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EU budget 2012

Financial Report

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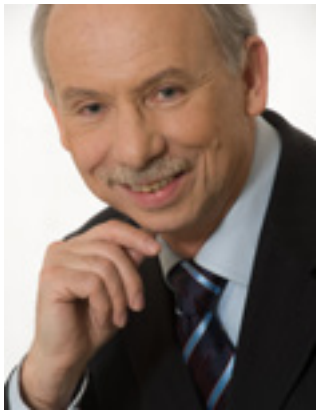
Foreword



2012 was another challenging year for EU Member States and citizens as economic recovery was slow and investment funds scarce. The 2012 budget therefore constituted a solid source of investment, helped create jobs across Europe, especially for young people, and contributed to economic recovery by helping Member States grappling with fiscal consolidation. Indeed, although the EU budget is small (about 1 % of the EU's gross national income), it has an enormous potential of leverage (with EUR 1 from the EU budget meaning up to EUR 30 for the beneficiary).

This was the sixth annual budget of the current multiannual financial framework (2007–13), which meant that most of the long-term EU-funded projects across Europe (infrastructure, medical research etc.) were nearing completion. This understandably generated a big increase in claims for payments from Member States that had initially borne the costs of those projects. Bearing in mind that past commitments must be respected, I was concerned when the Council and the European Parliament set the 2012 payments well below the Commission's estimates, despite the fact that shortages of funds had already been experienced in 2011. As a consequence, by October 2012 several EU programmes were running out of funding.

To meet the needs of EU beneficiaries, the Commission requested an extra EUR 9 billion, but only EUR 6.1 billion was approved by the Council and the Parliament. This continuous backlog of payments undermines the sustainable investment policy needed for the European economy in these hard times. Europe's towns and regions, students, researchers, NGOs, SMEs and other beneficiaries need the predictability offered by the EU budget; that is why the Commission will continue its efforts to secure funds needed to avoid the risk of delaying projects.

The year 2012 was also important for the future of the Union, as the negotiations on the next financial framework, for 2014–20, were in full swing. The EU's leaders achieved progress at their November meeting, which allowed the agreement between the institutions to be finalised in the course of 2013, and prepares for the timely launch of the new programmes on 1 January 2014.

We were also busy with the successful revision and simplification of access to EU funds. The funds are meant for those who need them, not for those who are experts in red tape. From 1 January 2013, EU beneficiaries have easier access to EU funds thanks to the new financial regulation and its rules of application.

I therefore invite you to take a closer look at this annual report, to find out where European taxpayers' money was invested and what sort of benefits it brought them. This report will also help the reader to understand the complex maze of budgetary procedures and challenges of management. Last but not least, it provides a comprehensive set of figures per area of spending and per Member State, as well as other detailed and useful statistics.

Janusz Lewandowski
Commissioner for Financial Programming and Budget

Executive summary

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

Section I presents an overview of EU finances in 2012. It introduces the current multiannual financial framework (MFF) 2007–13 — the EU's long-term financial plan — including its role and structure and the specific steps of the 2012 annual budgetary procedure. The section ends with a short description of the way the EU budget is managed.

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

Section III represents the main part of the report, covering the expenditure from the EU budget grouped by area of spending (heading) according to the current MFF. The text includes information on the main programmes as well as on the expenditure allocations by Member State. This section also presents and explains the expenditure methodology.

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

Section I — Overview

Financial framework

The 2012 annual budget was the sixth annual budget executed under the current MFF. This multiannual plan is divided into headings (some of them broken down into subheadings) with annual limits (ceilings) for commitment appropriations (legal pledges to provide finance, provided that certain conditions are fulfilled) for each heading or subheading. The sum of the ceilings of all headings gives the total ceiling of commitment appropriations. An estimate is then established for the annual ceiling of payment appropriations (cash or bank transfers to the beneficiaries). Total annual ceilings are expressed in millions of euros and as a percentage of the gross national income of the EU (EU GNI). The total annual ceiling of payment appropriations as a percentage of EU GNI is compared to the reference own resource ceiling (1.23 % of EU GNI).

At the time of presentation of the draft budget for 2012 the overall ceiling set by the MFF for commitment appropriations was EUR 148.2 billion, representing 1.12 % of EU GNI. The ceiling for payment appropriations was EUR 141.4 billion, or 1.07 % of GNI.

