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REGIONE ABRUZZO

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SPECIALE

QUADRO FINANZIARIO PLURIENNALE 2021/2027
LA PROPOSTA DELLA COMMISSIONE EUROPEA

S O M M A R I O

PRESENTAZIONE

Il 2 maggio la Commissione ha proposto un bilancio a lungo termine per il periodo 2021-2027.

La proposta risponde alla duplice sfida in cui l'Europa è chiamata a svolgere un ruolo più importante nel garantire la sicurezza e la stabilità in un mondo instabile, proprio allorquando la Brexit lascerà un vuoto significativo nel bilancio.

E lo fa sia mediante tagli e razionalizzazioni alla spesa che attraverso l'introduzione di nuove risorse.

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Alla proposta della Commissione sul **Quadro Finanziario Pluriennale 2021/20127** ***dedichiamo uno*** **Speciale di approfondimento*.***

In esso troverete i testi ufficiali della proposta ed una scheda informativa di dettaglio.

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Con il nuovo contributo la Regione Abruzzo si propone di fornire un compendio agile delle nuove direttrici politiche e strategiche di cui tenere conto nella disamina puntuale che verrà

espletata dal Consiglio regionale e dai diversi settori della Giunta, per quanto di rispettiva pertinenza.

La Sede di Bruxelles rimane a disposizione di tutti gli interlocutori istituzionali per ogni utile collaborazione e approfondimento.

Il Presidente
Dott. Luciano D'ALFONSO

BILANCIO UE 2021/2027:
UN BILANCIO MODERNO AL SERVIZIO DI UN'UNIONE CHE PROTEGGE, DÀ FORZA E DIFENDE

1. *Introduzione*

Il 2 maggio la Commissione ha proposto un bilancio a lungo termine pragmatico e moderno per il periodo 2021-2027.

Si tratta di una risposta onesta alle realtà di oggi, in cui l'Europa è chiamata a svolgere un ruolo più importante nel garantire la sicurezza e la stabilità in un mondo instabile, proprio quando la Brexit lascerà un vuoto significativo nel bilancio. La proposta risponde a questa duplice sfida - in pari misura - mediante tagli alla spesa e nuove risorse. I finanziamenti per le nuove e principali priorità dell'Unione verranno mantenuti o rafforzati e ciò implicherà inevitabilmente alcuni tagli settori diversi.

La proposta della Commissione allinea il bilancio dell'Unione alle priorità politiche delineate nel programma presentato dal Presidente Jean-Claude Juncker nel suo discorso sullo stato dell'Unione il 14 settembre 2016, approvato poi dai leader dell'UE-27 a Bratislava il 16 settembre 2016 e confermato nella dichiarazione di Roma del 25 marzo 2017, concentrandosi sui settori in cui l'Unione può raggiungere il meglio in termini di risultati, "*un piano pragmatico su come fare di più con meno*" - ha commentato il Presidente della Commissione europea **Jean-Claude Juncker** dopo l'approvazione.

Da parte sua, il Commissario per il Bilancio e le risorse umane **Günther H. Oettinger** ha dichiarato: *"Quello che costituisce davvero il nucleo di questa proposta di bilancio è il valore aggiunto europeo. Investiamo ancora di più in settori nei quali i singoli Stati membri non possono agire da soli o nei quali è più efficiente operare insieme, come nei campi della ricerca, della migrazione, del controllo delle frontiere o della difesa. Contemporaneamente continuiamo a finanziare politiche tradizionali, ma ammodernate, come la politica agricola comune e la politica di coesione, visto che gli standard elevati dei nostri prodotti agricoli e il recupero economico delle nostre regioni vanno a vantaggio di noi tutti."*

2. *Un bilancio mirato in cui alle ambizioni corrispondano le risorse: le cifre.*

Nel complesso la Commissione propone un bilancio a lungo termine di **1.135 miliardi di € in impegni** (espressi in prezzi del 2018) per il periodo 2021-2027, pari all'**1,11 % del reddito nazionale lordo dell'UE-27** (RNL) (cfr. allegato 2: scheda informativa generale). Questo livello di impegni si traduce in 1.105 miliardi di € (ovvero l'1,08% dell'RNL) in termini di pagamenti (a prezzi 2018). Ciò comprende l'integrazione nel bilancio dell'UE del Fondo europeo di sviluppo, principale strumento con cui l'UE finanzia la cooperazione allo sviluppo con i paesi dell'Africa, dei Caraibi e del Pacifico e che finora è stato un accordo intergovernativo. Se si tiene conto dell'inflazione, l'ordine di grandezza è analogo a quello dell'attuale bilancio a lungo termine 2014-2020 (compreso il Fondo europeo di sviluppo).

Per finanziare nuove e urgenti priorità, **occorrerà innalzare gli attuali livelli di finanziamento.** Sul presupposto che gli investimenti di oggi in settori quali la ricerca e l'innovazione, i giovani, l'economia digitale, la gestione delle frontiere, la sicurezza e la difesa contribuiranno alla prosperità, alla sostenibilità e alla sicurezza di domain verrà raddoppiato - ad esempio - il bilancio del programma Erasmus+ e del corpo europeo di solidarietà.

Nel contempo, dopo aver valutato criticamente dove fosse possibile realizzare **risparmi** e aumentare l'**efficienza**, la Commissione ha proposto che i finanziamenti a favore della politica agricola comune e della politica di coesione subiscano una modesta riduzione (nell'ordine del 5-7% circa) per tener conto delle nuove realtà di un'Unione a 27. Di conseguenza, queste politiche verranno aggiornate in modo da poter produrre risultati analoghi con minori risorse ed essere addirittura al servizio di nuove priorità. La politica di coesione, ad esempio, avrà un ruolo sempre più importante a sostegno delle riforme strutturali e dell'integrazione a lungo termine dei migranti.

Tutto ciò dovrebbe determinare un riequilibrio del bilancio dell'Unione europea e una maggiore attenzione ai settori in cui esso può davvero fare la differenza.

3. *Un bilancio moderno, semplice e flessibile*

Le dimensioni del bilancio dell'UE sono contenute rispetto a quelle dell'economia europea e dei bilanci nazionali. Eppure questo bilancio può davvero fare la differenza nella vita di cittadini e imprese, a

condizione che gli investimenti siano realizzati in settori nei quali l'impatto della spesa dell'UE possa essere maggiore rispetto a quello della spesa pubblica nazionale, vale a dire in settori in cui l'UE sia in grado di apportare un reale **valore aggiunto *europeo***. Alcuni esempi in questo senso sono: i progetti di ricerca in settori di punta che riuniscono i migliori ricercatori europei, le grandi infrastrutture o i progetti per consentire la trasformazione digitale o le iniziative intese a dotare l'Unione degli strumenti necessari per proteggere e difendere i suoi cittadini. Ciò è indispensabile nel mondo di oggi in rapida evoluzione, in cui l'Europa si trova a far fronte a sfide demografiche, all'instabilità nei paesi vicini e a molti altri problemi urgenti che superano i confini nazionali.

Di conseguenza, la Commissione propone un bilancio moderno, semplice e flessibile.

Moderno: una nuova Unione a 27 ha bisogno di un nuovo bilancio moderno che dimostri che l'Europa ha fatto tesoro degli insegnamenti che vengono dal passato. Si tratta di ridurre ulteriormente gli oneri burocratici a carico dei beneficiari e delle autorità di gestione mediante norme più coerenti basate su un codice unico, di fissare obiettivi più chiari e di concentrarsi maggiormente sui risultati. Così sarà più facile monitorare e misurare i risultati come pure introdurre modifiche, ove necessario.

Semplice: la struttura del bilancio sarà più chiara e più in linea con le priorità dell'Unione. I fondi sono oggi ripartiti tra un numero troppo elevato di programmi e strumenti all'interno e al di fuori del bilancio. La Commissione propone quindi di ridurre di oltre un terzo il numero dei programmi (passando dai 58 attuali a 37 in futuro), ad esempio riunendo in nuovi programmi integrati le fonti di finanziamento attualmente frammentate e razionalizzando profondamente l'uso degli strumenti finanziari, anche tramite il Fondo InvestEU.

Flessibile: sfide recenti, in particolare la crisi migratoria e dei rifugiati nel 2015, hanno mostrato chiaramente i limiti che l'attuale bilancio dell'UE presenta in termini di flessibilità per una risposta sufficientemente rapida ed efficace. La proposta della Commissione prevede quindi una maggiore flessibilità all'interno dei programmi e tra i medesimi, il rafforzamento degli strumenti di gestione delle crisi e la creazione di una nuova "Riserva dell'Unione" che permetta di affrontare eventi imprevisti e rispondere a situazioni di emergenza in settori quali la sicurezza e la migrazione.

3.1. *Il bilancio dell'UE e lo Stato di diritto: una sana gestione finanziaria*

Un'innovazione importante prevista dal bilancio proposto è il rafforzamento del legame tra i finanziamenti UE e lo Stato di diritto, il cui rispetto è presupposto essenziale di una sana gestione finanziaria e dell'efficacia dei finanziamenti UE. La Commissione propone un nuovo meccanismo volto a proteggere il bilancio dell'UE dai rischi finanziari connessi a carenze generalizzate per quanto riguarda lo Stato di diritto negli Stati membri. I nuovi strumenti proposti potrebbero consentire all'Unione di sospendere, ridurre o restringere l'accesso ai finanziamenti dell'UE in modo proporzionale alla natura, alla gravità e alla portata delle carenze relative allo Stato di diritto. Una decisione di questo genere verrebbe proposta dalla Commissione e adottata dal Consiglio con votazione a maggioranza qualificata inversa.

3.2. *Un bilancio dell'UE per un'Unione economica e monetaria forte e stabile*

Una zona euro stabile è il presupposto essenziale per l'occupazione, la crescita, gli investimenti e l'equità sociale nell'Unione nel suo complesso. Nel dicembre 2017, nel quadro della tabella di marcia per l'approfondimento dell'Unione economica e monetaria, la Commissione ha prospettato la possibilità di introdurre, nell'ambito delle finanze pubbliche dell'UE, nuovi strumenti di bilancio a sostegno di una zona euro stabile e della convergenza verso la zona euro. Questo nuovo quadro finanziario pluriennale propone due nuovi strumenti:

- un nuovo **programma di sostegno alle riforme** che, con una dotazione complessiva di bilancio di **25 miliardi di Euro**, fornirà sostegno finanziario e tecnico a tutti gli Stati membri per la realizzazione di riforme prioritarie, in particolare nel contesto del semestre europeo. Un meccanismo di convergenza fornirà inoltre un sostegno *ad hoc* agli Stati membri non appartenenti alla zona euro che si preparano ad adottare la moneta comune;

- una **funzione europea di stabilizzazione degli investimenti** che contribuirà a mantenere i livelli d'investimento in caso di gravi shock asimmetrici. Inizialmente essa opererà attraverso prestiti "back-to-

back" garantiti dal bilancio dell'UE con un massimale di **30 miliardi di €**, cui si abbinerà un'assistenza finanziaria agli Stati membri a copertura dell'onere degli interessi. I prestiti forniranno un sostegno finanziario aggiuntivo in un momento in cui le finanze pubbliche sono sotto pressione e occorre mantenere gli investimenti prioritari.

4. *Fonti moderne di finanziamento*

Nuove priorità richiedono nuovi investimenti. Per questo la Commissione propone di finanziarle tramite un abbinamento tra nuove risorse (per circa l'80 %) e riassegnazioni e risparmi (per circa il 20%).

Ispirandosi alle raccomandazioni del gruppo ad alto livello sul futuro finanziamento dell'UE, la Commissione propone di aggiornare e semplificare l'attuale sistema complessivo delle risorse proprie e di diversificare le fonti di entrate del bilancio.

4.1. *Nuove fonti per finanziare il bilancio a lungo termine*

La Commissione propone di semplificare l'attuale risorsa propria basata sull'imposta sul valore aggiunto (IVA) e di introdurre un paniere di nuove risorse proprie collegato alle priorità politiche.

Nel paniere delle nuove risorse proprie rientrano:

- il 20% delle entrate provenienti dal sistema di scambio delle quote di emissioni;
- un'aliquota di prelievo del 3% applicata alla nuova base imponibile consolidata comune per l'imposta sulle società (che verrà introdotta gradualmente, una volta adottata la legislazione necessaria);
- un contributo nazionale calcolato in base alla quantità di rifiuti non riciclati di imballaggi in plastica di ciascuno Stato membro (0,80 € al chilogrammo).

Queste nuove risorse proprie rappresenteranno il 12% circa del bilancio totale dell'UE e sono in grado di apportare fino a 22 miliardi di Euro l'anno per il finanziamento delle nuove priorità.

5. *Correzioni*

L'uscita del Regno Unito dall'UE offre l'occasione per affrontare il complesso sistema di correzioni e di "correzioni sulle correzioni". La Commissione propone di eliminare tutte le correzioni e di ridurre dal 20% al 10% gli importi che gli Stati membri trattengono all'atto della riscossione dei tributi doganali (una delle "risorse proprie") a favore del bilancio dell'UE. Entrambe le misure renderanno più semplice ed equo il bilancio dell'UE.

Allo scopo di evitare però un'impennata del contributo di alcuni Stati membri, la Commissione propone di eliminare progressivamente le attuali correzioni nell'arco di cinque anni.

6. *I passaggi successivi*

Sulla base delle proposte presentate il 2 maggio, la Commissione nelle settimane successive presenterà le proposte dettagliate relative ai futuri programmi di spesa settoriali.

La decisione sul futuro bilancio a lungo termine dell'UE spetterà poi al **Consiglio**, che delibererà all'unanimità, previa approvazione del Parlamento europeo. **Il fattore tempo è essenziale.** I negoziati per l'adozione dell'attuale bilancio a lungo termine dell'UE hanno richiesto troppo tempo. Le conseguenze sono state: il ritardo nell'avvio dei principali programmi di spesa e il rinvio di progetti che erano realmente in grado di stimolare la ripresa economica.

Ai negoziati dovrebbe essere quindi accordata la massima priorità e un accordo dovrebbe essere raggiunto **prima delle elezioni del Parlamento europeo** e del **vertice di Sibiu** del 9 maggio 2019.

La Commissione farà tutto ciò che è in suo potere per favorire la nascita di un accordo in tempi brevi.

Testi e schede informative:

https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en

F.A.Q.:

http://europa.eu/rapid/press-release_MEMO-18-3621_en.htm

(Fonte: Commissione Europea, 2 maggio 2018*)*

Council of the
European Union

Brussels, 4 May 2018
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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	4 May 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2018) 321 final
Subject:	COMMUNICATION FROM THE COMMISSION A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027

Delegations will find attached document COM(2018) 321 final.

Encl.: COM(2018) 321 final

EUROPEAN
COMMISSION

Brussels, 2.5.2018
COM(2018) 321 final

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

A Modern Budget for a Union that Protects, Empowers and Defends

The Multiannual Financial Framework for 2021-2027

{SWD(2018) 171 final}

1. A NEW, MODERN BUDGET FOR THE UNION OF 27

Once every seven years, the European Union decides on its future long-term budget – the Multiannual Financial Framework. The next such budget, starting on 1 January 2021, will be the first for the European Union of 27.

This is a pivotal moment for our Union. It is an opportunity for Member States and the European institutions to unite around a clear vision for the future of Europe. A time to show unequivocally that the Union is ready to back up its words with the actions needed to deliver on our common vision. A modern, focused EU budget will help to continue bringing to life the positive agenda proposed by President Jean-Claude Juncker in his State of the Union address before the European Parliament on 14 September 2016[1] and agreed by the Leaders of the 27 Member States in Bratislava on 16 September 2016, as well as in the Rome Declaration of 25 March 2017. A modern, focused EU budget will help to make the Union big on big and small on small things, as agreed in Rome.

Negotiations on the next Multiannual Financial Framework come at a time of new dynamism for the Union, but also of great challenges. The Union acted decisively in the wake of the financial and economic crisis to lay solid foundations for a sustainable recovery. The economy is now growing and creating jobs. The focus of the Union is increasingly on delivering efficiently and fairly on the things that really matter in the daily lives of citizens. And to do this for the citizens in all Member States of the Union. President Juncker's call to overcome divisions and make the Union more united, stronger and more democratic[2] should therefore also be reflected in the design of the new budget.

Choices taken in the coming months will shape the Union for decades to come. The stakes are high. Technological and demographic change is transforming our economies and society. Climate change and scarce resources are forcing us to look hard at how we can ensure that our way of living is sustainable. Unemployment, notably amongst young people, remains high in many parts of Europe. New security threats require new responses. The refugee crisis, caused by war and terror in Europe's neighbourhood, has shown the need to reinforce our capacity to manage migratory pressures and to address their root causes. Geopolitical instability is increasing and the values and democratic principles on which our Union is founded are being tested.

The proposals the Commission is presenting today for the 2021-2027 Multiannual Financial Framework will help responding to these opportunities and challenges. They are the product of an open and inclusive debate. The Commission has set out options for the future EU budget in its Communication of 14 February 2018.[3] The Commission has listened carefully to the European Parliament[4], to Member States, to national Parliaments, to the beneficiaries of EU

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1 State of the Union Address 2016: "Towards a better Europe – a Europe that protects, empowers and defends".

2 State of the Union Address 2017: "Catching the wind in our sails".

3 COM(2018) 98.

4 European Parliament Resolutions of 14 March 2018 on "The next Multiannual Financial Framework: Preparing the Parliament's position on the Multiannual Financial Framework

funding and to other stakeholders. Open public consultations held earlier this year generated more than 11,000 responses.

The Commission is proposing a new, modern long-term budget, tightly geared to the political priorities of the Union at 27. The proposed budget combines new instruments with modernised programmes to deliver efficiently on the Union's priorities and to rise to new challenges. The proposals also show how the financing of the budget could be simplified and reformed to forge a stronger link with the political priorities. These proposals are designed to make a unique impact in building a prosperous, secure and cohesive Europe. They do so by focusing on the areas where the Union is best placed to deliver.

In each area, the Commission proposes the level of funding that will be needed to live up to our collective ambitions. The legal proposals for the individual future financial programmes will follow in the coming weeks.

The proposals also respond in a realistic and balanced way to the budgetary consequences of the withdrawal of the United Kingdom. The departure of an important contributor to the EU budget will have a financial impact and the future Financial Framework must take account of that. Maintaining a level of support that matches our ambitions across the priority areas will require additional contributions from all Member States in a fair and balanced way. In parallel, no effort must be spared to make the EU budget more efficient. The Commission is proposing savings in some of the main spending areas and reforms across the budget to make it more streamlined and to get the most from every euro.

Europe is in the midst of the biggest debate on its future for a generation. It was kickstarted by the Commission's White Paper on the Future of Europe, published on 1 March 2017[5], and will culminate at the Informal Leaders' Meeting in Sibiu, Romania on 9 May 2019. Weeks before Europeans take to the polls, this will be a time for the Leaders of the 27 Member States and for the European Parliament to stand up for the Europe they want and to equip the Union with the means to deliver. Decisive progress on the future long-term budget by this time will send out a strong message of resolve and determination to move forward together.

2019 will be a new start for our Union of 27. We must be ready for it. Time is short to put the new framework into place and make sure that the new programmes are ready to deliver for the EU's citizens and businesses from day one. The new EU budget will be a simpler, more flexible and more focused budget. A budget guided by the principles of prosperity, sustainability[6], solidarity and security. A budget for a European Union that protects, empowers and defends. A budget that unites and does not divide. A budget that is fair for all Member States. A budget for Europe's future. The work on this needs to start now.

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post-2020 (2017/2052(INI))" and on the "Reform of the European Union's system of own resources (2017/2053(INI))".

5 COM(2017) 2025.

6 The Commission will adopt at the end of the year a Reflection Paper "Towards a Sustainable Europe by 2030, on the follow-up to the UN Sustainable Development Goals, including on the Paris Agreement on Climate Change" to address possible ways on how to integrate the Sustainable Development Goals further in EU policy making.

2. MODERNISING THE EU BUDGET

The EU budget has long been a vital source of growth-enhancing investment for the whole of Europe. Even in times of crisis, it has allowed the Union to support growth and job creation and to drive long-term innovation and economic reform. The creation of the European Fund for Strategic Investments (the "Juncker Fund") illustrates well how the EU budget was able to provide a much-needed boost to Europe's economic recovery at a critical moment. The EU budget has also been a decisive part of the response to our many serious challenges, from large-scale migratory flows, to security threats and climate change.

Recent experience has laid bare some weaknesses in the current framework. Despite some improvements, the EU budget is still too rigid. A lack of flexibility has prevented Europe from reacting quickly and effectively enough in a fast-changing world. Complex and divergent funding rules make it harder to access EU funding and divert attention from what really counts: achieving results on the ground. Funds are spread over too many programmes and instruments, both within and outside the budget. More can be done to modernise and simplify the two biggest spending blocks in the budget, the Common Agricultural Policy and Cohesion Policy. Many of the new priorities for a Union that protects, empowers and defends need new, tailored instruments to turn ambitions into reality.

The main message from the Commission's extensive consultations has been received loud and clear. A more united, stronger and more democratic Europe needs a new, modern budget. And it needs fresh thinking on how that budget can deliver for people across the Union. The Commission's thorough **spending review**[7] has helped to pinpoint what has worked well in the past and what should be preserved in the next budget. But it also revealed where reform is needed to unlock the full potential of the EU budget. Based on this assessment, the Commission is proposing a modern framework and a set of new and reformed programmes shaped by the following principles:

- **A stronger focus on European added value**. The EU budget is modest in comparison with the size of the European economy and national budgets. This makes it vital that it invests in areas where the Union can offer real European added value to public spending at national level. Pooling resources can achieve results that Member States acting alone cannot.[8] Examples include cutting-edge research projects that bring together the best researchers from across Europe, or empowering young people and small businesses to take full advantage of the opportunities the Single Market and the digital economy offer. Other instances when pooling resources helps us do more include catalysing key strategic investments. These investments hold the key to Europe's future prosperity and its leadership on the global Sustainable Development Goals. The same is true when it comes to equipping the Union to defend and protect its citizens in a fast-changing world where many of the most pressing issues transcend national borders.

- **A more streamlined and transparent budget**. The Commission is proposing a more coherent, focused and transparent framework. The structure of the budget will be clearer and more closely aligned with priorities. The Commission proposes to reduce the number of programmes by more than a third, for example by bringing fragmented funding sources

[7] See the accompanying Staff Working Document SWD (2018) 171.
[8] See also SWD (2018) 171, page 7.

together into new integrated programmes and radically streamlining the use of financial instruments.

- **Less red tape for beneficiaries**. The Commission proposes to make rules more coherent on the basis of a single rulebook.[9] This will drastically reduce the administrative burden for beneficiaries and managing authorities. It will facilitate participation in EU programmes and accelerate implementation. It will make it easier for different programmes and instruments to work together to boost the impact of the EU budget. In addition, the Commission will propose to simplify and streamline State aid rules to make it easier to link up instruments from the EU budget with national funding.

- **A more flexible, agile budget**. In an unstable geopolitical environment, Europe must be able to respond quickly and effectively to unforeseen demands. The Commission is proposing to build on existing mechanisms to make the budget more agile. This includes increasing flexibility within and between programmes, strengthening crisis management tools and creating a new "Union Reserve" to tackle unforeseen events and to respond to emergencies in areas such as security and migration.

- **A budget that performs**. The EU budget can only be judged a success if it delivers tangible results on the ground. The Commission is proposing to strengthen the focus on performance across all programmes, including by setting clearer objectives and focusing on a smaller number of higher quality performance indicators. This will make it easier to monitor and measure results – and to take make changes when necessary.

The design of future programmes is only the first step. The real test is whether the programmes deliver on the ground. The **efficient and effective implementation** of the next generation of programmes is therefore a high priority. This is a shared responsibility between the Commission, Member States, regional authorities and everyone involved in managing the EU budget.

It is also essential to strengthen the link between EU funding and the **respect for the rule of law**. The EU is a Community based on the rule of law, which also means that independent courts at national and EU level are entrusted with watching over the respect of our jointly agreed rules and regulations, and of their implementation in all Member States. Respect for the rule of law is an essential precondition for sound financial management and effective EU funding. The Commission is therefore proposing a new mechanism to protect the EU budget from financial risks linked to generalised deficiencies as regards the rule of law.

[9] In line with the recommendations of the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds, the recommendations of the European Court of Auditors and the Committee of the Regions, as well as of the European Parliament.

THE EU BUDGET AND THE RULE OF LAW

Under current rules, all Member States and beneficiaries are required to show that the regulatory framework for financial management is robust, that relevant EU rules are being complied with and that the necessary administrative and institutional capacity is in place. The current Multiannual Financial Framework also contains provisions to ensure that the effectiveness of EU funding is not undermined by unsound economic and fiscal policies.

The Commission is now proposing to **strengthen the protection of the EU budget from financial risks linked to generalised deficiencies as regards the rule of law in the Member States**. If such deficiencies impair or threaten to impair sound financial management or the protection of the financial interests of the Union, it must be possible to draw consequences for EU funding. Any measure taken under this new procedure will need to be proportionate to the nature, gravity and scope of the generalised deficiencies in the rule of law. It would not affect the obligations of the Member States concerned with regard to beneficiaries.

The decision as to whether a generalised deficiency in the rule of law risks affecting the financial interests of the EU will be proposed by the Commission and adopted by the Council through reversed qualified majority voting[10]. It will take into account relevant information such as decisions by the Court of Justice of the European Union, reports from the European Court of Auditors, as well as conclusions of relevant international organisations. The Member State concerned will be given the opportunity to set out its reasoning before any decision is taken.

[10] Under reverse qualified majority voting, the Commission's proposal is deemed to be adopted by the Council unless it decides by qualified majority to reject the Commission's proposal.

3. A BUDGET FOR EUROPE'S PRIORITIES

The future long-term budget will be a budget for the Union's priorities. The Commission's proposals will bring the structure and the programmes of the EU budget fully into line with the positive agenda of the Union post-2020 as agreed in Bratislava and Rome. The new architecture of the future Multiannual Financial Framework will provide greater transparency on what the EU budget is for and how the different parts of the budget will contribute. It will also provide the flexibility necessary to respond to evolving needs.

Programmes will be arranged around the main thematic spending priorities. These will correspond to the headings in the formal budget structure. Within each priority, programmes will be grouped in policy clusters, which will be reflected in the titles of the annual budget. This will provide greater clarity on how they will contribute to policy goals.

In practice, the formal structure of the budget only tells part of the story. Many of the Union's priorities are complex and multi-faceted. It would not be possible to tackle every aspect with a single programme. Under the Commission's proposals, investment from multiple programmes will combine to address key crosscutting priorities such the digital economy, sustainability, security, migration, human capital and skills, as well as support for small businesses and innovation. The Commission proposes to simplify these interactions under the future framework, providing a much more coherent response to Europe's challenges. The following sections set out the main reforms and programmes under each of the spending priorities.

More detailed information on the objectives, design and European added value of the individual programmes is contained in the Annex to this Communication.

The new Multiannual Financial Framework 2021-2027:

A Modern Budget for a Union that Protects, Empowers and Defends

I. SINGLE MARKET, INNOVATION & DIGITAL

1 Research & Innovation

- Horizon Europe
- Euratom Research & Training Programme
- International Thermonuclear Experimental Reactor (ITER)

2 European Strategic Investments

- InvestEU Fund
- Connecting Europe Facility
- Digital Europe Programme (including Cybersecurity)

3 Single Market

- Single Market Programme (including Competitiveness and Small and Medium-Sized Enterprises - COSME, Food Safety, Statistics, Competition and Administrative Cooperation)
- EU Anti-Fraud Programme
- Cooperation in the Field of Taxation (FISCALIS)
- Cooperation in the Field of Customs (CUSTOMS)

4 Space

- European Space Programme

II. COHESION & VALUES

5 Regional Development & Cohesion

- European Regional Development Fund
- Cohesion Fund
- Support to the Turkish-Cypriot Community

6 Economic & Monetary Union

- Reform Support Programme including the Reform Delivery Tool and the Convergence Facility
- Protection of the Euro Against Counterfeiting

7 Investing in People, Social Cohesion & Values

- European Social Fund + (including Integration of Migrants and Health)
- Erasmus+
- European Solidarity Corps
- Justice, Rights & Values
- Creative Europe (including MEDIA)

III. NATURAL RESOURCES & ENVIRONMENT

8 Agriculture & Maritime Policy

- European Agricultural Guarantee Fund
- European Agricultural Fund for Rural Development
- European Maritime & Fisheries Fund

9 Environment & Climate Action

- Programme for Environment & Climate Action (LIFE)

IV. MIGRATION & BORDER MANAGEMENT

10 Migration

- Asylum & Migration Fund

11 Border Management

- Integrated Border Management Fund

V. SECURITY & DEFENCE

12 Security

- Internal Security Fund
- Nuclear Decommissioning (Lithuania)
- Nuclear Safety and Decommissioning (including for Bulgaria and Slovakia)

13 Defence

- European Defence Fund
- Connecting Europe Facility – Military Mobility

14 Crisis Response

- Union Civil Protection Mechanism (rescEU)

VI. NEIGHBOURHOOD & THE WORLD

15 External Action*

- Neighbourhood, Development and International Cooperation Instrument (including external aspects of migration)
- Humanitarian Aid
- Common Foreign & Security Policy
- Overseas Countries & Territories (including Greenland)

16 Pre-Accession Assistance

- Pre-Accession Assistance

VII. EUROPEAN PUBLIC ADMINISTRATION

17 European Public Administration

- Administrative Expenditure, Pensions and European Schools

INSTRUMENTS OUTSIDE THE MFF CEILINGS

- Emergency Aid Reserve
- EU Solidarity Fund
- European Globalisation Adjustment Fund
- Flexibility Instrument
- European Investment Stabilisation Function

*The European Peace Facility is an off-budget fund outside the Financial Framework

I. SINGLE MARKET, INNOVATION & DIGITAL

Investing in:

- Research and Innovation
- Key strategic infrastructure
- Strengthening the Single Market
- Strategic space projects

Europe's future prosperity depends on the investment decisions we take today. The EU budget has long been a vital source of investment across Europe. Stepping up investment now in areas such as research, strategic infrastructure, digital transformation and the Single Market will be key to unlocking future growth and tackling common challenges such as decarbonisation and demographic change.

The new European research programme, **Horizon Europe**, will help Europe remain at the forefront of global research and innovation. As highlighted in the report of the High Level Group chaired by Pascal Lamy[11], investment in research will allow the Union to compete with other developed and emerging economies, ensure a prosperous future for its citizens, and preserve its unique social model. Building on the success of Horizon 2020, the new programme will continue to promote research excellence and strengthen the focus on innovation, for instance through the development of prototypes, intangible assets, knowledge and technology transfer. A new **European Innovation Council** will provide a one-stop shop for high potential and disruptive innovators, aiming to make Europe a front runner in market-creating innovation.

Building on the success of the European Fund for Strategic Investments in catalysing private investments throughout Europe, the Commission proposes to set up a new, fully integrated investment fund, **InvestEU**. In this way, a relatively limited amount of public resources can be used to mobilise significant private resources for much needed investments. With the European Investment Bank Group as the main implementing partner and other partners such as National Promotional Banks contributing to the delivery, InvestEU will anchor all centrally managed financial instruments inside the EU in a single, streamlined structure. This new approach will reduce overlaps, simplify access to funding and reduce administrative burden. With a contribution from the EU budget of EUR 15.2 billion[12], InvestEU is expected to mobilise more than EUR 650 billion of additional investment across Europe.

Cross-border infrastructure is the backbone of the Single Market, helping goods, services, businesses and citizens to move freely across borders. Through the reformed **Connecting Europe Facility**, the Union will continue to invest in trans-European transport, digital and energy networks. The future programme will better exploit the synergies between transport, digital and energy infrastructure, for example through developing alternative fuels infrastructure or sustainable and smart grids underpinning the Digital Single Market and the Energy Union. Building on the

[11] See the report on "Investing in the European Future we want – Report of the independent High Level Group on maximising the impact of EU Research and Innovation Programmes".

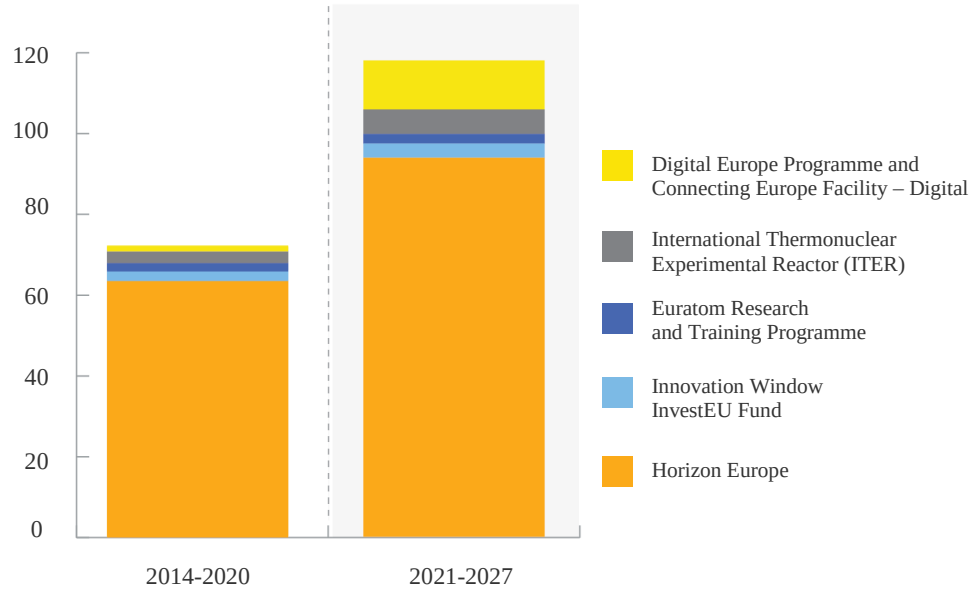
[12] Unless indicated otherwise, amounts presented in this Communication are in current prices. Figures expressed in current prices include the effect of inflation. They are calculated using a 2% annual inflation adjustment.

successful approach of the current programming period, part of the Cohesion Fund allocation (EUR 11.3 billion) will be transferred to the Connecting Europe Facility for transport projects offering high European added value.

In order to bridge the current digital investment gap, the Commission proposes to establish a new **Digital Europe Programme** to shape and support the digital transformation of Europe's society and economy. Technological change and digitisation are changing our industries, societies, jobs and careers, as well as our education and welfare systems. By supporting strategic projects in frontline areas such as artificial intelligence, supercomputers, cybersecurity or industrial digitisation, and investing in digital skills, the new programme will help to complete the Digital Single Market, a key priority of the Union. The Commission proposes a combined increase of 64% in research, innovation and digital investment under direct management in the next Financial Framework. These investments will be complemented by research, innovation and digital projects supported by the European Structural and Investment Funds.

Investing in the future

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission

A fully integrated **space programme** will bring together all of our activities in this highly strategic field. This will provide a coherent framework for future investment, offering increased visibility and more flexibility. By improving efficiency, it will ultimately help roll out new space-driven services that will benefit all EU citizens. The EU budget will also continue to fund Europe's contribution to the development of the **International Thermonuclear Experimental Reactor**

(ITER) project to develop a viable source of safe and environmentally friendly energy for the future.

The Commission is also proposing a new, dedicated programme to support the smooth running of the **Single Market**, Europe's best asset to generate growth in globalised markets, and contribute to the development of a **Capital Markets Union**. Building on the success of the current programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), the Commission proposes to strengthen the support given to small business – the engine of our economy – to scale up and expand across borders. The new programme will help companies and consumers to better exploit the potential of the Single Market by putting in place information tools, developing standards, and supporting cooperation between administrations.

The Commission proposes to renew and reinforce the **Customs** programme, so as to support the further digitisation and modernisation of the customs union, which celebrates its 50th anniversary this year. In parallel, the **Fiscalis** programme will underpin deepened cooperation between tax administrations, including shared efforts to combat tax fraud and tax avoidance.

II. COHESION & VALUES

Investing in:

- Regional development and cohesion
- Completing the Economic and Monetary Union
- People, social cohesion and values

Economic and social conditions across Europe are improving and employment is strong in many parts of the Union. However, the effects of the economic crisis are still being felt in some parts of Europe. Some regions have fallen further behind, partly due to the effects of globalisation and the digital transformation. Significant disparities persist in the Union and societies face a range of new challenges. The EU budget plays a crucial role in contributing to sustainable growth and social cohesion, and in promoting common values and a sense of belonging to the EU.

The Commission is proposing to modernise and strengthen **Cohesion Policy**[13]. Working together with other programmes, the funds will continue to offer essential support to Europe's Member States and regions. The aim is to drive up convergence, to help reduce economic, social and territorial disparities within Member States and across Europe, as well to support delivering on the political priorities agreed in Bratislava and Rome.

Cohesion Policy will play an increasingly important role in supporting the ongoing economic reform process in the Member States. The Commission proposes to **strengthen the link between the EU budget and the European Semester** of economic policy coordination, which takes regional specificities into account. The Commission will propose dedicated investment-related guidance alongside the annual Country-Specific Recommendations, both ahead of the programming

[13] Cohesion Policy is delivered through three main funds, the European Fund for Regional Development, the European Social Fund and the Cohesion Fund.

process and at mid-term to provide a clear roadmap for investment in reforms that hold the key to a prosperous future.

Economic and social conditions differ significantly between regions. Whereas there has been important upward convergence in many areas, some regions have actually diverged in recent years, even in relatively richer countries. This evolution should be reflected in Cohesion Policy, so that no region is left behind. The **relative per capita gross domestic product will remain the predominant criterion for the allocation of funds** – as the main objective of Cohesion Policy is and will remain to help Member States and regions lagging economically or structurally behind to catch up with the rest of the EU – while other factors such as unemployment (notably youth unemployment), climate change and the reception/integration of migrants will also be taken into account. The Commission also proposes to increase national co-financing rates to better reflect today's economic realities. This will have the benefit of increasing ownership at national level, sustaining larger investment volumes and improving their quality. Due consideration will be given to the specificities of the outermost regions and sparsely populated areas.

The new legal framework will also allow for more efficient links with other EU programmes. For example, Member States will be able to transfer some of their allocated funds to the **InvestEU** fund, in order to have access to the guarantee provided by the EU budget. They will also be able to fund "Seal of Excellence" projects identified by the **Horizon Europe** programme as internationally excellent projects in their regions. This will help ensure that investment in infrastructure is well-coordinated with other EU investment in crucial areas such as research and innovation, digital networks, decarbonisation, social infrastructures and skills.

As announced by the Commission in December 2017[14], the future of the EU budget cannot be separated from the goal to bring about a more stable and efficient **Economic and Monetary Union**, to the benefit of the Union as a whole. Under the Treaties, all Member States of the EU are part of the Economic and Monetary Union, also the Member States with a derogation or an opt out, which all participate therefore in the European Semester process. Under the Treaties, the euro is the currency of the EU, and economic convergence and stability are objectives of the Union as a whole. This is why the tools to strengthen the Economic and Monetary Union must not be separate but part and parcel of the overall financial architecture of the Union.

THE EU BUDGET AND THE ECONOMIC AND MONETARY UNION

A stable euro area is a precondition for the financial stability and prosperity of the entire Union. As announced in the package on **Deepening Europe's Economic and Monetary Union** of 6 December 2017, the Commission is proposing new budgetary instruments for a stable euro area and for convergence towards the euro area within the Union framework. These new instruments will complement other EU funds, including the European Structural and Investment Funds and InvestEU, in supporting economic convergence, financial stability, job creation and investment.

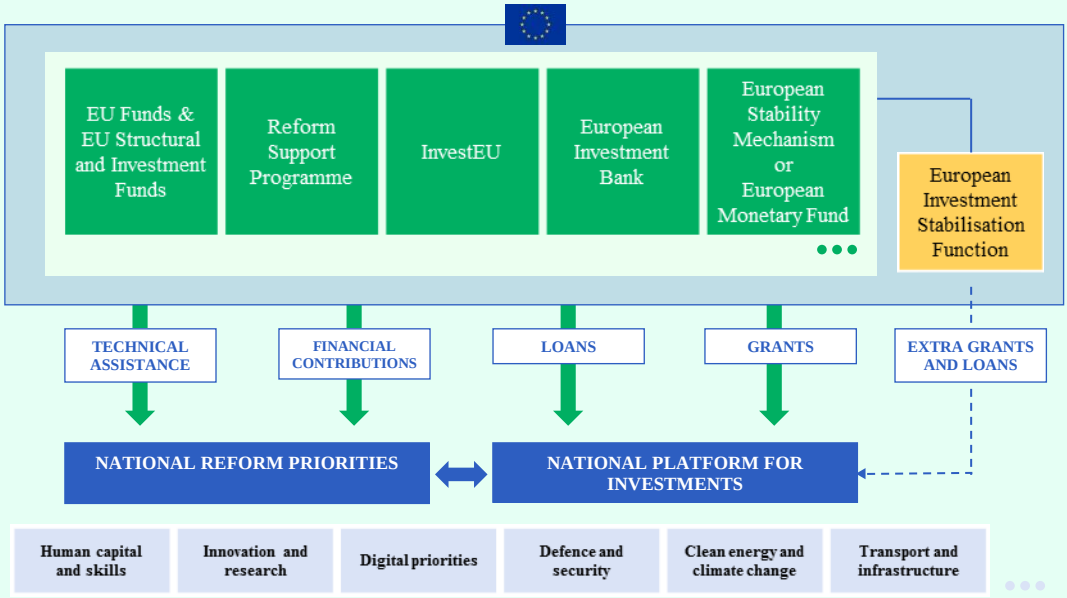
A new, strong **Reform Support Programme** will offer technical and financial support for reforms at national level with an overall budget of EUR 25 billion. This new programme will be separate but complementary to the future European Structural and Investment Funds. It will include a **Reform Delivery Tool** providing financial incentives across *all* Member States for key reforms identified as part of the European Semester. It will focus on those reforms that can contribute most to making domestic economies more robust and that have positive spill over effects on other Member States. These include reforms in product and labour markets, education, tax reforms, the development of capital markets, reforms to improve the business environment as well as investment in human capital

[14] COM(2017) 822.

and public administration reforms. This new programme will also include a dedicated **Convergence Facility** to support non-euro area Member States seeking to adopt the single currency during the period of the next Multiannual Financial Framework. Allocations foreseen for the Convergence Facility will be transferred to the Reform Delivery Tool if by the end of 2023 an eligible Member State has not taken the necessary steps to claim support from the Convergence Facility. Participation in all three legs of the Reform Support Programme will be voluntary and Member States will keep full ownership of the reforms carried out.

A new **European Investment Stabilisation Function** will complement existing instruments at national and European level to absorb large asymmetric macroeconomic shocks in the euro area. As shown in the recent crisis, national automatic stabilisers alone may not be sufficient to cope with large asymmetric shocks and the cuts in investment that often result. In addition to the existing mechanisms, it is proposed that the EU budget will guarantee back-to-back loans of up to EUR 30 billion. The loans will be available to Member States complying with strict eligibility criteria for sound fiscal and economic policies. The European Investment Stabilisation Function will also provide an interest rate subsidy in order to provide the necessary funding for national budgets to maintain investment levels. This subsidy will be financed from contributions from euro area Member States equivalent to a share of monetary income (*seigniorage*). The European Investment Stabilisation Function could be complemented over time by additional sources of financing outside the EU budget, such as an insurance mechanism financed from voluntary contributions by Member States as well as a possible role for the European Stability Mechanism and for the future European Monetary Fund. The European Investment Stabilisation Function will be open to non-euro area Member States if they contribute to its financing according to the European Central Bank capital subscription key.

New budgetary instruments for a stable euro area within the Union



Source: European Commission. Update of COM(2017) 822

The EU budget also has a vital role to play in delivering on the promises made by Leaders at the Gothenburg Social Summit in November 2017. This means strengthening the social dimension of the Union, including through the full implementation of the **European Pillar of Social Rights**. Within Cohesion Policy, a strengthened and restructured **European Social Fund** will amount to around EUR 100 billion over the period, representing a share of about 27% of cohesion expenditure. It will provide targeted support to youth employment, up- and re-skilling of workers, social inclusion and poverty reduction. To maximise the impact of funding in this area, the Commission proposes to pool the resources of the European Social Fund, the Youth Employment

Initiative, the Fund for European Aid to the Most Deprived, the Employment and Social Innovation programme and the Health programme into one comprehensive instrument.

The Commission proposes a **stronger "youth" focus** in the next Financial Framework. This will be achieved by **more than doubling the size of Erasmus+** and the European Solidarity Corps. The Erasmus+ programme, one of the Union's most visible success stories, will continue to create opportunities for the education and mobility of young people. The focus will be on inclusiveness, and to reach more young people from disadvantaged backgrounds. This will allow more young people to move to another country to learn or work. A more powerful Erasmus+ programme will reach a size of EUR 30 billion over the period and also include an amount of EUR 700 million for Interrail passes for young people. The Commission also proposes to establish a single **European Solidarity Corps**, integrating the existing EU Aid Volunteers programme. This will offer European citizens a unique opportunity to engage in humanitarian activities with people in need within and outside Europe.

The Commission proposes a new **Justice, Rights and Values Fund**, comprising the **Rights and Values** and **Justice** programmes. At a time where European societies are confronted with extremism, radicalism and divisions, it is more important than ever to promote, strengthen and defend justice, rights, and EU values, which have profound and direct implications for political, social, cultural and economic life in Europe: respect for human dignity, freedom, democracy, equality, the rule of law and human rights. Creating opportunities for engagement and democratic participation in political and civil society are essential tasks for the future EU budget. As part of the new Fund, the Justice Programme will continue to support the development of an integrated European justice area and cross-border cooperation.

Culture is and must be at the heart of the European project. Cultural and linguistic diversity as well as our cultural heritage are the defining characteristics of our continent and our European identity. Through the **Creative Europe** programme, the Commission wants to place a strong emphasis in the next budget on support for culture and the audiovisual sector, including with a strong MEDIA strand with reinforced funding to support the European creative and audiovisual industry.

The EU's crisis management instruments have proven their worth in recent years. Outside the EU budget, the Commission proposes to maintain and reinforce the **European Union Solidarity Fund**, which supports Member States in recovering after severe natural disasters, and the **European Globalisation Adjustment Fund**, which offers one-off assistance to workers who have lost their jobs in the context of a significant number of unexpected dismissals caused by the adverse effects of developments in global trade and economic disruption.

III. NATURAL RESOURCES & ENVIRONMENT

Investing in:

- Sustainable agriculture and maritime sectors and a safe, high-quality food supply
- Climate action and environmental protection

Sustainability is a common thread through the work of the Union in many different areas. This is both by necessity and by choice. Through modernised agricultural and maritime policies, dedicated funding for climate action and environmental protection, the mainstreaming of climate across the budget and enhanced integration of environmental objectives, the EU budget is a driver of sustainability.

The Commission is proposing a reformed, modernised **Common Agricultural Policy**. This will allow a fully integrated Single Market for agricultural goods in the EU to be maintained. It will also ensure access to safe, high quality, affordable, nutritious and diverse food. The reformed policy will place greater emphasis on the environment and climate. It will support the transition towards a fully sustainable agricultural sector and the development of vibrant rural areas.

The reformed policy will, with EUR 365 billion[15], continue to be built around two pillars: direct payments to farmers and rural development funding. For the latter, the Commission proposes to increase national co-financing rates. Management will be shared between the EU and the Member States. The Commission proposes to introduce a **new delivery model**, shifting from today's compliance-based policy to a result-oriented policy to deliver on common objectives set at EU level but more flexibly implemented at national level.

Direct payments to farmers will remain an essential part of the policy, but will be streamlined and better targeted. A **more balanced distribution** will be promoted and a compulsory cap on amounts received or degressive payments will be introduced at farm level. This will mean that support is redistributed towards medium-sized and smaller farms, and possibly to rural development. Direct payment levels per hectare between Member States will continue to **converge** towards the EU average.

The new policy will require a **higher level of environmental and climate ambition** by strengthening conditionality for direct payments, consistent with environmental policies, ring-fencing a significant part of rural development funding for actions beneficial to the climate and the environment and introducing voluntary eco-schemes in the budget for direct payments within a performance-based and strategic framework.

In order to address crises generated by unforeseeable developments in international markets, or by a specific shock to the agricultural sector due to actions undertaken by third countries, a **new crisis reserve** will be established.

Through the **European Maritime and Fisheries Fund**, the EU budget will continue to support a sustainable **EU fisheries sector** and the coastal communities dependent on it. Promoting the **blue economy** in fisheries and aquaculture, tourism, clean ocean energy or blue biotechnology, provides real European added value by encouraging governments, industry and stakeholders to develop joint approaches to drive growth, while safeguarding the marine environment.

The Commission proposes to continue and strengthen the well-established programme for the environment and climate action, **LIFE**, which will also support measures promoting energy efficiency and clean energy. To supplement targeted nature preservation efforts, the Commission is also reinforcing the synergies with Cohesion Policy and the Common Agricultural Policy to finance investment in nature and biodiversity.

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[15] In addition, an amount of EUR 10 billion will be foreseen in Horizon Europe to support research and innovation in food, agriculture, rural development and the bioeconomy.

More broadly, in line with the Paris Agreement and the commitment to the United Nations Sustainable Development Goals, the Commission proposes to set a more ambitious goal for **climate mainstreaming** across all EU programmes, with a target of 25% of EU expenditure contributing to climate objectives.

IV. MIGRATION & BORDER MANAGEMENT

Investing in:

- A comprehensive approach to managing migration
- Strengthening the management of external borders

The challenges of managing refugee flows and migration confirm the need for action at European level. The EU budget played a key role in funding a common response to the various dimensions of the migration crisis. The Commission proposes to increase support to strengthen our external borders, to improve the asylum system within the Union, and to step up the management and long-term integration of migrants.

The **effective protection of our external borders** is a prerequisite for ensuring a safe area for the free movement of persons and goods within the Union. This includes the proper management of flows of persons and goods and safeguarding the integrity of the customs union. A new integrated **Border Management Fund** will provide vital and reinforced support to Member States in the shared responsibility of securing the common external borders of the Union. The Fund will cover border management, visas and customs control equipment. It will help ensure equivalence in the performance of customs controls at the external borders. This will be achieved by addressing the current imbalances between Member States due to geographical, capacity and resource differences. This will not only strengthen customs controls but also facilitate legitimate trade, contributing to a secure and efficient customs union.

In an increasingly interconnected world and given the demographic dynamics and instability in Europe's neighbourhood, migration will continue to remain a long-term challenge for the Union. It is clear that this can be better managed by Member States, with the financial and technical support of the EU. The role of the Union budget is therefore pivotal in supporting the management of asylum seekers and migrants, in developing search and rescue capacities to save the lives of those attempting to reach Europe, in managing effective returns and in other actions that need a coordinated response beyond the capacity of individual Member States.

The Commission proposes to reinforce the **Asylum and Migration Fund** to support the work of national authorities to provide reception to asylum seekers and migrants in the period immediately after arrival on EU territory, as well as developing a common asylum and migration policy and ensuring effective returns. Cohesion Policy will provide support to facilitate the long-term integration after the initial phase of reception. The instruments under the external policy will address the root causes of migration and support cooperation with third countries on migration management and security, thus contributing to the implementation of the Partnership Framework on migration.

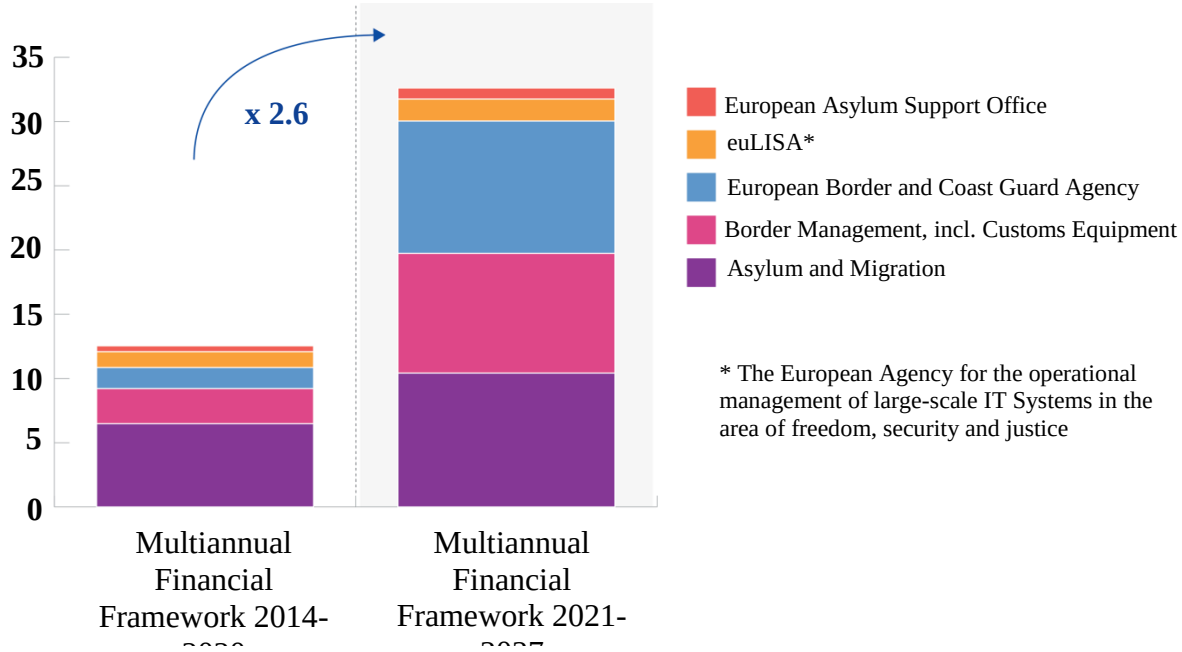
These efforts need to be complemented by a strong and fully operational **European Border and Coast Guard (FRONTEX)** at the core of a fully integrated EU border management system. The Commission proposes to create a standing corps of around 10,000 border guards by the end of the financial period. It will also provide financial support and training for the increase of the national border guard component in Member States. This will also allow for the stepping up of operational

capacity, the reinforcement of existing tools and the development of EU wide information systems for borders, migration management and security.

Overall, the EU budget for the management of external borders, migration and refugee flows will be significantly reinforced, totalling nearly EUR 33 billion, compared to EUR 12.4 billion for the period 2014-2020.

A strong focus on migration and protecting our external border

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission

V. SECURITY & DEFENCE

Investing in:

- The security and safety of Europe's citizens
- Improving Europe's defence capacities
- Response to crisis

Over recent years, security threats have intensified and diversified in Europe. They have come in the form of terrorist attacks, new types of organised crime, as well as cybercrime. Security has an inherently cross-border dimension and therefore a strong, coordinated EU response is required. Beyond internal security challenges, Europe faces complex external threats that no Member State can meet on its own. To be ready to protect its citizens, Europe also needs a step change to enhance its strategic autonomy and to build well-designed and streamlined instruments in relation to defence.

The Commission proposes to reinforce the **Internal Security Fund** in order to develop networks and common systems for efficient cooperation between national authorities and to improve the capacity of the Union to face these security threats. This will be complemented by efforts to strengthen **cybersecurity** in all relevant programmes focused on digital technologies, infrastructures and networks, research and innovation as well as targeted defence against cybercrime, notably through the Digital Europe Programme and Horizon Europe.

The Commission also proposes to reinforce the **European Union Agency for Law Enforcement Cooperation (Europol)**. This will increase its ability to support the work of national authorities and provide a European response to security threats.

