administrations and enhances competition in bidding, potentially leading to annual savings between 1% and 2% of a total public procurement market of EUR2 000 billions by the use of more efficient and competitive procurement processes.

		From 2014 onwards, the service infrastructure would be extended to all Member States, based on the White Paper on how to inter-connect electronic procurement capacity across the single market.

4. Electronic procedures for setting up a business in another European country (in the context of the Services Directive)	Service infrastructure targeted at service providers willing to offer professional services outside their home country. It aims at providing seamless cross-border electronic procedures for setting up a business in another European country to deal with all necessary administrative procedures electronically across borders through the Points of Single Contact in the context of the Services Directive	Interoperable service infrastructure anchored in the Services directive. Actions aiming at removing the administrative barriers that European businesses face when offering their services abroad run until 2014 in a limited setting. Full-scale operations should be from 2014 onwards, with extension to all Member States

5. Interoperable electronic support for health assistance anywhere in the EU	Service infrastructure aiming at connecting health institutions and overcoming linguistic, administrative and technical barriers to e-Health solutions. Services would include exchange of patient summaries and electronic prescription across Europe and support cross-border deployment of telemedicine services.	The infrastructure will contribute to the implementation mechanism of article 14 of the Directive on patient's rights for cross border healthcare on eHealth by adopting common sets of rule for health records semantics and procedures. Actions for putting the service in operation in a limited setting should run until 2015. Full-scale operations should be from 2015 onwards.

6. Data.eu	Service infrastructure to aggregate in a single point of access data sets produced by public bodies in the Member States at national, regional or local level and by the European institutions, for data use and re-use across applications. A data.eu portal provides search/access to datasets in any language used by public bodies in Member States, for query and visualisation. It provides open tools for everyone to interact with the infrastructure (search for data, gather statistics, download data) for the development of new businesses.	Public Sector Information (PSI) is not only a primary source of data, but also an important means for creating innovative services (location based services, financial services, marketing, environmental monitoring). As a sector of PSI, the Geographic Information worldwide market was estimated to be $ 5.3 billion in 2009. Ongoing portal pilot in a limited setting. Progressive

		deployment of a pan-European open data infrastructure gradually extending to all public administration in the European Union from 2014 onwards.

7. Safer Internet for children	Service infrastructure to better protect young users on-line. It will offer an EU wide platform for sharing resources information systems and software tools. Connected "Safer Internet Centres" will provide educational content, online safety information, public awareness tools and integrating technologies for access to parental control tools, for verification of minimum age, for rating in line with industry codes of practice (e.g. online games), deployment of innovative content creation tools, and for interoperable white lists to scale up the development of safe Internet environments for younger children and to promote access to age-appropriate, quality content.	This infrastructure helps to meet Commission objectives of protecting children online as set in the Digital Agenda for Europe. Implementing and deploying platform and tools for the different component services from 2014 onwards. Integration and scaling up from 2018 onwards.

8 Multilingual services	Service infrastructure to provide eBusinesses (eCommerce providers) with unconstrained access to re-usable multilingual building blocks centred on online translation, interactive speech-based services, and multilingual content search. The infrastructure hosts and provides value-added access to data resources for EU languages (e.g. translated materials, multilingual corpora, lexica and terminology data banks), the related metadata, tools and standards and enable the pooling, sharing and trading of language resources (both data and tools) originating from both the public and private sector.	Overcoming language barriers supports establishing a smooth and effective cross-border digital single market. A 2009 study estimated the value of the EU language industry in 2008 at 8.4 billion €, comprising translations and interpreting, software localisation, language technology tool development, consultancy and teaching and the annual growth rate for this industry was estimated at minimum 10% over the next few years. The infrastructure would start by connecting and extending existing initiatives (e.g. TAUS, ELRA, LDC, EU networks such as META-NET) and scales up by 2016 onwards.