The budgetary procedure

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

In the draft EU budget for 2012 presented on 20 April 2011, the Commission proposed EUR 147 435 million in commitment appropriations and called for a 4.9 % increase in payment appropriations compared to the 2011 budget, amounting to EUR 132 739 million. In July 2011, the Council set commitment appropriations at EUR 146 245 million and reduced payment appropriations to EUR 129 088 million. In October 2011, the Parliament proposed EUR 147 764 million in commitment appropriations. The level of payments was set at EUR 133 139 million.

The Conciliation Committee, during its 21-day period, reached agreement on the 2012 EU budget through conciliation in November 2011. The final compromise set the level of commitments at EUR 147 232 million, representing 1.12 % of GNI, and EUR 129 088 million for payments, which is EUR 3 651 million less than the Commission's estimates.

Budget management

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

Carry-overs represent amounts from the previous year's budget that have not been used and are carried over to the current financial year. The carry-over decision was taken by the Commission on 13 February 2012.

Amending budgets ensure more precise and economical financing of the budget by the Member States. In 2012, a total of six amending budgets were adopted. Moves of appropriations from one budget line to another are also made via transfers during the year.

As a result, the final budget represents the outcome, at the end of the financial year, of active budget management, including all measures that have an effect on the total EU budget — carry-overs, amending budgets and transfers — which have been proposed and adopted during the financial year. Of the final budget for 2012 totalling EUR 136 892 million in payment appropriations, EUR 135 602 million — or 99 % — has been used.

The Commission has accounts with Member State treasuries, central banks and commercial banks. As the source of EU finances is almost entirely stemming from own resources — including Member States' contributions based on their share in EU GNI — these are credited twice a month to the accounts opened with Member State treasuries or central banks. The funds are used to execute payments through commercial bank accounts on the basis of the 'just-in-time' principle. In 2012, 0.7 % out of a total of 1 855 119 payments were executed through treasuries and central banks, representing 72 % of the total amount of payments. The remaining 99.3 % of payments were made through commercial banks (representing 28 % of the total amount of payments).

Section II — Revenue

The EU budget is financed by own resources, other revenue and the surplus carried over from the previous year. As the EU budget must be balanced, in accordance with Treaty provisions, total revenue must equal total expenditure. However, since out-turns of revenue and expenditure usually differ from the budgeted estimates, there is a balance resulting from implementation. Normally, there is a surplus, which reduces Member States' own resources contributions in the subsequent year. In 2012, own resources amounted to EUR 129 429.8 million and other revenue to EUR 8 613.8 million. The surplus carried over from 2011 was EUR 1 497.0 million.

The overall amount of own resources is determined by total expenditure less other revenue. Own resources are divided into the following categories: traditional own resources (TOR); the VAT own resource; and the GNI own resource, which plays the role of a residual (or balancing) resource.

Customs duties (TOR) are levied on economic operators and collected by Member States on behalf of the EU. In 2012, this resource corresponded to 12 % of total revenue. A production charge is also paid by sugar producers. Revenue from this resource amounted to 0.1 % of total revenue in 2012.

The VAT own resource is levied on Member States' VAT bases, which are harmonised for this purpose. According to Council Decision 2007/436 of 7 June 2007 on the system of the European Communities' own resources (ORD 2007([1])), the uniform rate of call of the VAT own resource is fixed at 0.30 % from 1 January 2007. However, the VAT base to take into account is capped at 50 % of each Member State's GNI. For the period 2007–13, the rate of call of the VAT own resource has been fixed at 0.225 % for Austria, at 0.15 % for Germany and at 0.10 % for the Netherlands and Sweden. In 2012, the total amount of the VAT own resource levied reached 11 % of total revenue.

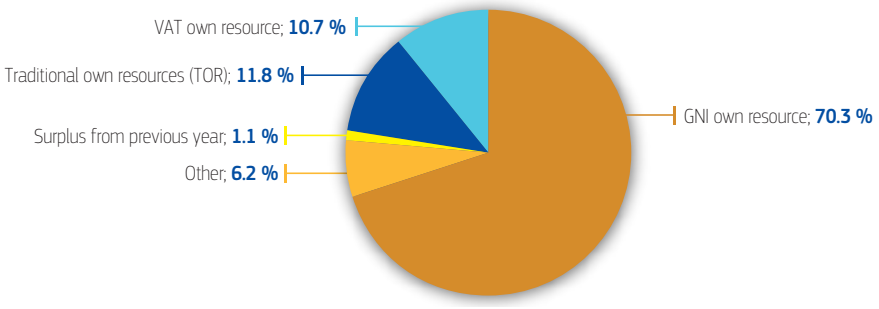
The GNI own resource finances the part of the budget not covered by other revenue. The same percentage is levied on each Member State's GNI, with two Member States receiving reductions. The amount of the GNI own resource needed depends on the difference between total expenditure and the sum of all other revenue. In 2012, the total amount of the GNI resource levied reached 76 % of total revenue.