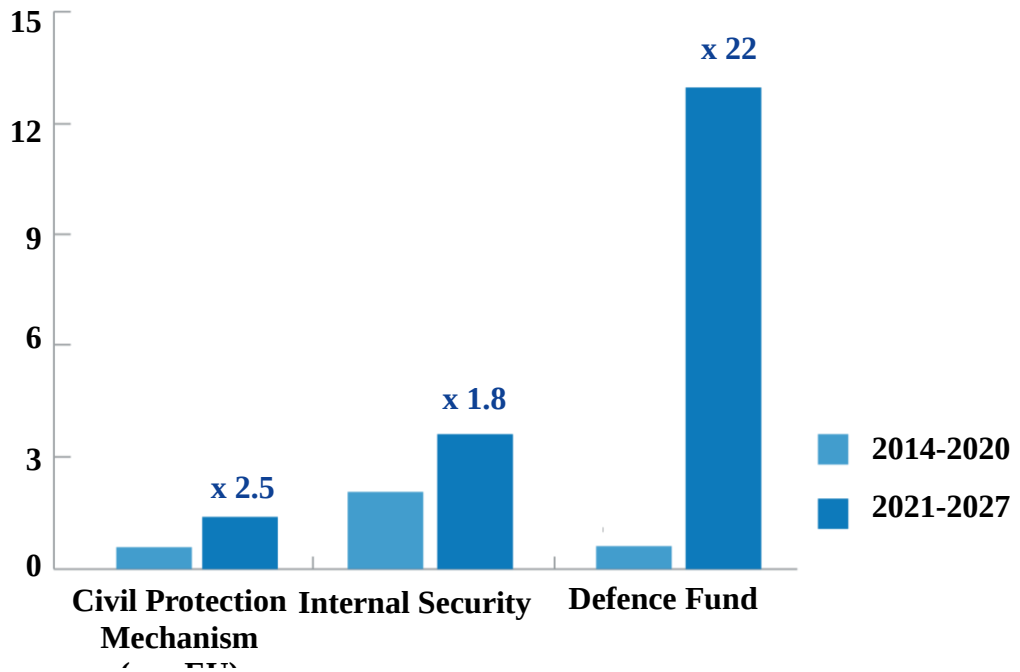
The Union will continue to provide strictly targeted financial support for the **decommissioning and safety of nuclear activities** in some Member States (Lithuania, Bulgaria and Slovakia), as well as its own nuclear installations. The EU budget will also provide lasting support for the health of workers and the general public, preventing environmental degradation and contributing to nuclear safety and security.

In the area of **defence**, the Union will need to take greater responsibility for protecting its interests, values and the European way of life, complementing the work of the North Atlantic Treaty Organisation. While Europe cannot substitute Member States' efforts in defence, it can encourage and leverage their collaboration in developing the defence capabilities needed to address common security challenges. The Commission proposes a strengthened **European Defence Fund** that will aim to foster the competitiveness and innovative capacity of the defence industry throughout the Union by supporting collaborative actions at each stage of the industrial cycle, starting with research. This will avoid duplication, allow for economies of scale and ultimately result in a more efficient use of taxpayers' money. In addition, the Commission proposes that the Union enhances its strategic transport infrastructures so as to make them fit for **military mobility**, through the Connecting Europe Facility.

Developments in recent years have shown that the Union must be able to deploy operational assistance rapidly to deal with unexpected developments, natural and man-made disasters. This is why the Commission is proposing to increase the resources available for **crisis response**. This will be achieved through a reinforced **Civil Protection Mechanism** (***rescEU***) and an enlarged **Emergency Aid Reserve**, to provide financial means above the ceilings set in the Financial Framework in case of emergencies inside and outside the Union. The Commission also proposes maintaining **unallocated reserves** in certain programmes, such as the Asylum and Migration Fund and the Internal Security Fund, to be used in the event of crisis and emergency situations.

A step change for security and defence

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission

VI. NEIGHBOURHOOD & THE WORLD

Investing in:

- The Union's external action in its neighbourhood, in developing countries and the rest of the world
- Assistance for countries preparing for accession to the Union

The challenges for the EU's external action, including those defined in the Global Strategy for the EU Foreign and Security Policy, the reviewed European Neighbourhood Policy, and the new European Consensus on Development, require a significant modernisation of the external dimension of the budget to increase its effectiveness and visibility. Stronger co-ordination between external and internal policies is also needed with a view to implementing the Sustainable Development Goals and the Paris Climate Agreement, as well as the Partnership Framework with third countries on migration.

The Commission is therefore proposing a **major restructuring** of the Union's external action instruments to provide more coherence between instruments, to exploit economies of scale and synergies between programmes and to simplify processes. This will make the Union better equipped to pursue its goals and project its interests, policies and values globally.

The proposed new architecture for the Union's external action instruments reflects the need to focus on strategic priorities both geographically – the European **Neighbourhood, Africa and the Western Balkans**, as well as countries that are fragile and most in need, but also thematically – security, migration, climate change and human rights.

The Commission proposes to bring together most of its existing instruments into a broad **Neighbourhood, Development and International Cooperation Instrument** with worldwide coverage. The financial architecture will be further simplified via the **integration of the European Development Fund**, to date the EU's main instrument for providing assistance to African, Caribbean and Pacific countries and to overseas countries and territories[16].

The broad instrument will have ring-fenced budget allocations per geographical region, including the Neighbourhood and Africa. At the same time it will offer more flexibility in responsiveness and a wider range of options for actions to better serve the Union's priorities. This will also include a "**emerging challenges and priorities cushion**" to allow for flexibility in response to existing or emerging urgent priorities, notably in the areas of stability and migration.

Building on the European External Investment Plan and its European Fund for Sustainable Development, a new **external investment architecture** will allow for the "crowding-in" of

[16] The Commission proposal for the integration of the European Development Fund is among the elements requiring an increase of the Own Resources ceiling. It will in addition be essential that the rules governing the Neighbourhood, Development and International Cooperation Instrument include similar flexibility provisions to those in place for the current European Development Fund.

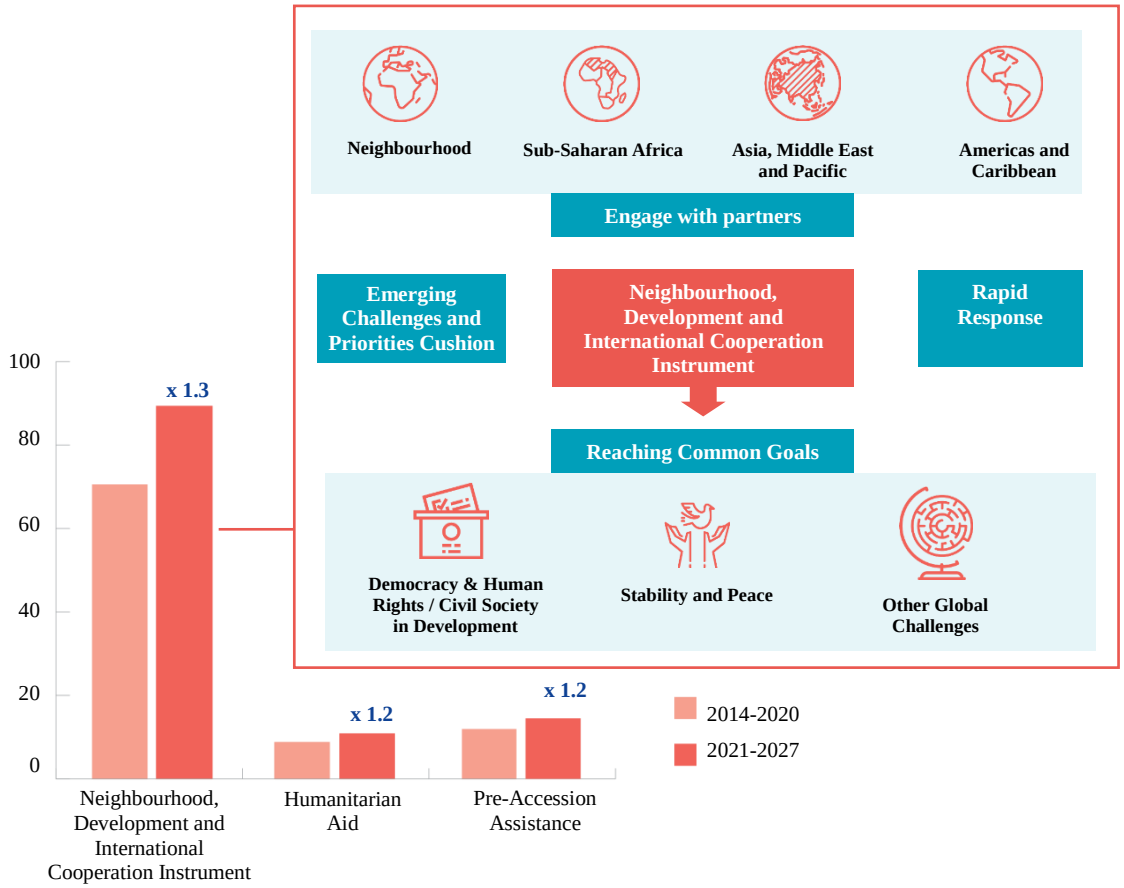
additional resources from other donors and from the private sector. This will help to address development challenges, by complementing grants with budget guarantees, other market-based instruments, technical assistance, "blending", and possible participation in the capital of development financial institutions, allowing to further advance the Union's objectives and policies. In addition, **macrofinancial assistance** will contribute to addressing economic crises.

The **Instrument for Pre-Accession Assistance** will support candidate countries and potential candidates on their path to fulfilling the accession criteria. It will moreover contribute to the achievement of broader European objectives of ensuring stability, security and prosperity in the immediate neighbourhood of the Union. It will also be positioned in the context of the Western Balkans Strategy and will reflect the developments in relations with Turkey.

Together with its international partners and action by Member States, the Union will continue to play a leading role in humanitarian assistance. The Commission proposes a strengthened **Humanitarian Aid instrument** to provide needs-based delivery of EU assistance to save and preserve lives, prevent and alleviate human suffering, and safeguard the integrity and dignity of populations affected by natural disasters or man-made crises.

Europe as a strong global player

In billion euro, current prices



Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27, including the European Development Fund (estimate)

Source: European Commission

The Union must also contribute to the prevention of crises, restoration of peace, public order, or stabilisation of all countries or regions in the world faced with conflict or disorder. Under the Treaties, the EU budget is not able to cover all EU areas of action in the field of external security and defence. This has hampered the impact, effectiveness and sustainability of the overall EU action. To address this, the High Representative of the Union for Foreign Affairs and Security Policy, with the support of the Commission, will propose a separate extra-budgetary funding mechanism, the **European Peace Facility**. This Facility aims to close the current gap in the EU's ability to conduct Common Security and Defence Policy missions and to provide military and defence assistance to relevant third countries, international and regional organisations. The Facility will allow the Union to do more and to act more swiftly to prevent conflicts, promote human security, address instability and work towards a safer world.

VII. EUROPEAN PUBLIC ADMINISTRATION

Investing in:

- An efficient and modern public administration at the service of all Europeans

The European public administration is small in comparison with national and even many regional and local administrations. However, it plays a crucial role in helping the Union to deliver on its priorities and to implement policies and programmes in the common European interest.

In recent years, the European administration has undergone **deep reform**. As part of the agreement on the current Multiannual Financial Framework in December 2013, the reform of the staff regulations introduced **significant efficiency measures**[17]. In addition, institutions undertook to **reduce staffing levels by 5%**. The Commission has implemented this commitment in full and other institutions, bodies, and agencies are also implementing this reduction, leading to a decrease of the relative share of the Commission's staff in all European bodies. The Court of Auditors has recently concluded that the reduction has broadly been achieved by all institutions and bodies.

It should be noted that these reforms were made at a time when the Union's staff needed to intensify work, take on new tasks in new priority areas, and address unforeseen challenges such as the migration and refugee crises.

The European public administration should seek to operate as efficiently as possible. The Commission is continually seeking to make the most of synergies and efficiencies. However, the administration must be adequately resourced to deliver on its essential functions. The need to invest in information technologies and the upgrading of buildings will not disappear in the future. The withdrawal of the United Kingdom will result in a limited reorientation of some functions within the administration but the scope of activities will not change – and in some new priority areas will

[17] These reforms included a two-year salary freeze accompanied by an increase of working time to 40 hours a week without compensation, the creation of a more moderate salary scale for secretarial and clerical jobs, and the reduction of annual leave. The reform also substantially affected pension entitlements by means of a reduction in end-of-career salaries, a higher retirement age and reduction of the pension accrual rate.

be intensified. Translation and interpretation services in the English language will also remain unaffected.

The ceiling set for the Union's administrative expenditure in 2020 represents 6.7% of the overall Multiannual Financial Framework. This covers the administrative expenditure of all EU institutions, pensions and the costs of the European Schools. Following the significant efforts made notably by the Commission in the current period, a further reduction would call into question the functioning of the EU institutions and efficient policy delivery and implementation. A strong European Union with many additional tasks entrusted to it by the Member States needs an efficient and agile civil service, **capable of attracting talented people from *all* Member States** to work for the benefit of all Europeans. The Commission therefore proposes to maintain the situation of administrative spending at its current level[18].

4. MATCHING PRIORITIES WITH RESOURCES

To turn the political priorities agreed at EU level into results on the ground, well-designed programmes must be equipped with sufficient resources to make a difference. As explained in the Commission's contribution to the Informal Leaders' Meeting in February[19], decisions taken on levels of financing for the future long-term budget cannot be separated from the Union's ambitions in each of the priority areas.

The Commission's proposals are based on a rigorous assessment of the resources needed to deliver efficiently on the Union's goals, and of the efficiency and added value of spending in each area. Through well-designed programmes, efficient implementation and intelligent combination with other sources of financing, even a modest EU budget can have a significant impact. However, there are limits to what this can achieve and, if Europe wants to move forward together on its positive agenda, it will require a budget to match.

The key challenge for the future EU budget is to provide adequate support for new and existing priorities while also addressing the shortfall in national contributions resulting from the United Kingdom's withdrawal. The Commission proposes a **balanced approach**. New priorities should be financed predominantly by new resources. The shortfall arising from the United Kingdom's departure should be partly matched by new resources and partly by savings and redeployments from existing programmes.

In order for the EU budget to make a meaningful contribution in many of the new priority areas, in particular where new instruments are being created, current levels of funding will need to be increased. Investing now in areas such as research and innovation, young people and the digital economy will pay rich dividends for future generations. This is why the Commission proposes significant increases in priority areas.

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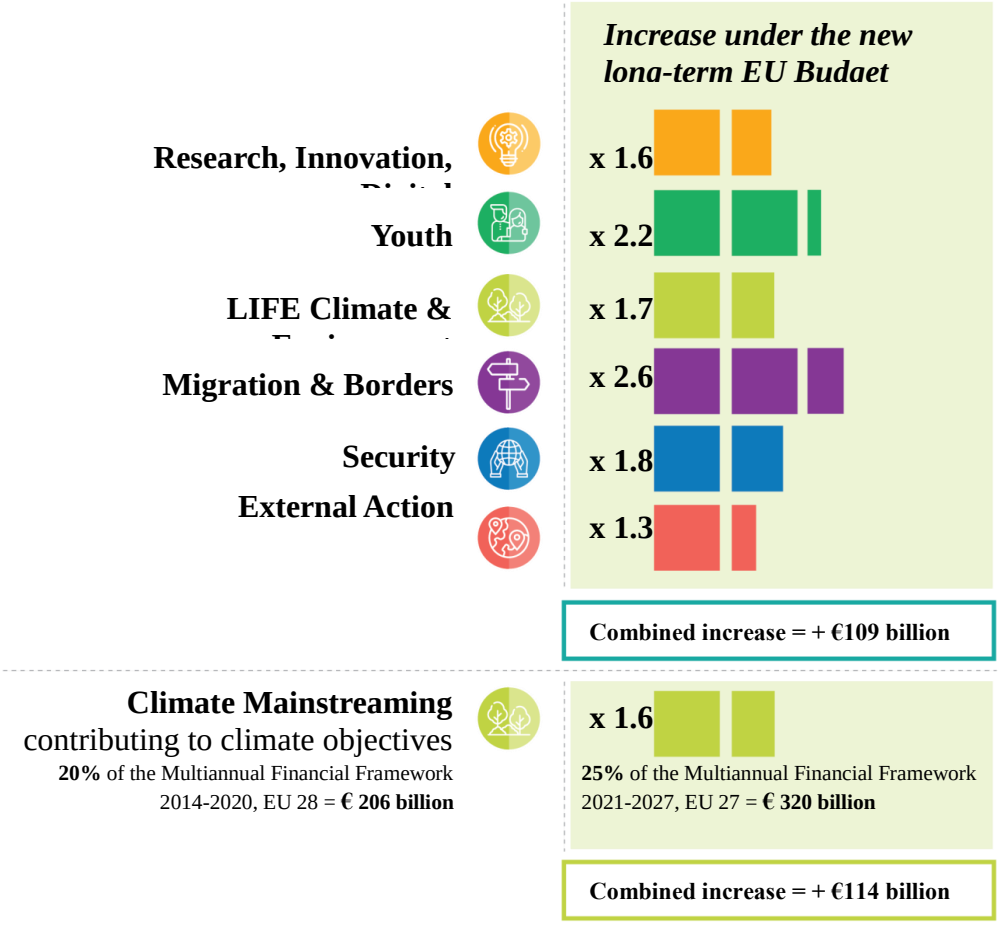
[18] In the framework of the mid-term review of the Multiannual Financial Framework in 2023, the Commission will reflect on the feasibility of the creation of a capital-based pension fund for EU staff.

[19] COM(2018) 98.

New and reinforced priorities for the Union at 27



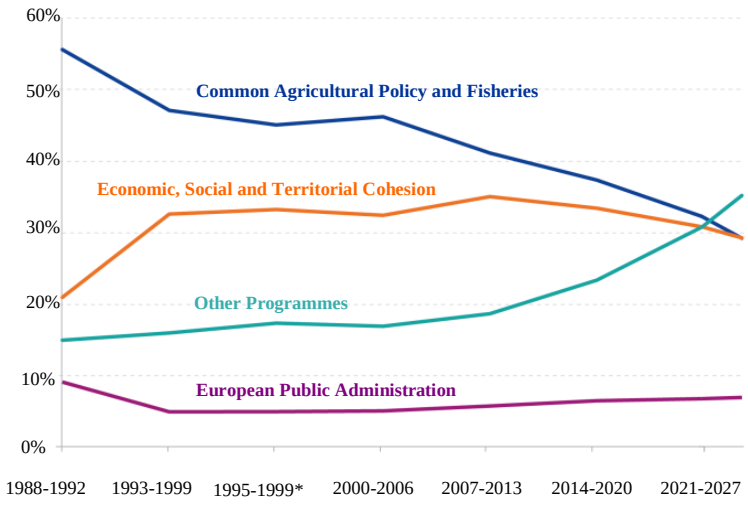
Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27, including the European Development Fund (estimate)

Source: European Commission

At the same time, the Commission has critically examined where savings can be made without undermining the added value of EU programmes. As part of this effort, the Commission proposes that the budget allocation to the Common Agricultural Policy and Cohesion Policy be moderately reduced to reflect the new context and to free up resources for other activities. The modernisation of these policies will allow them to continue to deliver on their core objectives while also contributing to new priorities. For example, Cohesion Policy will have an increasingly important role to play in supporting structural reform and the integration of migrants.

The result of these changes will be a rebalancing of the budget and an increasing focus on the areas where the European added value is highest.

Evolution of main policy areas in the EU budget



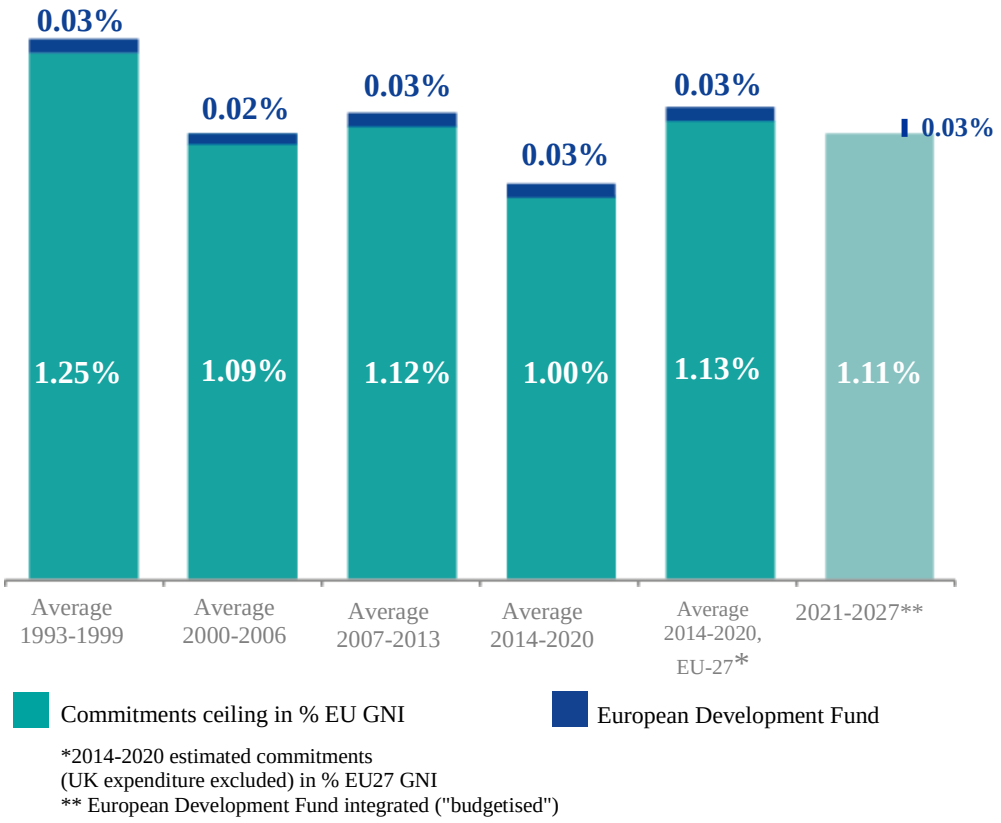
*Adjusted for 1995 enlargement

Source: European Commission

Overall, through a combination of additional contributions and savings, the Commission proposes a Multiannual Financial Framework of EUR 1,279 billion in commitments over the period 2021-2027, equivalent to 1.114% of the EU-27 gross national income. This is comparable to the size of the current Financial Framework in real terms including the European Development Fund[20].

[20] The European Development Fund corresponds to around 0.03% of the EU-27 gross national income.

The size of the EU budget as a percentage of gross national income (GNI)



This level of commitments translates into EUR 1,246 billion in payments, corresponding to 1.08% of the EU-27 gross national income, to implement the current and future spending programmes until 2027. In order to ensure compliance with the own resources ceiling in force, in particular in the first two years of the next Multiannual Financial Framework, the Commission proposes a reduction of the pre-financing rate for Cohesion Policy and rural development programmes.

The proposed Financial Framework will run for seven years, from 2021 to 2027, with a **mid-term review** in 2023. The Commission recognises the merit of progressively synchronising the duration of the Financial Framework with the five-year political cycle of the European institutions. However, moving to a five-year cycle in 2021 would not offer an optimal alignment[21]. The proposed seven-year cycle will give the Commission taking office following the European elections of 2024 the opportunity to present, if it so chooses, a new framework with a duration of five years, starting in 2028.

[21] European Parliament Resolution of 14 March 2018 on "The next Multiannual Financial Framework: Preparing the Parliament's position on the Multiannual Financial Framework post-2020", point 23.

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million - current prices)

Commitment appropriations	2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
1. Single Market, Innovation and Digital	**25.421**	**25.890**	**26.722**	**26.604**	**27.000**	**27.703**	**28.030**	**187.370**
2. Cohesion and Values	**54.593**	**58.636**	**61.897**	**63.741**	**65.645**	**69.362**	**68.537**	**442.412**
Of which: Economic, social and territorial cohesion	48.388	49.890	51.505	53.168	54.880	56.647	58.521	373.000
3. Natural Resources and Environment	**53.403**	**53.667**	**53.974**	**54.165**	**54.363**	**54.570**	**54.778**	**378.920**
Of which: Market related expenditure and direct payments	40.300	40.527	40.791	40.931	41.072	41.214	41.357	286.195
4. Migration and Border Management	**3.264**	**4.567**	**4.873**	**5.233**	**5.421**	**5.678**	**5.866**	**34.902**
5. Security and Defence	**3.347**	**3.495**	**3.514**	**3.695**	**4.040**	**4.386**	**5.039**	**27.515**
6. Neighbourhood and the World	**15.669**	**16.054**	**16.563**	**17.219**	**18.047**	**19.096**	**20.355**	**123.002**
7. European Public Administration	**11.024**	**11.385**	**11.819**	**12.235**	**12.532**	**12.949**	**13.343**	**85.287**
Of which: Administrative expenditure of the institutions	8.625	8.877	9.197	9.496	9.663	9.951	10.219	66.028
TOTAL COMMITMENT APPROPRIATIONS	**166.721**	**173.694**	**179.363**	**182.892**	**187.047**	**193.743**	**195.947**	**1.279.408**
as a percentage of GNI	1,12%	1,13%	1,13%	1,12%	1,11%	1,11%	1,09%	1,11%
TOTAL PAYMENT APPROPRIATIONS	**159.359**	**163.969**	**177.350**	**180.897**	**184.515**	**188.205**	**191.969**	**1.246.263**
as a percentage of GNI	1,07%	1,07%	1,12%	1,10%	1,09%	1,08%	1,07%	1,08%
Margin available	0,22%	0,22%	0,17%	0,19%	0,20%	0,21%	0,22%	0,21%
Own Resources ceiling as a percentage of GNI*	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%

** The percentages are without prejudice to the ceiling set out in the Own Resources Decision in force*

OUTSIDE THE MFF CEILINGS								
Special Instruments:								
Emergency aid reserve	637	649	662	676	689	703	717	4.734
European Globalisation Adjustment Fund (EGF)	212	216	221	225	230	234	239	1.578
European Union Solidarity Fund (EUSF)	637	649	662	676	689	703	717	4.734
Flexibility instrument	1.061	1.082	1.104	1.126	1.149	1.172	1.195	7.889
European Investment Stabilisation Function*	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
European Peace Facility	800	1.050	1.300	1.550	1.800	2.000	2.000	10.500
TOTAL OUTSIDE THE MFF CEILINGS	**3.347**	**3.648**	**3.950**	**4.253**	**4.557**	**4.812**	**4.868**	**29.434**
TOTAL MFF + OUTSIDE THE MFF CEILINGS	**170.068**	**177.341**	**183.313**	**187.145**	**191.604**	**198.555**	**200.816**	**1.308.843**
as a percentage of GNI	1,14%	1,15%	1,16%	1,14%	1,13%	1,14%	1,11%	1,14%

** For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.*
Current prices are calculated by applying annually a fixed deflator of 2% to the amounts in 2018 prices.

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million - 2018 prices)

Commitment appropriations	2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
1. Single Market, Innovation and Digital	**23.955**	**23.918**	**24.203**	**23.624**	**23.505**	**23.644**	**23.454**	**166.303**
2. Cohesion and Values	**51.444**	**54.171**	**56.062**	**56.600**	**57.148**	**59.200**	**57.349**	**391.974**
Of which: Economic, social and territorial cohesion	45.597	46.091	46.650	47.212	47.776	48.348	48.968	330.642
3. Natural Resources and Environment	**50.323**	**49.580**	**48.886**	**48.097**	**47.326**	**46.575**	**45.836**	**336.623**
Of which: Market related expenditure and direct payments	37.976	37.441	36.946	36.346	35.756	35.176	34.606	254.247
4. Migration and Border Management	**3.076**	**4.219**	**4.414**	**4.647**	**4.719**	**4.846**	**4.908**	**30.829**
5. Security and Defence	**3.154**	**3.229**	**3.183**	**3.281**	**3.517**	**3.743**	**4.216**	**24.323**
6. Neighbourhood and the World	**14.765**	**14.831**	**15.002**	**15.290**	**15.711**	**16.298**	**17.032**	**108.929**
7. European Public Administration	**10.388**	**10.518**	**10.705**	**10.864**	**10.910**	**11.052**	**11.165**	**75.602**
Of which: Administrative expenditure of the institutions	8.128	8.201	8.330	8.432	8.412	8.493	8.551	58.547
TOTAL COMMITMENT APPROPRIATIONS	**157.105**	**160.466**	**162.455**	**162.403**	**162.836**	**165.358**	**163.960**	**1.134.583**
as a percentage of GNI	1,12%	1,13%	1,13%	1,12%	1,11%	1,11%	1,09%	1,11%
TOTAL PAYMENT APPROPRIATIONS	**150.168**	**151.482**	**160.631**	**160.631**	**160.631**	**160.631**	**160.631**	**1.104.805**
as a percentage of GNI	1,07%	1,07%	1,12%	1,10%	1,09%	1,08%	1,07%	1,08%
Margin available	0,22%	0,22%	0,17%	0,19%	0,20%	0,21%	0,22%	0,21%
Own Resources ceiling as a percentage of GNI*	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%

**The percentages are without prejudice to the ceiling set out in the Own Resources Decision in force*

OUTSIDE THE MFF CEILINGS								
Special Instruments:								
Emergency aid reserve	600	600	600	600	600	600	600	4.200
European Globalisation Adjustment Fund (EGF)	200	200	200	200	200	200	200	1.400
European Union Solidarity Fund (EUSF)	600	600	600	600	600	600	600	4.200
Flexibility instrument	1.000	1.000	1.000	1.000	1.000	1.000	1.000	7.000
European Investment Stabilisation Function*	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
European Peace Facility	753	970	1.177	1.376	1.567	1.707	1.673	9.223
TOTAL OUTSIDE THE MFF	3.153	3.370	3.577	3.776	3.967	4.107	4.073	**26.023**
TOTAL MFF + OUTSIDE THE MFF	**160.258**	**163.836**	**166.032**	**166.179**	**166.803**	**169.465**	**168.033**	**1.160.606**
as a percentage of GNI	1,14%	1,15%	1,16%	1,14%	1,13%	1,14%	1,11%	1,14%

** For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.*

Recent experience has shown that flexibility within the framework is paramount. The numerous challenges that the Union has faced in recent years have **stretched the existing flexibilities to their limits**. The EU budget must be flexible enough to allow the Union to respond quickly and effectively to unforeseen needs. The Commission is therefore proposing to revamp the existing flexibility mechanisms and to introduce a **new "Union Reserve"**.

- **Flexibility within and between programmes**. The Commission will propose built-in reserves to create flexibility within programmes. In addition, it is proposed that the amount that can be transferred from one programme to another within the same heading will be increased from 10% to 15%. The Commission also proposes the possibility of "blending" different forms of financial support, moving between different modes of management, "reprogramming" funding at mid-term as well as specific revisions of national allocations to adjust to developments over the period. This will increase flexibility still further, while preserving the fairness of the system.

- **Flexibility between headings and years**. Beyond ensuring sufficient unallocated margins, the Commission proposes to fully exploit the Global Margin for Payments introduced under the current framework. The Commission proposes to expand the size and scope of the Global Margin for Commitments in order to establish a **"Union Reserve"**. This will be financed from margins left available under the ceilings for commitments of the previous financial year, as well as through funds that have been committed to the EU budget but ultimately not spent in the implementation of programmes. This Reserve is a powerful new tool to tackle unforeseen events and to respond to emergencies in areas such as security and migration. It will also help address the economic and social consequences of trade disruptions once other available instruments have been exploited.

- **"Special instruments"**. The Commission has reviewed the scope of special instruments such as the Emergency Aid Reserve, the European Union Solidarity Fund and the European Globalisation Adjustment Fund. These instruments allow additional financial means to be entered in the EU budget over and above the ceilings set for the Financial Framework. The Commission proposes, where appropriate, to widen the scope of the instruments, for instance by allowing the activation of the Emergency Aid Reserve for emergencies inside the EU. The Commission also proposes to streamline the procedures for mobilising these instruments, and to increase the size of the flexibility instrument to EUR 1 billion (in 2018 prices[22]) per year.

5. A MODERN SYSTEM FOR FINANCING THE EU BUDGET

The spending and revenue sides of the budget are two sides of the same coin. Both require modernisation to maximise the contribution of the EU budget to the Union's political priorities. In line with the recommendations of the High Level Group on the "Future Financing of the EU", chaired by Mario Monti[23], the Commission proposes to modernise and simplify the existing Own Resources system and diversify the sources of revenue.

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[22] EUR 1,127 billion in current prices.

[23] See the report on "Future financing of the EU" presented in January 2017 by the High Level Group set up jointly by the European Parliament, the Council and the European Commission and chaired by Mario Monti.

With the withdrawal of the United Kingdom, the associated budgetary rebate will end. The same is true for the rebates on the United Kingdom rebate that have been granted to some Member States. Rebates related to reduced call rates for the Value Added Tax-based Own Resource and the lump sum reductions for contributions based on gross national income will automatically expire at the end of 2020.

This presents an opportunity to simplify and reform the system, and to strengthen the alignment with Union policies and priorities. The Commission proposes to eliminate all corrections on the revenue side as part of a fair and balanced budget package. The collection costs retained by Member States from the traditional Own Resources will be restored from 20% to the original level of 10% to better align financial support for customs equipment, staff and information with the actual costs and needs. The impact of these measures in relation to the burden of customs control will be closely monitored.[24]

The elimination of all rebates and the reduction of collection costs for custom revenue will increase the fairness of the Multiannual Financial Framework. However, the elimination of rebates will entail significant increases of contributions for certain Member States in the next Multiannual Financial Framework compared to their current situation.

In order to avoid a significant and sudden increase in their contribution as of 2021 of these Member States, it is proposed to phase out the current rebates over time. For this purpose all corrections on the revenue side of the budget will be transformed into transparent lump sum payments per Member State. These lump sums should be gradually decreased over five years until the national contributions (measured in percent of gross national income) reach a fair level comparable to other Member States not benefiting from a rebate.

As part of the modernisation of the Own Resources system and in addition to the traditional customs duties and gross national income-based contributions to the EU budget, the Commission proposes to **simplify the current Value Added Tax** based Own Resource, to base it on standard rated supplies only, while remaining fully compatible with the recent Commission proposal for a definitive Value Added Tax system in the EU. The Commission also proposes to forge a stronger link between the financing of the budget and the Union's policies by introducing a **basket of new Own Resources**. This basket is composed of a share of revenues from:

- **Emissions Trading System**: the European Emissions Trading System is a key tool of EU action to reduce greenhouse gas emissions cost effectively and has a direct link with the functioning of the Single Market. The Commission proposes to allocate a share of 20% of the Emissions Trading System revenues to the EU budget, while protecting the correction mechanisms already embedded in the system.

- The relaunched **Common Consolidated Corporate Tax Base**, to be phased in once the necessary legislation has been adopted. This will link the financing of the EU budget directly to the benefits enjoyed by companies operating in the Single Market.

- **A national contribution calculated on the amount of non-recycled plastic packaging waste**. This will create an incentive for Member States to reduce packaging waste and

[24] Member States with specific challenges with respect to customs control will be able to benefit from a strengthened CUSTOMS programme. Furthermore, the Integrated Border Management Fund, specifically with the new Customs Control Equipment component, will help national customs to procure equipment. Finally, the Structural Reform Support Programme will provide assistance in the field of improving administrative capacity of customs.

stimulate Europe's transition towards a circular economy by implementing the European plastics strategy.

On the basis of the Commission's proposals, the new Own Resources could contribute on average EUR 22 billion per year corresponding to about 12% of total EU budget revenue. The new Own Resources will contribute to financing the new priorities in the budget. This will also allow national contributions based on gross national income to be reduced accordingly.

The proposed reforms of the system of Own Resources are about changing the way the budget is funded, not about its overall size. Diversifying the sources of budgetary income will increase the resilience of the EU budget. Coupled with the gradual rebalancing of the budget from nationally allocated programmes towards new priorities, this will help to sharpen the focus on European added value and help ensure that both sides of the budget contribute to the Union's political priorities.

The integration of the European Development Fund into the EU budget will need to be accompanied by an increase in the ceilings established in the Own Resources decision. A sufficient margin between the payments and the own resources ceiling is necessary to ensure that the Union is able - under any circumstances - to fulfil its financial obligations, even in times of economic downturns. The Commission proposes to increase the own resources ceilings for payments and commitments to 1.29% and 1.35% of the EU-27 gross national income, respectively.

6. CONCLUSION – A FRESH START FOR THE UNION AT 27

The Commission's proposals on the future Multiannual Financial Framework are the beginning of a process that will determine whether the Union has the means to deliver on the positive agenda agreed in Bratislava and Rome. The final decision will fall to the Council, acting by unanimity, with the consent of the European Parliament.

A balanced agreement on a modern EU budget will show that the Union is united, reinvigorated and ready to move forward together.

The proposals are based on an honest assessment of the resources the Union will need to deliver on its collective ambitions. They offer a fair and balanced approach to the challenges of supporting political priorities and addressing the financial consequences of the withdrawal of the United Kingdom. They show how a reformed, simpler, and more flexible budget will allow the Union to put every euro to work for all Member States and all Europeans.

Building on these foundations, the Commission will present detailed proposals for the future financial programmes between 29 May and 12 June. It will then be for the European Parliament and the Council to take them further.

Negotiations on the current Multiannual Financial Framework took too long. As a result, the launch of key financial programmes was delayed. This was more than an administrative inconvenience. It meant that projects with real potential to spur the economic recovery were postponed and vital sources of funding took longer to reach those who needed it.

This is why it is our duty to all Europeans to approach the upcoming negotiations on the long-term EU budget with the clear objective of finding an agreement before the European Parliament elections and the Leaders' Summit in Sibiu on 9 May 2019.

The Commission will do everything in its power to make a swift agreement possible. We are proposing today a fair and balanced package that, if agreed, will equip the Union at 27 with a budget that delivers efficiently for all. A positive budget for a positive agenda. A modern budget for a Union that protects, empowers and defends. A budget that will prepare our Union well for the future.

MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 (IN COMMITMENTS)

Current prices	2021	2022	2023	2024	2025	2026	2027	2021-2027
1. Single Market, Innovation and Digital	**25.421**	**25.890**	**26.722**	**26.604**	**27.000**	**27.703**	**28.030**	**187.370**
1. Research and Innovation	13.905	14.001	14.603	14.644	14.801	15.262	15.356	102.573
Horizon Europe	13.119	13.385	13.654	13.931	14.215	14.500	14.796	97.600
Of which under the InvestEU Fund	*470*	*480*	*489*	*500*	*510*	*520*	*531*	*3.500*
Of which research and innovation in food, agriculture, rural development and the bioeconomy	*1.345*	*1.372*	*1.399*	*1.427*	*1.456*	*1.485*	*1.516*	*10.000*
Euratom Research and Training Programme	322	328	335	341	349	356	369	2.400
International Thermonuclear Experimental Reactor (ITER)	934	768	1.103	872	746	926	722	6.070
Other	0,3	0,4	0,4	0,4	0,4	0,4	0,4	3
2. European Strategic Investments	6.825	7.107	7.244	6.988	7.129	7.269	7.411	49.973
InvestEU Fund	1.980	2.020	2.061	2.104	2.146	2.189	2.226	14.725
Connecting Europe Facility - Transport	1.725	1.760	1.795	1.831	1.869	1.906	1.944	12.830
Connecting Europe Facility - Energy	1.163	1.186	1.210	1.235	1.260	1.285	1.311	8.650
Connecting Europe Facility - Digital	403	411	420	428	437	445	456	3.000
Digital Europe Programme	1.338	1.513	1.538	1.167	1.190	1.213	1.237	9.194
Other	27	27	28	29	29	30	30	200
Decentralised agencies	189	190	192	195	198	202	207	1.374
3. Single Market	869	883	897	911	927	944	960	6.391
Single Market Programme (incl. COSME)	827	841	856	870	884	899	912	6.089
Of which under the InvestEU Fund	*268*	*274*	*280*	*286*	*291*	*297*	*304*	*2.000*
EU Anti-Fraud Programme	24	24	25	26	26	27	29	181
Cooperation in the field of taxation (FISCALIS)	34	34	36	37	40	43	46	270
Cooperation in the field of customs (CUSTOMS)	127	130	133	136	138	141	144	950
Other	13	13	14	14	14	15	15	98
Decentralised agencies	112	113	114	115	116	117	118	804
4. Space	2.180	2.224	2.270	2.319	2.366	2.414	2.463	16.235
European Space Programme	2.149	2.192	2.238	2.286	2.331	2.378	2.426	16.000
Decentralised agencies	31	32	32	33	34	36	37	235
Margin	1.642	1.675	1.708	1.743	1.778	1.813	1.839	12.198
2. Cohesion and Values	**54.593**	**58.636**	**61.897**	**63.741**	**65.645**	**69.362**	**68.537**	**442.412**
5. Regional Development and Cohesion	35.436	36.539	37.725	38.946	40.203	41.502	42.888	273.240
European Regional Development Fund	29.440	30.328	31.280	32.260	33.268	34.308	35.426	226.308
Cohesion Fund	5.964	6.178	6.412	6.653	6.901	7.158	7.427	46.692
Of which contribution to the Connecting Europe Facility - Transport	*1.441*	*1.493*	*1.550*	*1.608*	*1.668*	*1.730*	*1.795*	*11.285*
Support to the Turkish-Cypriot Community	32	33	34	34	35	36	36	240
6. Economic and Monetary Union *	1.350	3.653	4.956	4.659	4.162	5.165	1.168	25.113
Reform Support Programme (incl. Reform Delivery Tool and Covergence Facility)	1.335	3.637	4.940	4.643	4.146	5.149	1.151	25.000
Protection of the Euro Against Counterfeiting	1,0	1,1	1,1	1,1	1,1	1,1	1,2	8
Other	14	14	15	15	15	16	16	105
7. Investing in People, Social Cohesion and Values	17.197	17.823	18.582	19.489	20.620	22.022	23.798	139.530
European Social Fund+	13.141	13.545	13.978	14.424	14.882	15.356	15.848	101.174
Of which health, employment and social innovation	*157*	*160*	*164*	*168*	*171*	*174*	*179*	*1.174*
Erasmus+	2.959	3.143	3.441	3.882	4.513	5.408	6.654	30.000
European Solidarity Corps	148	153	161	172	187	207	232	1.260
Creative Europe	249	254	259	264	270	275	279	1.850
Justice, Rights and Values	134	135	135	136	136	136	135	947
Other	186	187	189	191	192	194	195	1.334
Decentralised agencies	379	406	419	420	440	447	454	2.965
Margin	610	621	634	647	660	673	683	4.528
3. Natural Resources and Environment	**53.403**	**53.667**	**53.974**	**54.165**	**54.363**	**54.570**	**54.778**	**378.920**
8. Agriculture and Maritime Policy	52.536	52.782	53.066	53.227	53.389	53.552	53.712	372.264
European Agricultural Guarantee Fund (EAGF)	40.300	40.527	40.791	40.931	41.072	41.214	41.357	286.195
European Agricultural Fund for Rural Development (EAFRD)	11.259	11.259	11.259	11.259	11.259	11.259	11.259	78.811
European Maritime and Fisheries Fund	827	843	860	877	895	913	926	6.140
Other	133	136	139	141	144	147	149	990
Decentralised agencies	17	17	18	18	19	19	20	128
9. Environment and Climate Action	744	759	780	807	840	882	928	5.739
Programme for Environment and Climate Action (LIFE)	703	718	738	765	799	840	887	5.450
Decentralised agencies	41	41	41	41	41	41	41	289
Margin	123	126	128	132	134	136	139	918
4. Migration and Border Management	**3.264**	**4.567**	**4.873**	**5.233**	**5.421**	**5.678**	**5.866**	**34.902**
10. Migration	1.040	1.563	1.585	1.741	1.763	1.785	1.803	11.280
Asylum and Migration Fund	923	1.445	1.464	1.617	1.637	1.657	1.672	10.415
Decentralised agencies	116	119	121	124	126	129	131	865
11. Border Management	1.917	2.689	2.968	3.165	3.324	3.552	3.716	21.331
Integrated Border Management Fund	786	1.337	1.353	1.436	1.453	1.470	1.483	9.318
Decentralised agencies	1.130	1.352	1.615	1.729	1.871	2.082	2.234	12.013
Margin	308	315	320	327	334	340	346	2.291
5. Security and Defence	**3.347**	**3.495**	**3.514**	**3.695**	**4.040**	**4.386**	**5.039**	**27.515**
12. Security	543	664	655	709	725	742	769	4.806
Internal Security Fund	228	344	349	388	393	398	401	2.500
Nuclear Decommissioning (Lithuania)	73	71	78	84	84	80	82	552
Nuclear safety and decommissioning (incl. for Bulgaria and Slovakia)	91	93	70	76	85	97	114	626
Decentralised agencies	152	155	158	161	164	168	171	1.128
13. Defence	2.373	2.391	2.410	2.528	2.847	3.166	3.785	19.500
European Defence Fund	1.500	1.500	1.500	1.600	1.900	2.200	2.800	13.000
Military Mobility	873	891	910	928	947	966	985	6.500
14. Crisis Response	187	192	196	200	204	208	212	1.400
Union Civil Protection Mechanism (rescEU)	187	192	196	200	204	208	212	1.400
Other	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Margin	244	248	253	258	264	269	273	1.809
6. Neighbourhood and the World	**15.669**	**16.054**	**16.563**	**17.219**	**18.047**	**19.096**	**20.355**	**123.002**
15. External Action	13.278	13.614	14.074	14.680	15.458	16.454	17.662	105.219
Neighbourhood, Development and International Cooperation Instrument	11.221	11.508	11.914	12.455	13.159	14.069	15.175	89.500
Humanitarian Aid	1.478	1.509	1.539	1.571	1.602	1.634	1.667	11.000
Common Foreign and Security Policy (CFSP)	348	361	380	408	446	496	560	3.000
Overseas Countries and Territories (including Greenland)	67	69	70	71	73	74	75	500
Other	143	146	150	153	156	159	164	1.070
Decentralised agencies	21	21	21	21	21	21	21	149
16. Pre-accession assistance	1.949	1.989	2.029	2.070	2.111	2.154	2.198	14.500
Pre-Accession Assistance	1.949	1.989	2.029	2.070	2.111	2.154	2.198	14.500
Margin	441	451	460	469	478	488	495	3.283
7. European Public Administration	**11.024**	**11.385**	**11.819**	**12.235**	**12.532**	**12.949**	**13.343**	**85.287**
European Schools and Pensions	2.398	2.508	2.622	2.739	2.869	2.998	3.124	19.259
Administrative expenditure of the institutions	8.625	8.877	9.197	9.496	9.663	9.951	10.219	66.028
TOTAL	**166.721**	**173.694**	**179.363**	**182.892**	**187.047**	**193.743**	**195.947**	**1.279.408**
In % GNI (EU-27)	*1,12%*	*1,13%*	*1,13%*	*1,12%*	*1,11%*	*1,11%*	*1,09%*	*1,11%*

** For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.*

Current prices are calculated by applying annually a fixed deflator of 2% to the amounts in 2018 prices.

MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 (IN COMMITMENTS)

2018 prices	2021	2022	2023	2024	2025	2026	2027	2021-2027
1. Single Market, Innovation and Digital	**23.955**	**23.918**	**24.203**	**23.624**	**23.505**	**23.644**	**23.454**	**166.303**
1. Research and Innovation	13.103	12.935	13.226	13.004	12.885	13.026	12.849	91.028
Horizon Europe	12.362	12.365	12.367	12.370	12.375	12.376	12.381	86.596
Of which under the InvestEU Fund	*443*	*443*	*443*	*444*	*444*	*444*	*444*	*3.105*
Of which research and innovation in food, agriculture, rural development and the bioeconomy	*1.267*	*1.268*	*1.267*	*1.267*	*1.268*	*1.267*	*1.269*	*8.873*
Euratom Research and Training Programme	303	303	303	303	304	304	309	2.129
International Thermonuclear Experimental Reactor (ITER)	880	709	999	774	650	790	604	5.406
Other	0,3	0,3	0,3	0,3	0,3	0,3	0,3	2
2. European Strategic Investments	6.431	6.566	6.561	6.205	6.206	6.204	6.201	44.375
InvestEU Fund	1.866	1.866	1.867	1.868	1.868	1.868	1.862	13.065
Connecting Europe Facility - Transport	1.626	1.626	1.626	1.626	1.627	1.627	1.627	11.384
Connecting Europe Facility - Energy	1.096	1.096	1.096	1.097	1.097	1.097	1.097	7.675
Connecting Europe Facility - Digital	380	380	380	380	380	380	382	2.662
Digital Europe Programme	1.260	1.397	1.393	1.036	1.036	1.035	1.035	8.192
Other	25	25	25	25	25	25	25	177
Decentralised agencies	178	176	174	173	172	173	173	1.220
3. Single Market	818	815	812	809	807	806	804	5.672
Single Market Programme (incl. COSME)	779	777	775	772	770	767	763	5.404
Of which under the InvestEU Fund	*253*	*253*	*254*	*254*	*254*	*254*	*254*	*1.774*
EU Anti-Fraud Programme	23	23	23	23	23	23	24	161
Cooperation in the field of taxation (FISCALIS)	32	32	32	33	35	37	39	239
Cooperation in the field of customs (CUSTOMS)	120	121	121	121	121	121	121	843
Other	12	12	12	12	12	12	12	87
Decentralised agencies	106	104	103	102	101	100	98	714
4. Space	2.054	2.054	2.056	2.059	2.059	2.060	2.061	14.404
European Space Programme	2.025	2.025	2.027	2.030	2.030	2.030	2.030	14.196
Decentralised agencies	29	29	29	29	30	30	31	208
Margin	1.548	1.548	1.547	1.547	1.548	1.547	1.539	10.824
2. Cohesion and Values	**51.444**	**54.171**	**56.062**	**56.600**	**57.148**	**59.200**	**57.349**	**391.974**
5. Regional Development and Cohesion	33.392	33.756	34.169	34.583	35.000	35.421	35.887	242.209
European Regional Development Fund	27.742	28.018	28.331	28.646	28.961	29.281	29.643	200.622
Cohesion Fund	5.620	5.708	5.807	5.907	6.008	6.110	6.214	41.374
Of which contribution to the Connecting Europe Facility - Transport	*1.358*	*1.380*	*1.404*	*1.428*	*1.452*	*1.477*	*1.502*	*10.000*
Support to the Turkish-Cypriot Community	30	30	30	30	30	30	30	213
6. Economic and Monetary Union *	1.272	3.375	4.489	4.137	3.623	4.409	977	22.281
Reform Support Programme (incl. Reform Delivery Tool and Covergence Facility)	1.258	3.360	4.474	4.123	3.609	4.394	963	22.181
Protection of the Euro Against Counterfeiting	1,0	1,0	1,0	1,0	1,0	1,0	1,0	7
Other	13	13	13	13	13	13	13	93
7. Investing in People, Social Cohesion and Values	16.205	16.466	16.831	17.305	17.951	18.795	19.913	123.466
European Social Fund+	12.383	12.513	12.661	12.808	12.956	13.106	13.261	89.688
Of which health, employment and social innovation	*148*	*148*	*149*	*149*	*149*	*149*	*150*	*1.042*
Erasmus+	2.789	2.904	3.116	3.447	3.929	4.615	5.568	26.368
European Solidarity Corps	140	141	146	153	163	177	194	1.113
Creative Europe	235	235	235	235	235	235	233	1.642
Justice, Rights and Values	127	125	123	121	118	116	113	841
Other	175	173	171	169	167	166	164	1.185
Decentralised agencies	358	375	379	373	383	381	380	2.629
Margin	574	574	574	574	575	575	572	4.018
3. Natural Resources and Environment	**50.323**	**49.580**	**48.886**	**48.097**	**47.326**	**46.575**	**45.836**	**336.623**
8. Agriculture and Maritime Policy	49.506	48.763	48.064	47.264	46.478	45.706	44.943	330.724
European Agricultural Guarantee Fund (EAGF)	37.976	37.441	36.946	36.346	35.756	35.176	34.606	254.247
European Agricultural Fund for Rural Development (EAFRD)	10.609	10.401	10.197	9.997	9.801	9.609	9.421	70.037
European Maritime and Fisheries Fund	779	779	779	779	779	779	775	5.448
Other	126	126	126	126	126	126	125	878
Decentralised agencies	16	16	16	16	16	17	17	113
9. Environment and Climate Action	701	701	706	716	731	752	777	5.085
Programme for Environment and Climate Action (LIFE)	662	663	669	680	695	717	742	4.828
Decentralised agencies	39	38	37	37	36	35	35	257
Margin	116	116	116	117	117	116	116	814
4. Migration and Border Management	**3.076**	**4.219**	**4.414**	**4.647**	**4.719**	**4.846**	**4.908**	**30.829**
10. Migration	980	1.444	1.435	1.546	1.535	1.524	1.509	9.972
Asylum and Migration Fund	870	1.335	1.326	1.436	1.425	1.414	1.399	9.205
Decentralised agencies	110	110	110	110	110	110	110	768
11. Border Management	1.806	2.484	2.689	2.811	2.893	3.032	3.110	18.824
Integrated Border Management Fund	741	1.235	1.226	1.275	1.265	1.255	1.241	8.237
Decentralised agencies	1.065	1.249	1.463	1.535	1.629	1.777	1.869	10.587
Margin	290	291	290	291	291	290	290	2.033
5. Security and Defence	**3.154**	**3.229**	**3.183**	**3.281**	**3.517**	**3.743**	**4.216**	**24.323**
12. Security	511	613	593	629	631	633	643	4.255
Internal Security Fund	215	318	316	344	342	339	336	2.210
Nuclear Decommissioning (Lithuania)	68	66	71	74	73	68	69	490
Nuclear safety and decommissioning (incl. for Bulgaria and Slovakia)	86	86	63	68	74	83	95	555
Decentralised agencies	143	143	143	143	143	143	143	1.001
13. Defence	2.236	2.209	2.183	2.245	2.478	2.702	3.167	17.220
European Defence Fund	1.413	1.386	1.359	1.421	1.654	1.878	2.343	11.453
Military Mobility	823	823	824	824	824	824	824	5.767
14. Crisis Response	177	178	178	178	178	178	178	1.242
Union Civil Protection Mechanism (rescEU)	177	178	178	178	178	178	178	1.242
Other	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Margin	230	229	229	229	229	230	228	1.606
6. Neighbourhood and the World	**14.765**	**14.831**	**15.002**	**15.290**	**15.711**	**16.298**	**17.032**	**108.929**
15. External Action	12.512	12.577	12.747	13.035	13.457	14.043	14.778	93.150
Neighbourhood, Development and International Cooperation Instrument	10.573	10.632	10.791	11.059	11.456	12.008	12.697	79.216
Humanitarian Aid	1.393	1.394	1.394	1.395	1.395	1.395	1.395	9.760
Common Foreign and Security Policy (CFSP)	328	333	345	363	389	424	468	2.649
Overseas Countries and Territories (including Greenland)	63	63	63	63	63	63	63	444
Other	135	135	136	136	136	136	137	949
Decentralised agencies	20	20	19	19	19	18	18	132
16. Pre-accession assistance	1.837	1.838	1.838	1.838	1.838	1.838	1.839	12.865
Pre-Accession Assistance	1.837	1.838	1.838	1.838	1.838	1.838	1.839	12.865
Margin	416	416	417	417	417	416	414	2.913
7. European Public Administration	**10.388**	**10.518**	**10.705**	**10.864**	**10.910**	**11.052**	**11.165**	**75.602**
European Schools and Pensions	2.260	2.317	2.375	2.432	2.498	2.559	2.614	17.055
Administrative expenditure of the institutions	8.128	8.201	8.330	8.432	8.412	8.493	8.551	58.547
TOTAL	**157.105**	**160.466**	**162.455**	**162.403**	**162.836**	**165.358**	**163.960**	**1.134.583**
In % GNI (EU-27)	*1,12%*	*1,13%*	*1,13%*	*1,12%*	*1,11%*	*1,11%*	*1,09%*	*1,11%*

** For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.*

Council of the
European Union

Brussels, 4 May 2018
(OR. en)

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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	4 May 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2018) 321 final - ANNEX
Subject:	ANNEX to the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027

Delegations will find attached document COM(2018) 321 final - ANNEX.

Encl.: COM(2018) 321 final - ANNEX

EUROPEAN
COMMISSION

Brussels, 2.5.2018
COM(2018) 321 final

ANNEX

ANNEX

to the

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

A Modern Budget for a Union that Protects, Empowers and Defends

The Multiannual Financial Framework for 2021-2027

{SWD(2018) 171 final}

RESEARCH & INNOVATION

Horizon Europe

Horizon Europe is the EU's flagship programme to support research and innovation.