9. Public trans-European backbone ("mid-mile")	Service infrastructure to link key public sector services to a pan-European backbone very high speed network, on which other higher-level services could be provisioned and on which clouds for trans-European public services could be built. In this way demand will be aggregated, therefore reducing costs and reaching critical mass in service provisioning much more quickly.	Primary stakeholders are public authorities operating a service that would benefit from a high-speed network (e.g. health services, public data repositories, statistical offices, environmental monitoring agencies, civil protection, cultural institutions). Starting from 2014, such a pan-European service could be deployed with a sufficient density within 2 to 4 years. A second phase would then address specific gaps in geographic and/or thematic areas. A starting point for this trans-European service infrastructure is sTesta.

INNOVATIVE FINANCIAL INSTRUMENTS

1. POLICY OBJECTIVES

The use of **innovative financial instruments** offers an alternative to the traditional grant funding associated with the EU budget and can provide an important new financing stream for strategic investments. A key advantage of innovative financial instruments is that they create a multiplier effect for the EU budget by facilitating and attracting other public and private financing of projects of EU interest.

For projects with commercial potential, EU funds can be used in partnership with the private and banking sectors, particularly via the European Investment Bank (EIB), in order to help overcome market imperfections in the financing of projects and activities of strategic interest to the EU and its citizens.

There is potential for the greater use of such instruments to be deployed in support of a wide range of policies. For more than ten years, the EU budget has been using financial instruments such as guarantees and equity investment for SMEs. In the current financial framework, a new generation of financial instruments was put in place in cooperation with the EIB, such as the Risk-Sharing Finance Facility (RSFF) under the 7th R&D Framework Programme or the Loan Guarantee Instrument for TEN-T projects (LGTT). For activities outside the EU, the Global Energy Efficiency and Renewable Energy Fund was set up to provide equity investments in developing countries. In the area of structural funds, financial instruments have been set up to support enterprises, urban development and energy efficiency through revolving funds.

These instruments have been successful but they have been developed in an experimental way. Therefore, as part of the future financial framework, the Commission proposes to introduce a more streamlined and standardised approach to the use of innovative financial instruments, helping to ensure that EU funds are used most effectively to support the policies of the EU.

2. INSTRUMENTS

A rationalisation of the existing financial instruments is proposed to provide common rules for equity and debt instruments, so that there is an integrated vision of the use of financial instruments at EU and at national/regional level. They will streamline relations with financing partners, in particular the EIB and international financial institutions. They will provide transparency vis-à-vis the markets on how the EU intervenes with equity and debt instruments, ensuring higher visibility of the EU's interventions.

The Commission proposes a new type of instrument, i.e. the **EU project bond initiative** which would be used as a means of securing investment resources for infrastructure projects of key strategic European interest. A contribution from the EU budget will be used to support projects through enhancing their credit rating, and thereby attract financing by the EIB, other financial institutions, and private capital market investors. Financial instruments do not imply more risk than grants, as the risk for the EU budget is in all cases strictly limited to the budgetary contribution. The EU budget cannot run a deficit.

In the external field, a specific EU platform for external cooperation and development is under development, combining the respective strengths of the Commission, Member States and European bilateral and multilateral financial institutions (notably the EIB) active in the external cooperation and development field, . The platform will contribute to fostering EU coherence, effectiveness, efficiency and visibility in external financing, while taking account of the specificities of the EU's external partners.

3. IMPLEMENTATION

Financial instruments will form part of EU budget interventions in a variety of policy areas, in particular those pursuing the following objectives:

(1) To foster the capacity of the private sector to deliver growth, job creation and/or innovation: support to start-ups, SMEs, mid-caps, micro-enterprises, knowledge transfer, investment in intellectual property.

(2) To build infrastructures by making use of Public Private Partnership schemes to reinforce EU competitiveness and sustainability in the transport, energy and ICT sectors.

(3) To support mechanisms that mobilise private investments to deliver public goods, such as climate and environment protection, in other areas.

The design of the instruments will be guided by the following principles:

- **Robust governance arrangements**: the debt and equity platforms will have robust governance structures in place to ensure that the EU has effective oversight of the financial operations and investments as well as the achievement of policy objectives.