A specific mechanism for correcting budgetary imbalances in favour of the United Kingdom (UK correction) is also part of the own resources system. It is to correct the imbalance between the United Kingdom's share in payments and expenditure of the EU budget. The total amount of the UK correction paid in 2012 amounted to EUR 3.8 billion. Sweden and Netherlands also benefit from a reduction in their annual GNI contribution of EUR 605 million for the Netherlands and EUR 150 million for Sweden, expressed in 2004 prices.

Revenue other than own resources includes taxes from EU staff remunerations and other diverse items. In 2012, this revenue amounted to EUR 8.6 billion.

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

EU revenue 2012



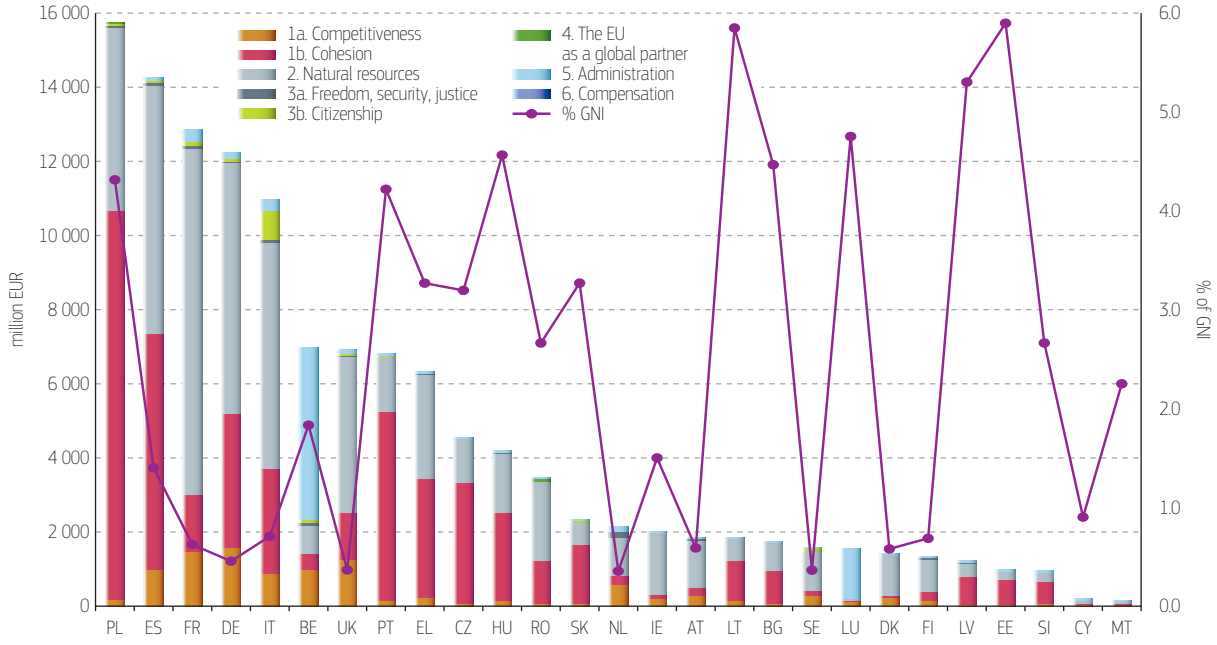
Section III — Expenditure

Executed payments 2012 (million EUR)

Heading	Payments
1a Competitiveness for growth and employment	11 969
1b Cohesion for growth and employment	48 486
2 Preservation and management of natural resources	58 032
3a Freedom, security and justice	855
3b Citizenship	1 383
4 The EU as a global player	6 773
5 Administration	8 102
Total	**135 602**

As in the MFF, the annual EU budget expenditure is presented in this financial report for 2012 according to headings and subheadings. Data are also structured according to the allocation of expenditure by each Member State. Both presentations are based on authorised appropriations implemented in 2012, with some exceptions. In total, 94 % of the 2012 EU budget is funding policies and projects in Member States. The chart below provides an overview of how each country benefited from the budget and gives the relative importance compared with each Member State's GNI for a better understanding of the figures.