7. EUROPEAN ADDED VALUE

Research & Innovation is a crucial part of the knowledge-based society and one where a strong European dimension can leverage additional funds at national level, without evidence of substitution. Typically, Research & Innovation projects selected for EU funding harness a higher level of EU or international cooperation. They tend to have a scale, scope and level of sophistication that would prevent them from going ahead with national funding alone: 83% of EU Research & Innovation projects rated as "excellent" would not have gone ahead without EU support. In a world of heightened technological competition, we are moving swiftly into a low-carbon society in which digital technologies are increasingly converging with the physical and the biological world. Against this background, not investing in Research & Innovation on an EU scale would result in a decline of our global competitiveness. This would have knock-on economic, social and environmental impacts. The specific benefits of EU investments in the area of Research & Innovation are:

- Pooling public and private resources and knowledge to achieve bigger impacts and critical mass for tackling global challenges and taking leadership in EU and global markets;
- Boosting EU competitiveness through the creation of trans-national and multidisciplinary networks, value chains and markets, with positive knowledge dissemination and technology transfers across the Union to prepare and facilitate the deployment of new products and services;
- Strengthening scientific excellence through EU-wide competition and collaboration;
- Strengthening support for breakthrough/market creating innovations while respecting fair competition;
- Increasing the EU's attractiveness as a place for education, research, innovation and business;
- Having a positive structuring effect on national Research & Innovation ecosystems and pan-European research infrastructures;

- Supporting and strengthening Union's objectives and contributing effectively to deliver on policy priorities.

8. OBJECTIVES

Horizon Europe focuses on science and innovation, aiming to:

- Strengthen the EU's scientific and technological base;
- Foster the EU's competitiveness and its innovation performance;
- Deliver on the EU's strategic priorities and tackle global challenges.

9. IMPLEMENTATION & SIMPLIFICATION

The programme is designed around three pillars:

1) Open Science – Building on the success of the European Research Council, the Marie Skłodowska-Curie Actions and the Research Infrastructures, the pillar adds more resources for projects with higher impacts. The projects are selected through a "bottom-up" approach, are defined and driven by researchers and networks and are evaluated on the sole criterion of excellence. The goal is to nurture innovation and entrepreneurship in education across Europe to provide the skills and competences needed to make Europe more competitive on a global scale.

2) Global Challenges and industrial competitiveness – It is built on clusters that aim at exploiting European strengths and assets by generating new knowledge and translating it into useful innovations, developing and applying digital and key enabling technologies along with a new mission approach. This will further ensure that Research & Innovation activities support EU policy priorities in areas such as the achievement of the Sustainable Development Goals, health, food and natural resources, resilience and security, climate, energy and mobility to secure a low-carbon, circular and climate-resilient society, industrial competitiveness and other societal challenges. **Industrial leadership** will be prominent within the pillar and through the programme as whole.

3) Open Innovation – This new pillar will offer a one-stop shop for high potential innovators, aiming to put Europe at the forefront of market-creating innovation through a "bottom-up" approach. It will develop future breakthrough technologies and attract innovative companies with potential for scaling up at international/European levels. It will offer fast,

flexible grants and market-based instruments with private investors while ensuring that support close to the market activities does not unduly distort competition between innovators. These objectives will be pursued through the creation of a European Innovation Council.

Additional measures will boost support to the European innovation ecosystem, notably through co-funding partnership initiatives and increased use of innovation procurement. Targeting governments and public administrations for the take up of innovative technologies and diffusion of European Research & Innovation results will maximise the benefits from innovation for European citizens and business.

As part of the programme, the **Joint Research Centre** will provide EU policy makers with independent scientific evidence and technical support throughout the whole policy cycle. The **European Institute of Innovation and Technology** will support all three pillars and will specifically address global challenges primarily through its Knowledge and Innovation Communities integrating business, research, higher education and entrepreneurship.

The programme will pursue efforts to further simplify the rules for beneficiaries. Key operational features will include:

- **Further simplification** of the current real cost reimbursement system will be pursued, including its simplified funding model and the principle of one funding rate per project. Moreover, to lower administrative burden, an increased use of lump sum project funding against fulfilment of activities will be explored, along with other simplified forms of funding provided by the new Financial Regulation.
- To **increase flexibility**, the future programme will allow allocation of funds between and within the pillars to react swiftly to emerging policy issues or challenges;
- Further **improvements to the proposal submission and evaluation process** will be envisaged. The evaluation criteria, process and involvement of independent experts will underscore the Programme's excellence and impact.
- Instruments and **funding schemes in the EU Research & Innovation landscape will be streamlined and coordinated** for the benefit of improved Research & Innovation activities. Partnerships will be improved building on the success of Joint Undertakings and linked with specific missions. In particular, specific support schemes for innovation will be streamlined under the newly-created European Innovation Council. The combination of Horizon Europe grants and financial instruments under the InvestEU Fund and with other relevant EU funding programmes will also be made easier.
- There is also room to further **expand the use of new management modes**, including through delegation to agencies and a simplified set of partnerships.

10. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Complementarities and synergies with other EU funding programmes will be fully exploited. To that end, the **European Structural and Investment Funds** will continue to provide an important part of the EU funds for Research & Innovation through an increased focus on innovation. The "Seal of Excellence" scheme to allow projects successfully evaluated under Horizon Europe criteria to be funded at regional level under the European Structural and Investment Funds will be expanded.

The policy goals pursued by other programmes will in many cases be supported by Research and Innovation actions under Horizon Europe – programmes such as the **Digital Europe Programme** will benefit from Research & Innovation breakthroughs and long-term progress in areas like cybersecurity and artificial intelligence is heavily dependent on breakthrough research. The same is true for agriculture and fisheries, health, transport, energy and many other sectors. Funds such as the **Internal Security Fund** and the **Integrated Border Management Fund** will both benefit from the fruits of Research & Innovation and incentivise the uptake of research products. Through **InvestEU** it will be possible to transfer results from Horizon Europe to the market through specific windows dedicated to research and innovation, and to support innovative SMEs. Complementarity and synergies with research under the **European Defence Fund** and with the **Space Programme** will also be ensured, so that results in any of those programmes promote overall innovation.

11. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Envelope for Horizon Europe	97 600*
Envelope for Euratom Research and Training Programme	2 400
Total envelope for 2021-2027	**100 000***

* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund and EUR 10 billion to support research and innovation in food, agriculture, rural development and the bioeconomy.

RESEARCH & INNOVATION

Euratom Research and Training Programme

The Euratom Research and Training Programme provides funding for **nuclear research and training** in the European Union.

1. EUROPEAN ADDED VALUE

The key European added value of the Euratom Programme is the mobilisation of a wider pool of excellence, expertise and multi-disciplinarity in fission and fusion research than is possible at the level of individual Member States. Nuclear and ionising radiation technologies continue to play an important role in the lives of European citizens, whether this concerns energy and its security of supply, the use of radiation in medical and industrial applications or management of spent fuel and radioactive waste. Safe and secure use of these technologies is of paramount importance and research programmes help maintaining the highest safety, security and safeguards standards in this field. The Euratom Programme focuses also on the development of fusion energy, a potentially inexhaustible and climate-friendly energy source.

An EU-wide approach to nuclear safety is also important since a nuclear accident could have negative consequences for countries across Europe and beyond. The Euratom programme also enables a broader coordination of education and training throughout Europe, the use of research infrastructures and international cooperation. This is of particular benefit to smaller Member States that can take advantage of economies of scale afforded by the Europe-wide pooling effect. The programme provides, through the Joint Research Centre, an important independent scientific advice in support of the implementation of European policies in the field of nuclear safety, spent fuel and radioactive waste management and radiation protection. With its independent infrastructures, the Joint Research Centre also provides unique services in the field of nuclear safety and security and plays a crucial role in the Euratom nuclear safeguards system. The involvement of European industry in fusion research activities fosters innovation e.g. through the development of high-technology spin-off products in other sectors such as medical and aviation.

2. OBJECTIVES

The Euratom Research and Training Programme objectives are to pursue and support research on all aspects **of nuclear safety and security, reducing risks associated with radiation exposures, supporting emergency preparedness and response in relation to accidents involving radiation and managing the spent fuel and radioactive waste**. The Programme also aims to sustain the **development of fusion energy** in view of its potential major impact in contributing to the decarbonisation of the energy mix.

3. IMPLEMENTATION & SIMPLIFICATION

The Euratom Programme provides research grants through competitive calls for proposals (indirect actions), and funds research carried out by the Commission's Joint Research Centre (direct actions). The Programme is implemented using the instruments and rules of the Framework Programme for Research and Innovation. Further simplification of the programme will be achieved by proposing a single list of objectives for direct and indirect actions.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Euratom programme complements and provides synergies with **Horizon Europe** in areas such as health (medical applications of ionising radiation), security, energy and education and training. The Euratom fusion research programme will be carried out in full complementarity and coordination with the **International Thermonuclear Experimental Reactor** activities. The Euratom programme will continue the alignment of national programmes in fusion, radiation protection and management of spent fuel and radioactive waste via the implementation of European Joint Programmes. Moreover, synergies with the **Decommissioning of Nuclear Facilities Programmes** are expected in areas such as technology development and testing, training and exchange of best practices.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Envelope for Horizon Europe	97 600*
Envelope for Euratom Research and Training Programme	2 400
Total envelope for 2021-2027	**100 000***

* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund and EUR 10 billion to support research and innovation in food, agriculture, rural development and the bioeconomy.

RESEARCH & INNOVATION

ITER - International Thermonuclear Experimental Reactor

ITER, the International Thermonuclear Experimental Reactor is a **first-of-a-kind, long-term project to build and operate a reactor in order to test the feasibility of fusion as an energy source**.

1. EUROPEAN ADDED VALUE

Fusion is a potentially inexhaustible, climate-friendly energy source that does not produce greenhouse gases or long-lasting radioactivity. In a context where decarbonising the economy and tackling global climate change are high on the agenda, fusion offers prospects which cannot be ignored.

Neither the industry nor any country individually would be able to execute the project on its own. This is why the European Atomic Energy Community (Euratom) signed an international treaty in 2006 – the "ITER Agreement" – with six partners (the United States, Russia, Japan, China, South Korea and India). It contributes about 45% of the construction costs. France, as the host country, finances 20% of the Euratom contribution, with the remaining 80% being provided from the EU budget. Action at EU level ensures economies of scale, less fragmentation and a critical mass of resources and expertise.

Achieving and exploiting fusion is a long-term objective, but the project is already bringing important benefits to the EU industry and research in the procurement and construction phases. More than three hundreds companies –including small businesses– from 20 Member States and Switzerland, and around sixty research organisations are engaged in cutting-edge research and innovation to provide components, offering them a chance to develop spin-off products in other sectors (energy, medical, aviation, high-tech).

2. OBJECTIVES

In line with the Euratom's international obligations, the programme supports the **construction of the reactor** on its site in Cadarache (France), so that it initiates experiments on hydrogen

plasma by 2025, laying grounds for successful progress to full power-generation stage of operation by 2035. Those milestones are necessary steps to make fusion a possible sustainable energy source.

The programme not only contributes to achieving a resilient Energy Union with a forward-looking climate policy. It also fosters job creation and growth by offering European high-tech industries and small companies a valuable opportunity to innovate and develop products outside fusion. Finally, the timely delivery of EU components and active participation in the governance processes secure the continued EU leadership in the project.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will continue to be implemented on the EU's behalf by the Fusion for Energy joint undertaking. The EU will maintain an expenditure ceiling in the Multiannual Financial Framework Regulation and will ensure that the disbursement of funding is based on performance and actual delivery on the ground. In this respect, the radical overhaul of the project management in 2015 and the update of the baseline in 2016 increased the reliability of the schedules and costs of the project until its completion.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As one of the largest experimental projects ever constructed, the International Thermonuclear Experimental Reactor contributes to placing the EU at the forefront of research and innovation on the global stage. It mobilises significant resources and know-how, bringing positive impact to the EU industrial base research community. It is in full synergy with the Euratom programme, which supports the development of **ground-breaking research in the field of nuclear fusion**. It is part of the overall Fusion Roadmap developed by the European scientific fusion community. In addition, the programme will further consolidate the EU's place as a credible, international leader which fulfils its international obligations and is committed in its efforts to fight against climate change.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**6 070**

EUROPEAN STRATEGIC INVESTMENTS

InvestEU

The InvestEU Fund is the **Union's new investment instrument**. It provides an EU guarantee with a view to mobilising public and private financing in the form of loans, guarantees, equity or other **market-based instruments**, for strategic investments in the support of EU internal policies. It builds on the successful implementation under the current period 2014-2020 of the European Fund for Strategic Investments and other financial instruments.

1. EUROPEAN ADDED VALUE

The EU long term goals regarding sustainability, competitiveness and inclusive growth require significant investments in new mobility models, renewable energies, energy efficiency, research and innovation, digitisation, education and skills, social infrastructure, circular economy, natural capital, climate action or small businesses creation and growth. Renewed efforts are needed to tackle persisting market failures caused by private investors' risk aversion, the public sector's limited capacity and structural inefficiencies of the investment environment. Member States cannot always bridge those investment gaps alone.

Grants alone cannot address the significant investment gaps. The use of financial instruments, with a leverage effect and closer to the market, efficiently complements grants in the EU budget toolbox. Intervention at Union level provides economies of scale in the use of innovative financial instruments by catalysing private investment in the whole EU and making best use of the European institutions and their expertise for that purpose.

EU intervention also gives access to a diversified portfolio of European projects and allows for the development of innovative financing solutions which can be scaled up or replicated in all Member States. The multiplying effect and the impact on the ground are thus much higher than what could be achieved by an initiative in a single Member State, in particular for large-scale investment programmes. EU level intervention also provides flexibility to support intermediaries and final beneficiaries in locations where they are most needed, often in urban areas which do not necessarily benefit from the European Structural and Investment Funds. In addition, it allows to effectively address investment needs linked to EU-wide policy objectives, complementing efforts to promote structural reforms and improved regulatory environment to thus address the remaining investment gaps in the post-2020 period.

2. OBJECTIVES

The InvestEU Fund aims at mobilising investment within the EU to support political priorities and to contribute to the integration of European capital markets and the strengthening of the Single Market. It will target investments promoting **sustainable infrastructure, research and innovation, digital transformation, the access to finance for small and medium-sized enterprises, education, skills, social infrastructure** and the development and consolidation of market structures underlying **micro-credits and the social economy**. Digital investment will be a key cross-cutting priority for all InvestEU windows. In addition, the InvestEU Fund provides advisory support and accompanying measures to foster the creation and development of projects.

3. IMPLEMENTATION & SIMPLIFICATION

The InvestEU Programme will comprise the InvestEU Fund, InvestEU Assistance and the InvestEU Portal.

The InvestEU Fund will pool all centrally managed financial instruments in a single, flexible, multi-policy guarantee instrument at the EU level[25], allowing for significant economies of scale – doing more with less – and attracting private investors. Building on the European Fund for Strategic Investments, the InvestEU Fund will address market gaps and sub-optimal investment situations by providing an EU guarantee to the Commission's strategic implementing partner, the EIB Group, as well as to other partners such as National Promotional Banks and Institutions or International Financial Institutions (e.g. the European Bank for Reconstruction and Development). To ensure the best possible financing mix for strategic projects across the EU, the InvestEU Fund will allow for simple combination with grants from the EU budget as well as with European Structural and Investment Funds (on voluntary basis).

Building on the European Investment Advisory Hub, InvestEU Assistance will provide a single entry point for 360-degree project development assistance for project promoters. Building on a powerful partner network, InvestEU Assistance will help projects get off the ground and make them investment-ready. The InvestEU Portal will bring together investors and project promoters, building on the European Investment Project Portal.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As a delivery tool for EU policies, the InvestEU Fund will foster investment in full synergy with the corresponding EU policies and programmes, such as the **Connecting Europe Facility, Horizon Europe, the Digital Europe Programme** or **the Single Market Programme**. It will ensure complementarity with investments under the **European Structural and Investment Funds** and with EU support provided by **relevant spending programmes** in the form of grants. Moreover, the programme will allow for the blending of

[25] Without prejudice to the responsibility of relevant Directorates-General.

financial instruments with grants from other programmes, in particular for projects that do not generate sufficient revenue.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices		*EUR million*
Window	**Budgetary guarantee**	**Mobilised investment (estimates)**
Sustainable infrastructure	11 500	185 000
Research and innovation	11 250	200 000
Social investment and skills	4 000	50 000
Small and Medium-sized enterprises	11 250	215 000
Total	**38 000**	**650 000**

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**15 725***
of which:	
Provisioning of the Guarantee Fund	15 200*
Project development assistance	525

* This envelope includes EUR 1 billion of expected reflows of the current financial instruments.

EUROPEAN STRATEGIC INVESTMENTS

Connecting Europe Facility

The Connecting Europe Facility supports **investment in cross-border infrastructures in the transport, energy and digital sectors**.

1. EUROPEAN ADDED VALUE

At the core of the Single Market lies the guarantee that goods, capital, services and labour can freely move from one Member State to the other. However, gaps still exist between Member States and regions which fragment the EU and impede the smooth functioning of the Single Market. This can, for instance, be the result of topography or a lack of interoperable standards. To overcome this fragmentation and make sure that the Single Market fully delivers, Article 170 of the Treaty on the Functioning of the European Union provides that the EU shall develop trans-European networks of transport, telecommunications and energy infrastructures. In addition, environmental concerns require that the EU energy policy should promote the interconnection of energy networks and cross-border integration of renewables. This is also consistent with the need to meet the challenges of decarbonisation and digitisation of the European economy.

The Facility is designed to foster investment in the trans-European networks. Those networks and cross-border cooperation are crucial not only to the functioning of the Single Market, but they are also strategic to implement the Energy Union, the Digital Single Market and the development of sustainable transport modes. Interoperable cross-border networks are key to reducing the current fragmentation. Without EU intervention, private operators and national authorities have insufficient incentive to invest in cross-border infrastructure projects. The Facility also provides the opportunity to deploy technologies developed at EU level and in particular through the EU Research and Innovation Framework Programmes, boosting their market uptake and ensuring that the trans-European networks use the most advanced available equipment.

2. OBJECTIVES

The Connecting Europe Facility supports investment and cooperation to develop infrastructure in the transport, energy and digital sectors and connects the EU and its regions. It further aligns with the policy objectives of decarbonisation and digitisation of the European economy, covering three strands:

- For **transport**, it aims at completing both layers of the European network for all transport modes: the strategic backbone (i.e. the core network) by 2030 and its more extensive layer (i.e. the comprehensive network) by 2050. It also supports the

deployment of **European traffic management systems** for air transport and railways, and helps the EU transition towards **connected, sustainable, inclusive, safe and secure mobility**. It contributes to the **decarbonisation of transport**, for example by constituting a European network of charging infrastructure and for alternative fuels or prioritisation of environmentally friendly transport modes;

- For **energy**, the focus is on completing priority sections of the energy networks essential for the internal market. It also seeks to deliver **smart and digitised energy grids**, so as to achieve interconnection targets and improve security of supply. Promoting Member States' cooperation in integrating **cross-border renewable energy projects** will also be key;

- For **digital**, the Facility maximises the benefits that all citizens and businesses can get from the Digital Single Market. The deployment of very **high capacity digital networks** supports all innovative digital services, including connected mobility. In addition, it contributes to ensuring that all main socio-economic drivers such as schools, hospitals, transport hubs, main providers of public services and digitally-intensive enterprises have access to **future-oriented broadband connections** by 2025.

3. IMPLEMENTATION & SIMPLIFICATION

The Connecting Europe Facility will be centrally managed by the Commission, with the support of the Innovation and Networks Executive Agency. The agency has built an excellent track-record in optimising the use of the Facility and has accumulated a wealth of expertise in monitoring projects. Delegating all three sectors of the Facility to a single agency will also generate economies of scale and synergies between transport, energy and digital strands.

Grants will remain the preferred means to address the gaps affecting infrastructure projects. The use of simplified forms of grants will be further promoted.

Grants will also be used for blending with financial instruments, in particular from the InvestEU Fund, or with financing from public or private financial institutions, to leverage investment support. The programme will not be equipped with its own financial instruments as they will be delivered by the InvestEU Fund to avoid overlaps that have happened in the current period, as well as to streamline the landscape of EU financial instruments.

The Facility will fully exploit synergies between the transport, energy and digital sectors. In particular, a specific focus on innovative infrastructure solutions (such as smart grids, energy storage, e-mobility, charging infrastructure, and alternative fuels) is needed to deliver on the 'Clean Energy for All' and 'Clean Mobility' packages. The future programme's rules and implementation will therefore be flexible enough to support actions at the crossroads of the different strands, for example alternative fuels and e-mobility for all transport modes (which affect both energy and transport), automated driving vehicles and vessels (transport/digital), incorporating digital technologies (in particular the Internet of Things) into energy grids, creating the Internet of Energy (which affect energy, transport and digital), and renewables integration supported by a functional cross-border Green infrastructure (energy and digital).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

In addition to synergies within the programme, the Facility will better interact with other EU programmes. For example, its work on the physical connectivity infrastructure across the EU will complement the development of digital services under the **Digital Europe Programme**.

The programme and the **European Structural and Investment Funds** will also complement each other to deliver on infrastructure investment. For instance in the transport sector, the Facility will concentrate on the trans-European network dimension, notably on the cross-border corridors, while the European Regional Development Fund and Cohesion Fund will prioritise transport projects with a national, regional and urban focus. Similarly, in energy, the Facility will focus on infrastructure including projects relevant for the integration of renewables with cross-border relevance, while European Structural and Investment Funds can address local smart grids and renewable projects. The Digital strand will focus on projects with strong cross border and cross sector impacts, on maximising the footprint of private investments. In addition, the Facility will aim to increase its attractiveness for the pooling of funds from national budgets in projects of common interest in the digital sector.

The programme can support the deployment of innovative technologies developed within **Horizon Europe** whilst the latter support upstream technology development.

Building on the positive experience in the current period, a contribution from the **Cohesion Fund** will be made available to the Transport strand, in direct management. In addition, funding from the **Defence** cluster will be made available to the Transport strand as well to ensure that transport infrastructures of strategic importance are suitable for military mobility needs.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**42 265**
Digital	**3 000**
Energy	**8 650**
Transport	**30 615**
of which:	
General envelope	12 830
Contribution from Cohesion Fund	11 285
Support for Military Mobility	6 500

EUROPEAN STRATEGIC INVESTMENTS

Digital Europe Programme

Digital Europe is a new programme dedicated to the **digital transformation** of public services and businesses, by boosting frontline investments in **high-performance computing and data, artificial intelligence**, **cybersecurity** and **advanced digital skills,** as well as **large-scale deployment of digital technologies** across European economic sectors. It builds on existing actions such as Interoperability solutions for European public administrations, businesses and citizens and pilots in cybersecurity and high-performance computing.

1. EUROPEAN ADDED VALUE

Digitisation is inherently a cross-border and cross-sectoral phenomenon. Action at EU level can make the Digital Single Market a reality in which digital policies are coordinated across the EU, digital public services and infrastructures deployed by Member States are no longer fragmented, and digital technology is evenly diffused, closing gaps between EU and national digitisation programmes and avoiding a digital divide. EU intervention will also generate co-investment and bring economies of scale from joint procurement of supercomputers and from savings from maintenance cost-sharing.

Digital capacities are essential to face global competition and to analyse the critical mass of big data for Artificial Intelligence innovation. Europe's international competitiveness is constrained by the low digitisation of its small and medium-sized enterprises, a problem that requires improving access to finance, technology and skills. The focus is on the digital capacities and advanced skills that are essential to face global competition, addressing societal challenges and bringing the benefits of digital transformation to every citizen and business.

The programme will support a set of ambitious projects that will make the best use of these digital capacities and of the latest digital technologies in areas of public interest such as health, public administration, judiciary and education, ensuring the availability and interoperability of solutions across the EU.

Cybersecurity is of key importance to ensure trust in digital products and services and needs to be addressed at European level, given the speed and wide propagation of cyber-attacks. Investment at EU level will provide the public and private sectors with more secure infrastructure and with the tools and expertise to address the origins and propagation of attacks, and the means to track and prevent them. Such an investment will be instrumental to be able to protect citizens, governments and businesses across the EU.

2. OBJECTIVES

Europe's digital transformation and international competitiveness must be accelerated by:

- **Reinforcing capacity** in the areas of high-performance computing, cybersecurity, Artificial Intelligence and digital skills;
- Widening the **diffusion and best use of digital technologies** in the public and private sector where there are market failures (e.g. for small and medium-sized enterprises);
- **Aligning EU, Member State and regional policies and pooling** private and industrial resources to increase investment and develop stronger synergies.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will be centrally managed by the Commission around five interdependent and mutually reinforcing pillars.

1) **High performance computing** and data processing infrastructures will be procured jointly to build an integrated European supercomputers ecosystem (including hardware, software, applications), used in particular in areas of public interest;
2) **Cybersecurity** capacities for both public administration and businesses will be enhanced via (i) procurement of advanced solutions, equipment, tools and data; (ii) increasing access to testing and certification facilities; and (iii) provision of technical assistance and expertise;
3) Open platforms and "common data space" for **Artificial Intelligence** will be acquired and made available widely across the EU in Digital Innovation Hubs, providing testing facilities and knowledge to small businesses and local innovators.
4) The **Advanced Digital Skills** pillar will offer students and technology experts the opportunity to pursue training in advanced digital technologies (data analytics, robotics, artificial intelligence, blockchain, cybersecurity, high performance computing, quantum etc.), specialised courses and internships in companies deploying advanced technologies;
5) Large-scale deployment projects will assist the **transition of areas of broad public interest to the digital age**. They will align investments of Member States and the EU to ensure wide availability and interoperability of the resulting solutions,

continuing actions and services provided under the predecessor programmes. Support will also go to small and medium-sized enterprises to engage in digital transformation, notably in areas like Artificial Intelligence.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As well as supporting the delivery of the Digital Single Market more widely, the Digital Europe Programme will provide the digital capacity-building and large-scale deployment needed by a number of other EU programmes. In many areas such as health, public administration, justice and education, the Programme will contribute to the EU's work to promote effective and modern public services. Support for a dynamic economic sector will also reinforce growth-focused programmes and industrial policy. Building a secure environment for digital services will assist all digital-based action, and in the area of cybersecurity, the Programme will specifically complement action under the **Internal Security Fund**.

The Programme will in turn benefit from research and innovation breakthroughs under the **Horizon Europe Programme**, progressively mainstreaming them in areas of public interest and contributing to their commercial exploitation. The **Connecting Europe Facility** will support the physical connectivity infrastructure needed for the services delivered under the Digital Europe Programme. Digital Innovation Hubs for small and medium-sized enterprises and local innovators and the coordinated digitisation of regional public administrations will improve interoperability and create synergies with national/regional programmes under the **European Structural and Investment Funds**. Open call for grants will be organised to create Digital Innovation Hubs in all European regions to provide testing facilities for Artificial Intelligence and knowledge to ease the digital transformation of small businesses.

Specific synergies with other innovation instruments such as the **European Institute of Innovation and Technology** and support through the **European Regional Development Fund** will also be promoted. The advanced Digital Opportunity Scheme complements the objectives of the **European Social Fund+** and **Erasmus+** by addressing the gap between demand and supply for experts in new digital technologies.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**9 194**

SINGLE MARKET

Single Market Programme

The new **Single Market Programme** supports the effective functioning of the Single Market by ensuring cooperation between authorities, and the provision of services to citizens and businesses, in particular small and medium-sized enterprises. It also supports EU standard-setting and rule-making in areas like access to markets and finance, consumer protection, food safety, anti-money-laundering, competition, statistics, financial reporting and auditing. The programme brings together successful actions such as COSME, the programme for Small and Medium-sized Enterprises and the Statistics programme. This will be complemented with internal market governance tools and services such as Your Europe portal, Your Europe Advice, the Internal Market Information service and "SOLVIT", the network for effective problem solving in the Single Market.

1. EUROPEAN ADDED VALUE

The Single Market is a cornerstone of the EU. Its benefits continue to feature high in what citizens and businesses most value and expect from the EU. EU level support is indispensable to ensure the **effective operation of the Single Market**. This includes ensuring its good governance and the high quality and relevance of its rules. It also means making sure that citizens and businesses are equipped with the right tools to understand it and to reap its benefits.

A well-functioning Single Market needs informed citizens, empowered consumers, businesses and in particular small businesses, which account for two thirds of the jobs in Europe. Considering the steady increase in cross-border activity, rapid technological development and the emergence of new products/services/practices, increased consumer expectations and public cross-border challenges, continuous and coordinated action at EU level is required to address a **twofold challenge.** The first is to tackle persisting **fragmentation** of the Single Market through enhanced cooperation, preventive mechanisms, enforcement, advice and communication on rights and opportunities. The second is to **adapt** EU rules and standards and their enforcement to rising and complex challenges. These

challenges are notably linked to the combined impact of well-established trends: digitisation and globalisation of trade with increased competitive pressure to be expected from third countries.

Protection against cross-border food safety threats can only be effective and efficient if coordinated at EU level. In these areas, EU added value is increased thanks to uniform standardisation and consumer protection across the EU.

Small businesses throughout the EU also share common challenges that do not affect larger firms and prevent them from reaping the benefits of the Single Market. EU support is needed to overcome those obstacles.

2. OBJECTIVES

A well-functioning and future-looking Single Market requires interventions to **empower consumers and enable businesses and public administrations** to take full advantage of the market integration and opening. It will help strengthen their capacities to represent and protect their interests.

It will address the **specific needs of businesses and in particular Small and Medium-sized Enterprises** at different stages of their development to better grasp the opportunities of the Single Market, including through the access to fast growing markets outside the EU and to global value chains.

The programme will strengthen **regulatory and administrative cooperation** between Member States and with the Commission. It will foster Member States' operational enforcement capacity to ensure better convergence/integration, trust, effective prevention of barriers, as well as to protect citizens.

It will ensure high-quality and effective **rules and standard-setting.** It will equip actors responsible for the enforcement of Single Market laws with a solid evidence basis and the right tools to address emerging and increasingly cross-border challenges. The programme will ensure cooperation with international partners for convergence of international standards and promotion of EU policy interests.

It will promote a high level of **animal health and welfare and plant health**, thus protecting consumers and the environment, including through crisis preparedness and response,

effective official controls as productive factors for growth, jobs and security, contributing to the good functioning of the Single Market and improving EU competitiveness.

It will produce and disseminate high quality **European statistics,** which are indispensable for decision-making in all policy areas, as well as performance and impact measurement of EU initiatives.

3. IMPLEMENTATION & SIMPLIFICATION

The **integration of different Single Market-related instruments** centrally managed by the Commission into one programme aims to reduce overlaps, increase synergies and facilitate communication and networking with all various stakeholder groups. Such a consolidation of activities provides higher value for money and cost-efficiency.

The loan guarantees for Small and Medium-sized Enterprises will be delivered through the relevant window of the **InvestEU Fund**. Simplified cost options (flat rates, lump sums and unit costs) will be increasingly used to reduce burdens for beneficiaries and administrations. The use of e-procurement and e-grants for direct management will be promoted, as will the possibility to further externalise direct management of funds to executive agencies. The future programme will allow movements of funds between and within its different pillars.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Coordination will be ensured with the cooperation activities supported respectively under the **Fiscalis** and **Customs** programmes that represent key elements in efforts to strengthen the EU Single Market. The **Digital Europe** programme will provide the digital interoperability and infrastructures needed by a number of EU programmes, including the Single Market programme. Interventions aiming to foster labour and youth mobility under the **European Social Fund+** and **Erasmus+** will act as catalyst for free movement of persons, one of the core freedoms in the Single Market. In the same vein, cross-border and transnational activities aiming at economic cooperation under **European Structural and Investment Funds** also concretely support the Single Market. Moreover, the programme will encourage small companies to benefit from breakthrough innovation and other solutions developed under other flagship EU programmes like **Horizon Europe** and the **Space Programme**. By

supporting activities on company law, contract law, anti-money laundering, and consumer policy, the future Single Market Programme will develop synergies with the **Justice, Rights and Values Fund**, contributing to the creation of an EU justice area through equal access to justice for citizens and businesses and appropriate training of the judiciary to ensure business and consumer laws are respected**.**

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**6 089***
of which:	
Competitiveness and Small and Medium-sized Enterprises (COSME)	3 000*
Food safety	1 680
Statistics	552
Financial services	528
Consumer	188
Competition	140

* This envelope includes EUR 2 billion allocated under the InvestEU Fund.

Note: the total does not tally due to roundings.

SINGLE MARKET

EU Anti-Fraud Programme

The EU Anti-Fraud programme supports the Member States' efforts **to prevent and combat fraud against the EU's financial interests**.

1. EUROPEAN ADDED VALUE

The protection of the EU financial interests is the responsibility of both the Member States and the EU level. The EU does not tolerate fraud and it must protect its budget, especially in times of scarce resources. On the expenditure side, the budget is exposed to the risk of fraud and irregularities. On the revenue side, two important inputs into the EU budget are also particularly exposed to the risk of fraud: customs duties and the Value-added tax (VAT) collected by the Member States. In a customs union where goods move freely between Member States, national investigative services must also be able to join their efforts and coordinate their investigations and exchange of data.

The pan-European dimension of the Programme facilitates cross-border cooperation and exchanges. It allows for improved planning and monitoring, on top of a more efficient use of resources than national/regional interventions in the same field do.

2. OBJECTIVES

The EU Anti-Fraud Programme supplies the technical equipment and training that enables (joint) anti-fraud operations and investigations. Furthermore, the programme contributes to new electronic structures to enable the Member States to effectively combat fraud, in close cooperation with EU institutions and bodies, such as the European Public Prosecutor's Office.

3. IMPLEMENTATION & SIMPLIFICATION

Mainly through grants and procurements, the EU Anti-Fraud programme will finance a range of activities to support the fight against fraud. In particular, it will focus on the

purchase of technical equipment, conferences, training activities and exchange of best practices among its beneficiaries (mostly national authorities). The programme will also provide financing for a common set of information systems and databases to support mutual assistance and customs cooperation in the fight against fraud, in particular by securing the exchange of customs information between the Member States, the EU and third countries. The programme will also provide financing for the reporting of irregularities by the Member States.

The EU Anti-Fraud Programme will combine the financing of two existing initiatives: the Hercule III Programme, designed to support the fight against fraud, corruption and irregularities; and the Anti-Fraud Information System, which supports mutual assistance in customs matters in particular. The programme will continue financing the Irregularity Management System, currently offered within the Anti-Fraud Information System.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The EU Anti-Fraud programme will complement existing anti-fraud policy tools and will address upcoming developments and challenges in the area of the protection of the EU financial interests, in particular the Directive on the Protection of Financial Interests, which the Member States must transpose by July 2019. It will also provide strong synergies with the **European Public Prosecutor's Office**, which will start investigating and prosecuting fraud to the EU budget by the end of 2020. The Programme will allow avoiding overlaps, generate efficiency gains and provide more flexibility to respond to new investigative priorities.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**181**

SINGLE MARKET

FISCALIS – Cooperation in the field of taxation

Fiscalis is the Union cooperation programme enabling national **tax administrations to create and exchange information and expertise**.

1. EUROPEAN ADDED VALUE

Fiscalis contributes to the smooth functioning of the tax systems in the Union by supporting cooperation between Member States' tax administrations and offering cost-effective and interoperable IT solutions which each Member State would otherwise have to develop individually.

The programme provides European added value through its contribution to fight against tax fraud, tax evasion and tax avoidance, improving tax fairness and transparency as well as supporting the functioning of the Single Market and competitiveness. This can only be successfully achieved through joint action at Union and Member States level.

2. OBJECTIVES

Fiscalis concentrates on setting up efficient mechanisms, including Information Technology tools, for improving tax administration and administrative cooperation, aiming in particular at providing more effective means to national tax administrations in their fight against tax fraud and evasion while facilitating tax compliance. Overall, the programme contributes to the adequate functioning of the tax systems of the Union, i.e.:

- Help **prevent and fight against tax fraud, tax evasion, tax avoidance**;
- Help **prevent unnecessary administrative burden** for citizens and businesses (including small and medium-sized enterprises) in cross-border transactions;
- Support achieving the full potential of the **Single Market** and foster Union competitiveness;
- Promote and support a joint Union approach in **international fora**.

3. IMPLEMENTATION & SIMPLIFICATION

Given the nature of its activities and its focus on tax administrations as beneficiaries, Fiscalis will continue to be implemented under direct management. It will allow for a targeted and appropriate allocation of funds, combined with an ability to rapidly adapt to emerging priorities and needs.

Further simplification will be achieved in its implementation, maximising the use of lump sums and unit costs in the context of grants. Public procurement contracts will also be part of the delivery mechanisms of this programme.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Fiscalis provides for synergies with other programmes, such as with the **Customs** programme, notably in the field of electronic systems, programme management and joint actions, and with the **Digital Europe Programme**. There are also complementarities with the new programme for Structural Reform that includes assistance to tax administrations.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**270**

SINGLE MARKET

CUSTOMS – Cooperation in the field of customs

The Customs programme supports the work of and **cooperation between customs authorities** and by doing so protects the financial and economic interests of the Union and its Member States. It strengthens the integrity of the Single Market.

1. EUROPEAN ADDED VALUE

Customs is an exclusive competence of the Union with a high degree of harmonised EU legislation. However, implementation is carried out by Member States. Therefore, strong cooperation is essential for deeper operational integration which will enable customs authorities in the different Member States to act as if they were one. It will also help ensure correct collection of customs duties (15% of the EU budget, i.e. EUR 20 billion in 2016), import Value Added Tax and excise duties. As the activities in the customs area are of a cross-border nature, they cannot be effectively and efficiently delivered by individual Member States alone.

The Customs Programme offers a Union framework for cooperation among national customs administrations, including on Information Technologies matters. Customs cooperation is founded on a highly secured, dedicated communication network and a multitude of interconnected and interoperable Trans-European electronic systems used by national customs authorities, including to exchange with economic operators. The resulting set-up is substantially more cost efficient than if each Member State were to set up its individual cooperation framework on a bilateral or multilateral basis.

2. OBJECTIVES

The programme aims to **support customs authorities** in protecting the financial and economic interests of the Union and of the Member States. The programme **facilitates the administrative environment** for international trade operators, including digitisation of interaction between trade and customs. In addition, the programme **strengthens security and**

protection of citizens and pursues customs modernisation. It has a key role in optimising the functioning of the customs union in all its aspects thus increasing the attractiveness and credibility of the EU as a trade partner in a globalised world.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will pursue its objectives via directly managed procurement and grants for the development of interoperable Trans-European electronic systems and joint actions. Further simplification will be sought in its implementation, maximising the use of lump sums and unit costs in the context of grants. Reimbursement of experts will also be part of the delivery mechanisms of the programme.

Data exchanged between customs authorities based on the "once only" principle will further simplify the activities in the customs area. Additionally, new generation secure network infrastructure will offer better data exchange and more secure services.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme has strong links with **Fiscalis**, **Pericles** and the **EU Anti-Fraud Programme** as regards the activities, delivery mechanism and target beneficiaries. It will also generate synergies with the **Digital Europe Programme** where generic solutions for electronic system architecture and infrastructure are developed, allowing further streamlining and economies of scale between systems. Collaboration between the programmes is already happening, i.e. on development of certain electronic system components. There are also links with the **Integrated Border Management Fund**, specifically with the **Customs Control Equipment** component, which will help national customs to procure equipment, and the Internal Security Fund. Finally, complementarity exists also with the **Technical Support Instrument** for assistance to improving customs administration's capacity.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***

Total envelope for 2021-2027	**950**

SPACE

European Space Programme

The Space programme finances the deployment and exploitation **of European space infrastructures** and related services.

1. EUROPEAN ADDED VALUE

Space infrastructures support services that have become indispensable in Europeans' daily lives, when using mobile phones, driving or finding places with a navigation system, taking a plane or cruising in the sea. They also help ensure the protection of people (for example by better evaluating the impact and managing responses to natural disasters), the environment and key economic systems (energy power plants, banking transactions, secure communications). As new space technologies and innovative services emerge, the importance of state-of-the-art space infrastructures becomes ever more important.

Financing a network of satellites and operating space programmes exceeds the financial and technical capacity of any single Member State. There would also be a waste of resources and fragmentation if each Member State developed its own launchers, satellites or regulatory standards. Space is a strategic sector and the EU must secure its industrial leadership and autonomy to remain a global actor. The Treaty on the Functioning of the European Union tasks the EU with drawing up a European space policy, supported by a European Space Programme.

2. OBJECTIVES

The Space Programme ensures that the EU fully exploits the economic and societal potential that space can bring:

- Ensure the **continuity of the existing space infrastructures and services, and the development of new ones**. The EU has three flagships: *Copernicus*, a leading provider of Earth observation; *Galileo*, the EU's own global navigation satellite system; and *EGNOS*, a signal augmentation system for navigation services to aviation, maritime and land-based users. To continue providing data and deploy innovative

services, new satellites have to be launched and the infrastructures on the ground need maintenance and upgrade;

- Foster an **innovative European space sector that can compete globally**. The programme supports industrial competitiveness, internationalisation and skills development of all the segments of the space industrial value chain, from a strong satellite manufacturing industry to a dynamic downstream service sector as well as ensuring EU strategic autonomy in Space. At the same time, it encourages the transfer and cross-fertilisation of technology with non-space sectors;
- Reinforce the EU's capacity to have a **guaranteed access to space and space services**. Space capacities are so strategic that the EU must mitigate dependence on external actors to build, launch and operate satellites; it must preserve its freedom of action and autonomy of decision. The Space Programme therefore supports innovative EU efforts to remain competitive in the launcher sector and the wider space sector, and it ensures a better protection and tracking of satellites in space (Space Surveillance Tracking, Space Situational Awareness) and secure satellite communications for the EU and national public authorities.

3. IMPLEMENTATION & SIMPLIFICATION

The Space Programme will be delivered for the most part through procurements. Some specific activities will be delegated to the agencies and international bodies, in particular to the European Global Navigation Satellite Systems Agency (GSA) and the European Space Agency. Additional delivery mechanisms such as public-private and public-public partnerships will also be considered, when appropriate.

The future programme will consolidate all space-related activities into a single Regulation. This will provide greater coherence, visibility and budgetary flexibility. This rationalisation is intended to generate efficiency gains which will ultimately serve the deployment of new space-driven services.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Space Programme will be an enabler for several EU policies. It will improve the monitoring of natural resources, climate change and migration routes. It will support the deployment of smart and sustainable transport solutions and precision agriculture. It will contribute to a more secure Union. The programme will generate business opportunities thereby boosting overall jobs, growth and investments in the EU. In support of the Paris Climate Agreement, an independent capacity for monitoring and verification of global carbon

emissions will enable Europe to take global leadership in the fight against climate change and the development of a green and sustainable economy. The synergies and complementarities with **Horizon Europe** will be ensured, in particular for the space-related research and innovation actions. Finally, the Space Programme will contribute to security and defence priorities considering that space capabilities are "dual-use" by nature (i.e. for use by both civilian and military customers).

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**16 000**

REGIONAL DEVELOPMENT & COHESION

European Regional Development Fund and Cohesion Fund

The European Regional Development Fund and the Cohesion Fund support the economic, social and territorial cohesion of the European Union. They contribute to reducing disparities that still exist between European regions and countries. In particular, the European Regional Development Fund contributes to structural adjustment and economic transition, while the Cohesion Fund focuses on investments in environment and transport infrastructure. Together with the European Social Fund, they form the funding sources for the European Union's cohesion policy.

1. EUROPEAN ADDED VALUE

Economic and social disparities vary significantly between EU regions and hamper the harmonious development of the Union. On the basis of Article 174 of the Treaty on the Functioning of the European Union, the Union aims to reduce disparities between the levels of development of its regions and to support the development of the least favoured regions. Cohesion policy is both an expression of solidarity among Europeans, and the **main investment policy** of the EU. Fostering economic convergence for the least developed regions through the European Regional Development Fund and the Cohesion Fund strengthens the Single Market and creates opportunities for workers, consumers and companies across the whole Union. In a Europe where the more and less developed regions are unevenly distributed between countries, policies to reduce such disparities have to be organised at a level higher than the national one.

Cohesion policy supports the economic adjustment of Member States. It also plays an important role in mitigating economic and financial shocks by stabilising public investment in times of fiscal consolidation.

The European Regional Development Fund and the Cohesion Fund support development by co-financing investment in research and innovation; climate change and environment;

business support to small businesses; services of general economic interest; telecommunications, energy and transport infrastructure; health, education, culture and social infrastructure; sustainable urban development and smart villages. Evidence exists that only limited parts of these investments would happen without the two Funds, even in more developed Member States and regions. In addition, they would not benefit from the framework that is put in place for the Funds, including **multiannual programming**, the **partnership principle** and the establishment of **smart specialisation strategies**.

The European Regional Development Fund also provides funding for a high profile element of European added value – the **INTERREG** programmes, which support **cross-border, transnational and interregional co-operation** across Europe and enable Member States and regions to work together across borders to address common challenges.

For over 20 years, the European Regional Development Fund has also provided specific funding for cross-border programmes supporting peace and reconciliation in **Northern Ireland and the Border Region of Ireland**. The Commission intends to propose the continuation of these programmes, based on their existing management structures.

2. OBJECTIVES

Over the 2021-2027 period, European Regional Development Fund and Cohesion Fund support will help Member States reduce their economic, social and territorial disparities thanks to interventions focused on five objectives:

- **A smarter Europe**: to promote competitiveness, digital transformation, entrepreneurship and innovation (including inclusive growth and social enterprises), and enhance the business environment as a part of industrial adaptation to the challenges of globalisation, circular economy and climate change;
- **A greener carbon free Europe: clean and fair energy transition**, to enhance energy efficiency; to support transition to low-carbon economy; to stimulate renewable energy; to support innovative use of low-carbon technologies, to support green and blue investment, including in sustainable natural resource management, circular economy, climate adaptation and mitigation;
- **A more connected Europe: mobility, energy and regional ICT connectivity** to develop regional networks and systems to promote sustainable transport, smart energy grids and high-speed digital access in order to enhance regional, local and cross-border connectivity, including security;

- **A more social Europe: implementing the principles of the European Pillar of Social Rights,** in particular life-long learning, education and training infrastructure as well as health, culture and social infrastructure;
- **A Europe closer to citizens: sustainable and integrated development**, through local initiatives to foster growth and socio-economic local development of urban, rural and coastal areas.

3. IMPLEMENTATION & SIMPLIFICATION

The Funds are implemented in partnership with the Member States and their regions through shared management. These partnerships involve a strong mobilisation of national, regional and local stakeholders, as well as civil society. This ensures ownership of objectives and achievements and brings Europe closer to its citizens. They also contribute to the strengthening of national, regional and local administrations.

A simplified and more effective approach to delivery will be a key element of the proposed new Regulations with the following changes as from 2021:

- Reduced administrative burden through synergies and the alignment of implementing rules across funds, increased cross reliance on audits and the possibility to roll-over existing management and control systems;
- Differentiated implementation via lighter management and control systems for programmes with good track records;
- Flexibility in the form of a mid-term review to adjust, if necessary, the priorities of the last programming years to address emerging priorities, take stock of progress in addressing investment-related guidance issued alongside the Country-Specific Recommendations and performance;
- Increased use of financial instruments including through a voluntary participation in the new InvestEU Fund;
- A focus on results rather than costs.

Higher national co-financing will help increase ownership on the ground as well as the impact of the policy.

A more stable and predictable payment profile over the period will be achieved. Taking into account the importance of commitments remaining to be paid out from the 2014-2020 period, the pre-financing rate will be lowered. Reintroducing the n+2 rule will also lead to better financial management and a faster start to the programming period.

In order to maximise the impact of cohesion policy, physical investments need to be accompanied by soft measures, including upskilling of the labour force. To this end, programmes may combine European Social Fund+, European Regional Development Fund and Cohesion Fund support.

The relative per capita gross domestic product will remain the predominant criterion for the allocation of funds, while other factors such as unemployment, climate change and the reception/integration of migrants will also be taken into account.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

There will be common rules for all shared management funds (the Common Provisions Regulation) which will cover the following funds: the **European Regional Development Fund**, the **Cohesion Fund**; the **European Social Fund**+, the **European Agricultural Fund for Rural Development**, the **European Maritime and Fisheries Fund**, the **Asylum and Migration Fund**, the **Internal Security Fund** and the **Integrated Border Management Fund**. This will create a convergence of rules that will enhance coherence and synergies among these Funds.

The European Fund for Regional Development and the Cohesion Fund will be more closely aligned with the **European Semester of economic policy coordination**, which will also reinforce its regional dimension. The detailed analysis of Member States' challenges in the context of the European Semester will serve as a basis for the programming of the funds at the start and at mid-term of the next period. This will serve as the roadmap for the short, mid- and long-term planning and monitoring of the funds. A system of ex-ante conditionalities and macro-economic conditionality will be maintained. Through the European Semester process the Commission and the Member States (notably through their National Reform Programmes) will ensure coordination and complementarity of financing from cohesion policy funds and the new **Reform Support Programme** with regard to the support to structural reforms.

Cohesion policy will increase its concentration on innovation. Complementarities with **Erasmus+** and **Horizon Europe** will also be reinforced through an alignment of relevant rules, a reinforcement of the “seal of excellence” mechanisms and a dedicated ex-ante

conditionality. Further development of the smart specialisation strategy concept will continue.

Trans-European transport networks projects will continue to be financed from the Cohesion Fund via both shared management and the direct implementation mode under the **Connecting Europe Facility**. EUR 11 billion of the Cohesion Fund will be transferred to the Connecting Europe Facility for this purpose.

Synergies will be ensured with the **LIFE programme for Environmental and Climate Action**, in particular through LIFE strategic integrated projects, to optimise the uptake of funds supporting environmental investments.

Regarding migration-related challenges, all Cohesion Policy Funds will address long-term needs linked to integration, while the **Asylum and Migration Fund** will focus on shorter term needs.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**273 000**
of which:	
European Regional Development Fund	**226 308**
of which:	
Investment for growth and jobs	215 172
European territorial cooperation	9 500
Outermost regions and sparsely populated areas	1 637
Cohesion Fund	**46 692**
of which contribution to CEF Transport	11 285

Note: the totals do not tally due to roundings.

REGIONAL DEVELOPMENT & COHESION

Support to the Turkish Cypriot Community

The programme aims to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community.

1. EUROPEAN ADDED VALUE

The EU is in a unique position to provide political and economic support towards the reunification of the island. At the time of Cyprus' accession to the EU in 2004, the EU stated its determination to "put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community". Therefore, in parallel to supporting negotiations for a comprehensive settlement of the Cyprus issue, it provides support through a single EU Aid Programme for the Turkish Cypriot community.

2. OBJECTIVES

The Programme aims at facilitating the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, improving contacts between the two communities and with the EU, and preparation for the EU acquis. The programme pursues five specific objectives: a) developing and restoring infrastructures; b) promoting social and economic development; c) fostering reconciliation, confidence building measures, and support to civil society; d) bringing the Turkish Cypriot community closer to the EU; and e) preparing the Turkish Cypriot community to introduce and implement EU acquis following a comprehensive settlement of the Cyprus problem.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is directly implemented by the European Commission. Some projects are

implemented under indirect management by International Organisations or Member States' agencies.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Given the specific situation of the Turkish Cypriot community, this is a stand-alone EU programme without links to other instruments, though it seeks to coordinate with other donors where possible.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**240**

ECONOMIC & MONETARY UNION

Reform Support Programme

The Reform Support Programme aims to support the implementation of **structural reforms in Member States.** The pursuit of structural reforms is crucial to modernise European economies, enhance resilience and foster greater convergence within Europe's Economic and Monetary Union.

1. EUROPEAN ADDED VALUE

The **Reform Support Programme** contributes to enhancing cohesion and strengthening resilience, raising competitiveness and productivity and supporting job creation, investment and growth. By doing so, it strengthens social economic structures in the EU and accelerates economic and social convergence among Member States. To this effect, the programme will provide both technical and financial support to Member States for the implementation of these reforms.

While the implementation of structural reforms in Member States remains a national competence, the crisis years showed that due to the strong links between the economies of the Member States, notably those sharing the same currency, reform efforts in one Member State matter for other Member States and thus cannot be a purely national issue. Economic policy coordination has been strengthened at EU level in the context of the European Semester, also to place a greater focus on euro area priorities, but the implementation of Country-Specific Recommendations has been uneven across Member States. This programme will provide additional support for the implementation of reforms under the European Semester. In doing so, it will contribute to the economic and social performance and resilience of the Member States. Its impact will therefore be felt not only at national level, but will also have positive spill-over effects for the Union as a whole.

The programme will help address national reforms challenges of a structural nature. It will also allow for economies of scale and the sharing of good practice among Member States. Member States often face similar challenges and practical constraints related to the

implementation of reforms. The programme will allow an EU-wide network of expertise to be established for all Member States to tap into. It will promote mutual trust and further cooperation between Member States and the Commission. The programme provides for complementarity and synergies with other Union programmes and policies at regional, national, Union and international levels, notably by complementing the policy guidance provided under the European Semester.

2. OBJECTIVES

The programme aims to promote and support the implementation of structural reforms in the Member States. The objective is to modernise European economies, enhance resilience and foster greater convergence within Europe's Economic and Monetary Union, by raising competitiveness and productivity, and support job creation, investment and growth. Ensuring resilient economic and social structures is particularly important for countries sharing the single currency and for those Member States on their way to joining the euro to help ensure their smooth transition to and participation in the euro area.

The programme seeks to support a broad range of reforms, notably those identified in the context of the European Semester of economic policy coordination. It will in particular address challenges raised in Country-Specific Recommendations. It focuses on those reforms that can contribute most to the resilience of Member States' economies and have positive spillover effects on other Member States. These include reforms in product and labour markets, tax reforms, the development of capital markets, reforms to improve the business environment and public administration reforms.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is made up of three separate and complementary instruments:

- The **Reform Delivery Tool** will provide financial support to Member States to implement structural reforms identified in the context of the European Semester of economic policy coordination. It will be administered under direct management. It will provide a financial contribution to a Member State upon implementation of reform commitments agreed with the Commission. The reforms will be voluntarily proposed by the Member States based on the challenges identified in the European

Semester process. Such reforms are particularly important for Member States experiencing excessive imbalances. Member States will provide a detailed set of measures, milestones for implementation and a calendar for completion that will be no longer than three years. Following a dialogue between the Commission and the Member State, the Commission will adopt a decision by means of an implementing act setting out the reform commitments (including the milestones, targets and timeline) to be implemented by the Member State and the financial contribution allocated. Member States will report on progress through their National Reform Programme as part of the European Semester.

- The **Convergence Facility** will provide dedicated financial and technical support to Member States wishing to join the euro and which have taken demonstrable steps towards adopting the single currency within a given time-frame. The tool aims to support the implementation of reforms targeted to help prepare for successful participation in the euro area. Requests for technical support under this instrument will follow the same rules as for the technical support instrument. Proposals for reform commitments made by Member States in order to receive financial support under the Convergence Facility will follow the same rules set out for the Reform Delivery Tool. Allocations foreseen for the Convergence Facility will be transferred to the Reform Delivery Tool if by the end of 2023 an eligible Member State has not taken the necessary steps to claim support from the Convergence Facility.

- The **Technical Support Instrument** will succeed the existing Structural Reform Support Programme, in order to provide, upon request from Member States, tailor-made technical support for the implementation of institutional, administrative and growth-sustaining structural reforms. The instrument is aimed to provide hands-on support on the ground and accompany the entire reform process and/or stages or phases of the reform process. Support is provided directly through the Commission's in-house expertise or together with other providers of technical support. Depending on the project, these could include experts from national administrations, international organisations, private firms and consultancies, as well as experts from the private sector. Support for Member States is provided in a coordinated manner across policy areas and an integrated approach is pursued across sectors, while retaining a Member State perspective.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme will effectively complement the stronger link between **Cohesion Policy** and the European Semester. Together with other new instruments, such as the **European Investment Stabilisation Function**, the Programme operates as part of a global approach to a modernised EU framework supporting a stable European Economic and Monetary Union.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**25 000**
of which:	
Reform Delivery Tool	22 000
Convergence Facility	2 160
Technical Support Instrument	840

ECONOMIC & MONETARY UNION

European Investment Stabilisation Function for the Economic and Monetary Union

The European Investment Stabilisation Function will help soften the effects of asymmetric shocks and prevent the risk of negative spillovers to other Member States.

1. EUROPEAN ADDED VALUE

The deepening of the Economic and Monetary Union is a common priority. It requires determined actions from Member States but it can be supported as well by adequate support from the EU budgetary and policy coordination instruments.

The EU budget has always promoted upward social and economic convergence. In recent years, the lending firepower available at EU level was also increased to respond to extreme circumstances. However, to date macroeconomic crisis support has been a limited but useful competence of the EU budget, including for instance the European Financial Stability Mechanism and the Balance of Payments instrument, while the practice of the European Structural and Investment Funds for Member States with difficulties in itself has offered a stabilising effect.