- **Financing through different budget lines**: there will not be a specific envelope in the budget for financing such instruments; instead, the financial instruments will be financed through budget lines from the specific policy areas, combined in appropriate instruments providing equity or debt.

- **Established as part of the Financial Regulation**: the key principles of the two platforms will be embedded in the Financial Regulation, which is currently under review in the Council and the European Parliament. This will contribute significantly to streamlining and standardisation.

- **Use of the common rules for equity and debt will be mandatory** for internal policies and apply horizontally to instruments across these policy areas. Existing innovative financial instruments will be aligned to the common rules. In the case of cohesion policy, the principle of shared management with Member States will be respected and therefore the EU models will be offered as optional best practice models, coupled with strong incentives for Member States to follow the EU level approach. In external action, a greater share of EU grants (where appropriate through regional investment facilities) will be blended with loans or used in equity or risk-sharing instruments; This will help to mobilise additional funding – including from the private sector – in support of EU priorities and to cover the investment needs of our partner countries. This will be facilitated by the entry into force of the proposed new provisions in the Financial Regulation on financial instruments, and with the establishment of common principles for such instruments to the degree appropriate to the environment of external actions.

- **Management by financial institutions:** the management and implementation of financial instruments would in general be delegated to the EIB Group, other international financial institutions or public financial institutions where at least one Member State is a shareholder. Management could also be delivered through an investment vehicle structure set up under national law and pooling resources from different public and private sector sources. Further delegation to private financial actors would also be possible.

JUSTICE

1. POLICY OBJECTIVES

The EU's justice, fundamental rights, citizenship and equality policies are based on the EU's fundamental values and principles, such as democracy, freedom, tolerance, non-discrimination and the rule of law. The policy supports the creations of a pan-European area of law, rights and justice, for the benefit of all citizens of the EU.

In today's Europe, millions of citizens are involved in activities that span borders - in their private lives, through their work or studies, or as consumers. The Commission seeks to offer practical solutions to cross-border problems for both citizens and business: for citizens to feel at ease about living, travelling and working in another Member State and to trust that their rights are protected no matter where in the EU they happen to be; and for businesses to make full use of the opportunities provided by the single market.

The main tool for building an EU area of justice is legislation, and the Commission has an ambitious programme for setting EU-wide standards so that people can rely on the same, basic level of justice (for example if they fall victim to crime) and enjoy non-discriminatory treatment anywhere in Europe. The Lisbon Treaty offers new opportunities for judicial cooperation in criminal and civil matters and tasks the EU with facilitating access to justice across the EU. It also provides for the mainstreaming of gender equality and non-discrimination based on racial or ethnic origin, religion or belief, disability, age or sexual orientation in all EU policies and activities.

To make these rights and laws effective in practice, they need to be implemented correctly and people – from citizens to judges – need to understand and know how to use them. The Commission therefore runs a series of dedicated financial programmes to support its legislation and policies, focusing on cross-border issues that can only be adequately addressed by coordinated action at the level of the EU.

2. INSTRUMENTS

The Commission proposes to streamline the programmes in this area into a Justice programme and a Rights and Citizenship programme. This approach will simplify funding arrangements and provide more coherence and consistency across the full range of activities funded. The integrated programmes will focus on a series of thematic priorities and will finance activities offering clear EU added value, such as:

- **Training for legal professionals** (such as judges and prosecutors) to equip them with the tools to put EU rights and justice into practice and create mutual trust, which is the basis of the area of freedom, security and justice;
- **Strengthening networks**, i.e. EU-wide organisations to assist with the preparation of future initiatives in this area, as well as to promote their consistent implementation across Europe;

- **Cross-border cooperation on enforcement**, for example establishing missing child alert systems, coordination of operational and cross-border anti-drug co-operation; and

- **Information and public awareness raising**, including support for national and European campaigns to inform people of their rights, as guaranteed under EU law, and how to enforce them in practice.