Expenditure by Member State (million EUR)



Competitiveness for growth and employment

Competitiveness for growth and employment is the key action of the drive to turn the EU into a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion.

EUR 12.1 billion has been allocated under this budget heading, which includes major programmes such as the seventh framework programme for research and technological development (FP7), the lifelong learning programme (LLP), the competitiveness and innovation programme (CIP) and the trans-European networks (TENs). Other actions concern the internal market, statistics, financial services and supervision, taxation, the customs union and the fight against fraud.

The trans-European transport network (TEN-T) is one of the key infrastructure programmes of the European Union, supporting investment in the core European transport routes (including road, rail, multimodal links, air, inland waterways and maritime) and linking national and international regions by implementing more efficient and sustainable transport infrastructure. TEN-T investments are focused on the 30 priority projects and a number of horizontal areas of common interest relating to traffic management systems, and positioning and navigation systems.

The LLP aims to contribute through lifelong learning to the development of the Union as an advanced knowledge-based society, with sustainable economic development, more and better jobs and greater social cohesion, while ensuring good protection of the environment for future generations. This global objective is instrumental in achieving the goals set out in Europe 2020. EUR 1.2 billion was dedicated to learning activities in 2012.

Cohesion for growth and employment

The Structural Funds, i.e. the European Regional Development Fund (ERDF) and the European Social Fund (ESF), along with the Cohesion Fund (CF), contribute to making cohesion for growth and employment a reality in Europe. These funds help to

strengthen economic, social and territorial cohesion between regions and the EU Member States. They also support competitiveness and employment, and encourage cross-border, transnational and interregional cooperation. For example, the ESF supports employment opportunities by focusing on labour mobility and workers' adaptation to industrial changes.

In 2012, EUR 38.9 billion was made available for the Structural Funds, while the CF projects had a budget of EUR 9.6 billion.

Preservation and management of natural resources

Agriculture belongs, in budgetary terms, to the most important Union policies. It is the only policy fully integrated at Union level and plays an important role in providing a viable food supply and in the management of natural resources, as well as contributing to preserving biodiversity, landscapes, and clean water, soil and air.

EUR 43.9 billion was made available in 2012 for market-related expenditure and direct aid as income support for farmers, of which more than 90 % was not linked to the level of production. EUR 13.1 billion was available through the European Agricultural Fund for Rural Development (EAFRD) to improve the quality of life and to encourage the diversification of activities by creating new jobs and contributing to an adequate level of services for the rural economy. This includes activities such as training, modernisation projects on farms, enterprise projects and the participation of farms in 'quality schemes'.
LIFE + contributes to the implementation, updating and development of EU environmental policy and legislation. Of all the nature and biodiversity projects financed under LIFE +, almost 50 % included actions for the restoration/improvement of Natura 2000 (the EU-wide network of nature protection areas) sites, while more than 40 % included conservation actions. EUR 242 million was dedicated to LIFE + actions.

Freedom, security and justice

The protection of life, freedom and the property of citizens are core objectives of the European Union, for which EUR 855.2 million was allocated in 2012. In a context of ever stronger security interdependence, responsibilities in this area include the management of the Union's external borders, the development of a common asylum area, cooperation between law enforcement agencies and judicial authorities to prevent and fight terrorism and crime, respect for fundamental rights and a global approach to drug issues.

The effective management of migration flows is a challenge common to all EU Member States. That is why the EU provided EUR 427.1 million to reinforce measures against illegal immigration and develop programmes to integrate skilled migrants. To increase the security and well-being of citizens, the 'Security and safeguarding liberties' programme foresaw EUR 40 million to fight all forms of crime and terrorism and develop effective EU crisis management systems to exchange information and increase cooperation over law enforcement.

Citizenship

The EUR 1.4 billion provided for this policy in 2012 included contributions to numerous Europe 2020 strategy flagship initiatives, including 'Youth on the move', 'An agenda for new skills and jobs', 'European platform against poverty' and 'Innovation union'. Issues of particular concern to citizens, including health, consumer protection and civil protection, were covered. The crucial task of reaching out and communicating with Europe was funded through cultural programmes and the policy area of 'communication'.

With a budget of EUR 28.4 million in 2012, the 'Europe for citizens' programme encouraged civil society and other organisations to develop projects of European interest, town twinning and activities directly involving citizens.

The EU as a global player

The EU continued to strengthen its role in the world through a number of policy-driven instruments. In 2012, these instruments were allocated EUR 6.8 billion to tackle the challenges facing Europe as well as the rest of the world: climate change, terrorism, drugs and energy security. This policy also contributed to preventing, managing and resolving conflict, and building peace in the world.