Each country differs and the size and structure of the economy matter are important factors in the likelihood of being exposed to shocks. However, the crisis highlighted the limitations of means available to individual Member States to absorb the impact of large asymmetric shocks, with some eventually losing access to the markets to finance themselves. In several instances, this resulted in protracted recessions and negative spillovers to other Member States. This is due to the strong interdependence of the economies in the euro area and – to a lesser degree – in the EU. Preventing these negative spillovers with a new tool at euro area level would therefore have a clear benefit and added value for the EU as a whole.

The specificities for this new European Investment Stabilisation Function call for a clear focus on euro area Member States, but there should be ways for other countries to participate. The new instrument complements the stabilisation role played by national budgets in the

event of large asymmetric shocks. Given their central role in the economy, national budgets will continue to be the main fiscal policy instrument for Member States to adjust to changing economic circumstances. This is why Member States need to continue to build up and sustain adequate fiscal buffers, notably in good times, as provided for by the Stability and Growth Pact, and to gear economic policies to prevent the emergence of macroeconomic imbalances. In case of a downturn, Member States will first use their automatic stabilisers and discretionary fiscal policy in line with the Pact. Only if these buffers and stabilisers are not sufficient, in case of large asymmetric shocks, should the European Investment Stabilisation Function at European level be triggered.

2. OBJECTIVES

The European Investment Stabilisation Function aims to provide resources to a Member State hit by a shock. This would have a possible impact on the deficit/debt position of the Member State concerned.

The European Investment Stabilisation Function will be distinct but complementary to existing instruments in the EU public finances toolbox. Access to the European Investment Stabilisation Function will be subject to strict eligibility criteria, which should contribute to sound fiscal and economic policy and minimise moral hazard.

3. IMPLEMENTATION & SIMPLIFICATION

The European Investment Stabilisation Function helps to support and maintain national investment levels. Investment is often first cut from national budgets in times of strain, with detrimental effects on longer-term productivity and growth.

The European Investment Stabilisation Function will combine concessional back-to-back loans of up to EUR 30 billion under the EU budget, coupled with a grant component to cover interest costs. Two additional strands are to be developed over time in the form of a possible role for the European Stability Mechanism or a future European Monetary Fund and a voluntary insurance mechanism to be set up by Member States. The grant component of the European Investment Stabilisation Function will be financed through contributions from euro area Member States equivalent to a share of monetary income (seigniorage). Non-euro area

Member States wishing to participate in the European Investment Stabilisation Function would contribute to the financing according to the European Central Bank capital subscription key.

Access to the European Investment Stabilisation Function is subject to eligibility criteria and an agreed mechanism to trigger its use. Only Member States complying with the EU economic and fiscal surveillance framework during the period preceding the large asymmetric shock are eligible for access. This will avoid moral hazard and create an additional incentive for compliance with sound fiscal and structural policies. Triggering will be automatic and rapid on the basis of pre-defined parameters.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The European Investment Stabilisation Function is distinct from and complementary to existing instruments in the EU public finances toolbox. It fills the gap between, on the one hand, existing instruments financed from the EU budget for jobs, growth and investment and, on the other hand, financial assistance under European Stability Mechanism or the future European Monetary Fund in extreme cases.

Together with other new instruments as the **Reform Support Programme**, the Stabilisation Function operates as part of a global approach to a modernised EU framework supporting a stable Economic and Monetary Union.

5. INDICATIVE ANNUAL AMOUNT

Figures in current prices	***EUR million***
Interest rate subsidy	**600***

* The interest rate subsidy will be financed by external assigned revenues from contributions from euro area Member States equivalent to a share of monetary income (*seigniorage*).

ECONOMIC & MONETARY UNION

PERICLES - Protection of the euro against counterfeiting

Pericles is the EU programme dedicated to the **protection of the euro against counterfeiting and related fraud** in the EU and outside the EU.

1. EUROPEAN ADDED VALUE

The protection of the euro is crucial for the functioning of the Economic and Monetary Union and must, by definition, be ensured at EU-level. The protection of the European single currency as a public good has a clear **transnational dimension** and therefore goes beyond the interest and the responsibility of individual Member States. Considering the cross-border circulation of the euro and international organised crime in euro counterfeiting, national protection frameworks need to be complemented in order to ensure homogeneous international cooperation and to address emerging transnational risks. The Programme promotes **transnational and cross-border cooperation** within the EU as well as **internationally** ensuring global protection of the euro against counterfeiting. It is focused in particular on countering specific emerging threats such as the deep/dark web and on the relationship with certain **external partners** such as dialogue with anti-counterfeiting authorities or support to euro protection activities in countries with hotspots of euro counterfeiting. Research on innovative security features of second generation euro coins also falls into this category of transnational themes.

2. OBJECTIVES

Building on the pillars of prevention, repression and cooperation, Pericles aims at strengthening **capacity-building** and supporting **exchange**, **assistance** and **training** for the protection of euro banknotes and coins against counterfeiting in the EU and abroad.

3. IMPLEMENTATION & SIMPLIFICATION

Online submission of applications and provision of relevant documentation will help simplify implementation. Delivery mechanisms will remain stable as funds are used for the provision of grants to Competent National Authorities (police, central banks, judiciary and mints) interested in implementing actions and for the financing of actions implemented directly by the Commission.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Pericles' distinct transnational and multi-disciplinary approach and focus on capacity-building is complemented by the **Internal Security Fund** dedicated to prevention of and fight against crime, and particularly efforts to prevent or combat counterfeiting linked to terrorism, organised crime, cybercrime, and environmental crime. There are also synergies with the **Technical Assistance and Information Exchange** supporting activities related to euro counterfeiting for candidate countries. Finally, the programme also complements other actions in the field of the Economic and Monetary Union, notably the **Convergence Facility** for new members of the euro area.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**8**

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

European Social Fund+

The European Social Fund+ is the EU's main instrument to **invest in human capital** for sustainable economic development. It **helps people to get better jobs** through upskilling and reskilling, ensures fairer job opportunities for all EU citizens and enhances **social inclusion.** In doing do, it contributes to the 2030 Sustainable Development Goals.

1. EUROPEAN ADDED VALUE

Building on the Treaty-based objectives of access to employment, quality education and social cohesion, EU funding for human capital development is one of the tangible illustrations of EU added-value. Since its creation in 1957, the European Social Fund invests in people promoting better qualifications for more citizens, equality, social fairness and social progress through concrete actions showing to citizens that the EU can empower and protect them. The European Pillar of Social Rights, as proclaimed at the Social Summit in Gothenburg in November 2017 recalled this need to put people first and to further develop the social dimension of the Union. It highlighted common principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion.

EU funding has a catalyst effect on national interventions to address such crucial employment and social challenges. The European Social Fund also adds value through a broadened support to specific groups (such as youth and the most deprived) while supporting innovation, experimentation, joint transnational cooperation, capacity building and exchanges of good practices. Evidence has shown that for each euro spent at the EU level in employment and social investments, more than three euro are delivered in terms of outcome (increased employment rate, prevention of school drop-outs and poverty reduction). In particular, during the crisis the Fund helped maintain public investment during budgetary consolidation efforts of the Member States.

The latest economic and social crisis emphasized the need to further enhance economic and social resilience and upward social convergence since globalisation, demographic change,

new technology and productivity paradigms are changing the way we live and work. The Fund can provide important support addressing these challenges, including through increasing the impact of reforms implemented under the European Semester by providing accompanying funding. Important measures to mitigate the effects of the crisis and increased resilience of the economy and market institutions would not have been developed without its support.

2. OBJECTIVES

The European Social Fund+ supports the implementation of the principles of the European Pillar of Social Rights. It overcomes the current fragmentation of funding instruments in the social policy area and pool the scope and resources of the European Social Fund+ in its present form, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the Employment and Social Innovation Programme and the Health Programme under a single, streamlined comprehensive and more flexible instrument aiming at the following EU priorities:

- Promoting reforms to **improve economic and social resilience and upward social convergence,** the accessibility, resilience and effectiveness of **healthcare systems and public health policies**, notably through streamlined and better alignment of the programming with country specific recommendations within the European Semester process;
- Investing in **education and skills** (notably basic digital skills) to adapt to the current and future needs of the economy, promoting **employment** through active interventions enabling (re)integration into labour markets, notably for youth and long-term unemployed and addressing new health risks related to changing forms of work;
- Specific attention will also be given to the position of **migrants** and their integration into labour markets;
- Promoting **social inclusion**, ensuring a high level of health protection, preventing and combating **poverty and inequality**;
- **Supporting labour mobility and social innovation** through EU wide partnerships;
- Reducing inequalities in **access to public health and quality health care** among Member States, **protecting people from serious cross-border health threats** by avoiding and countering health crises, empowering health systems with emphasis on their digital transformation, supporting EU health legislation.

3. IMPLEMENTATION & SIMPLIFICATION

Simplified and more effective delivery will be one of the key elements of the European Social Fund+ with three objectives: reducing of administrative burden, ensuring the necessary flexibility to respond to unexpected social challenges and focussing on results rather than costs. Delivery will take place mainly under shared management, but also, to a more limited extent, under direct management. The measures will translate into faster start-up of the new programmes, leading to a more stable and predictable payment profile throughout the period.

The **reduction of administrative burden** will result from sharing a single rule book aligning implementing rules across European Structural and Investment Funds, reduction of overlaps in target groups and actions, increased cross reliance on audits and a simplified programming framework together with the incentive to roll-over the existing management and control systems.

The European Social Fund+ will improve its flexibility to be more responsive to **unexpected social challenges and unforeseen opportunities**. Funding will have simplified procedures for amending programming choices, introducing financial management rules for the Fund which will allow for standardising costs and thus contribute even more accessibility and flexibility with regard to beneficiaries on the ground.

EU funding will also further shift the focus towards results. The default use of "standard simplified cost options" will facilitate access to EU funding, reducing the costs of controls and focusing programme management on the achievement of outputs and results. New provisions to disburse payments on the basis of results and meeting conditions will help to further improve the delivery of the Fund. Higher national co-financing will also help increase ownership on the ground as well as the impact of the policy.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

There will be common rules for all shared management funds (the Common Provisions Regulation) which will cover the following funds: the **European Regional Development Fund**, the **Cohesion Fund**; the **European Social Fund+**, the **European Agricultural Fund**

for Rural Development, the **European Maritime and Fisheries Fund**, the **Asylum and Migration Fund**, the **Internal Security Fund** and the **Integrated Border Management Fund**. This will create a convergence of rules that will enhance coherence and synergies among these Funds.

The European Social Fund+ will be more closely aligned with the **European Semester of economic policy coordination**, which takes regional specificities into account. The detailed analysis of Member States' challenges in the context of the European Semester will serve as a basis for the programming of the funds at the start and at mid-term of the next period. This will serve as the roadmap for the short, mid- and long-term planning and monitoring of the funds. A system of ex-ante conditionalities and macro-economic conditionality will be maintained. Through the European Semester process the Commission and the Member States (notably through their National Reform Programmes) will ensure coordination and complementarity of financing from cohesion policy funds and the new Reform Support Programme with regard to the support to structural reforms.

Adding up to mid/long-term structural interventions from the European Social Fund+, the **European Globalisation Adjustment Fund** will support workers in the face of negative impact of developments linked to globalisation including changes in trading patterns due to third country decisions.

As regards other instruments, enhanced complementarity will allow integrated support for the policy value chain, for instance offering greater possibilities to scale up **Erasmus+** transnational projects into a national policy context through support by the European Social Fund+, in particular for the disadvantaged young people, or joint competitive calls aimed at mainstreaming innovative project results from EU programmes into national policies such as skills and competences curricula developed under **Horizon Europe**. Synergies with the **Digital Europe Programme** will be developed in the area of skill development. In addition, in complementarity with the **Asylum and Migration Fund**, the European Social Fund+ will support long-term integration of third-country nationals including needs linked to integration of relocated third-country nationals.

On financial engineering, the **InvestEU Fund** will play a strong complementary role particularly by promoting access to finance through its "social investment and skills" window.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**101 174**
of which:	
European Social Fund	100 000
Employment and social innovation	761
Health	413

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Erasmus+

Erasmus+ equips people, in particular young people, with new knowledge and skills **through study, traineeships, apprenticeships, youth exchanges, teaching, training, youth work** and **sport activities** all over Europe and beyond. It supports European countries **to modernise and improve their education and training systems** as well as their youth and sport policies.

1. EUROPEAN ADDED VALUE

The programme is built around three key actions: mobility, cooperation and support to policy development. Erasmus+ increases opportunities for people to have a learning experience abroad. It also provides networking and cooperation opportunities as well as capacity building activities within the Union and with third countries. It includes mutual learning and exchange of good practice. It supports innovation in systems and organisations and provides tangible results for participating individuals and institutions.

Action at EU level is essential given the transnational character and scale of these activities. The Erasmus+ Programme guarantees that all Member States benefit from mobility and exchange of good practice while ensuring optimal dissemination of results. EU action on the ground is a way of filling in the missing links, avoiding fragmentation, realising the potential of a Europe without internal borders and improving transparency and comparability of education and training systems throughout the Union. Other schemes funding comparable actions at national level remain significantly smaller both in volume and scope and do not have the capacity to substitute Erasmus+ funding.

The European Pillar of Social Rights, as proclaimed by the three institutions at the Social Summit in Gothenburg in November 2017, recalled the need to put people first and to further develop the social dimension of the Union. It highlighted common principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. To face the competitive job market, anticipate societal challenges and contribute to resilient economies, people need to be equipped with the right set of

knowledge, skills and competences required in a fast changing world.

Therefore, Erasmus+ will support the acquisition of forward-looking knowledge, skills and competence development and build new alliances with relevant stakeholders. Erasmus+ will become a more inclusive programme increasing its accessibility - especially for small scale or grass-root organisations. It will allow more young people, including school pupils, to travel to another country for learning, including reaching out to those from disadvantaged backgrounds. Promoting awareness of EU matters and fostering active participation in society will help to tackle the lack of understanding of the EU and how it works. The levels of mobility and cooperation at European and international level will also be increased and extended in scope.

2. OBJECTIVES

The general objective of the programme is to support the implementation of EU policy objectives in the field of education and training, youth and sport, thereby contributing to sustainable growth and social cohesion and to promoting EU common values and a sense of belonging to the EU.

For education and training, this translates into the establishment of the **European Education Area** by 2025 in which learning, studying and doing research would not be hampered by borders, implementing relevant EU policies in this field, notably the **New Skills Agenda for Europe**, and following up on the Paris Declaration on promoting citizenship and the common values of freedom, tolerance and non-discrimination through education.

The programme will support and implement actions in accordance with the renewed framework for European cooperation in the youth field, addressing **learning mobility**, **capacity-building** of the youth sector, **actions to empower young people** to participate and support Member States in developing their national youth systems.

It will help developing the European dimension in sport and foster a European identity by travel experience with Interrail passes for young people.

3. IMPLEMENTATION & SIMPLIFICATION

Building on the successful implementation of the programme so far, the future Erasmus+ will maintain the current basic architecture as an integrated programme that is based on the principle of lifelong learning. Its actions cover several areas such as higher education, vocational education and training, school education, adult learning, youth and sport.

The budget of Erasmus+ will be implemented mainly via National Agencies established in each of the Erasmus+ Programme countries as well as, to a lesser extent, by the Education Audio-Visual and Culture Executive Agency and by the Commission.

Erasmus+ will decrease the administrative burden for all by simplifying procedures and processes, optimising electronic tools and making them more inter-operable and user-friendly, by reducing reporting and information obligations and better standardise the implementation of the programmes across National Agencies. Simplification and streamlining of the implementation modalities will facilitate access to Erasmus+. The delivery mechanism and rules of the international strand of Erasmus+ will also be considerably simplified and streamlined.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme complements national and regional actions and allows structured mobility, cooperation and policy support in a truly transnational way.

The significant complementarities between Erasmus+ and other EU instruments, including the **European Social Fund+**, and **Horizon Europe** will be strengthened. In addition, the **European Solidarity Corps** will facilitate the engagement of young people in solidarity activities in full synergy with Erasmus+, as both programmes will be implemented with the support of the Education, Audiovisual and Culture Executive Agency and of national agencies.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	**EUR million**

Total envelope for 2021-2027	**30 000**

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

European Solidarity Corps

The European Solidarity Corps aims at facilitating the **engagement of young people in solidarity activities** in Europe and abroad, and at using those opportunities to improve their skills, competences and employability with a view to address concrete societal challenges.

1. EUROPEAN ADDED VALUE

Solidarity lies at the heart of the European Union and is one of its core values.

Since December 2016, the European Solidarity Corps has brought together all related activities under existing programmes and enabled young people to engage in solidarity activities. Since 2014, the EU Aid Volunteers initiative gives EU citizens a unique opportunity to contribute to humanitarian action in third countries.

The benefit of fostering solidarity activities at EU level is considerable. This was reaffirmed in the mid-term evaluations of the Erasmus+ programme, the main supplier of volunteering opportunities under the Corps so far, and the EU Aid Volunteers initiative. Given the scarcity of financial resources in this area, EU funded projects, in particular for multi-country activities, would not have gone forward based only on national funding. Willingness to engage exceeds the opportunities on offer: Only 8% of young people have stayed abroad for the purpose of volunteering and of those who have not done so, 76% claim that this is because of lack of opportunities. In general, more than four in ten young Europeans would like to work, study or train in another EU country.

So far over 53,000 young persons have demonstrated their interest in solidarity activities by registering on the European Solidarity Corps portal. In the absence of the European Solidarity Corps and EU Aid Volunteers, an important potential for solidarity activities would be lost, leading to detrimental effects for welfare, vulnerable communities, the development of young

people and society as a whole. The European Solidarity Corps will allow the pooling existing resources and knowledge to achieve a critical mass of sustained funding for tackling EU wide challenges through solidarity activities. In-country placements require a sufficient EU dimension, such as fostering an EU policy (e.g. migration, environment) in order to be eligible.

The European Solidarity Corps supplements existing public and private policies and works in complementarity with existing national schemes. This complementary effect is ensured since the programme is aimed at addressing unmet societal needs.

2. OBJECTIVES

The European Solidarity Corps aims to enhance the engagement of young people and organisations in accessible and high quality solidarity activities. This helps to strengthen cohesion and solidarity in Europe and abroad, supporting communities and responding to societal challenges. The European Solidarity Corps builds on the current European Solidarity Corps and the EU Aid Volunteers programme with a view to:

- Addressing important unmet **societal needs** in a broad range of areas such as development and humanitarian aid, education, health, social integration, assistance in the provision of food, shelter construction, reception, support and integration of migrants and refugees, environmental protection or prevention of natural disasters, contributing to the EU goals in these policy domains;
- **Empowering young people** through their involvement in European solidarity activities. This allows the young people to develop their human and social skills that in turn enables them to become independent, active individuals. At the same time, they develop a European identity and intercultural competences, which is essential in times of persistently high youth unemployment in some parts of Europe and growing risk of lasting social exclusion for certain vulnerable groups;
- **Strengthening the foundations for engagement in solidarity activities** and providing an extended basis for supporting organisations around Europe. This also contributes to building inclusive, open communities, helping to make society as a whole more resilient;

The integration of the **EU Aid Volunteers Initiative** provides a unique opportunity for young Europeans to demonstrate solidarity with people in need around the world and contribute to humanitarian/development actions in third countries. It also provides opportunities for

organisations to receive technical assistance and capacity building in disaster risk management, preparedness and response.

The European Solidarity Corps will also contribute to inter-generational solidarity, connecting young participants to other generations in projects that allow for positive synergy and mutual learning. It will further develop its platform and network of participants to foster a larger community of people engaged in solidarity activities.

3. IMPLEMENTATION & SIMPLIFICATION

The European Solidarity Corps will support the placement of participants in accredited organisations involved in solidarity projects. It will be implemented on the successful model established for the Erasmus+ programme. It is based on the clear division of programme management tasks between the Commission, the National Agencies established under the Erasmus+ Programme and the Education, Audiovisual and Culture Executive Agency.

The geographical scope of the new European Solidarity Corps covers, in the humanitarian field, all countries worldwide. For all other volunteering opportunities, potentially all countries participating today in Erasmus+ would be included. However, traineeships and jobs opportunities will be on offer only in EU Member States.

The European Solidarity Corps will ensure:

- A **holistic approach to solidarity** under a single EU instrument, covering activities both within and beyond EU borders including the humanitarian dimension;
- A single entry point (**one stop shop**) for young people interested in a solidarity, with a clear and simple access to the scheme;
- An increased number of volunteers, trainees and employees through one **single instrument**;
- The **simplification of rules** of the existing schemes and establishment of a single implementation procedure;
- Cost reductions through **economies of scale and scope** (insurance, training, communication, online platform, etc.).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The European Solidarity Corps will allow for a single hub for solidarity activities both within

and outside the EU. The European Solidarity Corps will develop close ties and synergies with national frameworks and schemes, such as civic service programmes. Close complementarities and synergies will be ensured with the youth activities under the future **Erasmus+** Programme and the **European Social Fund+** activities aimed at fostering the employment of young people. Synergies with **LIFE**, the EU Programme for Environment and Climate Action, will also be exploited notably as complementary actions for strategic integrated projects.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**1 260**

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Justice, Rights and Values

The Justice, Rights and Values Fund is a new EU instrument comprising two funding programmes: the **Rights and Values Programme** supporting **equality and rights** and the Justice Programme promoting the development of an **EU area of justice**.

1. EUROPEAN ADDED VALUE

Promoting, strengthening and protecting EU values, rights and justice contributes to making the EU authentic and tangible in people's day-to-day lives. By promoting and protecting equality and rights all across the EU, encouraging citizens' participation in political and civil life and supporting policies to promote equality and anti-discrimination and to combat violence, the Fund contributes to strengthening European democracy, its equal societies and civil institutions.

Promoting EU values also means protecting them and ensuring an environment respectful of the rule of law and the independence of the judiciary, where mutual recognition and mutual trust among Member States are enhanced. This is at the core of the European Area of Justice. It is through EU-funded initiatives that remaining bottlenecks hampering judicial cooperation in civil and criminal matters and the incomplete implementation of EU law can best be tackled.

The two programmes under the Justice, Rights and Values Fund will also enhance and support the key role of Non-Governmental Organisations and Civil Society Organisations in the promotion, safeguarding and awareness-raising for EU common values and in contributing to the effective enjoyment of rights under Union law.

2. OBJECTIVES

The overarching aim of the Justice, Rights and Values Fund is to sustain open, democratic and inclusive societies. It aims to empower citizens through protecting and promoting rights and values through further developing an EU area of justice.

This is pursued through the following objectives:

- Empowering citizens through the promotion and protection of rights, values and equality and through creating opportunities for engagement and participation;
- Contributing to the further development of a European area of justice based on the rule of law, on mutual recognition and trust, in particular by facilitating access to justice, by promoting judicial cooperation in civil and criminal matters and the effectiveness of national justice systems.

3. IMPLEMENTATION & SIMPLIFICATION

The new instrument combines small scale programmes with related objectives and beneficiaries so as to improve both effectiveness and efficiency of EU action. Its architecture develops synergies between current programmes, while allowing for policy specificities. On the basis of the lessons learnt from the previous generation of programmes, implementation will be streamlined to increase cost effectiveness and reduce administrative burden for example by reducing the number of underlying financial transactions.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Justice, Rights and Values Fund has policy synergies with the **Single Market Programme** as it provides support to empower consumers and strengthen the work of enforcement authorities in the consumer area. By financing activities on company law, contract law and anti-money laundering, the future Single Market Programme will contribute directly to the implementation of the EU policy in the field of justice. Synergies will be developed and strengthened within the **European Social Fund+** with its strong and direct impact on people – including the most disadvantaged and discriminated against – and its significance for promoting gender equality and equal opportunities, EU values and the respect of fundamental rights. The **Digital Europe Programme** will enable to ensure the digital transformation of the judicial systems in the Member States, the development of "LegalTech"

by EU companies and cross-border interconnection and interoperability. The promotion of values and rights within the EU is mirrored by their promotion at the global level, including through the linkages of the implementation of the Sustainable Development Goals. In this respect, synergies can also be developed with **external action** at multilateral level.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**947**
of which:	
Rights and Values	642
Justice	305

INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Creative Europe

Creative Europe is the EU programme that supports **European culture**, including notably **MEDIA actions**.

1. EUROPEAN ADDED VALUE

Promoting, strengthening and protecting European cultural diversity and cultural heritage and creativity helps to make the EU authentic and tangible in people's day-to-day lives. Culture therefore plays a pivotal role in addressing key societal and economic challenges. Moreover, culture has a strong role in driving innovation, economic growth and job creation.

Support to cultural diversity enables artistic and creative freedom and strengthens awareness of a shared European identity. The promotion of cultural values requires competitive and vibrant cultural and creative sectors, in particular the audiovisual industry, in order to reach citizens across Europe, notably in the context of an increasingly integrated Digital Single Market.

EU level investment in culture plays a crucial role fostering diverse and inclusive societies, and supports other EU policies through crossovers. Substantially increased added value will be ensured by focusing on areas which complement national and regional funding with a strong cross border dimension, by addressing market failures, and contributing to economies of scale and critical mass.

Mobility of professionals in the cultural and creative sectors, support to emerging talent and the promotion of artists and their works at the international level strengthens the European Union's cross-border cultural performance and its relations on the global scene. Actions to promote audience engagement and cultural participation, and supporting artistic expression strengthen Europe's creative and innovative potential that extends beyond national borders. This is particularly true for enhanced creation, circulation and promotion of culturally diverse

and competitive European film content for which further scaling up and consolidating Europe's audio-visual industry is essential.

With regard to the audiovisual industry, actions under the MEDIA strand will strengthen the competitiveness of Europe's creative and audiovisual industry, by supporting the development of European works able to compete with major non-European productions, new technologies for innovative story-telling (such as virtual reality), marketing, promotion, and distribution strategies, as well as accompanying the implementation of the Audiovisual Media Services Directive.

2. OBJECTIVES

The overarching aim of Creative Europe is to sustain open, inclusive and creative societies and to strengthen the competitiveness of the cultural and creative sectors, boosting growth and job creation. The programme aims to:

- Safeguard, develop and promote European cultural diversity and Europe's cultural heritage;
- Support the creation and dissemination of quality and diverse European works, accessed by large audiences across borders;
- Support culture-based creativity in education and innovation;
- Strengthen the cross-border dimension of cultural and creative sectors;
- Improve the competitiveness and innovation capacity of the European creative and audiovisual industry.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will continue to be principally implemented by the Education, Audiovisual and Culture Executive Agency. On the basis of the lessons learnt from the previous generation of programmes, implementation will be streamlined to increase cost effectiveness and reduce administrative burden for example by reducing the number of underlying financial transactions. The Creative Europe Desks will be delivering more streamlined and better focussed communication, dissemination and feed-back on results.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Creative Europe has strong synergies with the **Single Market Programme** as the promotion of culture and media are directly contributing to the implementation of the Digital Single Market strategy. Synergies with **Erasmus+** will be reinforced by more systematically mainstreaming the needs of cultural education and training institutions into the existing and future actions. The **Digital Europe Programme** will support the digital transformation of the cultural heritage sector (e.g. Europeana), thus contributing to the implementation of the #digital4culture strategy. In order to leverage private investment, equity and debt financing will be made available to cultural and creative small and medium-sized enterprises via the **InvestEU Fund**. Under **Horizon Europe**, the cluster on inclusive, resilient and secure societies will support research and innovation activities in the fields of media convergence and culture.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**1 850**
of which:	
MEDIA	1 200
Culture	650

AGRICULTURE & MARITIME POLICY

European Agricultural Guarantee Fund & European Agricultural Fund for Rural Development

The Common Agricultural Policy is the core policy of the Union aiming to increase **agricultural productivity**, ensure a **fair standard of living for farmers**, **stabilise markets** and **enhance competitiveness**. A modernised Common Agricultural Policy will need to support the transition towards a fully sustainable agricultural sector and the development of **vibrant rural areas,** providing **secure, safe and high-quality food** for over 500 million consumers.

1. EUROPEAN ADDED VALUE

Europe needs a smart, resilient, sustainable and competitive agricultural sector in order to ensure the production of safe, high-quality, affordable, nutritious and diverse food for its citizens and a strong socio-economic fabric in rural areas. A modernised Common Agricultural Policy must enhance its European added value by reflecting a higher level of environmental and climate ambition and addressing citizens' expectations for their health, the environment and the climate. The global and cross-border nature of the key challenges faced by EU agriculture and rural areas require a common policy at EU level. These challenges are addressed by:

- Securing a single market and level playing field via a common income safety net and avoids potential distortions of competition;
- Shoring up EU farming sector resilience necessary to harness globalisation;
- Delivering on key sustainability challenges like climate change and biodiversity, as well as soil, water and air quality.

A modernised policy will allow maintaining a fully integrated Single Market for agricultural goods in the EU while increasing the emphasis on a sustainable production with increased ambition regards the environment and climate. Disparities in the development of the farming sector will be reduced and crisis preparedness will be increased.

2. OBJECTIVES

The post-2020 Common Agricultural Policy focuses on objectives covering all three dimensions of sustainable farming in the EU:

- To foster a smart and resilient agricultural sector;
- To bolster environmental care and climate action and to contribute to the environmental and climate objectives of the EU;
- To strengthening the socio-economic fabric of rural areas.

It will also need to continue to address societal expectations regarding sustainable food production, in particular concerning food safety, food quality, environmental and animal welfare standards. The policy will reflect a higher emphasis on advice, knowledge transfer and cooperation.

3. IMPLEMENTATION & SIMPLIFICATION

The policy will continue to be implemented primarily under shared management between the EU and the Member States. It will be financed through two funds, the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development. A **new delivery model** will be put in place by bringing together the operations under a single programming instrument, the **Common Agricultural Policy Strategic Plan**. Based on a common set of objectives set at EU level and fully respecting the EU's international commitments, Member States will have more room to identify their needs and to define the intervention schemes, provided they are pertinent to achieve the EU specific objectives. Such EU specific objectives shall be aligned with those of other EU policies, such as environment and climate.

The Common Agricultural Policy Strategic Plans will be approved by the Commission if they are consistent and contribute in an adequate manner to the achievement of EU objectives and targets. This new model represents a shift from today's compliance-based policy to a result-oriented policy aimed at delivering on common objectives set at EU level. It will also allow Member States suitable room to cater for specific needs at national or regional level. A set of impact indicators will be used for evaluating the long-term performance of the policy, while common output and result indicators will help to monitor implementation. The new delivery model will entail **a far-reaching simplification of rules for farmers and administrations.**

- Direct payments will remain an essential part of the policy, but they will be moderately reduced and better targeted. Basic income support through direct payments, in particular decoupled payments, will form part of the interventions covered by the Strategic Plan established by Member States.
- Member States will have the option of shifting a part of their allocations of direct payments to rural development and vice versa.
- Currently, 20% of farmers receive 80% of direct payments reflecting a system where payments are linked to land which is concentrated among a minority of farmers.
- A more balanced distribution should be promoted through compulsory capping at farm level (with exemption of cost of labour) or degressive payments decreasing with farm size. The savings will remain in the envelope of the Member State in which they originate for redistributing the support towards rural development or medium and smaller farms.
- Direct payment levels per hectare between Member States will continue to converge (external convergence). For all Member States with direct payments below 90% of the EU-27 average, the gap between their current level and 90% of the EU average direct payments will be closed by 50%. This convergence will be financed by all Member States.
- The "greening" as currently applied will be replaced by integrating current cross compliance, green direct payments and voluntary agro-environmental and climate measures into a more targeted, more ambitious yet flexible approach, in view of a higher level of environmental and climate ambition of the Common Agricultural Policy.
- Support for risk management tools including income stabilisation tools will need to be introduced in the Strategic Plans. A new crisis reserve will be established within the European Agricultural Guarantee Fund. Access will be conditional on the set-up of a strategy at national level of appropriate risk management tools (such as insurance type instruments).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Modernising the Common Agricultural Policy will help develop more synergies and make it more coherent with other EU policies, in particular environment, climate action, regional development and research and development. Higher policy coherence will result in simplification for administrations and farmers alike. A higher environmental ambition cannot be reached without strong support for knowledge, innovation and technology. Successful synergies with **Horizon Europe** will continue to be secured and developed in the cluster on “Food and Natural Resources” whose objective is to make agriculture and food systems fully safe, sustainable, resilient, circular, diverse and innovative. A reinforced focus on developing

and using scientific knowledge in EU agriculture is essential for its modernisation and transition to a sustainable future. This is why an amount of EUR 10 billion will be foreseen under Horizon Europe to support research and innovation in food, agriculture, rural development and the bioeconomy. Synergies will also be ensured with the **LIFE** Programme, the EU Programme for Environment and Climate Action, to optimise the uptake of funds supporting environmental investments. Equally, operational assessments of the state of the agricultural environment and impact of policies can be secured by fostering close synergies with the **Space Programme**.

A simplified framework of EU objectives and basic rules will be common with the other **European Structural and Investment Funds** to the extent possible.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**365 005**
of which:	
European Agricultural Guarantee Fund	286 195
European Agricultural Fund for Rural Development	78 811

AGRICULTURE & MARITIME POLICY

European Maritime and Fisheries Fund

The European Maritime and Fisheries Fund is the EU's dedicated programme to support a **sustainable EU fisheries** sector and **the coastal communities** dependent on it.

1. EUROPEAN ADDED VALUE

The global nature of the maritime ecosystem requires the EU to act at international level to protect, conserve and sustainably use the oceans and their resources. EU action is far more efficient and effective than at any individual Member State level. Marine biological resources would soon be depleted without coordinated EU action, having immediate repercussion on the availability of fisheries products and the destruction of the marine ecosystem. The Fund supports the protection of marine biodiversity and ecosystems and helps to boost investments, jobs and growth, foster innovation through research and development and contributes to energy and climate objectives.

Overcapacity of the EU fleet and overfishing is still a problem in many segments and across sea-basins. Structural problems still prevail in the fisheries sector, notably in trans-national sea basins and coastlines covering several Member States, which cannot successfully be addressed acting alone. The Integrated Maritime Policy provides a coherent approach to maritime issues through close coordination and cooperation across sectors.

Promoting the blue economy in fisheries and aquaculture, tourism, ocean energy or blue biotechnology, in coastal communities, at EU level provides real EU added value by encouraging EU governments, industry and stakeholders to develop joint approaches to drive growth, while safeguarding the marine environment.

2. OBJECTIVES

The European Maritime and Fisheries Fund will focus on three objectives:

- **Safeguarding healthy seas and oceans and delivering sustainable fisheries and aquaculture** by reducing the impact of fisheries on the maritime environment while enhancing the competitiveness and the attractiveness of the fisheries sector;
- **Promoting the blue economy**, particularly by fostering sustainable and prosperous coastal communities towards investment, skills, knowledge and market development;
- **Strengthening international ocean governance and the safety and security of maritime space** in areas which are not already covered by the international fisheries agreements.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will be implemented in both shared and direct management. Grants and Financial Instruments will be the main funding tools. In shared management, Member States will be the main actors directly supporting beneficiaries. Direct management will be used to promote innovative policy development with an immediate impact in maritime policy activities and in the field of international ocean governance and maritime security.

The Fund will share a common legal basis with all the **European Structural and Investment Funds.** However, a sector-specific Regulation and a limited set of implementing and delegated acts are foreseen.

Simplified Cost Options (flat rates, lump-sums and unit costs) will be increasingly used to reduce the administrative burden. There will also be a large flexibility for Member States to tailor measure to objectives pre-defined at EU level. In addition, the adoption of e-procurement and e-grant modules in the case of direct management will be promoted, with the possibility to further externalise direct management of funds to executive agencies.

To increase the **flexibility**, the possibility to combine funding between the European Structural and Investment Funds as well as between shared and direct management will be increased. In addition, a larger availability of financial instruments (loans, guarantees) and repayable assistance such as repayable grants at programme level will be the standard for all support towards developing and improving the profitability of enterprises in the fisheries sector. Finally, Member States will have more flexibility in reacting to unforeseen circumstances and addressing changing spending priorities.

The Fund will also move towards a **more results-based support model** based on a pre-

defined list of detailed measures Member States can choose from. Better information systems based on integrated data frameworks will strengthen the policy impact.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies for the maritime and blue economy will be exploited in particular with the **European Regional Development Fund** for the investment in blue growth sectors and for sea-basin strategy, with the **European Social Fund**+ to re-train fishers in acquiring skills and the **European Agricultural Fund for Rural Development** for support to aquaculture. The collaboration and synergies with **Horizon Europe** for marine research and innovation will be achieved, for instance by supporting small and medium-sized enterprises for the deployment and market replication of innovative solutions for blue growth and by supporting a thematic investment platform for research and innovation in the blue economy. Synergies with LIFE, the EU Programme for Environment and Climate Action, will also be exploited for supporting actions aimed at improving the marine environment, notably as complementary actions for strategic integrated projects. The **InvestEU Fund** will play an important role with financial instruments for market related action, in particular by supporting a thematic investment platform for research and innovation in the Blue Economy.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**6 140**

AGRICULTURE & MARITIME POLICY

International Fisheries Agreements

International fisheries agreements allow the EU fishing fleets **access to third country waters** and require the financing of compulsory annual contributions deriving from **EU membership in Regional Fisheries Management Organisations**.

1. EUROPEAN ADDED VALUE

The EU is one of the leading maritime and fisheries players in the world. It promotes the sustainable management of international fish stocks and defends EU economic and social interests. Within the EU, the promotion of sustainable fisheries is the exclusive competence of the Union as the cross-boundaries dimension of fisheries requires EU-wide action. This is even more important for international action, whether when negotiating fisheries agreements or when participating to the Regional Fisheries Organisations.

The EU has also committed itself to take a leading role in implementing the UN's Sustainable Development Goal "to conserve and sustainably use the oceans, seas and marine resources" and is thus interested to shape international ocean governance – including resource conservation and stemming illegal fishing – in the frame of its international fisheries agreements.

More than a quarter of the fish caught by European fishing boats are taken outside EU waters. Therefore, the EU benefits from fisheries agreements for sustainable EU food supply, for developing its fisheries sector, the coastal communities depending on it and a sustainable blue economy. In addition, indirect benefits emerge from supporting third countries in the form of addressing migration and local socio-economic development. In the context of the Sustainable Fisheries Partnership Agreements, the EU provides financial and technical support to establish a legal, environmental, economic and social governance framework for fishing activities carried out by Union vessels in third country waters. The EU has a joint management of shared stocks with Norway, Iceland and the Faeroe Islands. Such agreements

play an important role in developing stronger relations with third countries and promoting the role of the European Union on the global stage.

The EU is a Contracting Party to the UN Convention on the Law of the Sea and the UN Fish Stocks Agreement. It must cooperate with other fishing nations and be a member of Regional Fisheries Management Organisations for fishing in high seas. As the sole representative for all EU fishing interests, the EU is a leading member in these organisations and has the clout and authority to defend its interests more effectively and forcefully than EU Member States separately.

2. OBJECTIVES

In the mutual interest of the EU and its partners, the International fisheries agreements programme aims to:

- Secure **access of the EU fleet to the waters under jurisdiction of third countries**;
- Provide funding to enhance **capacity building of the coastal States** to establish a sustainable management of fishery resources and strengthening the **monitoring, control and surveillance of fishing activities** in their waters in particular to tackle **illegal, unregulated and unreported fishing**;
- Develop and support the necessary **scientific and research institutions**;
- Enhance transparency and promote the **level playing field between all the fleets** operating in the waters concerned;
- Strengthen and promote **governance of the oceans** in regional fisheries bodies.

In addition to being a legal requirement when fishing in international waters, the **membership to regional organisations** allow the EU to promote principles of the **Common Fisheries Policy** outside of EU waters as much as possible to create a level playing field for EU operators. As a member of these organisations the EU is bound to participate in financing of the operations of the regional organisations through compulsory contributions.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is directly implemented by the European Commission by way of financial contribution.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The synergies with the Common Fisheries Policy are vital to the successful implementation of the fisheries agreements.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**990**

ENVIRONMENT & CLIMATE ACTION

LIFE - Programme for the Environment and Climate Action

LIFE is the EU Programme for the Environment and Climate Action. It focuses on developing and implementing **innovative ways to respond to environment and climate challenges** thereby catalysing changes in policy development, implementation and enforcement.

1. EUROPEAN ADDED VALUE

By their very nature, environmental problems, including climate change, transcend political, legal and man-made boundaries and cannot be adequately solved by Member States alone. EU intervention in the form of a dedicated instrument for environment and climate, including energy efficiency and small-scale renewables, is required to efficiently address such problems, avoid coordination failures, and complement environment and climate mainstreaming across the EU budget with targeted actions.

Most environmental assets are public goods that are unevenly distributed across the EU. The obligation to preserve them calls for a consistent application of the principles of responsibility sharing and solidarity. Consistency across the EU on the application of EU environmental and climate legislation and policies as well as the provision of an EU-level platform for sharing best practices and know-how is crucial. Facilitating a clean energy transition contributes to both environmental and climate objectives by contributing to better indoor and outdoor air quality, circular economy and efficiency of resources. It has strong added value by stimulating a competitive and sustainable Union economy. Furthermore, supporting energy efficiency is one of the most cost-effective ways of decarbonising our economy.

2. OBJECTIVES

The programme will contribute to:

- The shift towards a **circular, resource- and energy-efficient, low-carbon and climate-resilient economy**;

- The protection and improvement of the **quality of the environment**;
- Conserving nature and halting and reversing **biodiversity loss**.

The programme will also aim to build capacity, stimulate investments and supporting policy implementation in the fields that are most challenging for a **clean energy transition**.

Programme objectives will be pursued either through direct interventions or through the integration of these objectives in other policies and by enabling the coordinated use of funds available in other EU financial programmes.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is structured around two main fields of actions:

- **Environment: Nature and Biodiversity**; and **Circular Economy and Quality of Life**;
- **Climate Action: Mitigation and Adaptation**; and **Clean Energy Transition**.

The grants and public procurement part of the LIFE programme will continue to be directly managed by the Commission with the support of an executive agency.

The programme will be simplified in particular as regards the procedures for the applicants/beneficiaries. Novelties also include a greater strategic flexibility and ways to achieve a more balanced territorial coverage.

Financial Instruments for Environment and Climate Action will be implemented in the **InvestEU Fund**, in particular in its Sustainable Infrastructure window.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The LIFE Programme fits into the EU's existing priorities on environment, climate, energy and associated policies. It is complementary to other EU funding programmes. Synergies will be developed in particular with the **InvestEU Fund**, notably its sustainable infrastructure window, **Horizon Europe**, the **European Regional Development Fund**, the **European Social Fund+**, the **European Agricultural Fund for Rural Development** and the **European Maritime and Fisheries Fund**. To maximise results, the "Seal of Excellence" scheme will be

expanded to allow projects successfully evaluated under the LIFE Programme to be funded at regional level under the European Structural and Investment Funds.

LIFE is designed to support demonstrating techniques and best practice that can be replicated and upscaled in larger programmes. LIFE Strategic Integrated Projects mobilise other European, national, regional and private funds for the implementation of key environmental and climate plans (e.g. river basin management plans, clean air plans, etc.). The integration of **clean energy transition support** actions will strengthen the overall programme coherence and synergies in the implementation of the EU environmental, climate and clean energy policies supported by the projects.

All actions undertaken under LIFE will be compatible with the EU's long-term climate and environmental objectives

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**5 450**
of which:	
Environment	3 500
Climate	1 950

MIGRATION

Asylum and Migration Fund

The Asylum and Migration Fund contributes to **the effective management of migration flows**. It supports activities and measures related to **asylum, legal migration** and **integration** as well as **irregular migration** and **return**.

1. EUROPEAN ADDED VALUE

The migration crisis of 2015 showed that Member States cannot address the migration related challenge alone. EU action was able to provide a comprehensive and swift reaction in supporting the capacity of Member States and a policy response, framed by the European Agenda for Migration. This set out the action needed to save lives, to secure the external border of the Union, to support a strong common asylum policy, to address incentives for irregular migration and to promote a new policy for legal migration. All these work streams have been taken forward. The steady implementation of the EU-Turkey Statement, the Partnership Framework and the joint actions taken on the Central Mediterranean route have significantly reduced the number of irregular arrivals. At the same time, the management of the EU's external borders has taken a major step forward with the establishment of the hotspots approach and a significantly reinforced FRONTEX, the **European Border and Coast Guard Agency**.

The challenges in the areas of asylum, migration and external borders are transnational in nature and cannot be adequately addressed by Member States acting alone and all Member States benefit from the actions taken in 'front line' Member States supported by the EU budget. While the number of third country nationals currently arriving irregularly in the EU is progressively becoming smaller, migration will remain a challenge for the years to come. Furthermore, the abolition of internal border controls requires common measures for the effective control and surveillance of the Union's external borders, as well as a common asylum and migration policy.

Article 80 of the Treaty on the Functioning of the European Union expressly states that the common policies of asylum and migration and external borders are based on the principle of solidarity and fair sharing of responsibilities between Member States. EU funding provides the concrete financial means to translate this principle into practice.

Migration is a structural challenge. The EU needs stable and adequate tools to respond. Promoting solidarity and responsibility-sharing through resettlement and relocation, increasing legal channels for entry into the EU for persons in need of international protection, reception, integration and return of third country nationals and the completion of a Common European Asylum System, will all have financial implications.

The EU's response to the crisis has required a strong mobilisation of the EU budget to ensure that challenges could be addressed swiftly and effectively. It is a tangible manifestation of how the EU support the Member States. The funding initially earmarked for security and migration in the current Multiannual Financial Framework had to be doubled in order to respond to the scale of the needs. Discontinuing or scaling back existing EU financial interventions would have a significant, even critical, impact on the implementation of the European Agenda for Migration.

The EU will continue facing challenges in the field of migration and it is clear that these cannot be managed by Member States alone, nor without the financial and technical support of the EU. The Programme's EU added value is notable in supporting the management of high arrivals of migrants and asylum seekers, search and rescue capacities to save the lives of those attempting to reach Europe, management of returns and other actions that need coordinated Union response and are beyond the capacity of individual Member States.

2. OBJECTIVES

The key objective of the **Asylum and Migration Fund** will be the contribution to the **efficient management of migration flows**. More specifically the Fund shall contribute to:

- Strengthening and developing the **Common European Asylum System,** encompassing measures relating to policy, legislation and capacity building;

- Enhancing **effective and fair return policies** and contribute to **combatting irregular migration**, with an emphasis on effective national procedures and structures, sustainability of return and effective readmission in third countries;

- **Enhancing solidarity and responsibility–sharing** between Member States, in particular towards those most affected by migration and asylum flows, including through practical cooperation;

- Supporting **legal migration** into Europe and contributing, in the early integration phase, to the effective integration of third country nationals;

- Supporting the **external dimension** of the EU migration and asylum policy in full coherence and synergies with the EU's external action.

3. IMPLEMENTATION & SIMPLIFICATION

Shared management should be the prime vehicle for implementation of the Fund, as it will ensure a level playing field, avoid the mismatch between needs and competition for funding. It will allow funding predictability and long-term planning, and guarantee the necessary expenditure for each Member State, while securing the ability to implement the Union priorities across the EU. Shared management will be complemented with direct – and to a limited extent indirect - management and implementation via Union transnational actions and through **Emergency Assistance,** complementing the national programmes of Member States with significant funding needs. The Thematic Facility would channel funds to support pre-established priorities through Union actions, emergency funding and top-ups to national programmes.

Union Agencies, notably the European Border and Coast Guard Agency and the European Asylum Support Office, play a key operational, coordination and advisory role in the implementation of EU priorities in the field of asylum and migration. They have their own budgets to carry out their tasks, separate from the Fund.

Flexibility will be a key element in the new Asylum and Migration instrument, as challenges in the area of migration are not predictable in advance and geopolitical developments can have direct repercussions on migration flows. Flexibility is essential as regards allocation to Member States. A part of funding will be allocated upfront, while a significant envelope would be allocated subsequently to specific priorities, so that funding can be targeted to

reflect changed circumstances or urgencies.

The **monitoring and evaluation framework will be improved** to stimulate timely performance of national programmes and to ensure that evaluations can provide effective input for any future revisions of policy interventions. The improvement of indicators and the reinforcement of the partnership principle for the management of the Fund will contribute to solid monitoring and evaluation.

Harmonisation and simplification: The new instrument will benefit from the new shared management Regulation which will make rules more simple and harmonised across the board.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies will be established with the Integrated Border Management Fund and the Internal Security Fund as well as: i) with **Cohesion Policy**, as regards the **medium and long term integration of third country nationals**, including the integration related to transfers and ii) with the new **Neighbourhood, Development and International Cooperation Instrument,** which should include a strong emphasis on migration, including for its unallocated share for emerging challenges**.**

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027*

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**10 415**

* See also the envelope for the Integrated Border Management Fund, amounting to EUR 9 318 million.

BORDER MANAGEMENT

Integrated Border Management Fund

The Integrated Border Management Fund aims to guarantee a better and **integrated management of the EU's external borders**, higher level of **border security** in the Union, as well as the **integrity of the supply chain**, while safeguarding the free movement of persons and goods and ensuring that legitimate trade is not impaired.

1. EUROPEAN ADDED VALUE

The Integrated Border Management Fund will play a key role in the management of the external borders, including by providing indispensable support to the Member States in securing the external borders of the Union as a manifestation of the shared responsibility for the protection of our common borders and by supporting Member States to have adequate customs control equipment.

The instrument will contribute to the further development of the common visa policy and the implementation of European Integrated Border Management by Member States, to help combat irregular migration and facilitate legitimate travel. Funding should continue to provide support to Member States to build and enhance their capacities in these areas and to reinforce cooperation, including with the relevant Union Agencies.

Since the establishment of the customs union, the customs authorities have been taking on an increasing number of responsibilities which go far beyond the supervision and facilitation of EU trade and which extend to the field of safety and security. The Fund will play a role in ensuring more uniformity in the performance of customs controls at the external borders, by addressing the current imbalances between the Member States due to geographical differences and differences in capacities and resources available. This would not only strengthen customs controls but also facilitate legitimate trade, contributing to a secured and efficient custom union.

Borders policy is by nature transnational. A threat posed to one Member State affects the EU as a whole, thereby confirming the need for action at EU level. The migration and terrorism challenges of the past years could not have been managed by individual Member States acting alone and without the financial and technical support of the EU. In addition, action at EU level is needed to ensure that all customs authorities have the necessary tools to fulfil their functions at the EU borders thereby reducing the security and financial risks as well as avoiding customs shopping which would have an impact on the entire Union.

2. OBJECTIVES

The Integrated Border Management Fund will have two components which will contribute to:

Border management and visa (persons):

- Promoting the uniform implementation, further development and modernisation of the common policy on **short-stay visas**, including the **digitisation of visa processing**;
- Further developing different **forms of consular cooperation**;
- **Enhancing border control by reinforcing the Member States' capacities,** including by facilitating legitimate border crossings and, where appropriate, preventing and detecting terrorism and cross-border crime, such as migrant smuggling, trafficking in human beings and supporting the Member States facing existing or potentially disproportionately migratory pressure at the EU external borders;
- Supporting the development, operation and maintenance of **information systems**, including interoperability;
- Enhancing **inter-agency cooperation** at national level among national authorities in Member States, responsible for border control or for other tasks carried out at the border;
- Carrying out **risk analyses and identifying threats** that may affect the functioning or the security of the external borders;
- Ensuring the **uniform application of the Schengen acquis** on external borders;
- Further development of the **European Border and Coast Guard** and contributing to the exchange or secondment of border guards and other relevant experts between Member States or between a Member State and a third country.

Customs control equipment (goods):

- Achieving the full potential of the customs union by safeguarding its financial interests, preventing illicit trade and fraud through equivalent and **adequate customs controls at the EU border**;

- Promoting the **co-sharing of control equipment** (e.g. X-ray scanners, Automatic Number Plate Recognition System, etc.) between all concerned law enforcement authorities.

3. IMPLEMENTATION & SIMPLIFICATION

The border management and visa component will be implemented through shared management via multiannual programmes by Member States, while an envelope will be channelled through direct or - to a limited extent - indirect management and implementation via Union actions. Through **Emergency Assistance,** the Fund will react to unforeseen circumstances and would complement the programmes of Member States with significant funding needs. A Thematic Facility will allocate funding to pre-established strategic priorities through Union actions, emergency funding and top-ups to the Member States' programmes. Shared management will ensure a level playing field and reduce the adverse effects of competition for funding, will allow for funding predictability and long-term planning and will guarantee necessary expenditure in all Member States, while securing the ability to implement the Union priorities across the EU. As regards the customs control equipment component, it will be implemented in direct management.

A number of Agencies support the EU's work in the area of borders and visa, in particular the **European Border and Coast Guard Agency (FRONTEX)**, **Europol** (European Agency for Law Enforcement Cooperation and **eu-LISA** (European Agency for the operational management of large-scale Information Technology systems in the area of freedom, security and justice). They have their own budgets to carry out their tasks, separate from the Fund.

The Fund should also entail **increased flexibility** to respond to unforeseen developments, which are not unusual in the area of border management. In the case of border management and visa, part of the funding will be allocated upfront, while a significant envelope would be allocated subsequently and periodically to specific priorities, to address changing circumstances or urgencies. The Fund will benefit from using the **lighter, more simplified rules** applicable to other shared management Funds. This would also allow moving towards a **single set of rules** that follows the principle of proportionality and that equally fits all EU Funds under shared management.

The monitoring and evaluation framework should be improved to stimulate timely performance on national programmes and ensure that evaluations can provide effective input for any future revisions of policy interventions. Improving the indicators, reinforcing the partnership principle for the management of the Fund and performing a mid-term performance review linked to performance-based rewarding (not applicable to customs control equipment) will contribute to solid monitoring and evaluation.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As regards borders and visa, synergies between the new instruments on Integrated Border Management and the **Asylum and Migration Fund** and the **Internal Security Fund** will be established, as well as with other instruments in particular with funds and programmes in the areas of maritime security and surveillance, security research, security of infrastructure, **Cohesion Policy** and the instruments supporting the external dimension of border management. As regards customs control equipment in particular, synergies will be established with the **Customs Programme**. Effective coordination mechanisms are crucial to maximise the effectiveness in the achievement of policy objectives and to exploit economies of scale. This will ensure complementarity and clarity between the scopes of intervention of all instruments, including clarity for beneficiaries.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027*

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**9 318**
of which:	
Border management and visa	8 018
Customs control equipment	1 300

* See also the envelope for the Asylum and Migration Fund, amounting to EUR 10 415 million.

SECURITY

Internal Security Fund

The Internal Security Fund contributes to ensuring a high level of security in the Union by tackling **terrorism and radicalisation**, **organised crime** and **cybercrime** and by assisting and protecting **victims of crime**.

1. EUROPEAN ADDED VALUE

Over recent years, security threats have intensified and diversified in Europe. Terrorist attacks, new avenues of organised crime, and ever-growing cybercrime have a cross-border dimension which demands a strong EU response. EU action has provided a comprehensive and swift reaction to these challenges and the general policy response was formulated in 2015 by the Agenda on Security. Security will remain a defining issue for the EU for years to come and Europe's citizens expect their Union and national governments to deliver security in a fast-changing and uncertain world.

The challenges the Union is facing, notably from international terrorism, cannot be managed by individual Member States alone and without the financial and technical support of the EU. In an era where terrorism and other serious crime operate across borders, both the European Union and its Member States have a responsibility towards their citizens to deliver an area of security where individuals are protected, in full compliance with EU fundamental rights. In this regard, the Treaties envisage the need to ensure a high level of security, including through preventive measures, and through coordination and cooperation between police, judicial and other competent authorities. This needs to be provided at EU level.

EU support provides significant added value to national funding by stimulating cooperation and exchange of information between Member State law enforcement officials and other relevant authorities, in particular by enabling the interoperability of the different security systems and making EU information systems more effective and efficient, and by facilitating

joint operational actions, as well as by providing support for training, for the construction of essential security-relevant facilities and the purchase of necessary technical equipment. For example, in the aftermath of the terrorist attacks in Paris in 2015, Emergency Assistance helped to put in place a digital solution to process large amounts of surveillance data, increasing the preparedness of the Union to possible future threats.