Where possible the programmes will allow for the possible participation of candidate countries and potentially other third countries.

3. IMPLEMENTATION

Reducing the number of funding programmes and concentrating all funding priorities will allow for the same set of rules to be applied to all areas and for procedures to be streamlined.

This will lead to efficiency improvements both for the Commission and for the recipients of EU funding. The reduction of legal bases and budget lines will allow for greater flexibility, thereby allowing for an improved focus on EU policy priorities and improved budgetary execution.

The Commission proposes to continue funding the existing agencies in the field of justice and fundamental rights, as all bring significant added value to the development and implementation of policies in this area. These agencies include EUROJUST, the European Institute for Gender Equality and the European Union Agency for Fundamental Rights.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

Total proposed budget 2014-2020	€802 million
of which	
Justice Programme	€416 million
Rights and Citizenship Programme	€387 million

MARITIME AND FISHERIES POLICY

1. POLICY OBJECTIVES

A healthy marine environment is an important source of biological diversity which provides a wide range of economic, social and environmental benefits. It is also the source of the nutritious and safe seafood we in Europe enjoy as an important part of our diet. Coastal communities, where fishing plays an important role – with their lifestyles, cultures, tradition and knowledge accumulated over time – depend on fisheries-related jobs – in the fishing fleet, in aquaculture, in the food processing sector or fishing ports. Fisheries and coastal zones are also particularly vulnerable to climate change impacts, including flooding, coastal erosion and a rising sea-level.

The EU is committed to achieving sustainable, ecosystem-based management of its fisheries. Following a comprehensive review, the Commission will shortly propose a radical reform of the Common Fisheries Policy (CFP) which will lead to fundamental changes in the way fisheries are managed in order to ensure the sustainable exploitation of fish resources and the future of fisheries in Europe. This reform will be accompanied by a major reorientation of funding for the Common Fisheries Policy (CFP) and Integrated Maritime Policy (IMP), which will include:

- Re-deployment of inefficient direct fleet subsidies in line with the objectives of the Europe 2020 Strategy, including the provision of incentives for the fishing industry to reform, to innovate and to fish sustainably;
- Closing the innovation gap between fisheries and other sectors of the economy, allowing EU fishing fleets to became viable and competitive and to contribute to growth and jobs in fisheries dependent communities;
- Facilitation of the transition towards low impact fisheries, with the elimination of discards and low impact on marine ecosystems;
- Contribution to sustainable management of marine ecosystems and ecosystems dependent on aquaculture;
- Reinforced support to collective actions including marketing and production, with a strong role for Producers Organisations;
- Increased focus on the viability of coastal and inland communities depending on fishing, including through adding more value to fisheries-related activities and diversification towards other sectors of the maritime economy;
- Competitive and sustainable aquaculture providing EU consumers with healthy and high nutrition products.
- Reinforced control and data collection, thus ensuring better compliance and a fully-fledged knowledge-based policy

- An Integrated Maritime Policy focused on promoting sustainable growth in maritime sectors and regions.

2. INSTRUMENTS

The reformed maritime and fisheries policy will be centred on a new European Maritime and Fisheries Fund (EMFF), which will be structured around 4 pillars:

- **Smart, Green Fisheries** (shared management) to foster the transition to sustainable fishing which is more selective, produces no discards, does less damage to marine ecosystems and thus contributes to the sustainable management of marine ecosystems; and to provide support focused on innovation and value added, making the fisheries sector economically viable and resilient to external shocks and to competition from third countries.

- **Smart, Green Aquaculture** (shared management) - to achieve economically viable, competitive and green aquaculture, capable of facing global competition and providing EU consumers with high nutrition value products.

- **Sustainable and Inclusive Territorial Development** (shared management) - to reverse the decline of many coastal and inland communities dependent on fishing, through adding more value to fishing and fishing related activities and through diversification to other sectors of the maritime economy.