Enlargement policy is one of the most effective EU foreign policy instruments, with a strong stimulus for political and economic reforms in candidate countries. In 2012, the EU provided focused pre-accession financial aid to six candidate countries (Croatia ([1]), the former Yugoslav Republic of Macedonia, Iceland, Montenegro, Serbia and Turkey) and three potential candidates (Albania, Bosnia and Herzegovina, Kosovo ([2])), intended to help these countries carry out political, economic and institutional reforms in line with EU standards with a view to their eventual accession to the EU.

The Commission is one of the world's largest humanitarian aid donors. The European Union, together with Member States, continued to provide about half of global funding for emergency relief to victims of man-made and natural disasters.

In 2012, the Commission provided humanitarian assistance to more than 122 million people in over 90 non-member countries. It was present in all major emergencies and covered most of the countries facing food assistance crises.

Administration

In order to serve approximately 500 million citizens and ensure the smooth operation of all EU institutions, around 6 % of the total 2012 EU budget, amounting to EUR 8.1 billion, was spent. This covered, for example, staff salaries and pensions, buildings and infrastructure, information technology, and security.

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

([1]) Croatia became a member of the EU on 1 July 2013.
([2]) This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution (UNSCR) 1244/1999 and the International Court of Justice (ICJ) opinion on the Kosovo declaration of independence.

Examples of results achieved thanks to the EU budget:

- Erasmus celebrated its 25th birthday in 2012. Close to 3 million students from 33 countries and 300 000 university staff have participated in the programme, one of the most successful financed from the EU budget;

- Thanks to the European Regional Development Fund almost 400 000 jobs were created between 2007 and 2012, nearly 1.9 million additional people have gained broadband access, total greenhouse emissions reduced by 33 400 kt, about 3 000 megawatts of additional electricity generation capacity was created from renewables and nearly 3.4 million people are served with improved urban transport;

- The EU Cohesion Fund helped to co-finance the building of 1 274 km of roads and 950 km of railways, and the reconstruction of 3 000 km of roads and 3 800 km of railways;

- The European Agricultural Fund for Rural Development financed 217 300 modernisation projects and supported 1 350 million participants who have successfully completed a training activity related to agriculture and/or forestry;

- EU rules to ease cross-border successions were adopted, bringing legal certainty to the estimated 450 000 European families dealing with an international succession each year;

- Nearly 12 000 people and organisations participated in the consultation 'Your rights, your future' and shared their experience of using their EU rights. It was the largest public consultation organised by the Commission ever;

- Some 2 278 measures against dangerous non-food products were taken by EU countries and reported in the EU Rapid Information system (RAPEX) in 2012 (26 % more than in 2011);

- The EU confirmed its status as the biggest humanitarian aid donor in the world with assistance provided to 122 million people in over 90 non-EU countries in 2012;

- The European Ombudsman directly helped over 22 000 individuals by dealing with their complaints, replying to questions or offering advice;

- More than 3 000 research proposals were retained for funding; 15 000 applicants were funded with EUR 5 billion contribution from the EU via the seventh framework programme for research and technological development.

Section I

EU budget 2012

Financial framework

Financial framework

Since 1988, the EU annual budgets have been defined within the MFFs in order to ensure tighter budgetary discipline and to improve the functioning of the budgetary procedure and interinstitutional cooperation. The MFF which ended in 2006 was agreed for a period of 7 years (2000–06) by the interinstitutional agreement (IIA) of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure. It was the third financial programming period after those of 1988–92 and 1993–99. The current financial framework was agreed for another period of 7 years (2007–13) by the IIA of 17 May 2006 on budgetary discipline and sound financial management.

Structure

MFFs consist of headings, some of them broken down into subheadings, with annual limits (ceilings) for commitment appropriations set for each heading/subheading. The sum of the ceilings of all headings gives the total ceiling of commitment appropriations. A corresponding estimate is then established for the annual ceiling of payment appropriations. Total annual ceilings are expressed in millions of euros and as a percentage of EU GNI. The total annual ceiling of payment appropriations as a percentage of EU GNI is compared to the reference own resource ceiling (1.23 % of EU GNI).