2. OBJECTIVES

The Internal Security Fund specifically aims to:

- Increase the **exchange of information** between law enforcement and other authorities within the EU, including with Europol and other relevant Union bodies, third countries and international organisations in relation to the prevention, detection and investigation of serious and organised crime with a cross-border dimension;
- Intensify **cross-border joint operations** between law enforcement and other competent authorities within the EU, including with security relevant Union agencies and other Union bodies, third countries and international organisations in relation to the prevention, detection and investigation of serious and organised crime with a cross-border dimension;
- Ensure collective responses to security threats by **increasing capabilities and enhancing EU preparedness and resilience**, including by increasing cooperation among public authorities, civil actors and private partners from across EU Member States and third countries, including Union agencies and international organisations.

3. IMPLEMENTATION & SIMPLIFICATION

The Internal Security Fund is mainly implemented through shared management via multiannual programmes implemented by Member States and as well through direct or - to a limited extent also - indirect management. **Emergency Assistance** can complement the programmes of Member States by swiftly responding to an emergency situation. Shared management allows for funding predictability and long term planning; it guarantees an allocation to all Member States, while securing the ability to implement common priorities across the Union. However, for a better steer of funds towards the EU priorities, shared management is complemented by a Thematic Facility that would be available to channel funds to support action supporting pre-established priorities through direct and indirect management through Union Actions, Emergency Assistance and top ups of Member States'

programmes.

Several decentralised agencies such as **Europol** (EU Agency for Law Enforcement Cooperation), and **CEPOL** (Agency for Law Enforcement Training) play key operational, coordination and advisory roles in the implementation of the EU priorities and objectives in the area of security. They have their own budgets to carry out their tasks, separate from the Fund.

Drawing on the experience of the current programme, the future Fund will further simplify the rules for its beneficiaries. The key operational features include:

- An increased **flexibility** to respond to unforeseen developments, a common feature of the area of security. A part of funding will be allocated upfront, while a significant envelope would be allocated subsequently to specific priorities, periodically allowing to react to changed circumstances or urgencies (via the Thematic Facility);
- A further **simplification** as it will benefit from the new shared management regulation which will make rules more simple and harmonious across the board;
- Further **improvements to the monitoring and evaluation** framework to stimulate timely performance of programmes and to ensure that evaluations can provide effective input for any future revisions of policy interventions. The improvement of indicators, the reinforcement of the partnership principle for the management of the Fund and a mid-term performance review will contribute to solid monitoring and evaluation.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Security is a cross-cutting issue and the new Internal Security Fund cannot provide an effective EU response without other funding instruments, including the **European Structural and Investment Funds** and external instruments. Synergies of the Internal Security Fund with other related instruments will be established in particular on the following aspects: border management and customs control equipment, security of infrastructure and public spaces, cybersecurity (cybersecurity is a key theme of the **Digital Europe Programme**, with the Fund focusing on cyber-crime), the prevention of radicalisation, and the external dimension of security. Effective coordination mechanisms are crucial to maximise the effectiveness in the achievement of policy objectives and to exploit economies of scale, as

there would be complementarity and clarity between the scopes of intervention of all instruments, including clarity for beneficiaries.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**2 500**

SECURITY

Nuclear Decommissioning in Lithuania

The programme provides **support to Lithuania to safely decommission first generation nuclear reactors**.

1. EUROPEAN ADDED VALUE

As a condition for its accession to the European Union, Lithuania took the commitment to close and subsequently decommission two Soviet-designed first generation nuclear reactors for which an upgrade to Western safety standards was deemed uneconomical. Correspondingly, the EU committed itself in Article 3 of Protocol No. 4 of the Act of Accession of 2003 to financially support the decommissioning.

To date the decommissioning activity is progressing with an end foreseen in 2038. It is in the interest of the Union to continue providing strictly targeted financial support, contributing to ensuring the highest level of safety of the operation. The programme provides substantial and lasting support for the health of workers and the general public, preventing environmental degradation and ensuring real progress in nuclear safety and security.

The programme has a high potential for becoming a benchmark within the EU for safely managing technological issues in nuclear decommissioning, such as the decommissioning of graphite-moderated reactors.

2. OBJECTIVES

The programme aims to **continue providing targeted assistance Lithuania in managing the radioactive safety challenges of the decommissioning** of the Ignalina nuclear power plant.

The programme aims also at **disseminating knowledge** to all Member States on the decommissioning process.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is indirectly managed through a national agency of the Member State. Keeping the decommissioning of these reactors under a dedicated spending programme implies that implementation continues seamlessly through the established implementing body. **Higher national co-financing** in the programme will be required in the new programming period in line with the Court of Auditor Special Report 22/2016 - *EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011, but critical challenges ahead*.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies with **Cohesion Policy** will be strengthened in the next programming period. In particular, the policy will have the possibility to support the development of the concerned region by creating jobs, promoting sustainable growth and innovation. Similarly, synergies will be explored with **Horizon Europe** in areas such as technology development and testing, as well as training and education.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**552**

SECURITY

Nuclear Safety and Decommissioning

The aim is to **support to Bulgaria and Slovakia to safely decommission first generation nuclear reactors** and, separately, to finance the **decommissioning process and final disposal of waste of the Commission's own nuclear installations**.

1. EUROPEAN ADDED VALUE

As a condition for their accession to the EU, Bulgaria and Slovakia took the commitment to close and to subsequently decommission six Soviet-designed first generation nuclear reactors for which an upgrade to Western safety standards was deemed uneconomical. Correspondingly the EU committed itself in the frame of Article 203 of the Euratom Treaty to financially support the decommissioning. The decommissioning activity is progressing with an end foreseen in 2025 for Bohunice, Slovakia and 2030 for Kozloduy, Bulgaria. It is in the interest of the Union to continue providing financial support for decommissioning, contributing to ensuring the highest level of safety of the operation. Substantial and durable support will be provided for the health of workers and the general public, preventing environmental degradation and ensuring real progress in nuclear safety and security.

Separately, as owner of nuclear facilities, the Commission is obligated to manage its nuclear heritage. The decommissioning process started with the 1999 “Decommissioning and Waste Management Programme”.

These actions have a potential for becoming a benchmark within the EU for safely managing technological issues in nuclear decommissioning and disseminating knowledge to other member states.

2. OBJECTIVES

The aim is to continue **assisting Bulgaria and Slovakia in managing the radioactive safety challenges of the decommissioning process**. Additionally, the **decommissioning of the**

Commission (Joint Research Centre) sites will help explore and develop options for anticipated transfer of decommissioning and waste management liabilities to the JRC host Member States. The initiative aims also at **disseminating knowledge** to Member States with decommissioning programmes.

3. IMPLEMENTATION & SIMPLIFICATION

The management of the programme for Bulgaria and Slovakia is entrusted (indirect management mode) to the European Bank for Reconstruction and Development and a national agency in Slovakia. Keeping the decommissioning of these reactors under a dedicated spending programme implies that implementation continues seamlessly through the established implementing bodies.

The decommissioning of the Commission's sites is managed directly by the Joint Research Centre.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The integration of the decommissioning activities in Bulgaria and Slovakia, and of the Commission, will build synergies and additional in-house know-how for the Commission to explore and develop options for the intended transfer of decommissioning and waste management liabilities to the Joint Research Centre host Member States. Synergies with **Cohesion Policy** will be strengthened in the next programming period. In particular, the policy will have the possibility to support the development of the concerned region by creating jobs, promoting sustainable growth and innovation. Similarly, synergies should be explored with **Horizon Europe** in areas such as technology development and testing, as well as training and education.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**626**

of which:	
Assistance to Bulgaria	63
Assistance to Slovakia	55
Decommissioning of Commission sites	348
Nuclear safety and nuclear safeguards	160

DEFENCE

European Defence Fund

The new European Defence Fund will incentivise cooperative defence capability development projects and complement national investments in defence.

1. EUROPEAN ADDED VALUE

In today's world, guaranteeing security means dealing with threats that transcend borders. No single country can address them alone. Europe will need to take greater responsibility for protecting its interests, values and the European way of life, in complementarity and in cooperation with the North Atlantic Treaty Organisation. Efforts to fulfil the EU's level of ambition in security and defence (endorsed by the European Council in 2016) will contribute to this objective. To be ready to face tomorrow's threats and to protect its citizens, Europe needs to enhance its strategic autonomy. This requires the development of key technologies in critical areas and strategic capabilities to ensure technological leadership. Cooperation at all levels is the only way to deliver on the expectations of EU citizens. By encouraging cooperation, the European Union can help maximise the output and quality of Member States' investment in defence. The European Defence Fund will create EU added value by contributing to the development of joint research and capabilities in the area of defence to increase the efficiency of public expenditure and to develop the operational autonomy of the Union.

While the Union cannot substitute Member States' efforts in defence, it can, within the limits of the Treaties, complement and leverage their collaboration in developing the defence products and technologies needed to address common security challenges. This would reduce duplications and allow for a more efficient use of taxpayers' money. The lack of cooperation between Member States in the field of defence and security is estimated to cost annually between EUR 25 billion and EUR 100 billion. More than 80% of public procurement and more than 90% of Research and Technology are run on a national basis. The European levels of investment in the development and the procurement of future capabilities are insufficient

and lag behind the investments of other countries. There is also a wide difference between the defence spending levels among the Member States. In addition, the costs of defence equipment are rising faster than defence national budgets. A high degree of fragmentation remains, with, for example, 178 different weapon systems in Europe compared to 30 in the United States. The low level of coordination of the national defence planning leads to inefficient use of taxpayers' money and unnecessary duplication. In addition, weak cooperation, fragmentation and systematic duplication of resources affect the deployability and hamper the EU's ability to act and protect.

Benefits of greater cooperation in defence include:

- Increasing efficiency of national defence spending by achieving more value for money;
- Reducing duplication of defence systems;
- Better interoperability of defence equipment allowing for joint defence operations;
- Minimising fragmentation and boosting competitiveness and innovation of the EU defence industry.

2. OBJECTIVES

The European Defence Fund is a defence capability development instrument to foster EU strategic autonomy. It aims to trigger cooperative programmes that would not happen without a Union contribution and to provide the necessary incentives for boosting cooperation at each stage of the industrial cycle, including research and development activities. The objectives of the European Defence Fund are:

a) fostering the **competitiveness and innovation capacity of the defence industry** throughout the Union by **supporting collaborative actions at each stage of the industrial cycle**, notably from the research phase to the development phase;

b) supporting and leveraging **cross-border cooperation between undertakings** throughout the Union, including small and medium-sized enterprises, in the research and development of technologies or products in line with defence capability priorities commonly agreed by Member States within the EU through the Capability Development Plan, also taking into account the Coordinated Annual Review on Defence;

c) supporting **collaborative projects throughout the entire cycle of research and development** oriented at defence products and technologies.

Particular attention will be given to encouraging collaborative projects with important cross-border participation of small and medium-sized enterprises. This will ensure that the Fund is open to beneficiaries from all Member States, regardless of their size and location in the Union.

3. IMPLEMENTATION & SIMPLIFICATION

The design and the structure of the European Defence Fund takes into account the experience with the Preparatory Action on Defence Research and the proposal for a Regulation establishing a European Defence Industrial Development Programme.

A coherent European Defence Fund covering the research and development activities allows for an integrated, mutually reinforcing support, i.e. avoiding the risk that the results of the research are lost in the absence of continued support for developing and testing the technology further. This will strengthen the uptake of products and technologies which are supported through EU funding. In addition, an integrated Fund will enable new forms of support where relevant, including through pre-commercial public procurement. This will allow identifying the best value for money solutions that the market can deliver to address Europe's defence research and development needs.

Different intensity of support is foreseen depending on the development stage. The funding rates for defence research will be normally higher than the funding rates for the development of prototypes. This will allow for appropriate incentives to support the launch of collaborative projects while taking into account the important role of Member States funding in this area. The rules for participation in the European Defence Fund will take into account the specificity of the defence sector, notably as regards the strict need for security of information, the management of Intellectual Property Rights results, etc.

Particular attention will be placed on ensuring appropriate participation of small businesses, through increased funding rates to encourage cross-border participation of small and medium-sized enterprises in collaborative projects.

The programme will be implemented by the Commission in direct management so as to maximise effectiveness and efficiency in the delivery. Member States will be closely involved in the implementation of the defence programme.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Complementarity and synergies with **Horizon Europe** will be ensured, so that results under defence research also benefit civil research and vice-versa. This will help avoiding possible unnecessary duplication.

The European Defence Fund will be coordinated with other activities of the Commission and the High Representative in the area of defence. This will include measures to ensure appropriate synergies with the Commission's work on the Financial Toolbox which aims to further facilitate joint development and acquisition of defence capabilities through the standardisation of EU and national financing mechanisms ranging from pooling to joint ownership. Those synergies will include appropriate assistance to Member States in launching joint research and development projects.

Close links are ensured between the European Defence Fund and the projects implemented within the framework of the Permanent Structured Cooperation in defence (PESCO). Once assessed eligible, a 'PESCO bonus', in the form of an increased financing rate, will be granted to projects development in the framework of the Permanent Structured Cooperation. It will require early pre-consultation with the Commission to help assess possible eligibility of Permanent Structured Cooperation projects under the Fund.

The Fund will take into account the EU Capability Development Plan and the Coordinated Annual Review on Defence of the European Defence Agency, notably as regards the implementation of priorities and the identification of new cooperative opportunities. Implementation will be done considering relevant activities of North Atlantic Treaty Organisation and other partners.

The Fund also complements defence activities implemented through the **European Peace Facility**, an off-budget instrument proposed outside the Multiannual Financial Framework.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**13 000**

of which:	
Research	4 100
Capability development	8 900

CRISIS RESPONSE

rescEU - Union Civil Protection Mechanism

rescEU, the Union Civil Protection Mechanism, supports EU Member States to **prevent, prepare and to respond to natural and man-made disasters**, in particular through rapid, well-coordinated mutual assistance amongst them.

1. EUROPEAN ADDED VALUE

In recent years, the EU has faced a number of disasters which caused the loss of lives and other damaging consequences for citizens, businesses, communities and the environment. 304 persons were killed by natural disasters in 2017 alone. Close to EUR 10 billion in damages were recorded in Europe in 2016. Such disasters have become so complex that they can overwhelm the response capacities of individual countries and their capacities of mutual assistance.

This is where the European added value of the Union Civil Protection Mechanism, and in particular of the new initiative – rescEU – lies. It allows the EU Member States and the other Participating States (Iceland, Norway, Serbia, Montenegro, the former Yugoslav Republic of Macedonia and Turkey) to pool their civil protection capabilities and expertise so as to react more swiftly and effectively to protect populations in case of disasters.

In addition to the national capacities offered by the Member States, the Union can rely on a dedicated reserve of capacities, such as aerial firefighting means, high capacity pumps for floods, search and rescue capacities and emergency medical teams. These rescEU capacities will be deployed when national capacities are overwhelmed and mutual assistance among Member States is not sufficient to allow for an effective response. Developing last-resort capacities at EU level allows for greater economies of scale. Member States need to be prepared for "normal" disaster risk situations within their respective territory, but can request assistance from other Member States and, ultimately, rescEU capacities for extreme and unforeseeable situations, or for disasters requiring rare and costly capacities.

2. OBJECTIVES

The Union Civil Protection Mechanism is at the disposal of Member States and third countries when a disaster strikes. It offers cooperation and coordination between the EU and the Member States to prepare for and respond to natural and man-made disasters.

To achieve this overall objective, rescEU focuses on three main goals:

- It **enhances the EU's collective capacity to respond to disasters**. rescEU offers a dedicated reserve of civil protection capabilities – partly operated by the EU, partly through the European Civil Protection Pool, a voluntary pool of assets pre- committed by the Member States for use in EU operations;
- It improves **prevention and preparedness to respond to disasters** at both national and EU level, through effective assessment of the risks faced by Member States, feeding into both advice and recommendations for investments when needed;
- It facilitates the rapid, efficient and coordinated response to disasters, with the Commission's **Emergency Response Coordination Centre** at the heart. This 24/7 coordination hub monitors the support requests from participating states and alerts all the others accordingly.

3. IMPLEMENTATION & SIMPLIFICATION

A significant effort was made to keep administrative procedures to the minimum in order to reduce the burden and delays in the deployment of assistance. In the spirit of administrative simplification, the use of unit sums, lump sums and flat rates will be encouraged where possible, and any activation of the Mechanism will be limited in time to speed up the deployment of assistance.

In particular:

- The various **different co-financing rates existing in the current mechanism are streamlined** at 75% for all activities related to the European Civil Protection Pool. These activities include in particular the operations of capacities used within the Participating States, the upgrade of capacities from purely national to international use (as is the case now) and their repair. This goes much beyond transportation costs as in the current Mechanism and significantly increases the support provided to Member States for disaster preparedness and response.
- The new approach proposed by the Commission aims to fully cover the costs related to the availability and deployability of rescEU capacities.

- In addition, the reinforced Union Civil Protection Mechanism will support the activities of the Union Civil Protection Knowledge Network – composed of relevant actors and institutions – in the field of training, exercises and knowledge dissemination.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Disaster risk management is increasingly integrated in other EU policies and programmes. For example, disaster prevention and management is an important theme under the European Structural and Investment Funds and the European Union Solidarity Fund (to financially support emergency and recovery measures required after severe natural disasters). With rescEU, further and stronger synergies are created between the area of civil protection and other related areas, such as regional, rural, environmental policies, which also have a great importance for disaster risk management. rescEU will only cover extraordinary situations not tackled by emergency funding within other programmes, which for example excludes market-related crises in the agricultural sector.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**1 400**

EXTERNAL ACTION

Neighbourhood, Development and International Cooperation Instrument

The Neighbourhood, Development and International Cooperation Instrument is the programme that allows the EU to **project its interests, policies and values beyond its borders**. It supports the EU partners in their political and economic transformations towards sustainable development, stabilisation, consolidation of democracy, overcoming poverty and, as regards the neighbourhood policy, progressive economic integration into the Union's Single Market and alignment to EU rules and standards for the neighbouring countries that have chosen that path.

1. EUROPEAN ADDED VALUE

Today, the growing interconnectedness of countries and regions has created many new opportunities. At the same time, certain parts of the world are facing increasing challenges and fragility, whether in our neighbourhood or beyond, with cross-border effects and a direct impact on the Union. The past years have shown regional conflicts, terrorism, migratory pressure, unsustainable use of resources and increased protectionism. Individually, Member States would be unable to respond effectively to these global dynamics, but the Union and Member States can together address the challenges and opportunities of a rapidly changing world, and play a key role in reaping the benefits of globalisation, spreading EU values and offering citizens both security and stability. The EU external action programmes and other EU tools are an indispensable part of this.

Article 21 of the Treaty on European Union reflects the principles and objectives that guide the Union's external action, including democracy, the rule of law, human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.

In addition, Article 8 provides that the Union shall develop a special relationship with neighbouring countries, aiming at establish an area of prosperity and good neighbourliness,

founded on the values of the Union and characterised by close and peaceful relations based on cooperation.

The added value of Union intervention in external action stems from:

- Its core competences and areas of expertise (e.g. development cooperation, crisis management, conflict prevention, human rights, democracy, environmental protection, trade, public diplomacy and resilience building);
- Its values and its credibility as a peace actor and defender of democracy and human rights and leader in combatting climate change and protecting the environment;
- Its nature as a supranational entity, its critical mass on the world stage and its influence and reform leverage, stemming from its political and economic weight and experience as a global actor;
- Its geographic/geopolitical spread (relying notably on the network of EU Delegations and humanitarian aid field offices worldwide) and the amounts of cooperation involved;
- The scope, coherence and mix of instruments and wide range of tools at its disposal for implementation on the ground.

With its leadership position in humanitarian and development cooperation, the EU is in a unique position to project its values, promote the Sustainable Development Goals throughout the world and respond to global challenges, including migration, conflict, instability, security, poverty, inequality, climate change, environmental degradation and energy security. The new external financing instrument will provide a coherent framework and the financial means for external action that any Member State alone would not be able to provide.

2. OBJECTIVES

The objectives of the instrument are derived both from EU external policies orientations – as defined for example in the Global Strategy "Shared vision, Common Action: a Stronger Europe", the EU commitment to the 2030 Agenda for Sustainable Development, the New European Consensus on Development "Our World, our Dignity, our Future", and the review of European Neighbourhood Policy – and from the cross-cutting Multiannual Financial Framework objectives of flexibility, coherence and synergies, simplification and focus on performance. EU strategic objectives – both geographic and thematic – are reflected through

ring-fencing.

The EU needs to have tools at its disposal capable of delivering actions that respond to the objectives of the external action of the Union, in particular actions with the following general objectives:

- To support **democracy, rule of law, good governance, human rights and the principles of international law**;
- To contribute to **security** and preserve **peace**, supporting the prevention and effective response to **crisis and conflicts**; to support **stabilisation** and **resilience**;
- To foster the **sustainable economic, social and environmental development of developing countries**, with the primary aim of eradicating poverty;
- To support the **special relationship with neighbouring countries**, aiming to establish an area of shared prosperity, socio economic development and good neighbourliness;
- To address **irregular migration** and fight its root causes while creating conditions for the better organisation of legal migration and well-managed mobility;
- To support **EU diplomacy** in all its aspects, **promoting EU internal policies in their international dimension** and supporting **trade policy** and **economic cooperation**;
- To enhance partnerships, promoting policy dialogue and collective responses to challenges of global concern, including environment and climate change.

3. IMPLEMENTATION & SIMPLIFICATION

To provide greater coherence, economies of scale, synergies and simpler processes, the Commission proposes a strategic simplification of the financing instruments in EU external action for the period 2021-2027, including the **integration of the European Development Fund in the EU budget**, in order to further enhance effectiveness and efficiency.

Several instruments and modalities under the Multiannual Financial Framework 2014-2020 will be **streamlined and integrated into the Neighbourhood, Development and International Cooperation Instrument,** with world-wide coverage: the European Development Fund, the Development Cooperation Instrument, the European Neighbourhood Instrument, the European Instrument for Democracy and Human Rights, the Partnership Instrument, the Instrument contributing to Stability and Peace, the Instrument for Nuclear Safety Cooperation and the Common Implementing Regulation. The Instrument for Pre-

Accession Assistance along with Humanitarian Aid, the Common Foreign and Security Policy, and the Cooperation with Overseas Countries and Territories, including Greenland, will remain self-standing instruments due to their specific nature or different legal basis.

The Neighbourhood, Development and International Cooperation Instrument will also streamline the current external action financial guarantees architecture which includes the European Fund for Sustainable Development as an essential pillar of the European External Investment Plan, the provisioning for Macro-Financial Assistance, the External Lending Mandate, the Guarantee Fund for External Action, the Africa, Caribbean and Pacific Investment Facility and will provide for a possible capital contribution to European or international development banks or financial institutions that would deliver on EU objectives in the external action.

The integration of the European Development Fund into the Multiannual Financial Framework will lead to an increase of the overall expenditure ceiling while preserving existing flexibilities. The Common Implementing Regulation, which applied to six financing instruments under the Multiannual Financial Framework 2014-2020 is integrated into the new Neighbourhood, Development and International Cooperation Instrument. These provisions will continue to apply to the Instrument for Pre-Accession Assistance.

The Neighbourhood, Development and International Cooperation Instrument will have four main components and will cover cooperation with third countries through geographic and thematic approaches and preserving flexibility in responsiveness and options to act according to the Union's priorities (in particular the Neighbourhood, Africa, human rights, stability and migration).

The core of the Neighbourhood, Development and International Cooperation Instrument will be its geographic pillar, with identified geographic areas supplemented by a thematic pillar and a rapid-response pillar.

- The **geographic pillar** ("engaging with partners") will be able to cover programmed cooperation with neighbourhood and all other third countries (except those covered by the Pre-Accession Assistance instrument and Overseas Countries and Territories cooperation programme, including Greenland). It will consist of several geographic envelopes with minimum amounts earmarked for each, including a specific

prominent window for the Neighbourhood with additional specific features such as support focused on regulatory approximation, incentive-based relation and cross border cooperation. The earmarking of funds to the geographic programmes will reflect the EU's strategic priorities, recognising the EU's major strategic objectives, notably in the Neighbourhood and Africa. This pillar will also cover **Erasmus+** external dimension.

- The **thematic pillar** ("reaching common goals") will support actions addressing issues that cannot be included in geographic envelopes because they are global in nature and/or are political flagship initiatives, for example on Human Rights and Democracy, Civil Society Organisations, Peace and Stability, Migration, other themes linked to the implementation of the Sustainable Development Goals at global level, including economic diplomacy and trade.

- The **rapid-response pillar** (with worldwide scope) for quick response capacity for crisis management and conflict prevention, resilience building, including linking relief, rehabilitation and development, and short term foreign policy reaction will have world- and scope-wide coverage (political, security, economic). This pillar will notably succeed the European Development Fund shock absorption mechanism, Article 3 of the Instrument contributing to Stability and Peace, including the Capacity Building for Security and Development part, and elements of the Partnership Instrument. Rules and procedures for this pillar will make sure that they retain their fast, flexible and responsive nature.

In addition, the instrument will include an **emerging challenges and priorities cushion** of unallocated funds, which will allow for flexibility in response to existing or emerging urgent priorities. An important objective of this cushion would be to address migratory pressures, but it would leave flexibility also to address unforeseen events, stability needs and new international initiatives and priorities. This unallocated amount will be mobilised on the basis of criteria defined in the Regulation.

Important cross-cutting priorities such as environment and climate action and gender will be mainstreamed throughout the instrument. **Migration** is a priority which will be identified and addressed across the instrument and in the different pillars, including by drawing on unallocated funds.

The current flexibilities of the European Development Fund are integrated into the Neighbourhood, Development and International Cooperation Instrument, notably the possibility to carry over un-committed amounts and the possibility to re-use de-committed amounts.

In terms of methods of implementation, all forms of support will be included in the Regulation, which will be delivered through direct or indirect management modes - depending on the specific programme that is implemented and the country or region concerned. In line with the principles set out in the European Consensus for Development, the most concessional forms of assistance, notably grants, will be targeted where the need is greatest, especially Least Developed Countries (whatever their geographical location) and countries in situations of fragility and conflict. Cooperation with more advanced developing countries will be based mainly on innovative forms of engagement, given the lesser needs for concessional forms of assistance. The specificities of the European Neighbourhood Instrument notably in terms of the "more for more" approach and differentiation will be maintained. The external strand of Erasmus+ will continue being an important tool for external action and one pillar of a number of priorities pursued with partner countries in strengthening education systems, fighting unemployment and preventing radicalisation. The delivery mechanism and rules of the external strand of Erasmus+ will be considerably simplified.

The Regulation will also support the EU's **new external investment architecture** which will allow for better delivery of EU policy objectives in external action, whilst at the same time allowing the crowding-in of additional resources from the private sector to address development challenges. It will provision for financial guarantees to promote investments in partner countries, with an emphasis on Africa, the Neighbourhood, possibly the Western Balkans. A particular attention will also be given to countries experiencing fragility, conflict, and on other regions with critical infrastructure and connectivity needs. Blending operations and the budgetary guarantees will be financed from the geographic pillar. The proposed toolbox includes the possibility of an EU budgetary guarantee and/or capital contribution to European or international development banks or financial institutions, provided that they meet certain conditions, relating to added-value, risk-taking capacity and are steered by EU policy objectives.

The provisioning for **Macro-Financial Assistance** will also be covered by the Neighbourhood, Development and International Cooperation Instrument, but the specific operations will continue to be activated on the basis of a separate ad-hoc decisions as needed.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Under the external action and pre-accession assistance clusters of the Multiannual Financial Framework there will be a strong complementarity between the different instruments as well as synergies with the relevant internal policies and internal policy instruments in areas such as migration, security and climate. Complementarity will also be ensured between the instruments financed by the EU budget and the proposed **European Peace Facility** (to be set outside the Multiannual Financial Framework), to ensure a strong coherent EU action.

Fewer instruments in the external policy heading will reduce the artificial boundaries experienced in the previous set of geographic and thematic instruments. It will allow ensuring that the EU has the right policy mix in each country/region without risking overlaps and/or inconsistent approaches. This will also streamline programme management procedures and in that way increase efficiency and transparency.

Interaction and complementarity with **Humanitarian Aid** will take place through geographic programmes as well as through the pillar dealing with resilience and linking relief, rehabilitation and development, in order to ensure a seamless continuum of activities.

The revised Union Civil Protection Mechanism **rescEU** also covers action outside the EU and will provide for complementarities in the areas of prevention, preparedness and response to natural disasters.

While avoiding gaps and overlaps, synergies and coordination will be ensured between the security activities of the Neighbourhood, Development and International Cooperation instrument with the **Common Foreign and Security Policy** as well as the future **European Peace Facility.**

Despite the **Instrument for Pre-Accession Assistance**'s distinct objectives from the remaining external actions instruments, it pursues complementary objectives in supporting human rights and fundamental values as well as in security support. Synergies will also exist at the level of the thematic windows of the instrument in financing global actions.

Cooperation with Overseas Countries and Territories, including Greenland will show synergies, as they will be in particular associated to the actions carried out under the Neighbourhood, Development and International Cooperation instrument geographic and

thematic component where the action to be implemented is of a global, trans-regional or regional nature.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**89 500**

EXTERNAL ACTION

Humanitarian Aid

The EU Humanitarian aid programme provides **emergency, life-saving assistance to people hit by man-made or natural disasters**, particularly the most vulnerable.

1. EUROPEAN ADDED VALUE

The EU is recognised as a leading player in humanitarian assistance, both in terms of its ability to provide rapid and flexible assistance across a wide range of crises, and in virtue of its influence in shaping the global humanitarian policy agenda. Because of the financial weight (with the EU and the Member States combined being the world's largest humanitarian donor) and world-wide scope of its humanitarian actions, the EU is also able to encourage other humanitarian donors to implement effective and principled humanitarian aid strategies. A key comparative advantage of humanitarian aid stems from the fact that it is often the only EU instrument able to intervene in acute conflict/crisis situations. Thanks to its flexibility, humanitarian aid has also made a significant difference on the ground in many of the countries touched by the global refugee and migration crisis.

In a context of insufficient funding to address ever-growing global needs, the EU is also able to fill gaps in global humanitarian aid by addressing needs in areas which are difficult to access and by providing response not only to the biggest and most visible humanitarian crises, but also to forgotten crises (which receive no or insufficient international aid, political and media attention). Moreover, Member States often consider the EU as a donor to provide assistance in crises where they are not able to intervene in a national capacity.

Member States also benefit from the EU's "humanitarian diplomacy" which results in more effective provision of humanitarian aid. Another key element of EU added value for Member States lies in the strong operational knowledge and technical expertise of the EU's unique network of humanitarian field offices, spread over almost 40 countries.

2. OBJECTIVES

In line with the Humanitarian Aid Regulation, which continues to apply, the EU's humanitarian assistance goes directly to people affected by disaster or conflict, irrespective of their race, ethnic group, religion, sex, age, nationality or political affiliation, and must not be guided by, or subject to, political considerations. The EU acts on the basis of the international humanitarian principles of humanity, neutrality, impartiality and independence. The main objectives are to:

- Provide **needs-based delivery of EU assistance to save and preserve life, prevent and alleviate human suffering and safeguard the integrity and dignity of**

populations affected by natural disasters or man-made crises, also including protracted crises;

- Build the **resilience and capacity to recover of vulnerable or disaster-affected communities**, in complementarity with other EU instruments.

These objectives contribute to the overall objectives, principles and actions of the Union's external action as defined in Article 21 of the Treaty on European Union.

3. IMPLEMENTATION & SIMPLIFICATION

The Commission implements EU humanitarian aid operations through over 200 partner organisations, including United Nations agencies, other International Organisations including the Red Cross and Red Crescent movement, and non-governmental organisations. The Commission has developed a permanent network of international and local humanitarian field experts working in crisis zones around the globe. The EU has been playing a leading role in the development of new policy approaches and innovative funding modalities (e.g. cash-based assistance).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Even if the work of the EU on **rescEU** primarily serves action inside the EU, it also complements humanitarian assistance outside the EU by real-time monitoring through the Emergency Response Coordination Centre and by the deployment of immediate support in emergencies in third countries through expert teams and rescue equipment provided by Member States and other participating countries. Furthermore, it benefits from additional flexibility from the **Emergency Aid Reserve**, a special instrument to respond to emergencies and catastrophes inside and outside the Union in cases where funding under dedicated programmes proves insufficient.

In many crisis situations, there is a strong emphasis on complementarity between humanitarian aid and development assistance with a view to ensuring a smooth transition from relief to sustainable development supported by the Neighbourhood, Development and **International Cooperation Instrument**.

The EU Humanitarian Aid Instrument has the potential to leverage Member States' funding through the use of External Assigned Revenues. This can contribute to enhancing complementarity with national resources.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**11 000**

EXTERNAL ACTION

Common Foreign & Security Policy

The European Union's Common Foreign and Security Policy enables the EU to speak with one voice in Common Foreign and Security Policy issues. It contributes to the preservation of peace, the prevention of conflicts and strengthening international security. It is one of the main instruments used to implement the **Global Strategy for the European Union's Foreign and Security Policy** and underpins the EU's role as a global actor. The external action instruments should serve the EU objectives and project EU values globally.

The Treaty on European Union (Title V: General provisions on the Union's external action and specific provisions on the Common Foreign and Security Policy) strengthened this policy area by creating the post of **EU High Representative for Foreign Affairs & Security Policy**, and the European External Action Service. The Common Foreign and Security Policy helps to safeguard the Union's values and principles, and interests. Article 21 of the Treaty on European Union reflects the principles and objectives that guide the Union's external action, including democracy, the rule of law, human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.

1. EUROPEAN ADDED VALUE

The Common Foreign and Security Policy provides the ability to act as an external actor on behalf and alongside the Member States. By providing for joint action, the EU adds value beyond the activities of individual Member States by reaching a critical mass when responding to global challenges. Given the EU's impartial position to deliver external action on behalf of and with Member States, Common Foreign and Security Policy operations enjoy enhanced credibility and trust in the countries they operate. The demographic and economic weight of the European Union and ability to make joint foreign policy decisions strengthens its arm.

While individual activities of Member States clearly contribute to achieving the objectives of the EU's common Foreign and Security Policy, the EU's Common Foreign and Security Policy achieves a critical mass to respond to global challenges. Joint ownership on the EU side combined with influence and reform leverage of a global actor, and a strong political signal of a sound EU mechanism support security and stability needs of partner countries,

With its leadership position in humanitarian and development cooperation, the EU is in a unique position to project its values and respond to global challenges, including conflict, instability, and security threats/threats to global security. In synergy with other external action instruments, the Common Foreign and Security Policy contributes to a coherent framework and the financial means for external action that any Member States alone would not be able to afford.

2. OBJECTIVES

Given the political priorities and global challenges, Common Foreign and Security Policy actions will remain a fundamental pillar of the Global Strategy (or its successor) post-2020, in support of three strategic priorities: 1) responding to external conflicts and crises, 2) building the capacity of partners, and 3)protecting the Union and its citizens. For the Common Foreign and Security Policy to be effective, the EU needs to be ready to react rapidly and with determination in response to emerging threats to its strategic interests.

3. IMPLEMENTATION & SIMPLIFICATION

The overall impact and achievements triggered by the Common Foreign and Security Policy are of much greater value than the sum of its individual actions. In particular in the field of Common Security and Defence Policy missions, the scope and reach of the agreed actions goes beyond what a single Member State can do. Common Security and Defence Policy missions benefit in particular from the multinational EU nature both in terms of image – EU credibility as a peace actor- and of accessing a larger pool of human resources and expertise, including from interested third countries participating in EU-led actions. Common Security and Defence Policy actions have concretely contributed to the policy implementation, by 1) providing capacity building, support and advice through the Common Security and Defence Policy civilian and military training missions, 2) promoting peace and stability as well as promoting and advancing the values of the EU by means of special representatives, and 3) promoting multilateral responses to the security threats, including combating the proliferation of weapons of mass destruction and the illicit spread and trafficking of other conventional weapons. .

In addition, via its Common Foreign and Security Policy operations, the EU provides funding for the European Security and Defence College and for the operation of the Kosovo specialist

chambers. The Common Foreign and Security Policy can also be used for action on the basis of Article 28 of the Treaty on European Union.

The need for rapid and determined response implicates that many Common Foreign and Security Policy actions cannot be programmed in advance and the budget needs to include a sufficient margin each year in order to enable a rapid response in crisis situations.

The Common Foreign and Security Policy budget is managed and implemented by the Foreign Policy Instruments service of the Commission.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Under the external action and pre-accession assistance clusters of the Multiannual Financial Framework a strong complementarity will be ensured between the different instruments. Interaction and synergies will also be sought between the instruments financed by the EU budget (notably the Neighbourhood, Development **and International Cooperation Instrument**, the **Instrument for Pre-Accession Assistance**, **Humanitarian Aid**, the revised **Union Civil Protection Mechanism instrument – rescEU**, and the proposed **European Peace Facility** (to be set outside the Multiannual Financial Framework because of limitations to finance defence activities set by the Treaty on European Union), to ensure a strong and coherent EU external action.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**3 000**

EXTERNAL ACTION

Cooperation with Overseas Countries and Territories (including Greenland)

The programme aims to support and **strengthen the economic, political and cultural ties between the European Union and the 13 Overseas Countries and Territories** linked to Denmark, France and the Netherlands. The modalities of the programme will take account of the particular needs and challenges of the Overseas Countries and Territories overall, and the specific situation of Greenland.

1. EUROPEAN ADDED VALUE

The Overseas Countries and Territories which spread from the Poles to the Tropics are associated with the EU. They play an important role as outposts of the Union in the areas where they are located, but do not, however, form part of the EU territory or of the EU single market.

The purpose of the Association of the Overseas Countries and Territories is to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Union as a whole.

Support to the Overseas Countries and Territories makes them less dependent on the EU and its Member States and promotes cooperation between them, their regional, European and international partners. It allows projecting EU values, culture, laws and economic partnerships across the globe.

2. OBJECTIVES

The objective of the support to Overseas Countries and Territories is to **preserve the close and lasting links between the partners**, **supporting their sustainable development** and **enhancing their competitiveness and economic resilience**.

3. IMPLEMENTATION & SIMPLIFICATION

The support to Overseas Countries and Territories, other than Greenland, used to be channelled through the European Development Fund. The programmes are directly implemented by the European Commission, mainly in the form of direct budgetary support but also in some cases by grants.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The cooperation with Overseas Countries and Territories is strictly linked to and coordinated with the national support policies of Denmark, France and the Netherlands. In addition, synergies will be exploited with separate European development programmes for the EU's outermost regions and the Neighbourhood, Development and International Cooperation Instrument.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	*EUR million*
Total envelope for 2021-2027	**500**

PRE-ACCESSION ASSISTANCE

Instrument for Pre-Accession Assistance

The Instrument for Pre-accession Assistance **supports candidate countries and potential candidates on their path to fulfilling the accession criteria**. It is positioned in the context of the Western Balkans Strategy and reflects the developments in the relations with Turkey.

1. EUROPEAN ADDED VALUE

Supporting the enlargement of the EU is by its very nature a task best pursued at EU level. Granting pre-accession assistance under one single instrument on the basis of a single set of criteria is more efficient than granting assistance from multiple sources – including the national budgets of the Member States – following different procedures and priorities. In addition, the EU's political influence and leverage allows it to engage national authorities with greater authority and legal certainty than individual Member States. The Instrument complements the enlargement policy of the Union by supporting political and economic reforms, including as regards EU values and the respect for the rule of law and the proper functioning of institutions ensuring sound financial management in candidate countries/potential candidates and is used proactively to advance negotiations with beneficiary governments towards fulfilling the Copenhagen criteria, as well as the conditionality of the Stabilisation and Association Agreements.

The Instrument for Pre-accession Assistance contributes to the broader European objectives of ensuring stability, security and prosperity in the immediate neighbourhood of the Union. Proximity between Member States and beneficiaries and the corresponding need for coordination also ensures that support given to beneficiaries helps the EU to reach its own objectives in terms of sustainable economic growth, migration, security, energy supply, transport, the environment and climate change.

2. OBJECTIVES

The Instrument for Pre–accession Assistance aims to **support candidate countries and potential candidates in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required to comply with Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership**.

The instrument will be shaped around the following key priorities: **Rule of Law**, **fundamental rights** and **migration** – this will include strengthening **security cooperation**, the **fight against radicalisation and against organised crime**, as well as supporting an **integrated migration policy including border management**; **EU policies and acquis**; **Socio-Economic development**; **Investments for growth**; **Reconciliation, good neighbourly relations** and **Regional and cross-border cooperation**. These objectives follow on from those pursued under the predecessor programme.

3. IMPLEMENTATION & SIMPLIFICATION

Continuity will be ensured with the 2014-2020 instrument. The strong performance-based element will be maintained but simplified in order to make it easier to monitor and report on, and to provide a real incentive to the beneficiaries. A rapid and flexible mobilisation of funds is important as well as the necessary financial means to prepare for future accessions, when appropriate, including to ensure a gradual and seamless transition from pre-accession to Member State to allow the increase of absorption capacity needed to be ready.

All possible types of delivery modes will be included in the Regulation (grants, procurement, prizes, contributions to EU Trust Funds, budget support, financial instruments, and budgetary guarantees). They will be implemented through direct, indirect and shared management depending on the type of programme and partner country.

With regard to the investment architecture, the financial instruments currently implemented in the region will remain active in view of the good results obtained so far.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme will seek complementarities with a full range of Union programmes, including the internal policy programmes (synergies with the security, migration and energy policies, and the **Neighbourhood, Development and International Cooperation Instrument**, with the investment component, as well as to support the **Erasmus+** external dimension. The beneficiary countries will continue to benefit from thematic programmes, in particular human rights. There will continue to be synergies with **Cohesion Policy** and the **Common Agricultural Policy** in preparing the beneficiary countries to absorb and manage future Union financing.

Coherence needs to be kept between the **InvestEU Fund**, the new single investment tool for the EU internal policies, and the Instrument for Pre-accession Assistance, so that the potential access of pre-accession countries to the new fund is ensured. The necessary increase in the investment needs will be mostly served by the **European Fund for Sustainable Development+**, which will be integrated in the Neighbourhood, Development and International Cooperation Instrument. This will allow for strong economies of scale, while including the possibility of a scaling-up of operations in the Western Balkans, as needed.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**14 500**

INSTRUMENTS OUTSIDE THE CEILINGS OF THE MULTIANNUAL FINANCIAL FRAMEWORK

SPECIAL INSTRUMENTS

Emergency Aid Reserve

The Emergency Aid Reserve is an **instrument providing additional funds into a number of sectorial programmes when a crisis occurs**, both within and outside the EU.

1. EUROPEAN ADDED VALUE

Responsiveness of the EU budget is increasingly needed under unstable geopolitical and domestic frame conditions which occasion non-programmable spending needs. While a number of programmes covering both within and outside the EU foresee specific provisions to cover emergency measures, available funds can be quickly exhausted and reinforcements become necessary, sometimes at short notice. For example, resources available for emergency assistance under the Asylum, Migration and Integration Fund and the Internal Security Fund were not sufficient to meet all demands by Member States in the face of the migration and security crises which started in 2015. Similarly the Food and Feed programme proved to be largely insufficient to meet demands of Member States affected by the Avian Influenza crisis in 2016 and 2017. Consequently, funds from other programmes had to be redeployed and several flexibility mechanisms had to be mobilized to fill up the gaps.

Large-scale disasters, be they natural or man-made, can overwhelm the capacities of a single Member State and have a clear transnational component. Such disasters are becoming more frequent and intense due to changing climatological conditions or new emerging risks, and their economic, environmental and social consequences are on the rise. This calls for increased EU responsiveness, along with the following principles:

- An agile legal framework that allows the EU budget to intervene in a wide range of crises situations, even in areas not traditionally seen as high risk. Relevant spending

programmes should be equipped with appropriate emergency response provisions triggering EU action as soon as an emergency event takes place.

- Sufficient funding available when needed: major crises cannot be forecast and a budgetary reserve from which additional resources can be drawn at short notice is vital.

2. OBJECTIVES

Among the Special Instruments that can be mobilized over and above the ceilings of the Multiannual Financial Framework, the Emergency Aid Reserve is specifically devised to bring **reinforcements in case of crises**. It constitutes a provisional annual amount on top of the ceilings, which can be added to the budget of a specific programme within a few weeks to cover **unforeseen events**.

3. IMPLEMENTATION & SIMPLIFICATION

The **scope of the Emergency Aid Reserve will be extended to operations inside the EU**, thus making use of existing procedures and optimising budget allocation. This will provide a common mechanism to financially reinforce EU actions in response to all kinds of crises (natural disasters, environmental crises, humanitarian emergencies, health epidemics, etc.) and in all geographic locations.

To avoid competition and ensure a fair approach towards emergency needs, a temporary ceiling of 50% will apply to both internal and external dimensions for the first 9 months of the year. Besides, 25% of the annual ceiling will remain available for the last quarter of the year to ensure that amounts remain available also for cases emerging towards the year-end.

The current mobilisation process of the Emergency Aid reserve is a smooth and well-tried process, its main features will be maintained:

- As a special instrument designed to address unforeseen events and funding needs, the Reserve will be mobilised over and above the Multiannual Financial Framework ceilings;
- The Reserve is entered in the budget as a provision; it is mobilised jointly by the European Parliament and the Council via a transfer in accordance with the Financial Regulation;

- To maximise the Reserve's capacity, unused amounts can be transferred to the following year.

To maximize the EU budget response capacity, there will be common rules for making use of the Reserve across all programmes and budget headings to which it is open. This implies no earmarking or priority use, for instance, for internal rather than external crises, or for individual policy areas.

In exceptional years, where the full annual amount of the Reserve has been depleted, additional needs could still be covered through other flexibility mechanisms (such as the Flexibility Instrument, the Contingency margin), albeit with a heavier mobilization procedure (i.e. amending budget).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Emergency Aid Reserve will address extraordinary situations that cannot be tackled by the emergency funding within specific programmes. For instance, the Reserve is not aimed at addressing the consequences of market related crises affecting the agricultural production or distribution.

The other special instrument, associated with crisis' response is the **EU Solidarity Fund**. It is also limited by an annual maximum amount, but it is very different in nature compared to the Reserve. The support from the Solidarity Fund is provided to a Member Stare as an expression of EU solidarity in its efforts to deal with the effects of a major natural disaster. It takes the form of a grant, reimbursing some of the costs incurred by the Member State for recovery and reconstruction efforts following a disaster, with no concrete activities managed at EU level and no spending programme implicated.

5. PROPOSED MAXIMUM ANNUAL AMOUNT

Figures in 2018 prices	*EUR million*
Maximum annual amount	**600**

SPECIAL INSTRUMENTS

European Union Solidarity Fund

The European Union Solidarity Fund is a solidarity instrument responding, at the request of a Member State or of a country involved in accession negotiations with the Union, to **severe natural disasters** and expressing European solidarity with disaster-stricken regions by alleviating the costs of national intervention.

1. EUROPEAN ADDED VALUE

Solidarity between Member States is one of the founding principles of the Union and the EU Solidarity Fund is a clear demonstration of this principle. It has very high visibility among citizens. As natural disasters are likely to become more frequent and intense due to changing climatological conditions this Special Instrument outside the Multiannual Financial Framework also contributes to mitigating the adverse impact of climate change.

Due to its targeted impact, it complements the intervention of multi-annual programmes which are focused on medium-term investment priorities and can also help overcome the complexity that might result from inter-regional coordination should the disaster affect several regions.

2. OBJECTIVES

The EU Solidarity Fund provides financial contribution to help cover the **costs of emergency and recovery operations** borne by the public budgets of the eligible States. It intervenes by reimbursement to give budgetary support to **restore essential infrastructure**, assist the population by providing **temporary accommodation** and **funding rescue services**, secure **preventive infrastructure** and measures of **protection of cultural heritage** as well as help **cleaning up disaster-stricken areas**, including natural zones.

3. IMPLEMENTATION & SIMPLIFICATION

Due to nature of the interventions, the delivery mechanism of the Fund is simple and focused on results. The **flexibility** allowing the carry-over of unspent amounts from the preceding year will be preserved while allowing for higher amounts of advance payments.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The 2014 revision strengthened the link with disaster risk reduction policies and set an incentive for Member States to step up **European Structural and Investment Funds** investments supporting prevention, adaptation to climate change and disaster resilience building.

As the EU Solidarity Fund is intervening ex-post, it is complementary to **rescEU** and other emergency tools which intervene immediately in case of natural or man-made disasters.

5. PROPOSED MAXIMUM ANNUAL AMOUNT

Figures in 2018 prices	***EUR million***
Maximum annual amount	**600**

SPECIAL INSTRUMENTS

European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund is a solidarity and emergency relief instrument which offers **one-off assistance to dismissed workers in the context of a significant number of unexpected dismissals caused by the adverse effects of economic change**.

1. EUROPEAN ADDED VALUE

Adding up to regular national resilience (unemployment, social) and to structural interventions from the European Social Fund, the European Globalisation Adjustment Fund measures increase the number and variety of services offered, but also their level of intensity.

Due to this targeted impact, it complements the intervention of EU-funded multi-annual programmes which are focused on medium-term priorities and can also help overcome the complexity of inter-service coordination at national/regional level as large-scale collective redundancies may require combined measures.

Finally, the European Globalisation Adjustment Fund also contributes to the direct implementation of some principles of the European Pillar of Social Rights such as training and life-long learning or active support to employment.

2. OBJECTIVES

As from 2021, the European Globalisation Fund will support workers concerned by a wider range of changes leading to massive high-scale redundancies (globalisation, crisis, technological changes, etc.).

To this end, the measures will aim at: (i) providing **tailor-made support to help reintegration into the labour market**, (ii) increasing the emphasis on acquisition of **digital skills** and (iii) **supporting mobility** whenever relevant.

3. IMPLEMENTATION & SIMPLIFICATION

In order to better correspond to its specific feature of an emergency instrument, the mobilisation of the European Globalisation Adjustment Fund will be improved twofold: (i) a **wider scope of interventions** that considers extended intervention criteria (technological change for instance) and (ii) procedural simplifications, such as lighter application process, provision of technical assistance to ease access to funding.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Co-financing rates will be aligned with **Cohesion Policy** rates.

5. PROPOSED MAXIMUM ANNUAL AMOUNT

Figures in 2018 prices	***EUR million***
Maximum annual amount	**200**

OFF BUDGET

European Peace Facility

The European Peace Facility aims to finance the common costs of military operations under the Common Security and Defence Policy; contribute to the financing of military peace support operations led by other international actors; and provide support to third States' armed forces to prevent conflicts, build peace and strengthen international security.

1. EUROPEAN ADDED VALUE

The EU is recognised as a credible global actor. This gives it a competitive advantage in terms of conflict prevention and peace-keeping. EU interventions in these areas can take different forms, ranging from providing support to peace-keeping operations by third countries or international organisations (such as under the African Peace Facility), to direct support to partners' capacities, to deploying troops for operations under the Common Foreign and

Defence Policy. This ability of the EU to contribute to the prevention of crisis, restoration of peace or public order or stabilisation of countries or regions faced with conflict or disorder is essential. It does not only serve to protect the EU and its citizens, but also to stabilise countries, enable development and prevent massive displacement of persons.

The EU has engaged in or assisted peace support operations, including through the deployment of EU military forces, in a variety of locations - from Africa, to the Middle-East and the Western Balkans. These operations have demonstrated the added-value of a European dimension, allowing participating Member States to pool resources, share costs and show a genuine European engagement on the ground. However, over recent years, the number of security and stability challenges in our neighbourhood and beyond has grown – and so have the demands for peace-keeping.

This calls for an enhanced engagement of the EU to respond to external conflicts and crises, through peace-keeping and conflict management. This is achieved more efficiently and effectively at EU level. Very few Member States have sufficient resources to support or conduct effective military operations on their own and the Member States that do so should not be expected to bear the entire cost of operations which benefit the EU as a whole. Solidarity between Member States and pooling of resources is therefore essential. Moreover, EU-level involvement can facilitate cooperation with international and regional organisations and countries worldwide through its network of EU delegations. Few Member States can offer this outreach.

2. OBJECTIVES

The objective of the Facility is to enable the EU to do more and to act more swiftly to **prevent conflicts, promote human security, address instability and work towards a safer world, also using military and defence means if required**.

The Treaty on European Union does not allow for Common Foreign and Security Policy operations that have military or defence implications to be financed under the EU budget. The primary objective of the Facility will therefore be the pursuit of the EU foreign and security policy activities with military and/or defence implications which cannot be funded under the EU budget. Except when the Council decides otherwise, actions under the Common Foreign

and Security Policy that can be financed under the EU budget must continue to be financed under the EU budget. The implementation of the Facility will require full consistency and coherence with the EU budget, to be ensured at each and every level of the Facility's functioning.

The Facility is a new single extra-budgetary instrument. It will combine support which, under the Multiannual Financial Framework 2014-2020, is partly covered by the **Africa Peace Facility** (financed from the extra-budgetary European Development Fund), and the **Athena mechanism**. Military Common Security and Defence Policy operations are funded outside of the EU budget primarily by the participating Member States, while a limited percentage of common costs are financed through the Athena mechanism.

These existing funding mechanisms, while of clear added value, have up to now only partially addressed the expectations of partners and the need to ensure the EU's external stability in light of unprecedented external challenges. The Facility therefore seeks to:

1. enhance the financing of **military operations under the Common Security and Defence Policy**, which should be made more flexible and efficient;
2. widen the scope of the EU's **support to peace-supporting military operations** led by third countries and international organisations worldwide, and build the military capacities of third countries and international organisations to prevent conflicts, build peace and strengthen international security;
3. facilitate the financing of **other operational actions under the Common Foreign and Security Policy having military or defence implications** when so decided by the Council.

The Facility will be established through a Council Decision under the Common Foreign and Security Policy. As an instrument under the Common Foreign and Security Policy, its implementation will be ensured by the High Representative. With regard to the financial implementation of the Facility in line with the Financial Regulation, the High Representative will be assisted by the Commission's Service for Foreign Policy Instruments.

3. IMPLEMENTATION & SIMPLIFICATION

The Facility will be financed through yearly contributions by Member States based on a Gross National Income distribution key. It will improve flexibility and responsiveness to crisis, drawing on lessons learned from the current instruments and mechanisms. It will ensure that EU funding is available on a permanent basis, while allowing for a rapid response to crises

and other urgent requests. It will also facilitate the provision of integrated packages with military training provided by EU military training missions, military equipment and support. The European Peace Facility is designed in an efficient, flexible manner to take into account the different nature of its activities. The important role of partners will be clearly reflected.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Facility will be governed by the principles of coherence and complementarity, ensuring full consistency and synergy with relevant external action instruments and measures under the EU budget, in particular the Common Foreign and Security Policy, capacity building for security and development and other forms of security-related assistance and action under the Security and Peace objectives of the EU's neighbourhood and development policies. Flexibility and responsiveness will ensure that support is available in a timely manner and caters to external military needs as agreed. Simplification and streamlining of funding sources and structures will also be ensured. The Facility will be subject to a strong political steer, to ensure its effectiveness and coherence with the EU's overall external policy approach.

The Facility reflects the need to find expression for the EU's role in defence but is clearly distinct from the European Defence Fund, which aims to supplement and amplify national investments in defence research and industrial development. Nevertheless, the European Defence Fund has the potential to provide a significant boost to the EU's strategic autonomy and the competitiveness of Europe's defence industry, thus indirectly allowing the EU to provide more efficient support to military peace-keeping operations abroad.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

The European Peace Facility is an "extra-budgetary" instrument.

Figures in current prices	***EUR million***
Total envelope for 2021-2027	**10 500**

Council of the
European Union

Brussels, 4 May 2018
(OR. en)

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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	4 May 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2018) 171 final
Subject:	COMMISSION STAFF WORKING DOCUMENT Spending review Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027

Delegations will find attached document SWD(2018) 171 final.

Encl.: SWD(2018) 171 final

EUROPEAN
COMMISSION

Brussels, 2.5.2018
SWD(2018) 171 final

COMMISSION STAFF WORKING DOCUMENT

Spending review

Accompanying the document

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

A Modern Budget for a Union that Protects, Empowers and Defends

The Multiannual Financial Framework for 2021-2027

{COM(2018) 321 final}

Table of Contents

1. INTRODUCTION

This Staff Working Document sets out the evidence and the analytical underpinning for the Commission's proposals for the modernisation of the EU long-term budget. It is based on the results of a comprehensive spending review conducted by the Commission services. This review was designed to identify the features of current programmes that have proven their worth and should be replicated or amplified in the future financial programmes. It also identifies the areas where reform is needed to make full use of the potential of the EU budget.