- **Integrated Maritime Policy** (direct centralised management) to support those cross cutting priorities which have real potential to generate savings and growth but which the Member States will not take forward on their own – such as marine knowledge, maritime spatial planning, integrated coastal zone management and integrated maritime surveillance and adaptation to the adverse effects of climate change on coastal areas.

In addition to the four pillars, the EMFF will include accompanying measures in the areas of data collection and scientific advice, control, governance, fisheries markets (including outermost regions), voluntary payments to Regional Fisheries Management Organisations (RFMOs) and technical assistance. It will build on the actions relating to fisheries and maritime policy that will be supported under the Common Strategic Framework for Research and Innovation.

The policy will be complemented by two international instruments:

- **Fisheries Partnerships Agreements (FPAs)** which establish a legal, economic and environmental framework for fishing activities carried out by EU fishing vessels in the waters of third countries which are not in a position to fully exploit their fish stocks sustainably by themselves.

- **Regional Fisheries Management Organisations (RFMOs)**, which are international bodies composed of States, Regional Economic Integration Organisations (the EU) and fishing entities established to ensure the conservation and sustainability of fishery resources in the high seas.

3. IMPLEMENTATION

The architecture of the legal acts on which the programmes are based will be greatly simplified. A single EMFF will be created, integrating under one framework all existing fisheries and maritime instruments, with the exception of International Fisheries Agreements and EU membership in RFMOs. This approach will allow for greater synergies and reduction of administrative burden, in terms of programming, management, monitoring and evaluation, both for Member States and the Commission.

Furthermore, the Common Strategic Framework covering all structural funds will allow measures supporting Maritime and Fisheries policies to be programmed in the other funds covered by the Framework.

The number of expenditure areas under shared management will be increased, giving Member States greater flexibility and a longer term strategic perspective. The EMFF will be covered by the Common Strategic Framework and the Partnership Contracts covering all EU funds under shared management.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

All figures in constant 2011 prices

European Maritime and Fisheries Fund (EMFF) and International Fisheries Agreements / RFMOs	€6.7 bn

RESEARCH AND INNOVATION

1. POLICY OBJECTIVES

Europe needs cutting-edge research and innovation that goes beyond national boundaries, combines different scientific disciplines, technologies and business competences, and attracts talent from all around the world. Research and innovation is essential to support the EU's position in today's rapidly evolving globalised markets and to meet the challenges of the future. Investing in research and innovation in Europe will create new job opportunities, and will ensure Europe's long-term sustainable growth and competitiveness.

Scientific advances, new technologies and innovations are also needed to address pressing societal challenges, such as climate change, ageing population and resource scarcity. These are enormous challenges that need major research and innovation breakthroughs, some of which can only be achieved by coordinated action at the European level. Past EU-funded research has, for example, brought together expertise from leading centres across Europe resulting in an innovative way to detect and treat Alzheimer's disease. Such breakthroughs will profoundly affect the lives of European citizens through improvements in the quality of health care, new patterns of work and private life, and more secure livelihoods. Successful innovations that address these challenges will provide huge opportunities for companies to grow and create new jobs.

Yet despite its fundamental importance, Europe's performance in research and innovation lags behind that of the US and Japan, and China, Brazil and India are rapidly catching up. To reverse the current trend, the Europe 2020 Strategy sets a target of raising spending on R&D to 3% of GDP by 2020. A particular priority is to increase business-driven research and innovation through, for example, the use of public funding to leverage private investments.

In conjunction with national and private sector funding, the EU budget can make an important contribution to hitting these targets and to boosting Europe's research and innovation performance.

2. INSTRUMENTS

A key step to modernising EU programmes for research and innovation is to bring together within a single Common Strategic Framework for Research and Innovation (CSF) the three main existing initiatives and sources of funding:

- the 7th Framework Programme (FP7);
- the innovation part of the Competitiveness and Innovation Framework Programme (CIP); and,
- the European Institute for Innovation and Technology (EIT).