The review responds to specific requests from stakeholders and other EU institutions to provide evidence that spending programmes are managed efficiently, and to ensure that the added value of financial programmes is clearly described. More specifically:

- the European Court of Auditors has argued that a comprehensive EU spending review is needed before a new long-term budget is set[26];
- the European Parliament has requested a thorough and comprehensive spending review[27]; and
- the Council has consistently underlined the necessity to focus on budgetary performance, results and EU added value.

In a study on Budgeting and Performance in the European Union, the Organisation for Economic Cooperation and Development also suggested a spending review as a further aid to budget responsiveness and flexibility, and as a means of assessing critically the baseline of public expenditures in light of performance and evaluative findings[28].

Section 2 of this document provides a concise explanation of the process and guiding principles of the spending review. Section 3 presents the outcome of the review per theme as relevant in terms of the envisaged modernisation of the future EU long-term budget.

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[26] European Court of Auditors Briefing papers: "EU budget: time to reform? A briefing paper on the mid-term review of the Multiannual Financial Framework 2014-2020", 11/2016 and "Future of EU Finances: reforming how the EU budget operates", 2/2018.

[27] European Parliament resolution on the next Multiannual Financial Framework: "Preparing Parliament's position on the Multiannual Financial Framework post-2020" (2017/2052(INI)).

[28] Organisation for Economic Co-operation and Development Journal on Budgeting, Vol 2017/1, "Budgeting and performance in the European Union: A review by the Organisation for Economic Co-operation and Development in the context of EU budget focused on results"..

The final section presents the lessons learned from the implementation of the 2014-2020 spending programmes. For each of the headings of the current long-term budget, it summarises the objectives of the programmes, the key achievements and the lessons learned. In line with the Commission's better regulation framework, more detailed analysis informing the future design of the individual programmes will be presented in the impact assessments accompanying the sectoral proposals.

Analysis of the functioning of the own resources system is contained in a separate Staff Working Document accompanying the Commission's proposals on own resources.

2. SPENDING REVIEW: PROCESS AND GUIDING PRINCIPLES

Spending reviews are used as an instrument to identify opportunities to improve the performance of spending programmes. While there is no one-size-fits-all methodology for spending reviews, in practice spending reviews usually fall into one of two broad categories:

i) strategic reviews, which assess the objectives of policies and programmes as well as the efficiency of spending, with the aim of prioritising programmes on the basis of policy objectives and / or performance;

ii) efficiency reviews, which seek to identify how an existing service or programme can be delivered with fewer resources.

The Commission has opted for a broad strategic review that blends detailed bottom-up analysis of all spending programmes with top-down guidance from senior management and the political level. The objectives of the spending review were to identify opportunities to maximise the EU added value and efficiency of spending programmes, to simplify the budget and make it more flexible, and to streamline delivery mechanisms.

In order to conduct the spending review and to organise work within the Commission to prepare the proposals for the post-2020 long-term budget, a process was set up in parallel to the wide-ranging consultations taking place with key stakeholders and Member States. This process has been steered at political level by the Vice-Presidents of the Commission together with the Commissioner for the Budget. Their work was informed by technical preparation provided at service level by a core group of Directors-General chaired by the Secretary-General and Director-General for Budget. Together with the systematic review of all programmes and policy clusters, several dedicated working groups were set up to analyse cross-cutting issues with significant potential for synergies and streamlining. These included groups focusing on simplification and flexibility; the performance framework; financial instruments; own resources; interdependence of programmes supporting internal and

external policies; support to structural reforms; and mainstreaming. All relevant Commission services contributed to this review.

The review took into account information available from multiple sources. These include the outcome of ex post evaluations of the 2007-2013 programmes and the interim reviews/evaluations of the 2014-2020 programmes. Other sources included relevant performance information such as thematic analyses, evaluations performed by the Member States for shared management programmes, and available monitoring data.

The spending review also considered the audit findings contained in reports and other publications from the European Court of Auditors. It assessed in particular performance-related information arising from recent Special Reports, Annual Reports and briefing papers covering the various domains of the EU budget.

The results of the Spending Review have also served as a key input to the impact assessment process for the sectoral proposals, which have also benefited from input from public consultations. The public interest in the recent public consultations on six of the policy areas to be covered by the new long-term budget was high. The Commission received 11 230 replies in total. In addition, open public consultations in other areas, such as agricultural and external policy, were carried out recently and served as input to the spending review.

The assessment of the EU budget has been guided by six main cross-cutting objectives and principles:

(i) European added value

By pooling resources at European level, Member States can achieve more than they could by acting alone. The EU budget complements national budgets and a wide array of legislative and regulatory instruments to support shared objectives, to help tackle common challenges and to implement European policies. This is the value added of the EU budget – achieving more together than could be achieved separately through national public expenditure. European action is taken when it is more effective and efficient than national, regional or local action.

The Commission's Reflection Paper on the Future of EU Finances[29] clearly identified European added value as a guiding principle for the future EU budget.

Creating European added value is about achieving the objectives set out in the Treaty and helping to uphold fundamental values, rights and freedoms. It entails taking European action when it is more

[29] https://ec.europa.eu/commission/publications/reflection-paper-future-eu-finances_en.

effective and powerful than national, regional or local action; by allowing the realization of projects which are only possible by acting together, by providing public goods of European dimension, by achieving better value for money through acting on the European level or by catalysing or complementing national or local initiatives.

European added value is also one of the building blocks of the Commission's Better Regulation framework. The assessment of EU added value, following the criteria set out in the Reflection Paper, is therefore an integral part of the impact assessment process for future financial programmes.

(ii) Streamlining and synergies

The spending review has analysed possible overlaps and complementarities between current programmes, the number of which has grown over time in response to emerging priorities. It has assessed in each case whether a spending programme should continue as an individual, stand-alone programme or whether a merger of existing EU programmes, if legally and practically feasible, would allow for greater economies of scale, savings in implementation costs, and ultimately stronger performance. A more streamlined architecture of spending programmes would improve the readability of the budget and create the conditions for more convincing communication on the results achieved.

(iii) Simplification of rules

The recent revision of the Financial Regulation set a clear framework and path for the spending review. Excessively complex rules create red tape for potential beneficiaries of Union funding as well as for implementing authorities. This may discourage eligible parties from applying for Union funding, make management less efficient, and therefore lead to the underperformance of programmes. A complex regulatory framework may give rise to differing interpretations and thus errors in its implementation. Simpler rules can therefore also improve compliance.

The Commission has assessed in detail each instrument to identify opportunities to simplify management and control of programmes and the respective governing rules, while maintaining the highest standards of sound financial management. This builds on the progress made in the current generation of programmes. The review has also considered whether the same or similar rules regarding information and communication, simplified cost options, combination of forms of support, cross-reliance on single audit/assessment could be established, leading in time and to the extent possible to a single rule book for funds implemented under direct, indirect and shared management.

(iv) Flexibility

Developing a long-term EU budget requires a combination of predictability in financial programming with an appropriate level of budgetary flexibility to cope with unforeseen circumstances. In recent years, the flexibility in the budget has been pivotal in particular in allowing the EU to react to unprecedented migration flows and terrorist attacks by reorienting funds, making additional funds available from the EU budget and by mobilising additional contributions from Member States and other donors. However, this flexibility has reached its limits in the current framework. The spending review has therefore considered options to improve flexibility in programmes or funds in order to be better able to respond to unforeseen circumstances or to address new spending priorities, by, for example, facilitating reprogramming, creating reserves or providing the possibility to transfer funds from one delivery mode to another.

(v) Focus on performance

There are growing expectations from stakeholders (citizens, businesses or local and national authorities) in relation to what the EU budget can actually deliver for them. The European Parliament, Council and the European Court of Auditors have in recent years placed increasing emphasis on the *performance* of the EU budget in addition to the traditional focus on sound financial management. The EU budget can only be judged a success if it delivers results on the ground.

The spending review has therefore analysed how to strengthen the focus on performance across all programmes, by setting clearer objectives and focusing on a smaller number of higher quality indicators of performance. This should allow for improved measurement and monitoring, allowing corrective action to be taken to maximise the results achieved with the budget.

(vi) Coherence with political objectives and values

One of the key features of the EU budget is the cross-programme integration of key values and policy objectives. Beyond dedicated programmes to support a specific policy area, many of the financial programmes can contribute to achieving multiple overarching policy objectives.

Through appropriate programming, coherent objective setting, eligibility criteria, conditionalities and earmarking of expenditure across programmes, different areas of expenditure can contribute to common objectives from different angles. One specific tool to achieve these cross-cutting objectives is “mainstreaming”. This can be supported by quantitative targets for expenditure throughout the budget in order to facilitate monitoring of the overall financial contribution to a particular objective. For example, as part of the current long-term budget, a target of 20% was set

for climate-related expenditure. The spending review looked at options to continue this approach and considered the possibility to use programme design and additional instruments like eligibility criteria to reach the Union's policy objectives.

3. OUTCOME OF THE SPENDING REVIEW

3.1. EU added value

The spending review has demonstrated that many of the current generation of programmes score highly in terms of delivering EU added value. They respond to large-scale and/or cross-border needs and challenges and have generated results that could not be achieved by Member States acting alone. Section 4 of this document contains numerous concrete examples of this, across all headings of the current budget. The spending review has also identified clear room for improvement, particularly in terms of the implementation of individual programmes.

Examples of EU added value:

- Investments in cross-border energy, transport and digital infrastructures financed through the Connecting Europe Facility and the European Fund for Strategic Investments have increased growth potential and helped remove barriers to trade, investment and mobility in the single market. For example in the energy sector, the Connecting Europe Facility is contributing to strengthening interconnectivity, aiming at ending energy isolation and completing the internal energy market; in transport investments related to cross-border transport infrastructure, developing a core transport network.

- Large-scale projects supporting Europe's economic growth and innovation-driven competitiveness by reason of their scale and scope require the participation of all Member States. This is the case for projects such as the International Thermonuclear Experimental Reactor and the programme for Earth observation and monitoring, Copernicus, which represents one of the world's largest data providers and brings considerable EU added value. The Galileo programme ensures a network of satellites delivering navigation, safety and other services, which would be too expensive and technically challenging to do at national level.

- Horizon 2020 has funded major cross-border research projects, such as the Graphene Flagship, a future and emerging technology project, which is a good example of the strong EU added value of Horizon 2020. Recent breakthroughs resulting from this project are the first fully functional microprocessor made from graphene-like material, which holds promise for integrating computational power into everyday objects and the development of graphene-based neural probes to examine brain activity in high resolution, which can help to improve understanding of diseases such as epilepsy.

- Both the Marie Skłodowska-Curie Actions and the European Research Council have empowered thousands of highly skilled researchers to exploit their talent to the fullest to the benefit of both European economy and society. In 2017, two of the three new Nobel laureates in Chemistry have participated in Marie Skłodowska-Curie Actions and other EU-funded research projects,

while a Marie Skłodowska-Curie Actions-funded project contributed to the detection of gravitational waves that led to the 2017 Nobel Prize in Physics.

- The European Social Fund, the main EU fund for investing in people helps to address Union-wide needs in the area of employment, education, social inclusion. The European Social Fund helps people stay in or return to quality employment and education and training, and plays a key role for the social resilience of EU citizens, including the young. The European Social Fund then supports Member States' reform efforts in areas of crucial importance for the European economy: labour market policies, youth employment, modernisation of vocational education and training, welfare system and administrative reforms.

- Programmes such as the Erasmus+ programme create EU added value by supporting cross-border mobility of learners (higher and vocational education students, and apprentices, trainees, young people), with positive impacts on the competence development and employability of these individuals as well as with indirect effects on the mobility of labour within the single market (both in section 4.1.2).

- The Nuclear Decommissioning Assistance Programmes bring EU added value through the accumulation of knowledge on decommissioning which can then be used to support all EU Member States to develop their own plans and measures (both section 4.1.3).

- The Common Agricultural Policy plays a key role in ensuring a level playing field for agricultural producers, safe and environmentally-friendly farming practices, international food export competitiveness and sustainable rural development. In addition to the benefits the programme delivers to EU consumers and citizens, it is more efficient and thus better value for money to finance such a large sectoral spending programme on the European level than if Member States were to do it individually. An additional benefit of steering agricultural spending from an EU level has been the orchestration of significant reforms and improvements in the policy over various budgetary cycles. However, the spending review also revealed a need for modernisation, better delivery systems and simplification in many areas, such as greening or cross-compliance. More EU added value could be created if improvements could be realised in these areas.

- The integrated EU framework on food safety and animal and plant health has both promoted high levels of trade under safe conditions and avoided the costs of large scale disease outbreaks. Previous outbreaks, notably of foot and mouth disease and mad cow disease, incurred costs amounting to several billions at both Member State and EU level.

- The European added value of cohesion policy lies in decreasing disparities in economic and social development between regions of the EU through strategic investments in key infrastructure, research, innovation, education and skills and social inclusion. Besides the upwards convergence of regions, these investments have substantial spill-over effects and corresponding economic stimulus in other countries, by creating opportunities for businesses and individuals, thus increasing growth and prosperity across the entire Union. Moreover, by complementing national budgets, support by the EU budget has a macroeconomic stabilising impact on national economies. Investment through EU funds represents a very significant share of public investment in many countries and has played a key role during the recent economic downturn. The implementation of structural funds has provided an important incentive and a

framework for the strategic coordination of different levels of administration, establishing high benchmarks for administrative capacity and sound financial management, generating economies of scale and scope and promoting synergies via the creation of a coherent framework for investment throughout the EU. Finally, cohesion policy has facilitated the execution of cross border actions and investments which would not have taken place – or at a different rhythm and cost – without the catalytic impact of the EU budget.

- The European Fund for Strategic Investment leads to coordinated action between Member States and the EU to mobilise public and private investments to support future growth and prosperity. It has mobilised public and private investment through the provision of public guarantees to address the investment gap in the EU. In so doing, through the lending activity of the European Investment Bank, beneficial financing conditions enabled investment across the EU in key infrastructure of EUR 274 billion at a fraction of the EU budgetary cost.

- The single market, ensuring the free movement of goods, persons and services and driving the competitiveness of firms via economies of scale and scope, is the economic essence of EU integration and itself the key source of European added value. EU programmes promote the functioning of the single market for the benefit of companies and citizens, and perform functions that are more efficient or provide better value for money for the European taxpayer. The EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises supports the competitiveness and cross-border activity of Small and Medium Enterprises while a number of specific programmes such as Fiscalis and Customs, Consumer and health programme reinforce cooperation between public administrations, consumer protection, harmonization of standards, and ensure the quality and safety of food and living goods across the internal market.

- The migration crisis has highlighted the importance of concerted European action to support the effective management of Europe's external borders to ensure the functioning of the Schengen Area as well as to support common actions in the area of asylum and return. All Member States benefit from the actions taken in 'front line' Member States, protecting the external border. The Asylum and Migration Fund and the Border and Coast Guard are clear sources of EU added value for all.

- Cross-border and international security threats such as terrorism, organised crime and cybercrime, call for a comprehensive reaction at European level, as set out in the European Agenda on Security. The Internal Security Fund and other EU programmes are part of the EU response to security challenges.

- The EU budget has also amplified the joint EU response to a variety of global challenges, allowing for the more efficient use of public funding to promote European values throughout the world and to promote common objectives in areas such as climate change and international development.

- Integrating climate action across the EU budget, including the commitment to ensure that least 20% of the spending is climate related, has allowed the EU to efficiently facilitate and speed up the transition to low carbon and climate resilient economy, supporting the achievement of EU climate and energy objectives and the implementation of the Paris Agreement.

- European added value is also created through pursuing political objectives. While cultural differences clearly exist between Member States, communicating and reaffirming European values – peace, democracy, international cooperation and respect for human dignity – inside the EU and in the world, especially in a time when the world is reconsidering the basic tenets of progress and growth, is crucial for the future of Europe. This is most effectively done at the European level through the Rights, Equality and Citizenship and the Justice programmes.

In some instances, programmes were not functioning as expected. For example:

- The Student Loan Guarantee Facility, a part of Erasmus+, is not living up to expectations. It has a very low uptake due to a lack of awareness of its existence and delays in its launch and failed to attract sufficient financial intermediaries. The mid-term evaluation highlighted that initial estimates of the numbers of potential users overestimated the needs.

- The European Aid Volunteers programme, created in 2014 after a pilot in the last long-term budget, experienced several challenges in deploying volunteers outside Europe. The programme focused its small budget on capacity building for external organizations. With the creation of the European Solidarity Corps, synergies in management, scope and objectives could be achieved.

Conclusion

The lesson for the future long-term budget is that there is a strong case to maintain or increase support in areas where the EU budget has provided convincing results, such as for example in mobilising finance for cross-border infrastructure projects, pan-European research projects and supporting mobility. In some cases this would imply building on and improving the positive results of existing programmes, such as the Connecting Europe Facility, Horizon 2020 and Erasmus+. In other areas there may be scope for more targeted support to unlock EU added value in areas such as the digital single market, security and defence.

3.2. Streamlining the budget and exploiting synergies between programmes

The spending review has also shown that the increase in the number of spending programmes over time has resulted in some cases in fragmentation, overlaps and an inability to fully exploit the synergies between different funding sources.

The need to streamline the budget has been a recurrent finding in many evaluations or studies as reflected in section 4 of this document. For example, evaluations identified areas in which the synergies among programmes under the current Heading 1a such as Horizon 2020 could be strengthened and complementarity improved with the European Structural and Investment Funds, the European Fund for Strategic Investments and Erasmus+. Synergies could be exploited between direct and shared management programmes by better articulating their respective comparative advantages. For instance, projects not funded under the flagship research programme but awarded

the “seal of excellence” through Horizon 2020 could – under certain conditions – access funding through the European Structural and Investment Funds (cf. section 4.1.4). Similar findings relate to programmes under other headings of the current framework. They show for instance that there is a fragmentation of rules and overlaps between EU funds investing in human capital development (cf. section 4.2.4). Despite steps that were taken to improve complementarity and avoid overlaps between EU funding instruments, obtaining synergies proved problematic in several other areas such as Asylum, Migration and Security (cf. section 4.4.4) and the numerous instruments in the field of external action (cf. section 4.5.4).

The spending review highlighted the necessity to ensure that the EU funding support related to migration and security is delivered in a coherent, coordinated manner. The roles of the programmes should be more clearly articulated: targeted, short-term action through the Asylum, Migration and Integration Fund and the Internal Security Fund and longer-term support under the structural funds. Consideration should be given to limiting the amount of funding allocated upfront to the national programmes while retaining an initially unallocated funding envelope (“thematic facility”) to finance new priorities or urgent actions.

During the spending review some small programmes lacking flexibility and with disproportionate costs in terms of management and control burden were also identified. For example it was found that there were clear overlaps between the two current anti-fraud programmes, the Anti-Fraud Information System and Hercule III preventing a more flexible response to shifting political and investigative priorities. Similarly, in the field of protection and promotion of European rights, values and cultural diversity, a number of programmes address similar societal challenges. Better coordination would allow for improved focus on areas of highest EU added value through more streamlined operation.

Currently different programmes include the possibility to deploy financial instruments such as Horizon 2020, the Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme, the Employment and Social Innovation Programme, and the European Fund for Strategic Investments. However, each programme applies a different set of rules to the use of financial instruments and aims at different target groups. The European Court of Auditors noted in its 2016 Annual Report that the number of financial instruments benefiting from EU budgetary support has been increasing and that careful management is necessary to ensure the effective and efficient use of available funds.

Furthermore, in order to increase effectiveness and efficiency, several aspects of the delivery mechanisms of the programmes were assessed in the spending review. General conclusions, further detailed in section 4, were drawn in relation to:

- grants, the use of simplified cost options such as lump sums, unit costs, and flat rates;
- the extended use of financial instruments for actions with a direct scope for profit generation in view of their broader impact, higher leverage potential and better incentives;
- ensuring that levels of intervention are calibrated to the beneficiary groups;
- the continued role of Union executive agencies in programme implementation as they generate cost savings and ensure operational proximity to beneficiaries and economies of scale.

The economic governance cycle and new EU level policy initiatives are not always optimally aligned with the funding frameworks. Funding could be more closely aligned with the European Semester to support reforms and increase the funds' political leverage.

Finally, the review also highlighted the importance of avoiding delays in the implementation of spending programmes, as occurred at the beginning of the current financial framework. The delays in setting up the national structures to implement the European Structural and Investment Funds and the resulting need to delay commitments, has acted as a brake on performance, with results taking longer to feed through. It will therefore be important to ensure that the political process as well as legal, financial and operational preparation is completed well in advance of the launch of the next Multiannual Financial Framework. Continuity in the existing structures for implementing the budget at national or local level would help to smooth the transition between the two programming periods.

Conclusion

There is clear scope for reducing the number of programmes in order to create a more coherent, focused and transparent long-term budget architecture. This conclusion is consistent with the European Court of Auditors' call to make EU spending more manageable by reducing the number of spending programmes and financial instruments, and simplifying rules. The case appears particularly strong in relation to external instruments and financial instruments and budgetary guarantees where the potential for inefficient duplication and divergence in rules is high. In other areas, such as support for the single market and EU values, the large number of small programmes limits their impact and is a barrier to their effectiveness and efficiency.

3.3. Simplification **& sound financial management**

Over the years, the Commission has been successful in improving its financial management. This is evidenced by declining levels of error as reported by the Commission and the European Court of Auditors. These annual estimates went from double digit rates for some policy areas (particularly cohesion) before 2009 to considerably lower levels at present – below 5 % in most policy areas and close to or even below 2 % in some other areas.

Despite these improvements, the spending review confirmed that there is both scope and a pressing need to reduce further the administrative burden for beneficiaries and implementing bodies. In line with the recent revision of the Financial Regulation, inconsistencies in programme-specific rules – such as those relating to eligibility conditions, reporting, monitoring and control, deadlines, audit arrangements – need to be further eliminated.

This is a cross-cutting issue affecting spending programmes across all current budgetary headings, as shown in the lessons learned section of this document. For example, the complexity of the legal framework and the number of new requirements introduced for the 2014-2020 cohesion programmes disrupted implementation at the start of the current period and created the conditions for increased gold-plating at national level. The corresponding administrative burden for beneficiaries and implementing bodies related to the funds' programming, management, reporting and audit system slowed down the efficient and effective use of the funds.

Another result of complexity of rules is that this potentially leads to more errors and increases the risks of non-compliance as well as the cost of control. Simplifying programme design should lead to leaner controls finding the right balance between increased compliance, faster implementation and lower control costs.

In shared management, sound financial management is also dependent on the smooth functioning of public administrations, good cooperation and governance between the different levels of government (EU, national, regional, local), a good system of controls, the effectiveness of the judiciary, and the intensity of the fight against corruption and fraud. The existing system of conditionalities could be extended to address more explicitly the link between respect for the rule of law and sound financial management.

The review has also shown that further administrative simplification could allow the current rules on decommitment to be tightened, thereby promoting more sound budgetary management and helping to avoid the current delays under cohesion policy.

The benefits of simplification are illustrated by the mid-term evaluation of Horizon 2020 which concluded that the measures of simplification introduced in Horizon 2020 (such as the single reimbursement rate, the flat rate for indirect costs, or the Participant Portal) decreased participation costs and reduced the time-to-grant, which is now 192 days on average, a decrease of more than 100 days compared to the predecessor 7th Framework Programme.

The need for improvement is also underpinned by many internal and external evaluations, studies or performance audits. Section 4 of this report contains a series of references to, for example, Special Reports issued by the European Court of Auditors, or a report of the High Level Group on Simplification for the European Structural and Investment Funds.

Conclusion

Based upon the lessons learnt from the 2014-2020 period and the preparatory work of a specific working group on simplification, there is a strong case for moving towards a single rule book providing simpler and more coherent rules for recipients of EU funds. This should translate in a reduction of the burden for beneficiaries, encourage participation in EU programmes and accelerate their implementation. In addition, it can be expected that it would have a positive impact on the cost for beneficiaries of complying with rules and on cases of non-compliance.

3.4. Flexibility and the ability to respond to crises

The Commission has analysed the many in-built mechanisms for flexibility crisis response in the EU budget, covering the different aspects of crisis and emergency management from prevention and preparedness to responsive action.

During this period, the existing flexibility mechanisms were used extensively to respond to large-scale crises. This allowed for example the funding devoted to security and migration to be doubled to support the new European Border and Coast Guard and to help Member States receiving a significant inflow of refugees. The EU Emergency Trust Fund for Africa helped to address the root causes of irregular migration and displaced persons. The European Globalisation Adjustment Fund helped workers reintegrate into the labour market after they have been made redundant, such as former coal miners in Spain, former Nokia workers in Finland or Alitalia workers in Italy. The Turkey Refugee Facility, jointly financed by the EU and Member states, helped to manage the refugee crisis caused by the Syrian conflict.

However, available funds appeared to be insufficient requiring redeployments of funds or mobilisation of special instruments over and above the long-term budget ceilings. Already in the mid-term review and revision process, the Regulation governing the current Multiannual Financial Framework was amended to further increase the capacity of the Flexibility Instrument and the Emergency Aid Reserve. In addition, the procedures for mobilising funds that lie outside the Multiannual Financial Framework are very lengthy and complex. For the next period there is a need to strengthen the flexibility to be able to deal with unforeseen circumstances.

Conclusion

The analysis concluded that overall for the next long-term budget the in-built mechanisms for crisis response of the EU budget need to be improved to ensure appropriate coverage, flexibility, and prompt mobilisation of resources.

The analysis shows that many of the flexibility mechanisms in the current framework should be retained and in some cases expanded or simplified in order to create a more agile framework. There may be other opportunities to create flexibility by creating a Union reserve, established through "decommitted" funds (funds that have been committed to the EU budget but which are ultimately not spent in the implementation of EU programmes and are cancelled), for unforeseen events and increased flexibility within and between programmes.

The rules governing the mobilisation of some of the instruments are too burdensome and could be simplified. As regards the Common Agricultural Policy, it should be considered to include support for risk management tools and a new crisis reserve. The flexibility introduced for 2014-2020 in the Union external action instruments should be further enhanced and allow for easier reallocation of resources, that can be mobilised for emerging needs. Increased financial flexibility and more efficient delivery mechanisms would be useful for the EU intervention to be even more effective in the short and medium term to adapt to possible new political and economic changes arising in the EU neighbourhood, Africa and other regions. Non-programmed reserves or flexibility cushions are needed in order to deal with unforeseen circumstances and developments, notably related to migration.

Possible improvements in the current crisis response mechanisms were also identified. For example, it appeared to be a disadvantage of the current Emergency Aid Reserve that it cannot serve crises within the Union. Also, the need to create Trust Funds and facilities in the field of external policy showed that more flexibility is needed and that there is a case for leaving a larger proportion of funds unprogrammed to allow more flexibility.

3.5. Focus on performance

The analysis of the performance frameworks built into the current generation of programmes shows that, compared with the previous programming period, significant progress has been made. This has enabled the Commission to gradually improve its reporting on performance in programme statements, the Annual Management and Performance Reports and other sectoral reports and evaluations. This progress has been recognised by stakeholders including the Court of Auditors in its annual reports and the budgetary authority in the context of the discharge procedure. It is

noteworthy that in a recent Organisation for Economic Co-operation and Development review[30], the EU performance framework scored higher than any member country on the standard index of performance budgeting frameworks. The focus on performance was reinforced without compromising compliance and regularity of the expenditures.

This spending review underlined, however, that the focus on performance needs to be further improved. Many suggestions have been made by the European Court of Auditors in a series of performance audits and its annual reports, as referenced in Section 4 of this report. The European Court of Auditors recommended, inter alia, to further reinforce the intervention logic of programmes, to improve the assessment of needs and priorities to be financed, the targeting of measures, and called for setting realistic objectives and targets, defining proper indicators (or streamlining / reducing their number where appropriate) and strengthening the monitoring and evaluation provisions.

These conclusions corroborate similar findings and recommendations made by evaluations of the current spending programmes. There are currently too many objectives and indicators (more than 700) in spending programmes of highly variable quality. This creates a burden on reporting authorities and does not allow for fully effective performance measurement, management or reporting.

Conclusion

The performance framework for the future programmes should be significantly strengthened and streamlined. In particular, the number of indicators embedded in spending programmes should be drastically reduced and their quality improved to ensure consistency (relevance at programme and policy level) and a balanced composition of output, results and impact indicators to be able to provide meaningful information primarily for communication and reporting purposes all along the programme execution. Relevant programme-specific and contextual indicators need to underpin monitoring and evaluation of programmes in order to provide information on the results of each programme within the context of its intervention logic, and its contribution to the wider policy area. More meaningful performance information should allow programme managers to take better decisions on programme implementation and on the design of future programmes.

[30] Budgeting and performance in the EU: a review by the Organisation for Economic Co-operation and Development in the context of the EU Budget

3.6. Coherence with main political objectives and values

The results of the spending review indicate that ensuring coherence with political priorities and key values in the current long-term budget has been broadly successful. Programmes have successfully supported the achievement of the political priorities defined at the time of the agreement on the current framework, and the flexibility in the budget has allowed adjustments to be made to realign spending with new and emerging priorities where necessary.

In addition to the specific objectives of individual programmes, horizontal mainstreaming across the entire EU budget was performed for climate change and biodiversity while other policy themes such as in particular gender equality, sustainable development, and small and medium-sized enterprises were monitored on sectoral or programme level.

Most EU spending for climate action and environment is currently delivered through the integration (or 'mainstreaming') of these priorities into the main EU funds, in particular the European Structural and Investment Funds, the Common Agricultural Policy, Horizon 2020, the European Maritime and Fisheries Fund and, for the international dimension, through the external funds. The analysis of climate and environment mainstreaming suggests that this approach has successfully stimulated sectoral funds to take these objectives into account in programme design and implementation. However, it was acknowledged that this could not be achieved fully through the current main EU spending programmes alone, therefore a specific programme (LIFE) exists to fill gaps and to catalyse key projects for developing and exchanging best practices and knowledge.

Gender equality has been pursued in programmes on employment and social issues and external programmes. Valuable support was also provided by the Rights, Equality and Citizenship Programme to the European network of experts on gender equality, which develops evidence for policy design and the 2030 Agenda for Sustainable Development.

Conclusion

On the basis of these experiences, the possibility to mainstream a limited number of policy priorities in the future programmes has been analysed. However, mainstreaming should neither jeopardise the achievement of other essential policy objectives nor the greater flexibility in the post-2020 financial instruments. Such considerations lead to the conclusion that the current approach to mainstreaming should be maintained for climate related action. Other important policy priorities should be pursued through programme design with specific programme objectives, programme targets, eligibility criteria or appropriate conditionalities.

Overall, more than mainstreaming or earmarking of funds, the coherence of policies has emerged as the most important element to support efficiently the policy objectives. This points to the importance of a coherent overall design for the future financial framework, and of ensuring that individual programmes are complementary and that implementing rules allow them to interact efficiently to deliver common objectives.

4. LESSONS LEARNED FROM THE 2014-2020 PROGRAMMES

1A - Competitiveness for growth and jobs

4.1.1. Introduction

The EU allocated around EUR 142.1 billion or 13% of the current EU budget for the period 2014-2020[31] to enhancing competitiveness for growth and jobs. Many factors affect competitiveness and the framework conditions to stimulate growth. EU actions in support of competitiveness are carried out in 14 different programmes covering 5 major themes (research and innovation, development of enterprises, strategic infrastructure, mobility and interoperability).

Research and innovation programmes aim at turning the EU into a knowledge-based economy where competitiveness is enhanced via new solutions to problems and the emergence of innovative companies. These are Horizon 2020, the Euratom Research programme, and the Employment and Social Innovation Programme.

Support for the operations and growth ambitions of small and medium-sized enterprises is provided through EU programmes aimed at the **development of small businesses in Europe**. These are the European Fund for Strategic Investments and the Competitiveness of Enterprises and Small and Medium-Sized Enterprises Programme.

The competitiveness of Europe also requires investments in **strategic infrastructure** in the fields of energy, transport and telecommunications. This is done through a number of programmes: the Connecting Europe Facility, Nuclear Decommissioning Assistance Programmes, the International Thermonuclear Experimental Reactor as well as space assets programmes (Copernicus, Galileo and European Geostationary Navigation Overlay Service).

The **mobility** and training of students, researchers, apprentices, teachers, trainees, volunteers and workers across European countries aims at improving knowledge of other EU countries and stronger feelings of belonging to the Union, enabling conditions for engaging citizens and workers towards European competitiveness. For example, the internationally renowned Erasmus+ programme and the newly created European Solidarity Corps support cross border mobility and target in particular youth education and training while the Employment and Social Innovation Programme also supports the cross-border mobility of workers.

[31] Factsheet EU Budget: Where Does the Money Go?, 14 February 2018, https://ec.europa.eu/commission/sites/beta-political/files/where-does-the-money-go_en.pdf

Finally, competitiveness is also promoted through the continuous improvement of services and interactions with the public administrations across the EU, hence the need to develop **common frameworks and interoperability solutions** for public administrations. Customs 2020 and the second Interoperability Solutions for European Public Administrations Programme serve this purpose in the areas of customs and digital public services.

4.1.2. Objectives of the Programmes

Research and innovation programmes are aimed at supporting the creation of new knowledge, creating and ultimately bringing to the market new/improved technologies, products and processes, thereby boosting innovation and tackling societal challenges and creating growth and jobs.

Horizon 2020 is the largest programme in the competitiveness heading with a share of 56.6% and it aims at strengthening the EU's science base, at boosting industrial leadership and innovation capability in the private sector, and at fostering the contribution of research and innovation to tackling societal challenges (such as food security or climate action) and supporting EU policy priorities, as reinforced by the Sustainable Development Goals framework.

The recent mid-term evaluation of Horizon 2020 (2017)[32] provided indications that Horizon 2020 is producing important additional benefits compared to national and regional-level support mechanisms for research and innovation in terms of scale, speed and scope and is improving the competitive advantage of participants while, overall, it increases the EU's global attractiveness as a place to carry out research and innovation. Horizon 2020 creates an EU wide competition in research and innovation, operating transnational competitive calls for proposals, keeping in, developing and attracting research talents to Europe as well as identifying the most promising collaborative research and innovation projects.

The **Euratom** research programme funds research and training in the field of nuclear energy with a budget of EUR 1.6 billion for the period 2014-2018. All Member States face challenges in areas such as nuclear safety, security and safeguards, radioactive waste management, radiation protection and fusion energy and the Euratom programme ensures that public financing is used in an optimal manner by avoiding unnecessary duplication.

The **Employment and Social Innovation Programme** is an umbrella programme which in the current 2014-2020 programming period merged three different programmes. With a budget of

almost EUR 1 billion, it supports the testing and introduction of social policy innovations, access to finance for vulnerable people, micro-enterprises and social enterprises and the geographical mobility of workers in the EU.

In order to ensure growth and jobs, businesses also need opportunities to develop through access to finance and appropriate support to undertake riskier projects.

To do this, the **European Fund for Strategic Investments** was set up in 2014 and became operational shortly after with the aim of mobilising investments and increasing access to financing for SMEs and mid-cap companies by supplying a risk-bearing capacity to the European Investment Bank. The fund operates to increase the volume of higher risk projects in Europe and as a result helps address the market failures and sub-optimal investment situations which hinder investment[33].

The **Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme** is a diverse programme, encompassing numerous actions for the support of small and medium-sized enterprises delivered via grants and financial instruments. Its financial envelope for the period 2014-2020 is EUR 2.3 billion. Preliminary evidence from the forthcoming evaluation points towards the programme allowing economies of scale in areas such as support to small and medium-sized enterprises abroad or to intellectual property rights enforcement by the bundling of national efforts and by establishing services that would lack critical mass if provided at national level. Preliminary findings of the evaluation further indicate that the programme brings EU added value through for example the Enterprise Europe Network that is a network of business service centres providing advice, partnership services and support in particular for small and medium-sized enterprises seeking to export outside their own country within the EU Single Market as well as outside Europe. Such EU level action complements but also helps enhance national, regional and local efforts.

Also, the **Employment and Social Innovation Programme** supports access to finance for vulnerable people, micro-enterprises and social enterprises.

Moreover, the development of strategic infrastructure across the EU ensures enhanced competitiveness through the achieved economies of scale and improved coordination and greater cohesion through increased connectivity.

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[32] SWD(2017)221, and extended version: https://ec.europa.eu/research/evaluations/pdf/book_interim_evaluation_horizon_2020.pdf#view=fit&pagemode=noe

[33] SWD(2016)297, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2016:297:FIN

For the first time, transport, energy and the digital sector were brought together under the **Connecting Europe Facility**, which is the key tool under the current Multiannual Financial Framework for funding the development of trans-European networks. With a budget of over EUR 30 billion, the programme focuses on EU integration projects aiming at funding cross-border sections and eliminating bottlenecks in transport, ending energy isolation and increasing security of supply in energy and by providing EU wide solutions in the digital services infrastructures that can benefit all Europeans.

Among financed infrastructures, large infrastructure projects relating to nuclear power (both as regards research and concerning decommissioning) represent unique opportunities to build up knowledge that can ensure increased safety for citizens and the environment across the EU.

The **International Thermonuclear Experimental Reactor**, while not a programme in the usual sense, is a unique long-term project agreed internationally, that could not be achieved solely through industry initiatives at this stage of development of the technologies involved. Currently one of the largest international research projects under construction in the world, the experimental reactor is intended to prove the viability of fusion as a sustainable energy source. No single country has the capacity to develop a project of this size.[34]

The **Nuclear Decommissioning Assistance Programmes** have been put in place to provide financial support to Bulgaria, Slovakia and Lithuania following their commitment to shut down and decommission three nuclear power plants before the end of their lifetime because of safety concerns. Given that the main issue in this case relates to the safety of workers, the environment and ultimately EU citizens, reaching the decommissioning end state is very important but technically complex and costly.

EU economy and society are increasingly dependent on satellite navigation applications and services, with a potential disruption likely to be very costly in terms of revenues to business, and more importantly, in terms of human safety[35].

Copernicus is the EU's programme for Earth observation and monitoring and as such represents one of the world's largest data providers that brings considerable added value, especially when compared with what could be achieved at national level. Based on a system of satellites and sensors (ground stations, airborne sensors, sea-borne sensors), Copernicus provides reliable and up-to-date information through services addressing six thematic areas: land, marine, atmosphere, climate

[34] SWD(2017)323, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017SC0232

change, emergency management and security. This information supports various applications from environment protection to regional and local planning, agriculture, sustainable development and border surveillance.

Galileo and the **European Geostationary Navigation Overlay Service** are the EU's satellite navigation programmes. Together, these programmes provide positioning and timing signals used in critical economy areas such as mobile phone networks, in-car navigation and increased precision for landing aircrafts.

A competitive EU market requires an educated workforce with the right skills and competences. A number of programmes support this goal through mobility schemes.

Erasmus+ is a well-established Union programme supporting actions in the fields of education and training, youth and sport with a budget of EUR 16.45 billion for the period 2014-2020. Besides this envelope and in order to promote the international dimension of higher education, additional funding is provided by the different external instruments. Thirty years after its beginning in the field of higher education, Erasmus+ has expanded to other sectors such as schools, vocational education and training, adult learning, youth and sport and has become a flagship programme of the EU with undisputed European added value, notably linked to the building of a European identity. Other schemes funding comparable action at national level remain significantly smaller both in volume and scope. It is consistently identified by citizens as one of the three most positive results of European integration[36].

Also the Employment and Social Innovation Programme helps the geographical mobility of workers in the EU through support services, including a mobility portal, and calls for proposals funding targeted mobility schemes and cross-border mobility.

The **European Solidarity Corps** started operating in 2017 and has so far allowed almost 4 000 young people from all Member States to start their placements with nearly 2 000 organisations. The programme's target is to enable 100 000 placements by 2020.

Finally, ensuring greater cooperation between Member States at the level of public administrations is essential for a competitive EU market given today's global challenges like globalisation or e-commerce.

Customs 2020 aims to improve the functioning and modernisation of the customs union by providing the framework, mechanisms and budget for enhanced cooperation between national

[35] SWD(2017)346, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017SC0346

customs administrations. Deeper operational integration is essential and avoids less efficient bilateral and bilateral/multilateral approaches that Member States would otherwise have to use.

The **Interoperability Solutions for European Public Administrations Programme** supports the development of digital solutions that enable public administrations, businesses and citizens in Europe to benefit from interoperable cross-border and cross-sector public services[37]. The programme supports over 40 actions focused on the development of tools, services and frameworks in the area of e-Government. Most solutions and services are available free of charge to any interested public administration in Europe[38].

4.1.3. Key achievements

Evidence gathered to date, mainly in the context of the mid-term evaluations, indicates that the programmes designed to support EU competitiveness are generally on track to deliver on their objectives.

Horizon 2020 combines funding for innovation and research. The mid-term evaluation (2017) provided indications that the programme is on track to deliver[39] despite acknowledging the usual long time lags in research and innovation for which results cannot be expected yet at mid-term stage. The programme's EU added value and additionality is also very strong; 83% of projects would not have gone ahead without Horizon 2020 funding[40].

Horizon 2020 has succeeded in generating, and can legitimately be expected to continue to generate, significant scientific advances reflected in a large number of top class scientific publications and data which are to a large extent openly accessible to the wider scientific community and public.

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[36] SWD (2018) 40, https://ec.europa.eu/assets/eac/erasmus-plus/eval/swd-e-plus-mte.pdf

[37] https://ec.europa.eu/isa2/isa2_en

[38] https://ec.europa.eu/isa2/actions_en

[39] Data show that in the first three years of programme implementation, participants from 131 different countries (including 87 third countries) received funding from Horizon 2020. Participants in EU-28 countries received approximately 93% of the funding for their higher education and research organisations (roughly 70%), and private sector (roughly 30%). Approximately 75% of all funding so far went to instruments supporting collaborative activities, bringing many organisations across countries together. The remaining 25% of funding went to single beneficiaries to support excellent science through European Research Council grants, for instance, or research and innovation projects for SMEs.

[40] Study "Assessment of the Union Added Value and the Economic Impact of the EU Framework Programmes", PPMI, 2017

For instance, the Graphene Flagship is a telling example of the strong EU added value of Horizon 2020. This is one of Europe's biggest ever funded research initiatives with a duration of 10 years. More than 150 partners in over 20 European countries from both industry and academia are jointly developing applications in areas such as 5G mobile technologies, batteries, aerospace, medical applications, and automotive. Recent breakthroughs are the first microprocessor made from graphene-like material, which has great potential for use in everyday objects and for applications to examine brain activity in high resolution, which can help to better understand diseases such as epilepsy.

The mid-term evaluation of Horizon 2020 also concluded that the simplification measures introduced in Horizon 2020 (such as the single reimbursement rate, the flat rate for indirect costs, or the Participant Portal) have decreased participation costs and reduced the time-to-grant, which is now 192 days on average, a decrease of more than 100 days compared to the predecessor 7th Framework Programme. Four Executive Agencies are responsible for the Horizon 2020 management across most (55%) of the programme[41], continuing the trend of externalising programme implementation that began under the predecessor research programme. For specific parts of the programme, programme management is carried out by different types of partnerships, with the private sector (Public-Private Partnerships) and the public sector (Public-Public Partnerships).

Compared to the previous programme, greater efforts have been made to increase the synergies between Horizon 2020 and other programmes, notably the European Structural and Investment Funds and the European Fund for Strategic Investments. Examples of increased synergies include the Seal of Excellence, i.e. the award of a European high-quality label to proposals rated above a quality threshold but not funded with a view to allow them to find funding by alternative private or public funding sources. This award helps interested funding bodies willing to invest in promising proposals (including national & regional authorities through European Structural & Investment Funds) to identify these projects more easily. The Seal of Excellence however could further benefit from increased alignment among existing rules to increase funding opportunities for the projects concerned.

[41] Executive Agency for Small and Medium-sized Enterprises, European Research Council Executive Agency, Innovation and Networks Executive Agency; Research Executive Agency.

The mid-term evaluation[42] of the European Institute of Innovation and Technology concluded that the activities of the Knowledge and Innovation Communities are starting to bear fruit, in the form of 225 innovations introduced to the market (over the period 2010-2015), 230 innovative businesses created and new start-ups, and 820 individuals graduated from European Institute of Innovation and Technology Masters and PhD programmes with entrepreneurial skills (over the same period). The European Institute of Innovation and Technology has been effective in establishing and building networks of partners and has built relationships with regional and national policy-makers. The evidence for the systemic impact of the European Institute of Innovation and Technology on job creation and economic growth is still limited[43].

The interim evaluation (2017)[44] of the Euratom programme concluded that the programme is a key part of the European nuclear research landscape.

The European Fund for Strategic Investments was set up in a very short period of time and quickly become operational. Initially, the fund was intended to mobilise EUR 315 billion of total investment in the real economy and the assessment carried out showed the fund to be on track[45]. In order to further boost investment and provide stability for project promoters, the EU decided to extend the duration and size of fund with the new target being EUR 500 billion to be mobilised by 2020. The experience so far shows that the European Fund for Strategic Investments has led to an increase in the volume of European Investment Bank special activities and guarantees in support of small and medium-sized enterprises and mid-caps, in particular given the high profile of the initiative and related market expectations[46]. Figure 1 below illustrates the progress to date.

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[42] COM(2018) 50, http://ec.europa.eu/assets/eac/erasmus-plus/eval/swd-e-plus-mte.pdf

[43] SWD(2017) 352 final, p.31-32, https://ec.europa.eu/education/sites/education/files/swd-2017-351-eit-evaluation_en.pdf

[44] SWD(2017) 426, https://ec.europa.eu/research/evaluations/pdf/archive/other_reports_studies_and_documents/swd_2017_426_interim_evaluation_of_direct_actions_of_euratom_programme.pdf

[45] European Investment Bank evaluation, September 2016, http://www.eib.org/attachments/ev/ev_evaluation_efsi_en.pdf

[46] SWD(2016)297, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2016:297:FIN

European Fund for Strategic Investment per sector

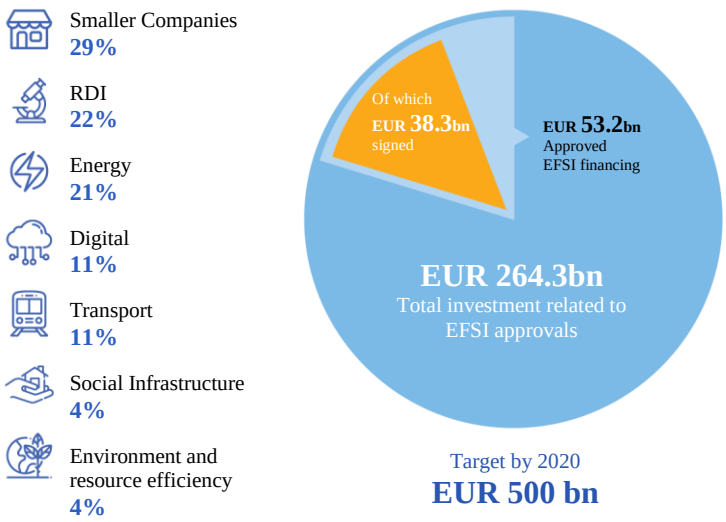

Figure 1 –Investment by the European Fund for Strategic Investments as of February 2018 (Source: EIB, http://www.eib.org/efsi/)

Start-ups and small and medium-sized enterprises which find it hardest to access finance due to their perceived higher risk or lack of sufficient collateral could count on the Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme to operate easily accessible financing schemes with the support of the European Investment Fund. Preliminary results of the mid-term evaluation show that up to September 2017, more than 237 000 small and medium-sized enterprises in 25 countries received financing worth more than EUR 10 billion to address their operating needs. Preliminary findings also point to a high leverage effect of the programme turning 1 euro of the EU budget into 30 euros of financing for small and medium-sized enterprises.

Infrastructure projects funded by the Connecting Europe Facility are still at an early stage of implementation and the overall objectives of the programme are also supported by other policy tools at EU and national level. Nevertheless, the mid-term evaluation[47] provides some indications of the achievements of the programme. In transport, 86% of the funds currently allocated relate to

[47] SWD(2018)44, https://ec.europa.eu/transport/sites/transport/files/legislation/swd-2018-0044-mid-term-evaluation-cef-ia-part2.pdf

cross-border transport infrastructure, mainly focused on the development of the core network and the nine corridors that need to be completed by 2030. In the energy sector, the programme is contributing to strengthening interconnectivity, aiming at ending energy isolation and completing the internal energy market. The Connecting Europe Facility contributes to accelerating the realisation of cross-border connections and interoperable services that may not have been financed without it[48]. Moreover, EU level action ensures limitations in information and cooperation among Member States are overcome.

The construction of the International Thermonuclear Experimental Reactor involves the building of over 10 million components with around 75% of its investment aimed at the creation of new knowledge and cutting-edge materials and technology. All this represents a unique opportunity for European high-tech industries and small and medium-sized enterprises to innovate and even develop spin off products for exploitation outside the project (e.g. nuclear magnetic resonance scanners). Between 2008 and 2016, over 800 contracts and grants have been awarded with a value of EUR 3.8 billion spread all over Europe[49].

One of the ways in which the Nuclear Decommissioning Assistance Programmes bring EU added value is through the building up of knowledge on decommissioning which can then be used to support all EU Member State to develop their own plans and measures. Figure 2 below illustrates the relevance of such knowledge in the EU given the over 80 reactors that are shut down but not fully decommissioned that can greatly benefit from this knowledge.

Status of nucelar power reactors in the EU as at 31 December 2015

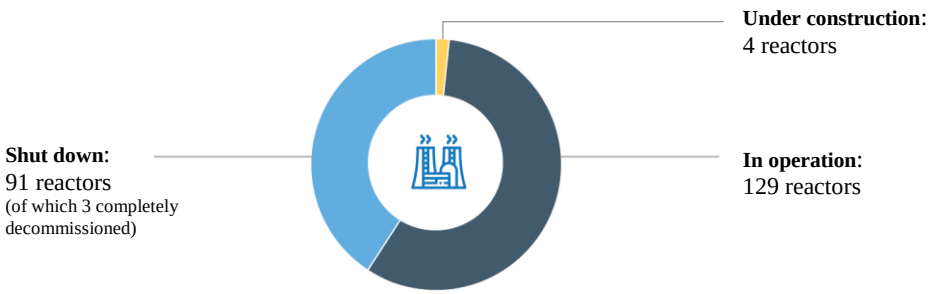

Figure 2 – Nuclear reactors in the EU (Source: European Court of Auditors[50])

[48] SWD(2018)44, https://ec.europa.eu/transport/sites/transport/files/legislation/swd-2018-0044-mid-term-evaluation-cef-ia-part2.pdf

[49] COM(2017)319, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017DC0319

[50] European Court of Auditors, Special Report No 22/2016 *EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011, but critical challenges ahead,*

Copernicus is on track to deliver on its objectives although not all are being achieved to the same extent.[51] The data provided is of good quality and reliability, which, together with the adoption of the free data policy, is one of the programme's strengths. As an example, during the refugee crisis in 2015 and 2016, Copernicus provided imagery to help monitor ports and beaches identified as departure points for migrant vessels.[52]

Both Galileo and the European Geostationary Navigation Overlay Service are progressing well in delivering on their objectives. At the end of 2016 more than 230 airports in 20 countries were using the European Geostationary Navigation Overlay Service landing approach procedures[53]. From 2018, all new car models sold in the European Union will rely on the European Geostationary Navigation Overlay Service and Galileo to calculate the position of emergency calls in case of accidents.[54]

The recent midterm evaluation of Erasmus+ (2018) showed that the programme is well on track to achieve its performance objectives, with notably over 1.8 million individuals taking part in mobility activities, and more than 240 000 organisations involved in cooperation projects so far. Programme beneficiaries report satisfaction rates above 90%. For learners (students, apprentices, volunteers, young people, etc.), Erasmus+ has a positive effect on the acquisition of skills and competences, thereby increasing employability and entrepreneurship and shortening the transition from education to employment (13% faster, compared to individuals who did not take part in Erasmus+ or its predecessor programmes). The evaluation indicates that the Erasmus+ programme fosters willingness to work or study abroad (+31%) and the development of foreign language skills (7% higher in tested proficiency). The Erasmus+ programme encourage positive civic behaviour and a sense of feeling 'European' (+19% compared to non-participants).

To overcome financial barriers as a major obstacle to mobility, the Student Loan Guarantee Facility was an innovation in Erasmus+. The mid-term evaluation found that it has so far failed to attract financial intermediaries in sufficient numbers. While the Student Loan Guarantee Facility already

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https://www.eca.europa.eu/Lists/ECADocuments/SR16_22/SR_NUCLEAR_DECOMMISSIONING_EN.pdf

[51] SWD(2017)347, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017SC0347

[52] SWD(2017)347, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017SC0347

[53] European GNSS Agency: Summary of Achievements in 2016, p.6, https://www.gsa.europa.eu/sites/default/files/2016_gsa_summary_report.pdf

[54] COM(2017)616, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2017:616:FIN

shows signs of promoting social fairness, its visibility at this early stage is far from being sufficient throughout the supply chain.

The Employment and Social Innovation Programme answers to the high demand for information regarding cross-border mobility, recruitment and placement, as well as counselling and trainings. The EURES portal is gaining importance as an efficient way to share vacancies on one platform throughout Europe, attracting around 1.76 million users each month

4.1.4. Lessons learned

The programmes designed to support EU competitiveness have generally demonstrated their EU value added by enabling investments throughout the EU, strengthening interconnectivity in transport, energy and telecommunications, enabling strategic cross-border infrastructure, generating knowledge widely accessible across the EU, using free data policy when providing Earth monitoring data, increasing common frameworks and interoperability solutions and by allowing mobility for students and young professionals.

The results of the mid-term evaluations have also identified a number of challenges and areas for improvement. Notably complementarity between programmes needs to be further strengthened to avoid overlaps (in particular for the use of financial instruments); synergies need to be further maximised to ensure the best use of the available resources; flexibility is particularly important in order to adapt to emerging policy priorities linked to global challenges; and monitoring systems need to be carefully assessed in order to allow for adequate progress measurement.

Financial instruments

While financial instruments are available under several programmes and are becoming more widely used, the distinctive features of individual schemes are in some cases not clear and there is scope for improving complementarities and avoiding overlaps among existing financial instruments.

Currently several programmes include the possibility to deploy financial instruments (Horizon 2020, the Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme, the Employment and Social Innovation Programme, and the European Fund for Strategic Investments). Each programme applies a different set of rules to the use of financial instruments and aims at different target groups. Mainstream small and medium-sized enterprises are targeted by the Competitiveness of Enterprises and Small and Medium-sized Enterprises programme. Innovative small and medium-sized enterprises are able to apply for funding from Horizon 2020. Micro-enterprises and social enterprises are eligible under the Employment and Social Innovation

Programme, while small and medium-sized enterprises and mid-cap can use the European Fund for Strategic Investments. However, distinctions are not always clear-cut and can give rise to confusion and duplication. The European Court of Auditors noted in its 2016 Annual Report that the number of financial instruments benefiting from EU budgetary support has been increasing and that careful management is necessary to ensure the effective, efficient and economical use of available funds.

More specifically on loan guarantee instruments, the European Court of Auditors[55] found that they require a better targeting of beneficiaries and better coordination with national schemes. As there are various EU-funded guarantee instruments, the Court also called on the Commission to provide an assessment of the effectiveness of such instruments and their real implementation costs.

Coherence between objectives and resources

In some cases the mid-term evaluation pointed to a mismatch between the objectives of programmes and the means allocated to achieve them, which may lead to suboptimal scale of interventions. For example the preliminary evidence collected in the framework of the mid-term evaluation of the Employment and Social Innovation Programme (forthcoming) points out that the ambitions of the programme exceed what the budget allows for, especially when it comes to the financial support to social enterprises and microcredit. However, good results have been registered in the other strands, with the number of youth job placements in another Member States increasing from 3 433 in 2014 to 5 720 in 2016, with the support of the European Employment Services network (EURES).

A significant part of the budget of the Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme is spread over a large number of relatively small actions. Without questioning the usefulness of flexible pilot actions, which are by their very nature of a small scale, preliminary results of the mid-term evaluation indicate that this fragmentation influences negatively the potential for cost-efficiency in programme implementation and accentuates the limits in strategic direction and coordination of the programme.

The Interoperability Solutions for European Public Administrations Programme could benefit from being part of greater efforts towards supporting the digital economy, also in the national public administrations.

[55] Special Report 20/2017 of the European Court of Auditors

The mismatch between the objectives of programmes and the means allocated is also stressed by the European Court of Auditors in the context of several EU interventions concerning energy supply, transport and Horizon 2020[56].

Synergies

While significant progress has occurred in the coherent and complementary implementation of programmes under Heading 1a the available evaluations identified areas in which the synergies among programmes could be strengthened. In this context, the European Court of Auditors stressed for instance in its last two Annual Reports that the links and complementarity between Europe 2020, the new Commission priorities and Horizon 2020 needed to be clarified and enhanced.

The Connecting Europe Facility has proven its complementarity with Horizon 2020 and the European Structural and Investment Funds. A number of measures have been taken in order to address the substitution effect initially observed between the Connecting Europe Facility and the European Fund for Strategic Investments.[57] Transport, energy and digital services were brought together under one programme because of the common goals and challenges. Having common procedures for the projects in all three fields has contributed to achieving synergies at programme level, however synergies at project level under the Connecting Europe Facility have not been fully realised[58].

In addition, coordination between Horizon 2020 and the European Structural and Investment Funds can be strengthened further particularly in view of research and innovation capacity building for lower performing regions. The European Institute of Innovation and Technology fills a gap within the European innovation landscape, but its coherence with other Horizon 2020 programmes could be strengthened.

The preliminary results of the mid-term evaluation of Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme show that it is overall coherent with Horizon 2020. Actions focusing on technological innovation were 'transferred' in 2014 to Horizon 2020, while actions focusing on the enhancement of competitiveness were kept in the Competitiveness of Enterprises and Small and Medium-sized Enterprises Programme. The preliminary findings however point to the possibility to create more synergies and complementarity.

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[56] See for instance Special Report 16/2015 on Security of Energy Supply and the 2015 Annual Report.

[57] SWD(216) 298 final, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2016:297:FIN

Flexibility

Flexibility has proven key to successful programmes. Mid-term evaluations report several cases where the programme structure allowed for the needed flexibility to respond to unforeseen challenges. For instance, Horizon 2020 has been flexible to support research on urgent new needs such as the Ebola and Zika outbreaks[59]. In the context of the refugee crisis Erasmus+ started as of 2016 to provide online language assessment and courses for newly arrived third country nationals, the prevention of radicalisation through education and actions in the youth field were identified as a priority under Erasmus+ actions.

Governance and management structures

Evaluations have highlighted the importance of robust governance and management structures to the success of the programmes.

The Connecting Europe Facility is centrally managed which allows for fast delivery of EU support. The management by the Innovation and Networks Executive Agency has brought economies of scale and a number of simplifications and improvements in the application process (electronic tools for exchange with beneficiaries). The possibility to quickly identify and re-use credits not consumed by certain actions is proving particularly efficient[60]. Nevertheless, the mid-term evaluation points to a need for improving coordination amongst the actors involved in the digital services infrastructures.

The International Thermonuclear Experimental Reactor encountered a number of challenges in terms of both schedule and cost estimates because of the technical complexity inherent in a first-in-kind undertaking but also linked to weaknesses in governance. Because of the monitoring systems in place (the International Thermonuclear Experimental Reactor Agreement[61] provides for a regular management assessment), new management was appointed and proposed more reliable planning

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[58] SWD(2018)44, https://ec.europa.eu/transport/sites/transport/files/legislation/swd-2018-0044-mid-term-evaluation-cef-ia-part2.pdf

[59] Evaluation SWD(2017)222, page 55 and European Court of Auditor's 2016 Annual Report

[60] SWD(2018)44, https://ec.europa.eu/transport/sites/transport/files/legislation/swd-2018-0044-mid-term-evaluation-cef-ia-part2.pdf

[61] https://www.iter.org/doc/www/content/com/Lists/WebText_2014/Attachments/245/ITERAgreement.pdf

and cost estimates[62]. The EU has proposed measures to improve monitoring and governance including the decision to have regular risk reviews focused on critical areas of the project[63].

The Nuclear Decommissioning Assistance Programmes experienced difficulties and delays during the previous Multiannual Financial Framework. The European Court of Auditors also cautioned against challenges that remain to be tackled during the current financing period[64]. One of the issues identified is the need to increase ownership of the process by the Member States. The Member States were required at the onset of the current financing period to formally submit updated cost estimates as part of their updated detailed decommissioning plans. The Commission has assessed these and determined the plans to be comprehensive and complete and based on sound estimations[65]. Based on preliminary findings of the mid-term evaluation the planning proposed in 2014 appears to have been largely respected to date.

Monitoring systems

The evaluations for the Connecting Europe Facility and Horizon 2020 have identified the need for better indicators to support the monitoring and measurement of progress. The European Court of Auditors has reiterated this conclusion for Horizon 2020 in general[66].

Targeting and prioritisation

Evaluations identified the possibility to further improve the EU support to innovation and to open up successful EU schemes like Erasmus+ to wider populations.

For example, the evaluation of Horizon 2020 identified room for improving EU support for market-creating innovations. Other areas for improvement identified in the mid-term evaluation are the need for further alignment of Horizon 2020 to support the implementation of EU policy priorities, its role to effectively influence the alignment of national research and innovation strategies and policies, the capacity to bring research results closer to citizens and civil society and broadening the

[62] SWD(2017)232, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017SC0232
[63] COM(2017)319, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017DC0319
[64] Special Report No 22/2016 EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011, but critical challenges ahead, https://www.eca.europa.eu/Lists/ECADocuments/SR16_22/SR_NUCLEAR_DECOMMISSIONING_EN.pdf
[65] COM(2017)328, http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:52017DC0328

participation to Horizon 2020 to new research and innovation actors. The mid-term evaluation of Erasmus+ showed grounds to further boost the inclusion dimension of the programme notably concerning disadvantaged and vulnerable groups in education and training, youth and sport activities.

1b - Economic, social and territorial cohesion

4.2.1. Introduction

Heading 1b covers the 'European Regional Development Fund', the 'Cohesion Fund', the 'European Social Fund'[67] — including the 'Youth Employment Initiative' (a specific top-up allocation), and the 'Fund for European Aid to the Most Deprived'.

The European Regional Development Fund, Cohesion Fund and European Social Fund constitute the cohesion policy of the EU with a budget of EUR 356.06 billion for 2014-2020. Cohesion policy fosters lasting socio-economic convergence, resilience and territorial cohesion. It contributes to the delivery of the Europe 2020 objectives supporting growth and job creation at EU level and structural reforms at national level. The funds in this area deliver a critical mass of investments in priority areas of the EU through shared management between the Commission and the Member States. These funds help the EU achieve its political objectives by translating them into action on the ground.

4.2.2. Objectives of the Programmes

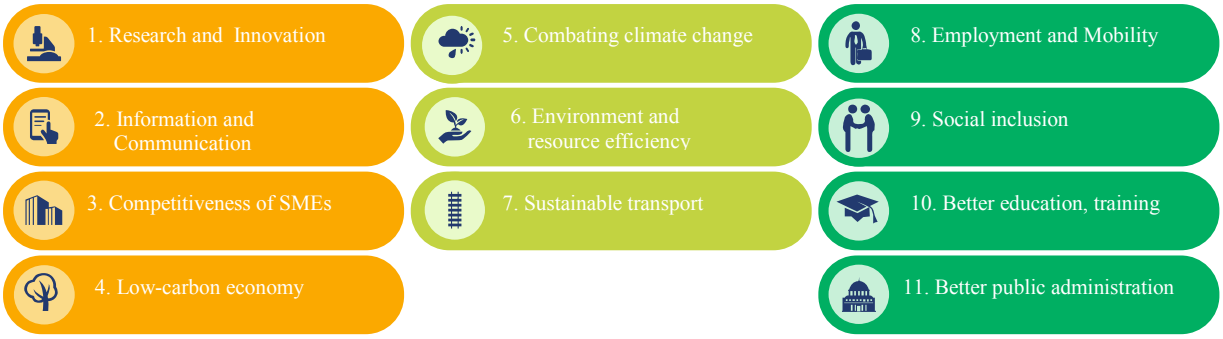
Cohesion policy has set 11 thematic objectives supporting growth for the period 2014-2020 (see diagram below). The objectives of the European Regional Development Fund, the European Social Fund and the Cohesion Fund contribute to these thematic objectives.

Cohesion Policy 2014-2020

- Investment policy covering 1/3 of the EU budget
- Supports 11 thematic objectives of smart, sustainable and inclusive growth

[66] European Court of Auditors 2015 Annual Report

[67] The European Regional Development Fund, Cohesion Fund and the European Social Fund work together with the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund to form the European Structural and Investment Funds. The latter two are covered by Budget Heading 2 (Sustainable Growth).



The goal of these objectives is to focus cohesion policy funding on areas that deliver the highest benefits to citizens, creating synergies between the funded projects and avoiding an excessive fragmentation of funding.

4.2.3. Key achievements

Programme design in the 2014–2020 period included a number of new elements to improve the delivery of results:

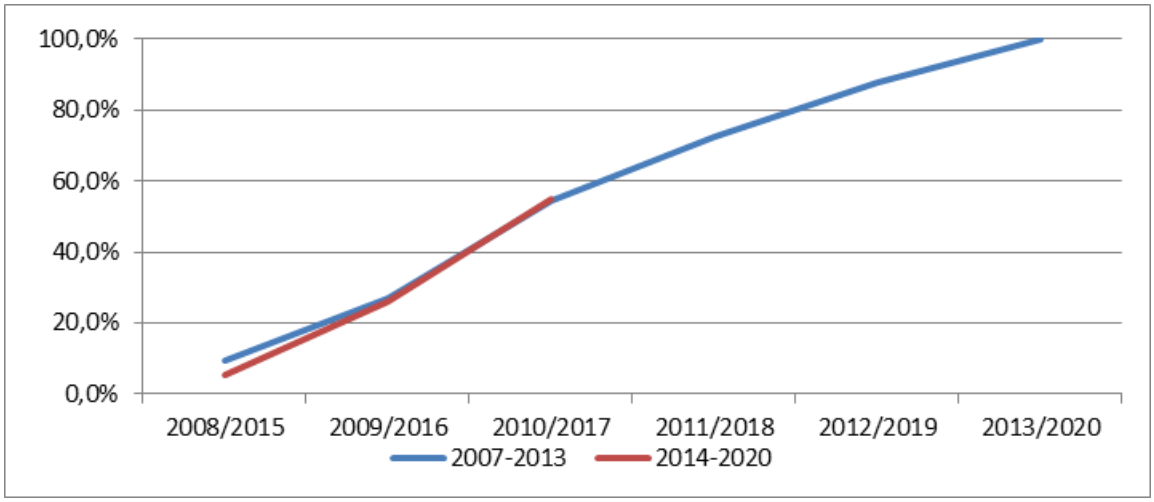
- **Stronger focus on results**: clearer and measurable targets for better accountability.
- **Conditions**: introduction of sector specific or general preconditions at an early stage of programme implementation to address systemic obstacles to effective and efficient public spending. The introduction of these ex ante conditionalities help set suitable conditions for programme success, providing fulfilment criteria for lifting barriers to investment, supporting structural changes, implementing the EU acquis and improving administrative capacity.
- Link to **economic reform**: the Commission may suspend funding for a Member State which does not comply with EU economic rules.
- **Concentration requirements** to incentivise investments in line with the Commission's priorities (in the area of innovation, digital agenda and energy)
- **Strengthened urban dimension and promotion of social inclusion**: a specific amount of European Regional Development Fund was earmarked for integrated projects in cities. The same was done with the European Social Fund to promote social inclusion and combat poverty.
- The **Youth Employment Initiative** was integrated into the European Social Fund programmes to address the problem of youth unemployment.

Compared to the 2007-2013 Multiannual Financial Framework, the cohesion policy regulatory framework for 2014-2020 was adopted about 6 months later. This late adoption of the legal acts together with new requirements seeking to enhance the performance of the policy and the quality of

delivery (e.g. annual accounts, designation of programme authorities) have led to a delayed start of implementation of the 2014-2020 programmes.

While starting more slowly than in the 2007-2013 period, the rate of project selection in the current programming period has now caught up with 53.4% of the funding being allocated to projects by January 2018. This level of project selection over 2014-2016 is comparable to the early years of the 2007-2013 period[68] and it can reasonably be expected that implementation rates from now on will further increase.

Funding committed to selected projects as % of available total (2007-2013 and 2014-2020 comparison)



Source: *DG Regional and Urban Policy, based on monitoring data provided by Member States*

Looking at the first years of the 2014-2020 programmes, initial results are taking shape. Around 670 000 projects have been selected all over Europe, amounting to EUR 192 billion or 53.4% of the total financing available for the period. 793 490 businesses are being supported and 7.8 million people have been helped so far in their search for a job, training, or education[69]. Concerning the Youth Employment Initiative, by September 2017 Member States had already declared that 1.7 million young people had benefited from the Youth Employment Initiative. Evaluations carried out by the responsible national authorities showed that in the case of Cyprus and Bulgaria 45% of participants were in employment after leaving the Youth Employment Initiative intervention.

[68] COM(2017) 755 final (page 5) - http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/strat_rep_2017/strat_rep_2017_en.pdf

Similarly, in Italy around 35% of the young people who have completed the Youth Employment Initiative interventions are now in employment.

The accelerated pace of project selection and implementation reported across cohesion policy programmes is now expected to be followed up by a similar increase in actual spending.

The European Regional Development Fund and Cohesion Fund will co-finance more than 500 major projects in the period 2014-2020. These projects are subject to climate proofing, which helps to ensure that the cost-benefit analysis takes into account the greenhouse gas emissions and that the project will be resilient to the current and future climate.

Given that spending periods overlap with the closure of one period stretching into the next[70], findings from the ex-post evaluations of the 2007-2013 European Regional Development Fund-Cohesion Fund[71] and European Social Fund[72] programmes were also relevant for this spending review. The 2007-2013 European Regional Development Fund-Cohesion Fund ex-post evaluation estimated that, in the EU-12 countries, the cohesion policy funds and rural development investments led to **increased Gross Domestic Product** in 2015 by 4 % above what it otherwise would have been, and in Hungary, by over 5 %. This impact is sustained (and in some cases even increases) in the longer term. In Poland, for example, by 2023, **Gross Domestic Product** is estimated to be almost 6 % above what it would be without Cohesion Policy investment in the 2007-2013 period. In regions of more developed Member States, the impact is smaller but remains positive even taking into account the fact that these Member States are net contributors to the policy. The same evaluation showed that one euro of Cohesion Policy investment in the period 2007-2013 is estimated to **generate EUR 2.74 of additional Gross Domestic Product by 2023,** with a total estimated return of nearly EUR 1 trillion of additional GDP by 2023. This **Gross**

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[69] COM(2017) 755 final (page 2) - http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/strat_rep_2017/strat_rep_2017_en.pdf

[70] COM(2017) 755 final (page 5) - http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/strat_rep_2017/strat_rep_2017_en.pdf

[71] SWD(2016) 318 final - http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp1_swd_report_en.pdf

[72] SWD(2016) 452 final – http://ec.europa.eu/social/main.jsp?pager.offset=5&advSearchKey=ex-post&mode=advancedSubmit&catId=22&policyArea=0&policyAreaSub=0&country=0&year=0

Domestic Product effect is of a similar scale to the entire EU budget for 2007-2013 (EUR 975.8 billion) and 2014-2020 (EUR 908.4 billion).

According to the findings of the **European Regional Development Fund-Cohesion Fund** ex-post evaluation a wide range of results were achieved across the fields of economic, social and territorial cohesion, including:

- The EU funds played a crucial countercyclical role with **stabilising impact** during the global economic and financial crisis. The programmes increased the co-financing rates, so national contributions decreased for cohesion policy programmes in the Member States where problems were most severe. This helped the countries concerned to meet their part of the funding needed to carry out programmes, so enabling them to take up the EU financial support available. Additionally, the eligibility rules were changed to provide access to working capital for firms, in order to remain in business and to maintain employment.

- Confirming the EU added value of such investments, the **European Regional Development Fund** support contributed to helping Small and Medium-sized Enterprises to withstand the economic and financial crisis, at a time when national budgets were highly constrained. 400 000 Small and Medium-sized Enterprises were financially supported and this support led directly to the creation of 1.2 million jobs. To put this into perspective, a net total of 3 million jobs were created in the EU economy over the 2007-2013 period.

- European Regional Development Fund-Cohesion Fund investments helped make progress in removing transport bottlenecks, reducing travel times and supporting urban trams and metros. Vital to economic development, this included the construction of 4 900 km of roads, mostly motorways (of which 2 400 km on the Trans-European Transport Network). It also included the construction or upgrading to necessary standards of 2 600 km of Trans-European Transport Network railway. As a sign of the EU added value of European Regional Development Fund-Cohesion Fund support, Member States were provided with incentives to prioritise investments in Trans European Transport Network infrastructure, ensuring support for transport networks in line with the EU objectives and enhancing the economic and territorial cohesion between various parts of the EU.

- The European Regional Development Fund and Cohesion Fund also made a significant contribution to the environment. Confirming the EU added value of these instruments, cohesion policy enabled budget limited public authorities to achieve progress in meeting EU policy goals even during the financial crisis. A substantial number of landfill sites which did not comply with EU standards were closed down while in the Czech Republic, Hungary, Lithuania, Poland and Slovenia, as well as Croatia, the proportion of waste which was recycled was increased by over 10 percentage points.

- Investment in social infrastructure led to tangible results such as the modernisation of schools and colleges in Portugal, benefiting over 300 000 children and young people as well as the upgrading of schools and healthcare facilities in Poland for 1.9 million people.

Concerning the **European Social Fund,** studies[73] have shown that each euro spent at the EU level in employment and social investment generates about EUR 3 in outcome. At least 9.4 million Europeans found a job and 8.7 million people gained a qualification or certificate between 2007 and 2014 with the contribution of support from the European Social Fund[74]. The ex-post evaluation confirmed that the fund was highly relevant in addressing the main policy challenges towards achieving the Europe 2020 headline targets and contributing to the EU guidelines defined for labour market policies, social and education and training policies, while also contributing to the development of the institutional capacity to deliver policies and reforms.

The European Social Fund 2007-2013 has also been an important instrument contributing to the social Open Method of Coordination and the Education and Training 2020 strategic framework. The specific challenges identified by the Country Specific Recommendations are also well reflected in the operational programmes co-financed by the European Social Fund in 2014-2020.

The European Social Fund ex-post evaluation also showed that the fund provided EU added value by broadening the scope of national interventions and by supporting policies that would have been realised to a significantly lesser extent had it not been for EU investment (e.g. active labour market measures, gender equality). By making use of European Social Fund interventions, Member States were able to offer more tailored and better quality services to specific target groups such as people with disabilities, young people at risk of early school leaving, refugees and other vulnerable migrants or unemployed with low qualifications. These groups would otherwise not have had access to targeted services or would only have access to mainstream services. As a follow-up, some successful European Social Fund interventions were taken up into mainstream national policy, e.g. in Belgium, France, Italy, and Sweden. EU added value is also about the promotion of EU values and respect of the EU Charter of Fundamental Rights

4.2.4. Lessons learned

The Commission has carried out a number of evaluations[75] and studies[76] analysing the results of the 2007-2013 period and the early stages of programming and implementation of the 2014-2020

[73] Calculation based on the 2007-2013 budget against the EU GDP for 2014 and the results of the Ex-post evaluation of the 2007-2013 European Social Fund Programmes

[74] SWD(2016) 452 final – http://ec.europa.eu/social/main.jsp?pager.offset=5&advSearchKey=ex-post&mode=advancedSubmit&catId=22&policyArea=0&policyAreaSub=0&country=0&year=0

[75] http://ec.europa.eu/regional_policy/en/policy/evaluations/ and http://ec.europa.eu/social/main.jsp?langId=en&catId=701

cohesion policy programmes. The evidence collected confirms the important contribution of cohesion policy investments in generating growth, jobs and investment, as well as their significant impact for boosting socio-economic convergence, improving the environment and territorial cohesion across EU Member States and regions. Reforms are nonetheless needed in a number of areas.

Cohesion policy responded to the financial crisis and emerging needs such as the migration crisis but its capacity to adapt to new circumstances and challenges was limited. This confirms the need to review how cohesion policy can better prepare and react to unexpected developments, crises and societal changes.

While there have been positive examples of closer alignment between EU funding instruments in the 2014-2020 period, synergies with sectoral policies and other spending programmes need to be maximised.

Project beneficiaries still find difficulties in accessing these funds and deliver projects quickly. Authorities at national and regional level also find the policy too complex to manage. Therefore, a strong effort for further simplifying implementation and allowing for more agile and flexible programming is needed for the future.

Based on this analytical work, the recommendations of the European Court of Auditors[77], the High Level Group for Simplification of the European Structural and Investment Funds[78] and those of the REFIT Platform[79], the following areas for improvement have been identified:

Simplification

Despite recent efforts to simplify the delivery of cohesion policy funds in the 2014-2020 period, a strong effort for further simplifying implementation and allowing for more agile and flexible programming is needed for the future. This was also highlighted in the four opinions adopted by the REFIT platform[80] on cohesion policy, aiming at reducing bureaucracy, simplifying the

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[76] http://ec.europa.eu/regional_policy/en/policy/analysis/

[77] Special Reports 1/2015, 3/2015, 8/2015, 08/2016, 19/2016, 23/2016, 24/2016, 36/2016, 02/2017, 04/2017, 05/2017, 13/2017, 15/2017, 18/2017, 01/2018, 06/2018

[78] http://ec.europa.eu/regional_policy/sources/newsroom/pdf/simplification_proposals.pdf

[79] https://ec.europa.eu/info/law/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less-costly/refit-platform/refit-platform-recommendations-and-other-work_en#regional-policy

[80] https://ec.europa.eu/info/law/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less-costly/refit-platform/refit-platform-recommendations-and-other-work_en#regional-policy

administrative and monitoring systems, and encouraging more proportional efforts in European Territorial Cooperation.

The High Level Group on Simplification for post 2020 in its conclusions recommended fewer, clearer and shorter rules aligned between EU funds, as well as a stable yet flexible framework. It also recommended the extension of the single audit principle and reliance on national public expenditure procedures to a much larger extent, promoting genuine subsidiarity and proportionality.

The complexity of the legal framework and the number of new requirements aimed at improving the performance of the policy and the quality of delivery disrupted the implementation at the start of the current period and created the conditions for increased gold-plating at national level. The volume of rules, including more than 600 pages of legislation (more than double that in the period 2007-2013) and over 5 000 pages of guidance created difficulties for programme beneficiaries and authorities involved[81].

The corresponding administrative burden for beneficiaries and implementing bodies related to the funds programming, management and audit system slowed down the efficient and effective use of the funds. The introduced single audit principle constitutes a positive step forward, but stakeholders still find that the overall control and audit burden remains too high[82].

In a number of special reports[83] the European Court of Auditors has made observations and recommendations with regards to simplification, calling for the streamlining of performance schemes, for the reduction of the administrative burden and implementation delays, for the alignment of national development plans and for the rationalisation of the number of indicators in use.

Contribution to policy objectives and structural reforms

The cohesion policy funds were found not to provide sufficient incentives to Member States to ensure that policy objectives are met. The economic governance cycle and new EU level policy initiatives are not always optimally aligned with the funding frameworks. Funding should be more

[81] Final conclusions and recommendations of the High Level Group on Simplification for post 2020 - http://ec.europa.eu/regional_policy/sources/newsroom/pdf/simplification_proposals.pdf

[82] Conclusions on cross-cutting audit issues from the High Level Group on Simplification for post 2020 - https://ec.europa.eu/futurium/en/system/files/ged/hlg_16_0015_04_conc_recomendations_on_audit_0.pdf

[83] Special Report 23/2016 Maritime transport, Special Report 2/2017 Partnership Agreements, Special Report 18/2017 Single European Sky, Special Report 13/2017 Rail traffic

closely aligned with the European Semester to support reforms and increase the funds' political leverage.

The conditionalities introduced in the 2014-2020 period were a step in the right direction but the policy's link with the economic governance and the European Semester should be strengthened further to ensure that the system is simpler, more transparent and provides positive incentives to implement concrete reforms to foster convergence.

Around 75% of all applicable ex-ante conditionalities[84] were fulfilled at the time of adoption of the 2014-2020 programmes. For the non-fulfilled ones, over 800 distinct action plans were included in the programmes. Had it not been for ex-ante conditionalities, reforms might not have happened or they might have happened at a much slower pace[85]. According to the European Court of Auditors[86], ex-ante conditionalities provided a consistent framework for assessing the Member States' readiness to implement Cohesion policy, but the extent to which this has effectively led to changes on the ground was not always evident. At the level of the Member States, the effort to fulfil ex-ante conditionalities was sometimes considered to be high and disproportionate[87]. In particular, the fulfilment of the conditionalities often required additional resources, which was not easy to secure, especially in the context of austerity in several Member States (e.g. the fulfilment of employment related conditionalities was linked to the increase in the capacity of public services employment). In some cases, legislative changes were needed including environmental or state aid legislation, which also took time and resources.

The importance of the local business environment and innovation ecosystem emerged as a key lesson in helping regions move up the value chain. Support to small and medium enterprises should focus more on helping dynamic businesses grow, on smart specialisation strategies and facilitating regions to move up the economic chain, rather than trying to maintain the economy of the past. For large enterprises support needs to be very selective, targeting firms which match the structure of the

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[84] Pre-conditions aimed at making sure that Member States have put in place adequate regulatory and policy frameworks and that there is sufficient administrative capacity before investments are made in order to maximise the performance of the funding.

[85] Seventh report on economic, social and territorial cohesion - http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion7/7cr.pdf

[86] Special Report 15/2017 - https://www.eca.europa.eu/Lists/ECADocuments/SR17_15/SR_PARTNERSHIP_EN.pdf

[87] Study "The implementation of the provisions in relation to the ex-ante conditionalities during the programming phase of the European Structural and Investment Funds" - http://ec.europa.eu/regional_policy/sources/policy/how/studies_integration/impl_exante_esif_report_en.pdf

regional economy and can make links to local enterprises, research centres and universities. The most effective strategy to attract large enterprises is not financial incentives but improving local conditions, such as the local business environment, transport and communication networks and the skills of the local workforce. This avoids a wasteful subsidy race.

Shortcomings in administrative capacity and institutional quality are often key obstacles to economic, social and territorial progress. Continuous investment in good administration will contribute to deliver policy objectives, which are not only about money but also about know-how and good governance. This long term investment includes the exchange of good practices between peers, professionalization of fund management and development of competencies in public procurement and state aid. It also targets anti-fraud and anti-corruption, including integrity pacts on fair public procurement.

Flexibility

The European Regional Development Fund/Cohesion Fund and European Social Fund ex-post evaluations confirmed that cohesion policy rose to the challenge of the financial crisis in the 2007-13 period. The implementation of the 2014-2020 programmes so far also shows that cohesion policy investments have been able to respond to emerging needs such as the migration crisis[88]. Nevertheless, the capacity of current programmes to adapt to changing political environment turned out to be limited. This confirms the need to review how cohesion policy can better prepare and react to unexpected developments, crisis, economic and societal changes.

Result orientation

The result orientation of the programmes could be further improved and there are still difficulties to fully capture the contribution of the funds to EU policy priorities. The European Court of Auditors concluded that the current set up of the performance reserve provides little incentive for a better result orientation of the cohesion policy programmes[89]. At this early stage of implementation of the cohesion programmes and as the performance reserve is going to be released in 2019, final conclusions would be premature. The European Court of Auditors recommended the Commission to consider turning the performance reserve for the post-2020 period into a more result-oriented instrument that allocates funds to those operational programmes that achieved good results. It also

[88] COM(2017) 755 final (page 17) - http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/strat_rep_2017/strat_rep_2017_en.pdf

recommended to establish a common definition of output and result indicators across relevant EU funds[90] and to apply the concept of a performance budget[91]. Further efforts are needed to ensure that cohesion policy funds are more effectively implemented through the sound definition of targets and results to be achieved.

Synergies

The 2014-2020 framework included a number of measures aimed at better coordination between the five European Structural and Investment Funds and more potential synergies with other EU instruments. These included the alignment of national eligibility rules, the use of cross-sectoral fora, the running of joint monitoring committees or specific coordinating bodies, the establishment of networks within the relevant administrations and the application of new information technology solutions.

Nevertheless, the experience from the 2014-2020 period shows that additional efforts to harmonise rules are still needed[92] and that the synergies with sectoral policies and programmes such as LIFE, Connecting Europe Facility, Horizon 2020, Erasmus+, Asylum, Migration and Integration Fund/Internal Security Fund were not exploited to their full potential. The diverging rules for similar interventions under different funding sources (e.g. state aid, public procurement, maturity of projects) created uncertainty for programme beneficiaries. A more coherent use of EU funds would therefore enable establishing a more visible link between EU policies and the needs and realities at national and regional level.

Rules differ between EU funds investing in human capital development. This fragmentation leads to inefficiencies. There are overlaps in target groups and actions, often with different sets of rules (starting with co-financing rates). Also, complementarities, impact and visibility of measures are hindered by the current fragmentation of funds. For example, basic material assistance provided by the Fund for European Aid to the Most Deprived could be better integrated with social inclusion and employability measures under the European Social Fund. The current divergence in rules and

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[89] Special Report 15/2017 - https://www.eca.europa.eu/Lists/ECADocuments/SR17_15/SR_PARTNERSHIP_EN.pdf

[90] Special Report 2/2017 Partnership Agreements, https://www.eca.europa.eu/Lists/ECADocuments/SR17_2/SR_PARTNERSHIP_AGREEMENT_EN.pdf

[91] Special Report 2/2017 Partnership Agreements

[92] COM(2017) 755 final (page 12) - http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/strat_rep_2017/strat_rep_2017_en.pdf

monitoring requirements cause additional burden to beneficiaries. Moreover, the impact and visibility of current actions are diluted by the current number of funds.

Stabilisation impact

During the financial crisis, EU funds played a countercyclical role with a stabilising effect, by increasing the co-financing rates and lowering the national contribution for affected Member States. It is now appropriate to increase national co-financing rates, in order to increase ownership at national level. In particular as long as the European Investment Stabilisation function is not yet in place, this would also allow keeping a margin of co-financing rate for potential stabilising action in the future.

2 - Sustainable Growth: Natural Resources

4.3.1. Introduction

Heading 2 covers expenditure linked to the policies on sustainable use of natural resources, financing the Common Agricultural Policy, the Common Fisheries Policy and environmental and climate actions.

The Common Agricultural Policy is financed by two funds. The European Agricultural Guarantee Fund takes up the largest share within Heading 2 with EUR 308 billion for the period 2014-2020, after taking into account the transfers to Rural Development. It primarily finances income support via direct payments to farmers and measures regulating or supporting agricultural markets. The European Agricultural Fund for Rural Development amounts to EUR 100 billion for the period 2014-2020 and finances the EU's contribution to rural development programmes.

A total of EUR 6.4 billion is allocated to the European Maritime and Fisheries Fund that helps Member States to meet the obligations imposed on them by the Common Fisheries Policy. The 2014-2020 envelope for shared management amounts to EUR 5.7 billion in support of Member States' operational programmes. The 2014-2020 envelope for direct management of actions to support EU wide objectives in maritime and coastal affairs amounts to EUR 647 million. Heading 2 also finances the international dimension of the Common Fisheries Policy (EUR 0.9 billion) including compulsory contributions deriving from EU membership in international bodies, including various Regional Fisheries Management Organisations as well as contributions under Sustainable Fisheries Partnership Agreements with several third countries in exchange to access to their waters in favour of the EU fishing fleet.

Within Heading 2, the Programme for the Environment and Climate Action, called LIFE, takes up EUR 3.5 billion for the period 2014-2020, or 0.3% of the EU budget. LIFE as a dedicated fund for the environment and climate has on its own relatively modest budget, but it complements the commitment of the EU to mainstream climate action and biodiversity across all EU budget programmes. There are two sub-programmes, Environment and Climate, each covering three priority areas.

4.3.2. Objectives of the Programmes

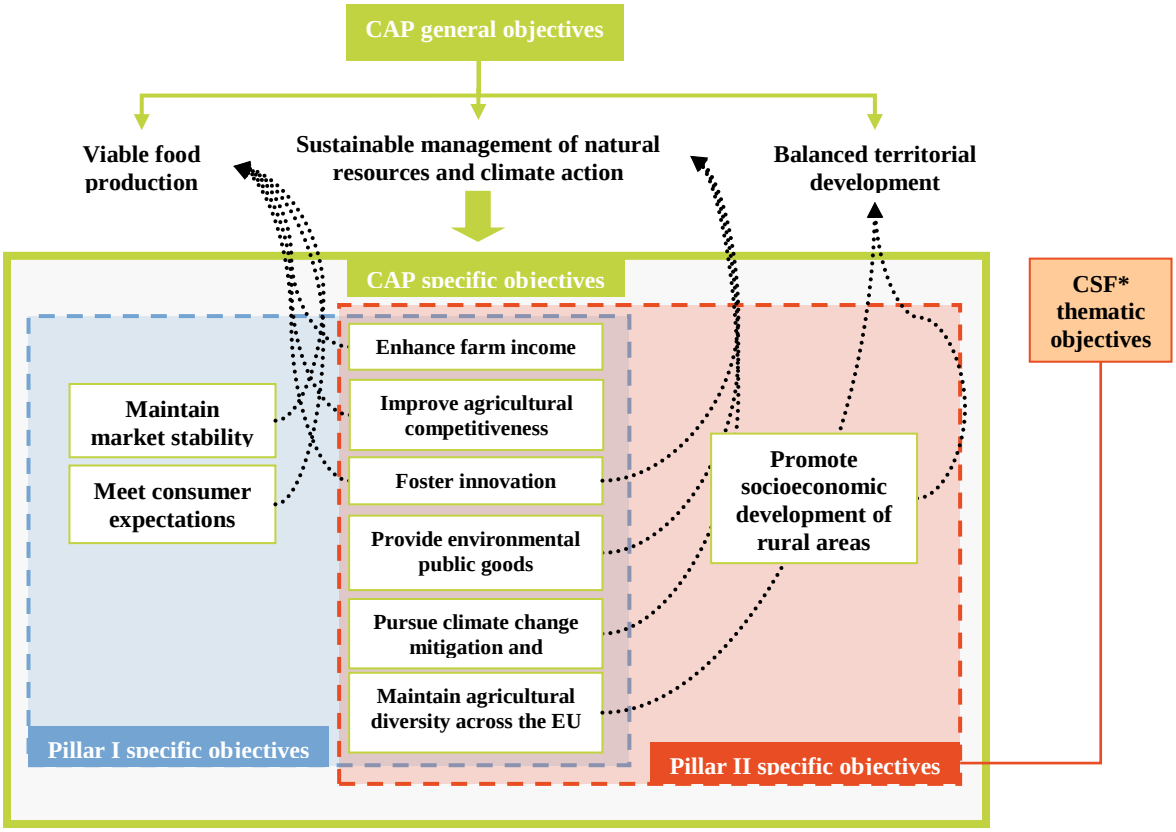
The Common Agricultural Policy contributes to smart, sustainable and inclusive growth through three general objectives: viable food production, with a focus on agricultural income and market support; the sustainable use of natural resources and climate action; and balanced territorial development.

Pillar I of the Common Agricultural Policy, financed from the European Agricultural Guarantee Fund adds value by operating at EU level to respond more effectively and efficiently to cross-border challenges – such as ensuring food security, mitigating climate change, caring for natural resources and strengthening economic and social cohesion. This fund provides direct payments to farmers as basic income support, contributing to relative income stability to farmers facing significant price and production volatility. Market instruments contribute to developing the potential of certain sectors, organisation and quality improvement and supplement the protection offered by direct payments as well as to stabilising agricultural markets in times of serious disturbance. At the same time, the fund is closely tied to requirements and public benefits of importance to EU citizens through cross compliance and the greening measures that have been introduced in the 2013 reform of the Common Agricultural Policy. It also aims to meet consumer expectations while contributing to a level playing field in the single market and ensures a stronger common position in trade negotiations. The European Agricultural Guarantee Fund not only supports directly the farm sector but also helps to limit losses of viable jobs and output in the sectors which depend on it.

Under Pillar II of the Common Agricultural Policy, the European Agricultural Fund for Rural Development supports rural development plans that are designed to contribute to six economic, social and environmental EU priorities while taking into account the national and regional specificities of agriculture and rural areas across the EU. The fund invests in the digitisation and development of farms and other rural businesses, improving competitiveness whilst promoting sustainable management of natural resources and preservation of nature and landscapes. Support for

interactive innovation projects under the European Innovation Partnership for Agriculture as well as support for training and diversification aim to deliver on the Europe 2020 objectives as they encourage innovation and entrepreneurship.

General and specific objectives of the Common Agricultural Policy



**CSF: Common Strategic Framework including the European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development and European Maritime and Fisheries Funds.*

Given the limits of the financial resources of individual Member States and the structural nature of the challenges facing the European fisheries and aquaculture sector, the problems encountered in these sectors are better addressed at EU level through multi-annual financing, with a focus on a select number of relevant EU priorities. The European Maritime and Fisheries Fund supports the

implementation of operational programmes set out by Member States, measures to support fisheries, aquaculture and community-led local development, processing and marketing, compensation for the outermost regions, control and data collection activities as well as the Integrated Maritime Policy. The fund helps fishermen in the transition to sustainable fishing and finances projects that create new jobs. The European Maritime and Fisheries Fund is not only directed to fisheries and innovation in fisheries, aquaculture and processing, but also to support diversification and promote the economic development of coastal communities. Direct management is used to implement scientific advice, specific control and enforcement measures, voluntary contributions to regional fisheries management organisations, Advisory Councils, market intelligence, operations for the implementation of the Integrated Maritime Policy and communication activities. Maritime policy and the development of the blue economy in the various sea basins surrounding Europe is by nature cross-sectoral and transnational. Therefore, action at EU-level leads to efficiency gains and reduction of fragmentation and duplication of actions.

Sustainable Fisheries Partnership Agreements between the European Union and third countries have the objective of contributing to a regulated framework for EU long-distance fishing fleet while ensuring a sustainable exploitation of the third countries' relevant fisheries resources and supporting competiveness of the Union's fishing fleet.

The Programme for the Environment and Climate Action, referred to as LIFE, is exclusively dedicated to the environment, nature protection and climate action and complementary to the mainstreaming of environmental and climate concerns in other major EU funding. LIFE's general objective is to help implement and develop EU environmental and climate policy and legislation by co-financing projects with EU added value. The programme is not intended to solve the environmental and climate problems but initial evidence confirms that it acts as a catalyst for accelerating changes.[93] It promotes the exchange of best practices and knowledge on implementing EU legislation and policies and it allows testing new approaches for future scaling-up. The fitness check of the Birds and Habitats Directives[94] confirmed the strategic role that the LIFE programme plays in supporting the Directives' implementation. While not being its primary aim, LIFE also contributes to innovation and job creation.

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[93] SWD(2017)355 final, Mid-term evaluation of the LIFE Programme http://ec.europa.eu/environment/life/news/newsarchive2017/documents/swd_mid_term_evaluation2017_.pdf

[94] SWD(2016)472 final, Fitness Check of the EU Nature Legislation (Birds and Habitats Directives)

The delivery mechanism works through three broad types of funding: grants, financial instruments and public procurement contracts. LIFE is giving grants for demonstration projects, pilot projects and best practice projects. It also provides grants to integrated projects facilitating implementation of plans by Member States and local authorities and raising awareness to induce behavioural change. The financial instruments promote lending to revenue generating investments in nature conservation and energy efficiency.

4.3.3. Key achievements

As regards the European Agricultural Guarantee Fund, substantial changes have been made to the direct payments system compared to its predecessor. Distribution of payments is more balanced thanks to a system of convergence between and within Member States: first data show that the average direct payments per hectare are converging (at Member State and farmer levels)[95]. Payments are also better targeted, thanks to new payment schemes (some mandatory for Member States, some only optional) addressing the particular needs of the young farmers, smaller farmers and specific sectors or regions with structural problems.

In claim year 2015 (corresponding to financial year 2016), which was the first year of implementation of the reformed system, about 6.8 million farmers benefited from direct payments and the total determined area paid covered some 90% of the EU utilised agriculture area (155.7 million ha).

Under the European Agricultural Guarantee Fund, support programmes are operating for specific sectors such as the wine, fruit and vegetables, apiculture and olive oil sectors. The success of the programmes is witnessed by the long-term development of EU exports, especially in the wine sector. Moreover various market measures such as the exceptional support for fruit and vegetables, the storage measures in the dairy and pig meat sectors, and exceptional measures covering adjustment aid for the livestock sectors as well as for a scheme aiming to temporarily reduce milk production, have helped rebalance the sectors concerned. They effectively helped to increase prices for farmers, proving much-needed support to affected producers in the Member States following the Russian embargo on imports of agricultural products from the EU and other situations of market imbalances within the EU.

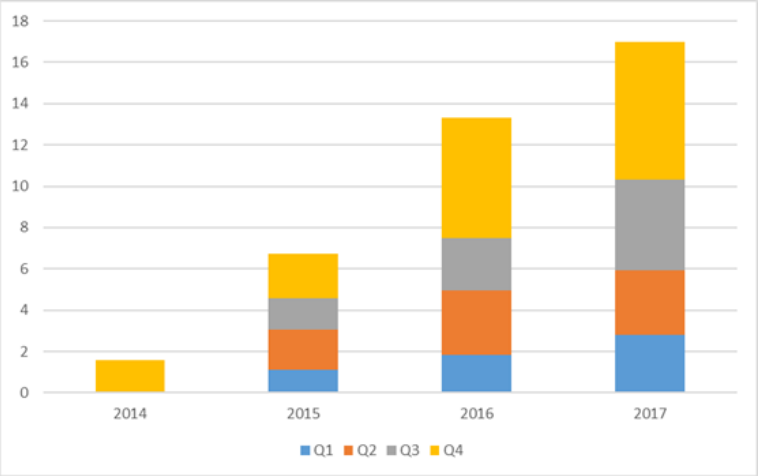
The "greening" layer of direct payments, introduced with the 2013 Common Agricultural Policy reform, accounts for 30 percent of Member States' annual direct payment ceilings. However, the

[95] https://ec.europa.eu/agriculture/sites/agriculture/files/statistics/facts-figures/direct-payments.pdf

evaluation on the payment for agricultural practices beneficial for the climate and the environment[96] found that the greening measures have not fully realised their intended potential to provide ambitious benefits for climate and environment. Based on data from 2015 and 2016 implementation, the overall effects are uncertain but appear fairly limited and variable across the Member States. They appear to have had a negligible effect on production or economic viability of farms.

The 2014-2020 rural development programmes had a relatively late start mainly due to the late adoption of the legislative acts. The annual implementation reports overall confirm a steady acceleration in spending levels that has made up for the initial delays. In January 2018, spending levels reached 25.7 % of total EU rural development resources, matched by 42 % in terms of commitments over planned total public expenditure.

Evolution of reimbursement claims by the Member States (total Union contribution, billion EUR on 31/01/2018)



As a result of the implementation of rural development programmes the following targets, amongst others, are expected to be achieved at the level of the Union at the end of the programming period:

- 25% of agricultural land farmed with specific practices that promote biodiversity and the protection of water and soils; 3.8 million training places to be funded;
- 15 000 co-operation projects for innovation and local food production to be supported;
- more than 331 300 farmers to modernise and improve their production facilities

[96] Evaluation study of the payment for agricultural practices beneficial for the climate and the environment, Final Report - https://ec.europa.eu/agriculture/sites/agriculture/files/fullrep_en.pdf, Commission Evaluation Staff Working Document to be published in 2018

- support for 177 700 young farmers to set up their businesses;
- 603 359 farms to be covered by risk management schemes;
- 113 900 non-agricultural jobs to be created, of which:
    - 79 900 from the creation, diversification and other development of small businesses;
    - 44 000 through the LEADER approach to local development;
- 50 million rural citizens to benefit from improved services.

Sustainability gave an impetus to knowledge creation and sharing. While the uptake of the innovation partnership approach was voluntary it is being implemented in 26 Member States, which testifies to the perceived need for its distinctive approach to innovation in which farmers (alongside other essential actors) are active participants in the co-creation of innovative solutions.[97]

For the 2014-2020 rural development programming period, a number of initiatives have been launched in order to improve efficiency and effectiveness of the EU rural development expenditure. Simplified Cost Options are increasingly being used by Member States and regions. The use of financial instruments is key for leveraging and revolving the rural development budget. The fund is well on track to meet the target of doubling the use of financial instruments as compared to 2007-2013.

The rural development basic act[98] was modified in 2017 through the so-called Omnibus Regulation, inter alia to improve risk management tools for farmers, reduce administrative burden for beneficiaries and simplify conditions for financial instruments.

The late adoption of the European Maritime and Fisheries Fund Regulation[99] (May 2014) entailed a delay in the adoption of the Operational Programmes and to preparatory work for implementation such as the setting up of the fund's Monitoring Committees. This meant that during the first years implementation remained low. However, during 2017 the rate of implementation started to take off considerably. The number of operations (excluding technical assistance) more than doubled, from 6 200 in 2016 to 15 500 in 2017. The number of fishing vessels benefitting from the European Maritime and Fisheries Fund almost tripled from 3 600 in 2016 to over 9 600 in 2017. The number of small-scale coastal fishing fleet vessels benefitting from the fund doubled. The provided support

[97] Evaluation study of the implementation of the European Innovation Partnership, November 2016: https://ec.europa.eu/agriculture/external-studies/2016-eip_en

[98] Regulation (EU) No 1305/2013

promotes sustainable balance between fishing fleets and resources and the protection of the marine ecosystems. The European Maritime and Fisheries Fund has also supported better management of more than 60 000 km² of Natura 2000 areas, and almost 1.5 million km² of other marine protected areas (2016 data). Through projects facilitating transboundary cooperation on Maritime Spatial Planning, it prepares the ground for a sustainable development of the maritime economy in sea basins with an increasing amount of economic activities. Supported operations not only benefit the (legal or natural) persons that officially act as beneficiaries of the operation, but also others. It is estimated that more than 71 000 fishermen, their spouses/partner and 25 000 members of producer organisations benefit from the support, as well as 77 000 employees and 32 000 other persons. By the end of 2017, the 368 Fisheries Local Action Groups had selected 1156 projects for implementation and an additional 56 cooperation projects with other Member States were under preparation.

The 2017 Our Ocean Conference in Malta confirmed the EU's role as the world's 'oceans champion' and as a strong global actor. In particular, the conference resulted in 437 measurable commitments worth EUR 7.2 billion, addressing critical issues such as environmental protection (marine pollution, biodiversity, climate), maritime security, and sustainable fisheries.

A total of 200 EU vessels flagged in one of the EU Member States currently benefit from a fishing authorisation granted under Sustainable Fisheries Partnership Agreements, providing them the access they need, also providing jobs and growth in the EU. These agreements have also been contributing to the development of the fisheries sector in the 12 partner countries and to better governance of their fisheries sector. At the same time, they contribute to eliminating illegal fishing and providing good framework conditions for local fishermen.

Since 2016 the European Fisheries Control Agency was given new tasks, in cooperation with the European Border and Coast Guard Agency and the European Maritime Safety Agency, each within its mandate, to support the national authorities carrying out coast guard functions, through the improvement of co-operation and co-ordination.

The LIFE mid-term evaluation[100] came at an early stage of the programme's implementation and therefore focussed mainly on the processes put in place to reach the programme's objectives and

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[99] Regulation (EU) No 508/2014

[100] SWD(2017) 355 final - https://ec.europa.eu/info/sites/info/files/report-on-the-mid-termevaluation_swd_355_en.pdf

on-going activities. Still, it provides reasonable assurance that the programme's implementation is on the right track to deliver on environmental and climate objectives.

Some 280 traditional projects across all priorities have been selected and financed, plus 15 integrated projects, 6 projects for the European Voluntary Corps[101] and some other technical assistance and preparatory projects. Ongoing projects expect to reach 70 % of the milestones envisaged for 2017. They are doing this by, for example, targeting the improvement of the conservation status of 59 habitats, 114 species and 85 Natura 2000 sites. The mid-term review of the EU biodiversity strategy to 2020[102] concluded that 'the LIFE programme remains a small but highly effective funding source for nature and biodiversity'.

Two pilot financial instruments to test innovative approaches have been introduced at the end of 2014, under which agreements have been signed for the financing of nature conservation and energy efficiency projects.

As regards efficiency, the mid-term evaluation estimated that the benefit to society of some of the projects selected following the 2014 call for proposals will amount to EUR 1.7 billion, which represents four times the cost of the overall LIFE budget for 2014. Moreover, the transfer of most of the grant management from the Commission to the Executive Agency for Small and Medium-sized Enterprises is exceeding the expected efficiency gain of EUR 8.2 million initially planned for 2014-2020. Following the controls done in 2017, LIFE registers a low error rate of 0.25.

LIFE is designed to be complementary to other EU funding programmes. The mid-term evaluation found that initial results showed that LIFE and other EU funding programmes are contributing to environmental and climate objectives in different and in some cases complementary ways with a limited risk of overlap. In particular, synergies are exploited by giving preferential treatment to LIFE project proposals that are taking up results from EU funded research and innovation. Also, larger scale deployment of measures successfully tested in LIFE projects may be financed through other EU funding programmes, e.g. a more sustainable fishing practice can be promoted through the European Maritime and Fisheries Fund. Furthermore, LIFE integrated projects that ensure environmental and climate policy implementation at a large territorial scale are channelling funding from other sources towards environmental and climate objectives. It is expected that the funding of LIFE integrated projects in 2014-2016 of EUR 251 million will result in funding of environmental and climate actions amounting to EUR 5.7 billion, of which EUR 3 billion is coming from other EU

[101] COM/2016/0942 final

programmes, such as the European Agricultural Fund for Rural Development and the European Regional Development Fund.

4.3.4. Lessons learned

The experience so far and evidence collected clearly point to a need for simplification and better delivery of EU spending under the Common Agricultural Policy towards common and clearly defined objectives. The Communication on the future of food and farming[103] sets out the future delivery system for a modernised Common Agricultural Policy that should be more result driven, boost subsidiarity by giving Member States a much greater role in rolling out the funding schemes, pursue agreed realistic and adequate targets, and help reduce the EU-related administrative burden for beneficiaries. This new approach requires careful definition and monitoring of objectives, targets and indicators. Environmental and climate standards and targets under the Common Agricultural Policy should be aligned with existing EU legislation and policy objectives. To effectively deliver on EU objectives, clear responsibilities, effective controls and real simplification for beneficiaries need to be ensured.

The ex post evaluation of the European Fisheries Fund (2007-2013)[104] concluded that there was scope for improvement, notably to reinforce the link between funding and policy objectives. It also concluded that there was a need to take a more strategic approach to making aquaculture more competitive and increasing production and to take better account of the specific challenges faced by the small-scale and coastal fisheries. Except in the case of local development, complementarities and synergies with other funds remained limited. These conclusions were taken on board in the European Maritime and Fisheries Fund 2014-2020.

The tracking of climate and biodiversity expenditure in the EU budget for the period 2014-2020 shows that the mainstreaming approach is successful, but with some limitations identified in particular for biodiversity. This approach and a strong emphasis on sustainability should therefore be continued after 2020, avoiding conflicts between objectives, and with a complementary LIFE programme that continues to act as catalyst to pilot actions and new measures.

Targeting and prioritisation

[102] COM(2015)478 final, Mid-term review of the EU Biodiversity Strategy to 2020
[103] COM(2017) 713 final
[104] SWD(2017) 274 final

The study Mapping and analysis of the implementation of the Common Agricultural Policy (2016)[105] reveals that the Member States' strategy to reach the objectives of the 2013 policy reform is not sufficiently documented: the implementation choices are more influenced by the consideration to "maintain the status quo" than by a long-term strategy that takes into account the general Common Agricultural Policy objectives. The degree to which funds have been targeted to certain needs might not be sufficient to have a significant impact. The European Court of Auditors found that Member States did not coordinate Pillar 1 payments with Pillar 2 support to young farmers[106] and did not always ensure complementarity, coordination and synergies with other EU funds/support schemes[107].

The synthesis of ex ante evaluations of Rural Development Programmes 2014-2020[108] concluded that the prioritisation of needs and description of links between the planned actions and expected results, needs to be further enhanced. In the same vein preliminary findings from the synthesis of ex-post evaluations of Rural Development Programmes 2007-2013[109] show that the lack of priority and budget seem to have had a limiting effect on innovative approaches.

The mid-term evaluation of LIFE concluded as points for improvement increasing the strategic focus of the demand-driven part of the programme, e.g. by targeting topics not covered by the projects funded in previous years. Also more should be done to reproduce the projects and transfer their results, e.g. by developing the capacity to plan and implement investments and by addressing the lack of financial resources.

Performance monitoring

A comprehensive common monitoring and evaluation framework for the Common Agricultural Policy was put in place for the 2014-2020 period. In several Special Reports, the European Court of

[105] https://ec.europa.eu/agriculture/external-studies/mapping-analysis-implementation-cap_en,

[106] Special Report No 10/2017: EU support to young farmers should be better targeted to foster effective generational renewal.

[107] Special Report No 25/2015: EU support for rural infrastructure: potential to achieve significant great value for money, Special Report No 20/2015: the cost-effectiveness of EU rural development support for non-productive investments in agriculture, Special Report No 5/2018: Renewable energy for sustainable rural development: significant potential synergies, but mostly unrealised.

[108] https://ec.europa.eu/agriculture/evaluation/rural-development-reports/ex-ante-rdp-synthesis-2014-2020_en

[109] Staff Working Document to be published in 2018

Auditors highlighted areas of EU spending where a sound intervention logic was lacking[110] and raised concerns with respect to unclear objectives, performance indicators/monitoring, reporting and evaluation systems that do not provide information in time to direct future policy, achieve objectives and manage the budget by results[111]. The European Court of Auditors also found that even though the performance framework aimed to enhance the results-based approach, the rural development programmes were approved late, were long and complex documents, with shortcomings that would hinder the focus on performance and results[112].

The development of the common monitoring and evaluation system for the European Maritime and Fisheries Fund has been a common learning process involving the Commission and the Member States. Progress has been made and initial shortcomings have been solved in cooperation with the Member States. A recent report on the implementation of the common monitoring and evaluation system[113] makes recommendations for further improvement based on the experience so far. While Member States should have the flexibility to use supplementary indicators at national level, the common indicators should cover all investments in order to allow for aggregation at EU level and to provide an overall picture of the use of the funds.

As regards coherence with under funds through other programmes that complement the funds dedicated to fisheries and maritime policy under the European Maritime and Fisheries Fund, it has been difficult to guarantee and track policy achievements and the impact of such support without a clear system of monitoring and ring fencing.

The mid-term review of the multiannual financial framework confirmed that the climate mainstreaming approach has worked well[114]. Setting a 20% target for climate-related spending has

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[110] Special Report No 10/2017: EU support to young farmers should be better targeted to foster effective generational renewal, Special Report No 21/2017: Greening: a more complex income support scheme, not yet environmentally effective.

[111] Special Report No 5/2015: Are financial instruments a successful and promising tool in the rural development area, Special Report No 20/2015: the cost-effectiveness of EU rural development support for non-productive investments in agriculture, Special Report No 25/2015: EU support for rural infrastructure: potential to achieve significant great value for money, Special Report No 1/2016: is the Commission's system for performance measurement in relation to farmers incomes well designed and based on sound data, Special Report No 16/2017: Rural Development Programming: less complexity and more focus on results needed,

[112] Special Report No 16/2017: Rural Development Programming: less complexity and more focus on results needed

[113] COM(2018) 48 final

[114] COM(2016) 603 final http://ec.europa.eu/budget/mff/figures/index_en.cfm#com_2016_603

incited the consideration of climate in the design and implementation of all EU programmes, including by putting in place transparent processes and monitoring that strengthen the added value of programmes[115].

Simplification

Preliminary findings from the ongoing evaluation of the impact of measures under the Common Agricultural Policy towards the general objective of "viable food production" show that the administrative and management costs of the current Common Agricultural Policy are considered to be generally higher than in the previous period.