The CSF will set out the strategic objectives for all EU research and innovation funding actions. It will be more streamlined than current funding schemes, and will be implemented through harmonised rules and procedures. In this way, research and innovation activities will be coupled together coherently, and the impact of EU funding will be increased. The CSF will increase the added value of EU interventions through generating the critical level of resources, expertise and excellence for research and innovation that cannot be achieved at national level.

By making EU research funding simpler and more coherent, the CSF will also be more SME-friendly and open to new participants. It will improve the dissemination of the know-how needed for innovation and policy making. It will allow the Joint Research Centre to contribute more effectively to policy making. It will give a more strategic orientation to international cooperation and it will underpin the European Research Area.

Within this overall framework, the CSF will cover direct and indirect research, each structured around three distinct but mutually reinforcing blocks in line with the Europe 2020 priorities:

(1) **Excellence in the science base**. This block will strengthen the EU's world-class excellence in science by developing talent within Europe and attracting leading researchers to Europe. The emphasis will be on: stronger support for frontier research (through the European Research Council); future and emerging technologies; skills, training and career development of researchers (Marie Curie Actions); and networking of, access to, and development of priority research infrastructures (including e-infrastructures)**.**

(2) **Tackling societal challenges**. To respond directly to the challenges identified in the Europe 2020 strategy, this block will support activities covering the entire spectrum from research to market. It will integrate innovation actions (pilots, demonstration, test-beds, support to public procurement and market uptake of innovation), cross-disciplinary approaches, and socio-economic and humanities research. The focus will be on: health, demographics changes and well-being; food security and the bio-based economy; secure, clean and efficient energy; smart, green and integrated transport; supply of raw materials; resource efficiency and climate action; and, inclusive, innovative and secure societies (including cyber-security and making the Internet a safer place). The EIT will, through its Knowledge and Innovation Communities, strongly contribute to addressing the challenges, with a significantly increased budget.

(3) **Creating industrial leadership and competitive frameworks**. To support and promote business research and innovation in enabling technologies; services and emerging sectors with a strong focus on leveraging private sector investment in R&D; and, to address SME-specific problems. Priority actions will cover: increasing strategic investments and leadership in current and future enabling and industrial technologies and services, with dedicated support for ICT (including micro/nano-electronics and photonics); nanotechnology, advanced materials, advanced manufacturing systems; industrial biotechnology; space research and innovation and low carbon and adaptation technologies, with particular regard to ensuring an integrated approach to key enabling technologies; facilitating access to risk finance and venture capital (building on the FP7 Risk Sharing Finance Facility and CIP financial instruments); and, providing EU wide support for innovation in SMEs with high growth potential.

The approach will include both agenda-driven activities and more open areas for applicants to propose innovative projects and breakthrough solutions.

3. IMPLEMENTATION

In line with the concept of a CSF, implementation will be **simplified and standardised**. The simplification will concern both funding schemes and administrative rules for participation and dissemination of results. The new single set of rules will apply to the three blocks of the CSF, while taking account of the specificities of the EIT (and its needs for regulatory flexibility) as well as those of SMEs. The key operational features of the CSF will include the following:

- A **rationalised set of funding schemes and instruments** will be used across the CSF, taking forward those that work from the current programmes, merging those with similar objectives, and discontinuing those no longer fit for purpose. As well as grant funding, greater use will be made of innovative financial instruments. Consideration will also be given to pre-commercial procurement and prizes.

- A **single set of rules** covering eligibility, accounting, reporting, and auditing will apply across the board. A new balance will be struck between trust and control, and between risk taking and risk avoidance. To lighten the administrative burden for beneficiaries (grant-holders) a radically simplified cost-reimbursement approach will be introduced based on the broadest possible acceptance of the beneficiaries' usual accounting and management practice and with greater use of lump sums and flat rates. Beneficiaries will be required to exploit the results or make them publicly available through appropriate dissemination channels.