The evaluation on the payment for agricultural practices beneficial for the climate and the environment[116] concluded that the overall current environmental and climate architecture of the Common Agricultural Policy has proved to be more complex and difficult to manage. The European Court of Auditors[117] concluded that greening added significant complexity to the Common Agricultural Policy, which was not justified in view of the results that greening was expected to produce. It mentioned that as greening overlaps with the other environmental instruments under the Common Agricultural Policy, there is risk of deadweight and double funding, although certain decisions and actions by the Commission and Member States mitigate these risks.

With the rural development fund in the period 2014-2020 forming part of the European Structural Investment Funds, conclusions mentioned under Heading 1b relating to complexity of the legal framework and administrative burden also hold true for the European Agricultural Fund for Rural Development. The European Court of Auditors concluded that significant administrative effort on the part of national authorities was needed to meet the extensive content requirements and that despite the efforts made, the implementation of the rural development programmes did not start earlier than in the previous period.

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[115] As shown for example in the 2017 ESIF Strategic Report

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/strat_rep_2017/strat_rep_2017_swd_en.pdf

[116] Evaluation study of the payment for agricultural practices beneficial for the climate and the environment, Final Report - https://ec.europa.eu/agriculture/sites/agriculture/files/fullrep_en.pdf;

[117] Special Report 21/2017

The REFIT Platform[118] also highlighted in its 10 opinions on agriculture the need for modernisation and simplification in order to improve the efficiency and effectiveness of the Common Agricultural Policy (in particular the greening payment) and to simplify and ensure coherence between the European Agricultural Fund for Rural Development and other Structural and Investment Funds. The European Court of Auditors identified simplification potential in the areas of cross-compliance management and control systems[119], and Land Parcel Identification System rules[120]. It also highlighted the limited impact of the basic payment scheme for farmers on simplification, targeting and the convergence of aid levels[121], and advocated the use of (off-the-shelf) simplified cost options[122].

The main lesson learnt up to now with the implementation of the programmes under the European Maritime and Fisheries Fund is that the current delivery system and eligibility rules need to be substantially simplified to facilitate access to funding and alleviate the administrative burden for both administrations and beneficiaries, in a sector where small grants are predominant. As regards direct management, consideration should be given to further externalise direct managed funds to executive agencies.

The mid-term evaluation of LIFE pointed to the need to simplify grant management procedures, in particular the application and reporting processes.

Synergies

There is scope to enhance coherence between the European Maritime and Fisheries Fund with other EU funds. In particular on the support for local coastal communities, synergies and complementarity (delineation of interventions) among the different structural funds should be ensured.

The LIFE mid-term evaluation confirmed the catalyst role of the LIFE integrated projects as they are able to mobilise complementary financial resources. This leveraging effect of the programme

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[118] REFIT Platform Opinions https://ec.europa.eu/info/law/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less-costly/refit-platform/refit-platform-recommendations-and-other-work_en

[119] Special Report No 26/2016: making cross-compliance more effective and achieving simplification remains challenging.

[120] Special Report No 25/2016: The Land Parcel Identification System: a useful tool to determine the eligibility of agricultural land – but its management could be further improved.

[121] Special Report 10/2018: Basic payment scheme for farmers – operationally on track, but limited impact on simplification, targeting and the convergence of aid levels.

should be further enhanced and synergy mechanisms more systematically developed in particular between LIFE and the European Structural Investment Funds. In particular, biodiversity and Natura 2000, energy efficiency and renewables are areas where more synergies are needed.

4.4. Heading 3 - Security and citizenship

4.4.1. Introduction

Heading 3 includes programmes supporting pressing political challenges such as security, asylum, migration and integration of third country nationals, justice, health and consumer protection, as well as those relating to dialogue with citizens and support to Europe's cultural and creative sectors. The programmes under Heading 3 contribute mainly to the Commission priorities of 'Justice and Fundamental Rights' and 'Migration' but also to the internal market and Europe 2020 achievements as well as the European Agenda for Culture.

The European Union is designed to create an area of freedom, security and justice without controls at internal borders. Strengthening EU security, safety and health, values, rights, culture and justice has profound and direct impact in people's day-to-day lives. In an era where terrorism and other serious crime operate across borders, preventive measures, coordination and cooperation, as well as a sense of shared European identity and common values, enhance security.

Two dedicated funds address the challenges in the security and migration areas: the Asylum, Migration and Integration Fund and the Internal Security Fund including Internal Security Fund Borders and Visa and Internal Security Fund Police. Large-scale information technology systems for collecting, processing and sharing information relevant to external border management are financed. The Asylum, Migration and Integration Fund promotes the development of a common Union approach to asylum and migration and contributes to inclusive growth while the Internal Security Fund contributes to the security of the Union.

Further, the Union Civil Protection Mechanism, as well as the Instrument for Emergency Support within the EU, contributes to the protection of citizens from natural and man-made disasters. The Consumer and the Food and Feed Programmes protect consumers' rights and their health and safety and creates a level playing field in the Internal Market where goods can be traded under safe conditions. The Health Programme addresses the increasing trend of health inequalities, with a specific focus on refugees. This programme also stands on the crossroads between smart and

[122] Special Report 11/2018: New options for financing rural development projects: simpler but not focused on results.

inclusive growth by funding the up-take of innovation and supporting Member States in their health systems' reforms. Justice Programme contributes to the development of a European area of justice based on the rule of law, on mutual recognition, by facilitating access to justice, by promoting judicial cooperation and the effectiveness of national justice systems. The Rights, Equality and Citizenship Programme promotes and protects equality and the rights of persons, as enshrined in the Treaty, the Charter and international human rights conventions while Europe for Citizens Programme, by working directly with citizens, provides an unique forum to involve people via a grassroots approach. The Creative Europe Programme supports culture and creativity by funding joint European projects, such as film co-productions and TV series, capable of reaching millions of citizens. It contributes to the Digital Single Market strategy by helping Europe's creative industries to scale up and adapt, including by promoting European content online.

4.4.2. Objectives of the Programmes

Both the European Union and its Member States have a responsibility towards their citizens to deliver an area where individuals are protected, in full compliance with EU fundamental rights. Member States have the front line responsibility but cannot address transnational threats effectively acting on their own. That is why, at European level, the environment and the infrastructure need to be built in such a way that national authorities can effectively work together and with international organizations to tackle shared challenges.

Through the **Asylum, Migration and Integration Fund** the EU promotes the efficient management of migration flows and the development of a common Union approach to asylum and migration. It contributes to the achievement of four specific objectives, namely strengthening and developing the Common European Asylum System, supporting legal migration to EU Member States in line with the labour market needs and the effective integration of third-country nationals; it also helps to enhance fair and effective return strategies and to ensure solidarity and responsibility sharing between the EU Member States, in particular those most affected by migration and asylum flows.

The **Internal Security Fund** aims to ensure a high level of security in the Union, while safeguarding the free movement within it and facilitating legitimate travel. This includes under Borders and Visa the effective management of the external border and the support for the common visa policy to ensure the smooth legitimate crossing of the external borders while detecting illegal movements. The other component of the fund, Internal Security Fund Police, focuses on crime

prevention and the fight against cross-border, serious and organised crime and on risk and crisis management. EU State authorities need to cooperate on preventing and tackling crime and on border management to ensure the security of citizens and travellers in the EU.

A number of **information sharing systems** are central to this cooperation: the Visa Information System allows Schengen States to exchange visa data; the Schengen Information System allows Schengen States to exchange data on suspected criminals, on people who may not have the right to enter into or stay in the EU, on missing persons and on stolen, misappropriated or lost property.

Preventing major outbreaks of diseases and pest, through control and surveillance measures in the food chains and protection of consumers rights contributes to make sure that European citizens have access to safe consumer goods and high quality food, safeguarding health and safety.

In ortder to do this, the EU provides financial support of EUR 2.34 billion over the seven-year period 2014–2020 to contribute to healthy citizens and a safe food chain. The **Food and Feed Programme** finances protection measures improving control and surveillance of the food chain and emergency measures preventing the spread of diseases and pests and the disruption of trade. The **Health Programme** complements and supports national policies aimed at improving the health of EU citizens and reducing health inequalities.

The **Union Civil Protection Mechanism** aims at strengthening the cooperation and coordination in the field of civil protection against man-made and natural disasters through the improvement of response, prevention and preparedness to address disasters at both national and EU level.

The **Instrument for Emergency Support within the EU** provides a needs-based emergency response, complementing the response of the affected Member States, aimed at preserving life, preventing and alleviating human suffering, and maintaining human dignity wherever the need arises as a result of an ongoing or potential natural or man-made disaster.

The **Consumer Programme** supports EU consumer policy. It helps citizens to actively participate in the Single Market. The programme focuses on four key areas: a single market of safe products, where citizens, well represented by consumer organisations, exercise their rights, enjoying access to redress mechanisms and where national bodies support the enforcement of consumer rights.

Political and societal developments in Europe over the last decade have brought citizenship issues to the fore and emphasised the need to increase the value EU citizens see in the European project. Enabling people to exercise their rights as EU citizens helps to enhance trust and confidence in the EU.

The **Justice Programme** contributes to the development of a European area of justice based on mutual recognition and trust. The programme promotes judicial cooperation in civil and criminal matters and judicial training to foster a common judicial culture. The programme supports effective access to justice in Europe, as well as initiatives in the field of drugs policy.

The **Rights, Equality and Citizenship Programme** contributes to promoting non-discrimination, rights of persons with disabilities, equality between women and men, gender mainstreaming, the rights of the child, as well as the rights deriving from Union citizenship. The programme combats intolerance, prevents violence against groups at risk, and ensures the highest level of data protection and consumer rights. Closely related stands the **Europe for Citizens Programme.** This programme contributes to citizens' understanding of the EU, its history and diversity and values. It also encourages participation of citizens at EU level.

The **Creative Europe Programme** provides financial support of EUR 1.46 billion to support the European cultural and creative sectors, in particular audiovisual, in order to promote cultural and linguistic diversity and stimulate European competitiveness. Creative Europe aims to unlock the potential for growth by overcoming the obstacles created by fragmented markets, responding to fierce international competition and adapting to the digital transformation of society. The MEDIA sub-programme fosters the creation of audiovisual content (films, TV series, videos).

4.4.3. Key achievements

In recent years, the most important issues of concern stated by European citizens are terrorism and migration[123]. In the areas of migration, integration and security the Union faces important and constantly changing needs. The increasing volumes of migrants, asylum seekers and people in return processes put more pressure on the migratory systems of the Member States. The number of irregular arrivals to the European Union in the wake of the migratory crisis has been unprecedented, with more than 1.8 million irregular border crossings detected in 2015, challenging the proper functioning of the Schengen area. The number of asylum applications in 2016 was approximately 5.6 times higher when compared to 2008. There is also a high level of heterogeneity of needs of the Member States.

In this context, the **Asylum, Migration and Integration Fund** proved to be an important instrument providing both short-term emergency support and more long-term capacity building. It

[123] According to the Eurobarometer carried out in 2015-2017; latest Eurobarometer http://data.europa.eu/euodp/en/data/dataset/S2142_87_3_STD87_ENG

has strongly improved the reception conditions that were put under extreme pressure in 2015 and 2016. This resulted in a more dignified, safe and healthy environment. For example, the setting up of hotspots[124] with support from Internal Security Fund Borders and Visa, contributed to reach a capacity of more than 7 500 places in Greece and more than 1 500 places in Italy. In 2015, before the setting up of these facilities, only 58% of migrants were fingerprinted on arrival in Italy; today, thanks to the new approach, almost 100% are. The hotspot approach was audited by the European Court of Auditors who overall found that the approach has helped improve migration management in the two frontline Member States, under very challenging and constantly changing circumstances, by increasing their reception capacities, improving registration procedures, and by strengthening the coordination of support efforts.[125] Overall, the Fund contributed in varying degrees to strengthening the Common European Asylum System. Almost 814 000 refugees and asylum seekers received assistance. The Fund has significantly contributed to enhancing solidarity and responsibility-sharing between Member States mainly through the emergency assistance and the relocation mechanism. Incentives to engage in solidarity activities, with the fund were reinforced: Member States could receive lump sums for persons resettled from a third country or from another EU country. Emergency assistance helped swiftly in the period until EU budget allocated to national programmes could be brought in. Also, with the help of emergency assistance through the Fund and the Emergency Support Instrument, shelter has been provided to 35 000 people in Greece, including more than 400 safe places for unaccompanied minors. While less progress was made until now in the area of legal migration, with the help of the Fund, return rates of irregular migrants have steadily increased and the return conditions have improved.

Internal Security Fund Borders and Visa contributed significantly to the EU common visa policy and integrated border management. Information-exchange and training activities have supported the uniform implementation of the Union's acquis. The Fund combated irregular migration, facilitate legitimate travel and reinforce Members States' capacities to purchase technical equipment. It helped develop EU information technology systems, with particular regard to the Visa Information

[124] 'Hotspot areas" are defined in Article 2(10) of Regulation (EU) 2016/1624 as "an area in which the host Member State, the Commission, relevant Union agencies and participating Member States cooperate, with the aim of managing an existing or potential disproportionate migratory challenge characterised by a significant increase in the number of migrants arriving at the external borders".

System, containing information on 52 million short-stay visa applications at the beginning of 2018, and the Schengen Information System, a database which included 76 489 461 alerts, 5 173 194 992 searches and 243 503 hits in 2017. The Fund supported national information sharing platforms to combat visa abuse and document fraud. New technologies allowed addressing the changing requirements of the common visa policy, including the collection of biometric identifiers of all applicants for short-stay visas. The Operating Support for Visa was extremely useful to cover part of the costs for the uniform implementation of the EU common visa policy. The Fund contributed to the upgrading of border control and surveillance equipment and introduced additional Automated Border Control gates to speed up border crossings at airports. The Fund also co-financed the European Border Surveillance System[126] to improve situational awareness and increase the reaction capability at the external borders. Under the Fund, Member States were also supported in acquiring border management equipment that is put at the disposal of the European Border and Coast Guard Agency.

Internal Security Fund Police funded numerous actions targeting financial and economic crime, cybercrime and drug trafficking and supported crucial cooperation needs of EU law enforcement authorities. The Fund contributed to secure coordination between existing early warning and crisis cooperation actors, a key action being the ATLAS network. The upgrading of Europol's secure communication system Secure Information Exchange Network Application, which resulted in 870,000 messages exchanged in 2015 is representative. The fund also supports the implementation of the Prüm Decision[127] which resulted in 2015 in 2 219 311 DNA, fingerprinting and vehicle registration number matches. In addition, the Fund has supported the continued development of the 'Universal Message Format' resulting in shorter response times and improved data quality. The Fund also supported the creation of dedicated Passenger Information Units in the context of the Passenger Name Record Directive[128]. Internal Security Fund Police also successfully supports

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[125] Special Report No 6/2017: EU response to the refugee crisis: the 'hotspot' approach https://www.eca.europa.eu/Lists/ECADocuments/SR17_6/SR_MIGRATION_HOTSPOTS_EN.pdf

126 Regulation (EU) No 1052/2013 of the European Parliament and of the Council of 22 October 2013 establishing the European Border Surveillance System (Eurosur)

127 The purpose of this decision is to step up cross-border police and judicial cooperation between European Union (EU) countries in criminal matters. In particular, it aims to improve the exchanges of information between the authorities responsible for the prevention and investigation of criminal offences.

128 Directive (EU) 2016/681 of the European Parliament and of the Council of 27 April 2016 on the use of passenger name record (PNR) data for the prevention, detection, investigation and prosecution of terrorist offences and serious crime, OJ L 119, page 132-149

actions to prevent and counter radicalisation, such as the Radicalisation Awareness Network and the EU Internet Forum. In the aftermath of the terrorist attacks in Paris in 2015, emergency assistance funding helped to put in place a digital solution to process surveillance data, increasing preparedness to possible following threats.

The **Health Programme** delivered relevant and useful outcomes with high EU-added value, in particular for crisis management and for the safety and security in Europe, improving Member States' capacity against health threats. The Health Programme has been effective in protecting citizens from cross-border health threats, in creating scale in rare disease initiatives, in promoting economies of scale in health technology assessment, and in promoting the implementation of best practices. The programme has contributed to the EU's migration policy, supporting responses to the health needs of migrants and refugees. Actions include sharing of lessons learnt, toolkits and guidelines, training and testing of EU preparedness mechanisms. The programme focused also on fostering health cooperation, enabling testing in real settings in close cooperation with competent authorities. The aim is to help Member States design and implement their own cost-effective policies while taking needs for system reforms into consideration. The eHealth Network developed political recommendations and instruments for cooperation directly feeding into the anchoring of eHealth in the Digital Single Market. Aspects covered are (i) interoperability and standardisation, (ii) monitoring and assessment of implementation, (iii) exchange of knowledge and (iv) global cooperation and positioning.

The **Food and Feed Programme** ensures EU citizens' access to safe food and a uniform and high level of protection throughout the EU. The EU has an active animal health policy and finances Member States' programmes to eradicate, control, and monitor certain animal diseases. Animal health has a direct impact on public health, because of food safety issues, and because some animal-borne diseases are transmissible to humans. In its related audit, the European Court of Auditors could overall confirm that the animal disease eradication, control and monitoring programmes adequately contained animal diseases.[129] The programme includes training and reference laboratories for an EU wide uniform implementation of controls and targeted co-funding activities, especially around animal diseases and plant pest. The financial solidarity ensures that effective measures can be taken by concerned Member States to reduce or elimate risks in the food chain which can impact on health and disrupt trade. The analysis of indicators for the period 2014-2016

[129] https://www.eca.europa.eu/Lists/ECADocuments/SR16_06/SR_ANIMAL_DISEASES_EN.pdf

showed a positive epidemiological trend for all priority diseases receiving EU financial support. Diseases and pests could be detected early and, emergency measures could be applied immediately. The measures have thereby also contributed to the reputation and thus competitiveness of European food production.

The **Union Civil Protection Mechanism** was established to promote swift and effective operational cooperation between national civil protection services, with an important role for the European Commission to facilitate coordination. The Commission's facilitation of coordination was strengthened through the widespread dissemination of information products. The coordination among Commission departments, as well as with other EU and non-EU bodies, was inclusive. The Commission also respected the United Nations' overall lead, and took steps to ensure a smooth transition into the recovery phase. The Mechanism was audited by the European Court of Auditors who concluded that the Commission has been broadly effective in facilitating the coordination of responses to disasters outside the Union since the beginning of 2014. The activation of the Mechanism was considered timely and the Commission's coordinating role and its round-the-clock crisis centre were mentioned as good examples of value added by European cooperation.[130]

The **Instrument for Emergency Support within the EU** was established as an expression of EU solidarity towards Member States that have been affected by an ongoing or potential natural or man-made disaster, where the exceptional scale and impact of the disaster is such that it gives rise to severe wide-ranging humanitarian consequences in one or more Member States. In the event of such a disaster, the Council decides, on the basis of a proposal by the Commission, whether and for what duration to activate emergency support, and only for exceptional circumstances where no other instrument available to Member States and to the Union is sufficient. The Council activated emergency support on 16 March 2016 for the influx of refugees and migrants into the Union, for a period of three years. The advantages of the Instrument have been identified in the report on the first year of the implementation of its Regulation.[131] They include speed in the delivery of assistance, the involvement of experienced humanitarian partners addressing the needs of the affected population, a clear focus on humanitarian assistance, a complement to existing national capacities, as well as the availability of proven expertise and monitoring capacity.

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130 https://www.eca.europa.eu/Lists/ECADocuments/SR16_33/SR_DISASTER_RESPONSE_EN.pdf

131 http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017DC0131&from=EN

The **Consumer Programme** supports the enforcement of consumer legislation, in particular by strengthening the knowledge base and the review of the Consumer Protection Cooperation Regulation and through enhancing administrative cooperation on product safety legislation. The cooperation between authorities was reinforced through "Sweep 2015 on Consumer Rights Directive" in which Member States' authorities checked 743 websites**,** ranging from smaller players to big e-commerce platforms. Irregularities were confirmed 63% of the cases. In October 2016, the majority of these websites were corrected, while national administrative or legal proceedings continue for others. The Rapid Alert System for dangerous non-food products improved the exchange of information between Member States and the Commission. Feedback to notifications indicating "serious risk" significantly increased. Since 2004, there have been over 25 000 alerts concerning dangerous products in the EU. A quarter of the alerts concerned the safety of toys.

All the activities funded by the **Justice Programme** have a transnational dimension. These activities resulted in better implementation of EU justice instruments, in criminal, civil and commercial law (e.g. European Investigation Order, European Arrest warrant). Faster proceedings were obtained through cooperation, exchange of information, training and harmonisation of practices. For example, the programme funded the Electronic Criminal Records Information System, a decentralised information technology system that facilitated exchanges of more than eight fold comparing 2017 to 2012. In 2016, more than 13 500 legal practitioners were trained. The programme also finances the maintenance and extension of the e-Justice Portal which includes documents and databases facilitating access to justice for citizens and businesses. Case law and the information on national judicial systems, etc. are also available for legal practitioners. In 2017, the number of hits by users – close to 2.7 million - showed a six fold increase compared to 2012.

The **Rights, Equality and Citizenship Programme** supported important projects in the area of preventing and combatting racism, xenophobia and other forms of intolerance. In the non-discrimination and Roma integration policy area, the programme supported actions to ensure that discrimination is prohibited whenever possible in the same way. The programme also supports the European network of experts on gender equality which develops evidence that feeds into the Europe 2020 process and recently to the 2020 Agenda on Sustainable Development.

The **Europe for Citizens Programme** promoted civic participation, the sense of belonging together and mutual understanding. It helped to strengthen awareness of EU issues and identification with Europe, as well as the awareness of remembrance and the common history. The programme played a positive role in encouraging civic participation and democratic engagement, reaching out to a

large number of citizens who would not otherwise have engaged with the European project. Altogether, more than 7 million citizens were directly or indirectly involved in activities supported by the programme. The programme reached almost 4 500 towns in Europe through town twinning projects.

Preliminary results from the mid-term evaluation of **Creative Europe** conclude that the Programme has clear added value and its intervention logic is both relevant and coherent. Creative Europe has contributed to delivering the EU policy agenda, stimulating investment and job creation (3000 jobs created over 2014-16) and deepening the internal market especially through greater circulation of creative content.

The **Guarantee Facility** has helped cultural and creative small and medium-sized enterprises, which have difficulties accessing loans due to the intangible nature of their assets. From its launch in 2016 to end 2017, eight financial intermediaries in six countries had already participated, demonstrating the relevance of this instrument. As of second half of 2017, 161 small and medium-sized enterprises received loans for a total value of EUR 32 million, for over 200 projects employing more than 900 people. A top-up of EUR 60 million, equivalent to 50% of the total budget, was provided already in 2017 allowing a quicker deployment of guarantee support.

Generally, all programmes achieved progress at a reasonable cost. Efficiency gains within the management of the programmes have been observed across the board due to multi-annual programming and innovative measures such as: simplified costing regime in Asylum, Migration and Integration and Internal Security Funds, Food and Feed and Creative Europe Programmes; digitalisation of application or monitoring and reporting in Health and Creative Europe Programmes; the streamlining of the decision making process in Food and Feed Programme.

Moreover, steps to improve complementarity, avoid overlaps and create synergies were also made across all the programmes. Synergies were obtained for example in the Creative Europe, which allowed seizing more effectively the opportunities of the digital shift. Also, the complementarity of funds e.g. by covering direct costs to tackle animal diseases through the Food and Feed Programme while compensating owners for market losses through the agricultural funds has proven effective in ensuring the competitiveness of agricultural products and should be continued.

4.4.4. Lessons learned

At mid-term, all programmes under Heading 3 achieved progress in reaching their objectives and responding to needs of the citizens and of the Member States and EU as a whole. National funding

alone would not have allowed effective and efficient funding of the necessary actions. Actions would have been much more difficult and not in the same scale, quality and timeframe. The programmes under this Heading increased internal and cross-border cooperation, solidarity, EU and national capacities and joint actions, reaching with limited funding millions of citizens. The programmes enhanced the sharing of information and practices and contributed to their harmonization or recognition at EU level. Training showed to be a relevant mechanism to ensure EU added value since it supported a common understanding across the EU. Several programmes bolstered the interconnection of information systems and adaption to technological developments. Europe's cultural diversity and the competitiveness of the cultural and creative sectors were strengthened.

In the future, improved performance monitoring is expected to help steer the EU intervention and the programmes' effectiveness. Further flexibility and prioritization in function of rapidly changing needs should be pursued. Savings and simplification measures in the programmes management and implementation could be taken to minimize unnecessary burden while delivering on their objectives.

Flexibility

Several programmes under Heading 3 facilitated the EU's capacity to respond swiftly to crises and evolving needs, respecting citizens' fundamental rights and supporting their well-being and confidence in Europe.

Inherent flexibility and prioritisation led to a better focus on current needs. Nonetheless, beneficiaries with the greatest needs could be more effectively targeted. Continued efforts to increase flexibility are necessary to keep up with developments, such as the digital shift, new challenges due to migration or emerging pests arriving at our borders or the rise of terrorism. Nevertheless, ensuring stability and predictability of financing in the programming remains equally important.

Challenges in the area of migration, border management and security showed that more flexibility would be needed for the national programmes and the distribution system. For example, the emergency assistance under the Asylum, Migration and Integration and the Internal Security funds contributed to ensure flexibility and helped bridging the gap until the national programmes were prepared but it was used at a significantly higher scale than originally intended to respond adequately to the unprecedented large-scale migratory movements and security challenges. The allocations for Member States, which were fixed based on statistical data at the beginning of the

programming period, did not reflect changes in the needs of Member States during the implementation period. The possibility to providing additional funding to the national programmes following a mid-term review was also limited in the case of Asylum, Migration and Integration and Internal Security - Police Funds.

The migration and security crises have shown that flexibility was needed from the beginning of the programming period onwards to be able to react to changes on the ground.

Simplification

Increased efficiency of the Programmes contributed to a reduction of administrative burden but further simplification could be envisaged across the board.

The interim evaluations of the Asylum, Migration and Integration Fund and Internal Security Fund confirm that the changes introduced by the current Funds simplify the management of the programmes. These changes addressed the needs identified in the previous programming period: multiannual programming instead of annual programming, simplifying the Management and Control System, further alignment with rules applicable to other EU shared management Funds, the introduction of Simplified Cost Options as well as providing Member States with more flexibility in setting up the rules on the eligibility of expenditure, using national rules that need to comply with the provisions of the legal bases. Nevertheless, the interim evaluations also confirm that the administrative burden is perceived to be too high and further improvements are needed.

Monitoring

The framework and tools to carry out performance assessment should be improved. A full monitoring and evaluation system and robust indicators are needed, linked to the objectives of the programmes and identified early on in the design phase. This will allow a consistent and uniform monitoring of progress. For example, the types of indicators used in the Asylum, Migration and Integration and the Internal Security Funds do not allow sufficiently measuring the performance of the national programmes. The European Court of Auditors, in the context of its audit on the hotspot approach, found that monitoring and reporting by the Commission on the progress and problems at the hotspots has been regular and extensive, but that reporting on some key performance indicators was lacking[132]. In addition, performance reporting on Union Civil Protection Mechanism was

[132] Special Report No 6/2017: EU response to the refugee crisis: the 'hotspot' approach https://www.eca.europa.eu/Lists/ECADocuments/SR17_6/SR_MIGRATION_HOTSPOTS_EN.pdf

identified by the European Court of Auditors as one area for improvement[133]. Therefore, the current monitoring and evaluation mechanism needs to be improved in order to enable better tracking of whether the Funds deliver the intended results and inform any future revisions of policy interventions, both under shared and direct management. This includes the provision of clear definitions of indicators. .

Synergies

Synergies between policy objectives require further coordination efforts between the programmes. Despite steps that were taken to improve complementarity and avoid overlaps of EU funding instruments, obtaining synergies proved problematic in several areas.

The current Health Programme implemented recommendations from the ex-post evaluation of the previous Health Programme[134], for instance synergies were developed with the European Social Fund and the Structural Reform Support Programme in setting up a national screening programme for colorectal cancer. However, a continued effort is needed to develop synergies with the Commission's main priorities and other programmes.

As regards the Asylum, Migration and Integration Fund and the Internal Security Fund although the main objectives of these Funds are distinct, they have significant linkages and synergies, as shown by the hotspots approach. The Commission has been stressing the importance of a holistic approach in the use of EU funds as regards asylum, migration, border management and security challenges. In general, in the areas of migration, integration and security, the Commission undertook steps during the design and programming stages to facilitate coherence and complementarity amongst EU funding instruments. Nevertheless, increasing synergies is still necessary in some areas such as supporting asylum and integration objectives through the European Structural and Investment Funds and the Asylum, Migration and Integration Fund and the programmes operating in third countries in all the strands of migration and security challenges. Efforts are also necessary to increase synergies among EU instruments in the area of security and those that support border management, return and reintegration measures and the development of protection systems in third countries.

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[133] Special Report No 33/2016: Union Civil Protection Mechanism: the coordination of responses to disasters outside the EU has been broadly effective
https://www.eca.europa.eu/Lists/ECADocuments/SR16_33/SR_DISASTER_RESPONSE_EN.pdf

[134] COM(2016) 243 final: http://ec.europa.eu/health/programme/policy/2008-2013/evaluation_en

4.5. Heading 4 - Global Europe

4.5.1. Introduction

The EU remains the world's biggest provider of humanitarian aid and development assistance. It is a global player in supporting peace and stabilisation and in promoting democracy and human rights. Through its external actions it aims to reduce poverty, promote global and EU interests and fundamental values (such as democracy, human rights, peace, stability, solidarity, and prosperity) and support the safeguarding of global public goods.

The external action instruments make up the 2014-2020 Multiannual Financial Framework's Heading 4 "Global Europe". The initial total amount of Heading 4 was EUR 66.2 billion (i.e. 6 % of the MFF). In addition, the 11th European Development Fund, which is outside the EU budget, has an allocation of EUR 30.5 billion.[135]

To promote coherent external action, efforts were deployed in previous Multiannual Financial Framework cycles to streamline and simplify the architecture of instruments, although it is still complex and compartmentalised. There is currently a considerable number of instruments: geographic instruments (the geographic component of the Development Cooperation Instrument, European Neighbourhood Instrument, Greenland and Instrument for Pre-Accession Assistance under the EU budget and the European Development Fund currently outside the Multi-annual Financial Framework, also financing Overseas Countries and Territories); specialised/thematic instruments (the thematic components of the Development Cooperation Instrument, the European Instrument for Democracy and Human Rights, Instrument contributing to Stability and Peace, Instrument For Nuclear Safety Cooperation, and Partnership Instrument) as well as instruments for specific purposes (Humanitarian Aid, EU Civil Protection, Common Foreign and Security Policy, Macro-Financial Assistance, European Investment Bank External Lending Mandate and Support to Turkish Cypriot community).

The external dimension of the EU policies cannot be successful without supporting internal policies when providing synergies and high EU added value. For instance, implementation of the EU migration and security policy has a clear internal and external dimension, which means that external

[135] Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p. 4. https://ec.europa.eu/europeaid/sites/devco/files/mid-term-review-report_en.pdf

components of the migration and security policy instruments should complement external action instruments and bridge identified gaps.

4.5.2. Objectives of the Programmes

The set of instruments decided for the 2014-2020 period built on the criticisms observed in the previous budget cycle, and measures were taken to make the following generation of instruments more adapted to the newest global needs and developments. In particular, this set of instruments was designed to allow a more extensive global reach, streamline some of the programming rules and harmonise implementing procedures. The overall aim was to allow a more focused approach, a higher degree of complementarity and an enhanced political ambition for specific partnerships.

The instruments were aimed at fulfilling a varied range of purposes, most notably poverty reduction and sustainable development (Development Cooperation Instrument), the promotion of a culture of safe nuclear energy (Instrument for Nuclear Safety Cooperation), maintaining of the policy dialogues with former EU territories overseas (Cooperation with Greenland), the protection of human rights in fragile areas (European Instrument for Democracy and Human Rights), disaster response inside and outside the EU (Union Civil Protection Mechanism), responding to global challenges and promoting the EU strategic interests (Global Public Goods and Challenges programme under the Development Cooperation Instrument, Partnership Instrument), security and peace-building activities in partner countries (Instrument contributing to Stability and Peace), assistance for candidate countries and potential candidates (Instrument for Pre-Accession Assistance) and for the EU neighbourhood (European Neighbourhood Instrument), assistance to development of African, Caribbean and the Pacific countries and regions as well as for the Overseas Countries and Territories (European Development Fund), support to restore a sustainable financial situation while encouraging economic adjustment reforms (Macro-Financial Assistance)[136], support of Small and Medium Enterprises in targeted third countries and the development of social and economic infrastructure and support of projects related to climate change (including External Lending Mandate)[137].

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[136] Macro-Financial Assistance is a financial instrument mobilised on a case-by-case basis to help countries that are mainly geographically close to the EU dealing with serious balance-of-payments difficulties.

[137] The guarantee provided under the External Lending Mandate allows EU budget funds for external regions to be complemented by the financial strength of the European Investment Bank, thereby increasing the benefit to the targeted third countries.

4.5.3. Key achievements

The mid-term review report and the evaluations (December 2017) of ten of the External Financing Instruments, the external Coherence Report, the ex-post evaluation reports on Macro-Financial Assistance[138] and the mid-term external report on the European Investment Bank External Lending Mandate[139] conclude that the instruments were fit for purpose, overall relevant, largely congruent with EU objectives and partner countries' needs and flexible enough to support and "enable" the implementation of an evolving policy framework.

In terms of relevance, defined as the extent to which the EU priorities and the partners needs are aligned, the instruments and mechanisms had been considered overall relevant with the policy objectives at the time of their setting up (2014).[140] The broad objectives and enabling character of the instruments, together with their flexibility, facilitated the capacity of the EU to respond to rising crises and evolving needs of partner countries. Evidence at sector, country, strategic, programme and operational level shows that overall positive progress has been achieved in so far as the effective contribution of the instruments towards the fulfilment of EU objectives.[141]

For instance, the European Neighbourhood Instrument was key for the progress made by Georgia in improving the economic environment for businesses, in pushing forward the public administration reforms in Ukraine and Morocco, which resulted in a better public financial management system and in promoting democratic reforms ensuring more freedom to the press and higher accountability

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[138] Final report (January 2015) of the Ex-post Evaluation of the EU's Macro Financial Assistance to Bosnia and Herzegovina (2009-2013), section 7.2.

http://ec.europa.eu/dgs/economy_finance/evaluation/pdf/ex_post_evaluation_of_mfa_bosnia_en.pdf

Final report (November 2013) of the Ex Post Evaluation of the Macro-Financial Assistance to Serbia, pp. 135-137

http://ec.europa.eu/dgs/economy_finance/evaluation/pdf/mfa_serbia_final_report.pdf

Final report (October 2013) of the Ex-post Evaluation of the EU's Macro Financial Assistance to the Republic of Moldova (2010 – 2012), section 7.2.

http://ec.europa.eu/dgs/economy_finance/evaluation/pdf/mfa_moldova_evaluation_final_report_en.pdf

[139] Final Report (June 2016) of the External evaluation of the application of the European Union Guarantee for the European Investment Bank lending operations outside the European Union, section 6.1.2

http://ec.europa.eu/dgs/economy_finance/evaluation/pdf/mid_term_201612-final_report_pwc_en.pdf

[140] Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p. 10.

[141] Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p.10.

in Tunisia.[142] In this regard, also the European Court of Auditors confirmed that the money was generally well spent as it contributed significantly to the democratic transition and the economic stability of the country after the Arab Spring revolution.[143] In the Western Balkans, the Instrument for Pre-Accession Assistance II contributed to the implementation of reforms in key areas, such as the judiciary, anti-corruption, public administration and social inclusion, and supported the progressive alignment with EU legislation and standards. The Instrument for Nuclear Safety Cooperation raised levels of nuclear safety, for example by supporting follow-up to the joint comprehensive plan of action cooperation with Iran, and stress testing nuclear power plants in various countries.

Many of the partner countries benefiting from the Development Cooperation Instrument successfully managed to reduce the level of poverty and to increase human and economic development in the last decade; according to the 2015 Millennium Development Goals Report, Vietnam reached 90% of reduction of poverty, Cambodia 88%, Peru 74% and Bolivia 50%. Those achievements, though, cannot be linked exclusively to this cycle of the Development Cooperation Instrument but rather to its predecessor, in place between 2007 and 2013 and cannot be exclusively linked to the Development Cooperation Instrument as those countries benefitted also of resources coming from other actors. The Development Cooperation Instrument, though, can still count on the positive achievements reached through some of its geographic and thematic programmes. For instance, the support provided to the protection of vulnerable refugees in Pakistan and Myanmar or the improvement of provision of basic services in conflict or fragile contexts (as in the case of Afghanistan).[144]

The Partnership Instrument effectively influenced policy developments in partner countries in line with EU interests and contributed to development of mutually beneficial relationship with third countries, complementing the larger thematic activities financed under the Development

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[142] Commission Staff Working Document SWD(2017) 602 final, "Evaluation of the European Neighbourhood Instrument", p. 18-19. Those results were also confirmed by some recent reports issued by the European Court of Auditors on the ENI and its predecessor in Tunisia and Ukraine. For details, see footnote n. 43 included in the European Neighbourhood Instrument SWD evaluation mentioned above.

[143] Special report No 03/2017 of the European Court of Auditors "EU Assistance to Tunisia", p. 62. https://www.eca.europa.eu/Lists/ECADocuments/SR17_3/SR_TUNISIA_EN.pdf

[144] Commission Staff Working Document SWD(2017) 600 final, "Evaluation of the Development Cooperation Instrument", p. 15. https://ec.europa.eu/europeaid/sites/devco/files/swd-mid-term-review-dci_en_0.pdf

Cooperation Instrument, in particular the Global Public Goods and Challenges programme.[145] Both played an important role to support the preparations leading to the adoption of the United-Nations 2030 Agenda for sustainable development and to the successful conclusion of the Paris climate agreement.

The mechanism governing the civil protection sector has also been found generally effective, with some shortcomings to be tackled[146]. The main achievements reside in the increased cooperation between the Union and Member States in disaster prevention, preparedness and response.[147] The Bêkou EU Trust Fund is also considered a good example of relevance. In its relating audit report, the European Court explained that the trust fund was created in a difficult country context, marked by humanitarian and development challenges and fragile state authorities that were unable to meet the population's needs. It concluded that the establishment of the fund was appropriate and that it has had some positive achievements while the fund's design and management could be improved to help it reach its full potential.[148]

In the area of humanitarian aid, a comprehensive evaluation for the period 2012-2016[149] was finalised in March 2018 with very positive conclusions on the relevance, coherence, effectiveness, efficiency, sustainability and EU added value of the EU assistance. In concrete terms, the humanitarian aid instrument (which is not itself time-bound) allowed the Union to ensure rapid response to humanitarian needs in more than 80 countries, for a total of over EUR 2.2 billion in 2017 (including external assigned revenues). Key recent examples include the response to the humanitarian needs of Syrian refugees (in Turkey, for instance, roll-out of the innovative Emergency Social Safety Net provided more than EUR 1.2 million of the most vulnerable refugees with the means to cover their basic needs by the end of 2017); or the Union's early action on the

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[145] Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p. 7.

[146] Commission Staff Working Document SWD(2017) 287 final, "Interim Evaluation of the Union Civil Protection Mechanism (2014-2016)", p. 22 and further.
http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017SC0287&qid=1517222331623&from=EN

[147] Commission Staff Working Document SWD(2017) 287 final, "Interim Evaluation of the Union Civil Protection Mechanism (2014-2016)", p. 29.

[148] Special report No 11/2017 of the European Court of Auditors "The Bêkou EU Trust Fund for the Central African Republic: a hopeful beginning despite some shortcomings", p. 54.
https://www.eca.europa.eu/Lists/ECADocuments/SR17_11/SR_BEKOU_EN.pdf

[149] http://ec.europa.eu/echo/funding-evaluations/evaluations/geographic-evaluations_enhttp://ec.europa.eu/echo/funding-evaluations/evaluations/geographic-evaluations_en

food crisis in the Horn of Africa (Somalia, Ethiopia, Kenya), which helped avert famine in 2017; as well as support for education in emergencies in a number of crises, in which the Union has acted as a catalyst for other donors to step up their efforts.

The European Court of Auditors also conducted an audit on aid provided to populations affected by conflicts in the African Great Lakes Region and concluded that it was, generally, managed effectively by the Commission. It found that the needs assessment was thorough and the approach adopted had sufficient built-in flexibility to cope with the rapidly changing circumstances in the conflict-affected areas and that projects were mainly successful in addressing urgent needs.[150]

The External Lending Mandate financing operation expands greatly the access to funds for the local Small and Medium Enterprises and Midcaps in the targeted third countries. Moreover, the involvement of the European Investment Bank in the External Lending Mandate provides additional non-financial benefits for the final beneficiaries such as technical assistance, promotion of good financial standards within the local banking sector, procurement standards. With regards to climate change action, the External Lending Mandate has made a substantial contribution of 39% of its portfolio[151], which exceeds the quantitative target of 25% and the new target of 35% by 2020.

Macro-Financial Assistance has gained increasing prominence in the EU external toolbox. Between 2014 and 2015, EUR 3.4 billion were made available to Ukraine of which EUR 2.21 billion were disbursed as of December 2016. This represents an unprecedented case of financial assistance to a non-EU country in such a short period of time.

Some of the implementation arrangements constitute a remarkable asset for the overall effectiveness of the instruments. Examples include simplified granting procedures for bodies without legal personality, which has indeed increased the flexibility of the European Instrument for Democracy and Human Rights to support human rights organisations; the specific budget support arrangements in Greenland which resulted in an increased ability to plan and implement policies by national authorities[152]; the increased level of policy mainstreaming in the area of climate change and

[150] https://www.eca.europa.eu/Lists/ECADocuments/SR16_15/SR_GREAT_LAKES_EN.pdf
[151] SWD(2016) 295 final
[152] Commission staff working document on the evaluation of the Council Decision on relations between the European Union, on the one hand, and Greenland and the Kingdom of Denmark on the other (Greenland Decision), section 6.

environment fulfilled by the increased contributions from the European Development Fund and the Development Cooperation Instrument.[153]

The implementation of the instruments and the fulfilment of their policy objectives were nevertheless heavily affected by some external factors, such as the continuous refugee flows, the security threats imposed by terrorism and the unstable political contexts of some countries; when facing those challenges, the degree of flexibility and the resources had not been enough to respond adequately. For example, in the area of the EU neighbourhood some of the newly arisen crises could not be properly tackled with the limited financial resources.[154] Likewise, despite greater flexibility through its reserve, the funds mobilised by the European Development Fund to tackle the root causes of migration through the EU Trust Fund for Africa are still falling short of the challenges to address.

The EU added value of the external action instruments and programmes is clear from a number of perspectives.

- The political influence and consequent leverage of the EU as a supranational entity; this implies that priorities can be pursued relatively independently from individual national agendas, which naturally enhances the credibility of the EU.

- The possibility for the EU to establish a dialogue as a fully-fledged peer with other regional organisations, notably with the African Union through the Pan-African Programme.

- The EU engagement in sensitive matters such as the defence of human rights and electoral observation missions (European Instrument for Democracy And Human Rights), in context where individual Member States prefer not to be associated with the risk of compromising their relations with certain countries.

- In some areas where Member States have decided not to act, the EU remains the main or sometimes the only actor to intervene. This is the case, for instance, of upper middle-income countries where Member States have renounced to intervene in order to pursue other economic or political interests pushed by their national agendas or where the context reveals to be overly sensitive to act.[155]

- The amount of resources channelled through the instruments, the relatively flexible modes of management and the wide scope over a rather long period of time (European Development Fund, European Neighbourhood Instrument, Development Cooperation Instrument).

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153 Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p. 11.

154 Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p. 9.

155 Final report (July 2017) "Coherence Report – Insights from the External Evaluation of the External Financing Instruments", p. 11-12.

- The possibility to underpin the leadership of the EU on issues of global importance such as addressing global environmental degradation, depletion of natural resources and the biodiversity crisis, as well as the impacts of climate change through long-term EU financial assistance (in particular Development Cooperation Instrument - Global Public Goods and Challenges Thematic Programme).

- The expertise brought about by the EU in some fields originating from the history of Europe itself (for instance, regional integration and democratic transitions) as well as from the successful policies of the EU (such as the expertise in food security gained through the Common Agricultural Policy or in successful approaches on the transition to a resource efficient, circular, low carbon economy).

- The global presence of the EU through its Delegations, which ensures a vast network of information on the developments experienced by countries worldwide; this allows the EU to be constantly aware of new needs and problems and, therefore, to re-allocate resources accordingly. As regards the link with Member States, it can be said that complementarities between the EU action and the actions carried out by the Member States exist and are increasing. This enhances the political dialogue and the cooperation, which is often channelled through joint programming with Member States.

- The EU is able to complement Member States activities in dealing with potentially dangerous situations or in case of particularly costly interventions.

4.5.4. Lessons learned

Overall, the responsiveness of the instruments for the EU External Action has been demonstrated in different ways. The set of the external financing instruments in general, and in particular, some specific instruments (Instrument contributing to Stability and Peace, Common Foreign and Security Policy) allowed the EU to respond to situations of crisis, conflict and security threats. Humanitarian aid and the emergency response to crisis outside the EU through the Civil Protection Mechanism has also proved to be successful, allowing the EU to be a first line responder with immediate delivery of results and provide essential assistance in protracted crises. The European Development Fund has successfully responded to unforeseen crisis needs, notably for food security and nutrition in sub-Saharan Africa and reconstruction after natural disasters in the Caribbean. The European Investment Bank's External Lending Mandate has been able to mobilise funds flexibly thanks to the sufficient margin in the regional ceilings, but it has proven challenging to intervene in fragile countries. To meet emerging challenges, the Global Public Goods and Challenges programme and the Partnership Instrument with their global scope have provided a good contribution in supporting actions and building relationships with strategic partners and in supporting the international dimension of the Union's internal policy priorities (for example on environment and climate

change). This was made possible because the instruments for 2014-2020 were designed to meeting the global needs more extensively and to increase the political ambition of the EU external action, with the help of more streamlined rules and approach as well as through the combination of increased differentiation and complementarities amongst the instruments.

For certain instruments, however, responsiveness has been hindered by a lack of an adequate degree of financial and administrative flexibility; when new priorities have emerged, such as the refugee/migration crisis or change of political regimes, the re-allocation of the resources has been tied up through long-term programmes due to the commitments on predictability and the available resources stretched to their limits.

More in detail, the evidence collected so far highlights the following areas of improvement: a) overly complex architecture and procedures; b) unsatisfactory level of flexibility for the re-allocation of resources; and c) lack of fully developed monitoring systems.

Simplification and coherence

The modifications introduced before the 2014-2020 policy cycle had already achieved better results and led to an improved performance. However, despite the good results, the architecture of the external instruments remains complex and has created obstacles in using funds across regions and themes due to each instrument's different scope and rules. From the perspective of partner countries and implementing partners, the complicated legal framework has created a multiplication of procedures that need to be followed. The interested parties still see the number of instruments and their implementation arrangements as not yet adequate, administratively burdensome and lacking financial flexibility. For example, the European Court of Auditors recommended in its audit on EU Assistance to Tunisia to limit the number of specific priorities, to reduce the number of actions in order to increase the focus and potential impact of the EU assistance and to improve the focus and coordination of the aid[156]. Apart from a few exceptions (Humanitarian aid, Civil Protection, Instrument contributing to Stability and Peace and Common Foreign and Security Policy) which have key special provisions (e.g. rapid reaction and fast decision mechanisms or absence of mandatory programming), complex and lengthy procedures for programming and implementation can contribute to a perception of the EU as a programme administrator rather than a political player[157].

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[156] https://www.eca.europa.eu/Lists/ECADocuments/SR17_3/SR_TUNISIA_EN.pdf

[157] Final report (July 2017) "Coherence Report – Insights from the External Evaluation of the External Financing Instruments", p. 17. Examples of this complexity in terms of rules include

The architecture of the External Financing Instruments for 2014-2020 could not foresee rapid responses to crises of major impact, such as the migration crisis; for this reason, the establishment of the Trust Funds made possible to move resources from some of the instruments and ensure a rapid response.[158] As an example, the reserve from the European Development Fund has been used until June 2017 for mobilising EUR 1.5 million for the European Emergency Trust Fund, established in the Valletta Summit (November 2015) to address the root causes of irregular migration and displaced people in Africa[159].

The multi-annual programming, designed for long-term development objectives pursued by the Development Cooperation Instrument, the European Neighbourhood Instrument and the European Development Fund, adds further rigidities when the need to adapt to new contexts arises.[160]

Furthermore, the respect of some international commitments resulted in heavy processes. Country and horizontal programmes are sometimes not in line with each other and regarding geographic instruments, other elements add up to the overall complexity, namely the involvement of National and Regional Authorising Officers, as it is the case for the European Development Fund.[161] In addition, the implementation arrangements of certain instruments have not been particularly successful so far, for example the incentive-based approach of the European Neighbourhood Instrument[162]. The Macro-Financial Assistance instrument would be strengthened by better aligning its declared objectives with the design and implementation practice; and maintaining the focus on dealing with serious short-term balance-of-payments or budget difficulties would require shortening of the approval procedures; a stronger focus on supporting structural reform efforts in beneficiary countries might benefit from introducing more flexibility in the way the conditions are formulated.

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the procedural and decision-making rules laid down in the EFIs and in the Common Implementing Regulation; the "Comitology" Regulation; the EU and European Development Fund Financial Regulations; cumbersome internal rules.

[158] Final report (July 2017) "Coherence Report – Insights from the External Evaluation of the External Financing Instruments", p. 9.

[159] Commission Staff Working Document SWD(2017) 601 final, "Evaluation of the European Development Fund", p. 12. https://ec.europa.eu/europeaid/sites/devco/files/swd-mid-term-review-edf_en_0.pdf

[160] Final report (July 2017) "Coherence Report – Insights from the External Evaluation of the External Financing Instruments", p. 6.

[161] Report from the Commission to the European Parliament and the Council COM(2017) 720 final "Mid-Term review report of the External Financing Instruments", p. 12-13.

[162] *Idem*.

The varied nature and scope of the instruments and their different institutional arrangements make the use of the instruments' full potential rather difficult. Some instruments are explicitly foreseen to be complementary with other instruments; for instance, the European Instrument For Democracy And Human Rights with its independent and flexible actions, the Instrument contributing to Stability and Peace quick response to be complemented with short and long-term actions, the Partnership Instrument when financing actions in the EU which could not be financed by other instruments, the Macro-Financial Assistance which complements other EU crisis response mechanisms (e.g. Humanitarian Aid) and the European Investment Bank External Lending Mandate, and the thematic programme for Global Public Goods and Challenges to address problems of global importance which require actions in specific countries (e.g. environment and climate change).

Some other instruments are designed with the purpose of ensuring a short-term, non-programmable intervention which complements some longer-term and programmable actions (such as the Instrument contributing to Stability and Peace complementing the interventions of European Neighbourhood Instrument or the European Development Fund). In addition certain instruments function in synergy with others (such as the Development Cooperation Instrument thematic programme on Civil Society Organisations-Local Authorities), while some cannot bring about synergies due to their high degree of specificity (such as the Instrument for Nuclear Safety Cooperation). Finally, some instruments are, by nature, not complementary with others due to their geographic focus (such as the Greenland Decision).

Thematic programmes have complemented gaps, for instance on environment protection that could not be financed under geographic programmes because of the concentration on a limited number of focal sectors and due to the typically cross-border or regional nature of environmental challenges. Thematic funding has also successfully been used as a leverage to achieve policy changes. However, despite the overall fair degree of complementarity and synergy amongst the instruments, duplications exist at several levels: between the regional envelopes of the Development Cooperation Instrument and the Partnership Instrument, between the intra-African Caribbean Pacific programme of the European Development Fund and the Global Public Goods and Challenges programme. For example, the European Court of Auditors audited the EU Assistance to Myanmar/Burma and found examples where the risk of double funding was not sufficiently mitigated. Moreover, the intervention of more than one instrument in the same geographic area led to difficulties when creating a dialogue amongst the beneficiary regions, as is the case for the Latin America and the

Caribbean, both covered by the Development Cooperation Fund and the European Development Fund.

This complex landscape of external instruments clearly shows the need for simplification. A more streamlined approach would allow to break down silos and exploit synergies. Overlaps should be reduced and policy orientations and operational needs should drive the programming rather than specific instrument rules. This would also provide an opportunity to rationalise the management and oversight systems of the instruments, therefore reducing the administrative burden. A simplified oversight system would allow the relevant institutions to have a better, more comprehensive view of the EU's external funding.

Flexibility

The current volume of financing for external action has been stretched to the limits with all margins of flexibility exhausted. This is not only due to the fast-evolving circumstances, new crises and emerging challenges in third countries, such as migration and security, but also because of Member States' and citizens' expectations that the EU can do more in external relations. Such pressures and demands on the external budget illustrate the need to build in more flexibility into the budget so that the EU can increase the possibility of moving resources across different geographic and thematic areas so as to ensure an effective response to arising needs and re-orientate the EU funding accordingly.

A higher degree of flexibility should guarantee that the long-term nature of the EU intervention and the possibility for a quick ad-hoc response to new needs are well balanced; this could be fulfilled on the one hand by ring-fencing amounts for specific geographic and thematic issues, while building larger unallocated amounts at the start of the period, as well as a flexible application of the principle of annuality of the EU general budget, allowing for carry-overs and re-commitments based on the flexibilities currently existing under the European Development Fund. The additional flexibility of the European Development Fund should be preserved even if it will become part of the EU budget: continuing to make use of its reserve deployed to Trust Funds could substantially help to quickly addressing new crises[163].

Monitoring system

[163] Final Report (July 2017) "Coherence Report – Insights from the External Evaluation of the External Financing Instruments", pp. 7-8.

A cross-cutting criticism lies in the lack of fully developed monitoring and reporting systems at instrument level[164]. The lack of a common scheme of indicators at the same level does not allow a fully-fledged comparison of the performance of an instrument in relation to another. Even the External Lending Mandate would benefit greatly from streamlining the reporting procedures; this could improve the overall quality of the reporting, make it more consistent and comprehensive and therefore enable better decision-making at the policy level. Adequate monitoring systems could meaningfully help to identify the problems related to the implementation and the overall performance and would then allow a sounder measurement of the impact of the EU intervention. The European Court of Auditors covered monitoring activities in several of its audits and issued a number of related recommendations with the aim to improve the Commission's existing monitoring systems[165].

4.6. Heading 5 – European Public Administration

Several measures were taken by the Commission and by other Institutions to contain the administrative expenditure of the Union in the current long-term budget period.

The most visible of these measures is the commitment of all Institutions, bodies and agencies to a 5% reduction of their staffing levels. As assessed by the European Court of Auditors[166], this staff reduction was by and large implemented.

Despite this reduction, additional tasks were carried out by the Union, notably in the context of the migration crisis, of repeated security threats and the launching of the new investment plan. Moreover, an increasing operational budget was managed. This was possible through other measures taken, such as the increase of the weekly working hours to 40 and thanks to the commitment and resilience of staff.

To contain expenditure, measures were taken to limit the access to end-of-career grades, to increase the retirement age and to reduce travel allowances. Remuneration and pensions were frozen in 2013 and 2014. In the long-term, the reduction of the pension accrual rate will allow for savings on pensions and ensure the sustainability of the pension scheme.

The withdrawal of the United Kingdom is not expected to generate a reduction in terms of workload, which in some areas would simply be reoriented and could even increase. The reduction of the number of members of British nationality in the different Institutions could generate some

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[164] Commission Staff Working Document SWD(2017) 287 final, "Interim Evaluation of the Union Civil Protection Mechanism (2014-2016)", p. 29.

[165] E.g. Special Reports No 4/2018, No 11/2017, No 3/2017 and No 30/2016 of the European Court of Auditors

[166] Rapid case review on the implementation of the 5 % reduction of staff posts - https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44567

limited savings, but the overall scope of activities of the Union will not decrease as a consequence of Brexit.

While improvements in efficiencies will be continuously sought, additional cuts to staff and staff expenditure would risk having serious repercussions on the proper implementation of EU programmes and policies, a negative impact on motivation of a highly competent staff and possible drawbacks on its productivity.

An administrative budget maintained stable at its current level would still allow for a strong European civil service, attractive to talented people from across the Union, and capable of delivering on the priorities and challenges ahead.

La Sede di Bruxelles della Regione Abruzzo è a disposizione per ulteriori approfondimenti in merito ai temi trattati nel presente Speciale

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