- **Projects will be able to start earlier** because the selection and post-evaluation negotiation phases will be much shorter. Simpler guidance and advisory services to applicants and participants will be provided through a unique IT portal. Furthermore, support structures within Member States will be rationalised to establish a one-stop shop for all activities under the CSF in the national language. Specific measures will be introduced to assist talented researchers and innovators who lack experience in accessing EU funding. A single audit approach will be applied across the CSF.

- The quality, efficiency and consistency of implementation of the CSF will be enhanced through a **major externalisation**, building on the progress achieved in current programmes. The executive agencies established under the current programmes will be expanded to realise economies of scale. Further use will be made of Public-Private Partnerships with industry and Public-Public Partnerships with Member State programmes, including by using new possibilities foreseen under the revised Financial Regulations. These partnerships will rest on the strong commitment from all sides to pool resources in order to boost investments in strategic areas and overcome fragmentation of effort.

- **Strategic alignment of EU, national and regional resources** through Joint Programming with Member States will increase the added value and impact of overall investments.

- Increased use of **innovative financial instruments** will leverage private research and innovation investments, including venture capital investments for innovative, high-tech companies, in particular SMEs. These will be managed externally by the European Investment Bank Group or other international financial institutions or public financial institutions where at least one Member State is a shareholder, in accordance with the common rules for debt and equity.

In this way, it is anticipated that around two thirds of the CSF budget could be implemented externally (around a half in the present period), split between the various support mechanisms. The degree and nature of externalisation should be determined by, inter alia, the impact on efficiency and the overall budget under management and may entail further simplification of the rules applicable to externalised management. The Commission would, nonetheless, maintain direct management responsibilities in particular in areas linked to core policy competences.

Complementarity and synergies with research and innovation funding channelled through cohesion policy will be ensured by clearly differentiating between the objectives and the methods of intervention. Research and innovation are at the heart of the prosperity and well-being of all EU regions, and as such it is in the interest of all Member States to build excellent, strong and efficient research and innovation systems. CSF interventions will contribute to this through funding allocations based on excellence in research and innovation regardless of geographical location. Cohesion policy interventions will be enhanced as the most important instrument to tackle research and innovation capacity building at regional level, including the development of research infrastructures, through funding allocations based on pre-defined envelopes for eligible regions. The Partnership Contracts with Member States, together with the CSF, will support smart specialisation strategies addressing priorities set out in the CSF and based on the assessment of the regional/local situation. This should provide a 'stairway to excellence', and lead over time to a higher number of excellent researchers and innovators from the regions (notably the convergence regions) being able to establish programmes fully aligned with the CSF, but also to strengthen the capacity of all regions to make full use of their innovation potential. An appropriate interface will also be established with the CAP to support research and innovation in agriculture, and with relevant activities of education and other EU programmes, including security.

4. PROPOSED BUDGET ALLOCATION FOR 2014-2020

Figures in constant 2011 prices

Common Strategic Framework for Research and Innovation	€80 bn

ADMINISTRATION

The administrative heading of the EU budget finances the activities of all the EU Institutions – the European Parliament (around 20 %), the European Council and the Council (7%), the Commission (40%) and the other Institutions like the Court of Justice, the External Action Service or the European Ombudsman (15%), as well as pensions (16%) and European Schools (2%).

Administration represents a relatively small part of the EU budget – 5.7% of the current MFF. This share has not changed significantly in recent years despite the biggest enlargement of the EU ever, a growing number of institutions and bodies located all over the EU, additional tasks leading naturally to a growing number of staff and, later, also pensioners. The administrative part of the budget is used to pay for salaries and pensions, running costs such as buildings, experts meetings, business trip costs, IT systems and other related expenses. It covers the costs of running a Union with 23 languages, for translation and interpretation purposes. It is also the part of the budget that pays for the European School system with schools in several Member States.

Since expenditure on pensions and on the European Schools is of a different nature and influenced by long term trends, the Commission MFF proposal presents the administrative expenditure needed for the functioning of the EU Institutions separately, as a sub-heading inside Heading V (excluding pensions and European Schools).

The Commission considers that it is challenging but feasible to limit the growth of administrative costs (Heading V of the budget) over the next programming period based on 2013 ceilings. For the period 2014-2020, this would mean no increase in operational administrative expenditure, without prejudice to additional costs resulting from future enlargements.

In 2004, the European Union reformed its civil service entirely and made its staff law one of the most modern of its time. A new performance oriented and merit based career structure, a new contractual status for personnel fulfilling non-core tasks, a reform of the pension system, new working methods and family-friendly working conditions were just some of the numerous changes brought by the first comprehensive reform of the European civil service legislation since 1968. This reform applied not only to the institutions, but also to the EU bodies and agencies established in nearly all Member States. This reform allowed the EU to save approximately € 3 billion to date. It will continue to generate savings for the EU budget of around €5 billion up to 2020.

Recent events in the global economy as well as the subsequent need to consolidate public finances require a particular effort by every public administration and its staff to improve efficiency and to adjust to the changing economic and social context. This context also applies to the European civil service and the administrations of the European institutions. The Commission as an administration has lived up to this responsibility in recent years by following a policy of zero staff growth, by meeting new political priorities through internal redeployment of staff, by putting in place tools and procedures to improve its internal organisation and efficiency and most recently by its proposal to freeze its administrative expenditure for the year 2012.

Beyond these administrative measures, the Commission has decided to propose changes to the current Staff Regulations which will allow all institutions, bodies and agencies to make further efficiency gains and economies, while guaranteeing an attractive EU civil service of the highest standards composed of citizens from all Member States.

The Commission considers that further economies are required and possible in all institutions, bodies and agencies. In order to meet this objective the Commission has decided to propose a reduction of 5% in the staff of all the Institutions, bodies and agencies. This will be one of the main elements in providing economies and is part of a global incentive for all institutions to increase efficiency. This staff reduction should be compensated by an increase in working time of staff without compensatory wage adjustments.

The challenge of containing growth in administrative expenditure will, however, require additional modifications of the EU staff regulatory framework. The Commission intends, in particular to:

- Modify the method for the adjustment of salaries, while prolonging the current 'special levy' paid by all officials at the present maximum rate of 5.5%.

- In line with the demographic developments in Europe, raise the retirement age from 63 to 65 years and the early retirement age from 55 to 58 years, while making attractive the possibility to continue working until 67 years.

  The methodology for the calculation of the pension contribution rate will also be aligned with international accrual standards. Such a modification will aimed at providing the institutions and the Member State with a more stable pension contributions rate, less sensitive to short term interest rates' variations and therefore less subject to upheavals.

- Establish a clear link between responsibilities and grade: the career stream in the AST function group will be restructured so that the two top grades (AST 10 and 11) are reserved for officials exercising the highest level of responsibilities in this category in terms of staff, financial or coordination responsibility;

- Recruit clerical and secretarial staff as contract agents on a permanent basis instead of life-time appointment as official. In order to avoid any permanent overlap between contract agents and officials carrying out the same tasks, the clerical functions will be progressively phased out for officials.

- Raise the minimum hours worked per week from 37.5 to 40, while maintaining the current maximum of 42 hours per week. This increase in working hours will help to compensate for the 5% reduction in staff.

- Adapt the calculation of the travel allowance.

Concerning agencies, the Commission would also like to present some amendments to the staff rules in order to allow a more consistent and smoother implementation of the staff regulations which better take into account the particularities of agencies. Depending on the conclusions of the interinstitutional working group on agencies, additional measures could be presented in the future, which could bring further savings on administrative expenditures of agencies, to be taken into account in the corresponding heading of the EU budget.

The Commission will propose that these measures be implemented starting from 2013, i.e. ahead of the programming period 2014-2020.

Proposed Budget Allocation for 2014-2020

Figures in constant 2011 prices

Administration Of which	€62.6 bn
• Pension expenditure and European Schools	€12.2 bn
• Administrative expenditure of the institutions	€50.45 bn

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