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

Technical adjustment

Under the terms of the IIA, at the beginning of each budgetary procedure the Commission carries out the technical adjustment of the MFF in order to take into account inflation and the trend in EU GNI growth. As MFFs are originally expressed in constant prices, they have to be adjusted to the most recent economic environment before the draft budget for the following year is established. In the MFF 2007–13, calculations in constant prices were made using a fixed rate of 2 % per year as a deflator, so that the amounts in current prices could be deducted automatically. Consequently, technical adjustments do not amend prices, but only amounts expressed as a percentage of EU GNI. The last technical adjustment, for 2013, was made in April 2012 (see Table 2 in Annex 1).

Revision and adjustment

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

The budgetary procedure

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

1. Commission's draft budget

The Commission adopted the draft budget for 2012 on 20 April 2011. Commitment appropriations were set at EUR 147 435 million, 3.7 % higher than the 2011 budget and equivalent to 1.12 % of GNI. The level of payment appropriations proposed increased by 4.9 %, to a total of EUR 132 739 million, or 1.01 % of GNI. The margins remaining under the ceilings of the MFF were EUR 1 604 million for commitment appropriations and EUR 8 815 million for payment appropriations.

The draft budget dedicated some EUR 57.7 billion to be paid in 2012 for sustainable growth to help Member States increase their investments in these areas, while some EUR 62.6 billion was dedicated to the Europe 2020 priorities, an increase of 5.1 % on the previous year.

Citizens are at the centre of European policy and their safety is a high priority for the EU. The 2012 draft budget had forecast a 6.8 % increase in the area of freedom, security and justice, with actions focusing on the interests and needs of citi-

([1]) Decision 2008/29/EC of the European Parliament and of the Council of 18 December 2007.
([2]) Decision 2008/371/EC of the European Parliament and of the Council of 29 April 2008.
([3]) Decision 2009/407/EC of the European Parliament and of the Council of 6 May 2009.
([4]) Decision 2009/1005/EU of the European Parliament and of the Council of 17 December 2009.
([5]) COM(2010) 160 of 16 April 2010.
([6]) Decision 2012/5/EU of the European Parliament and of the Council of 13 December 2011.
([7]) COM(2013)156 of 18.3.2013
([8]) http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0047:0200:EN:PDF

zens. Furthermore, under the Europe 2020 initiatives, actions for youth amounted to EUR 1.9 billion, which was 15.0 % more than in 2011. For climate change activities an increase of 6.1 % was planned in 2012 to reach EUR 8.1 billion in total.

2. Council's reading of the draft budget ([1])

In July 2011, the Council took its position on the draft budget 2012. The Council set commitment appropriations at EUR 146 245 million, a cut of EUR 1 590 million compared to the draft budget. Payment appropriations were reduced by EUR 3 651 million to EUR 129 088.0 million, or 0.98 % of GNI. The Council proposed significant cuts under all headings: under subheading 1a, 'Competitiveness for growth and employment', EUR 696 million in commitments and EUR 1 132 million in payments; subheading 1b, 'Cohesion for growth and employment', EUR 1 299 million in payments; heading 2, 'Preservation and management of natural resources', EUR 546 million in commitments and EUR 787 million in payments; heading 4, 'The EU as a global player', EUR 204 million in commitments and EUR 300 million in payments; and heading 5, 'Administration', EUR 74 million in commitments and payments.

3. The Parliament's reading ([2])

The Parliament's amendments to the draft budget 2012 were voted on in October 2011. Total commitment appropriations were set at EUR 147 764 million (1.13 % of GNI), EUR 1 519 million higher than the Council's position. The level of payments was set at EUR 133 139 million (1.01 % of GNI), EUR 4 051 million higher than the Council's position.

Amending letters

During the course of the procedure, the Commission presented three letters of amendment to the draft budget. Amending Letter No 1/2012 proposed an increase of EUR 400 million in commitment appropriations to support additional measures in the EU neighbouring regions, of which EUR 247 million was to be covered by the margin of heading 4 and EUR 153 million by the mobilisation of the Flexibility Instrument, and the related redeployment of EUR 104 million in payment appropriations from other programmes under heading 4.

Amending Letter No 2/2012 covered the budgetary implications of Croatia's accession for the administrative expenditure of the Parliament (Section I), the Council and European Council (Section II), the Commission (Section III), the European Economic and Social Committee (Section VI), the Committee of the Regions (Section VII) and the European Ombudsman (Section VIII), to cover the most urgent needs before accession. Overall, the additional appropriations requested for the institutions combined amounted to EUR 13 million, whereas the number of establishment plan posts and other staff requested amounted to 78 and 117 full-time equivalent (FTE) units respectively.

Amending Letter No 3/2012 concerned the usual update of the budget requests for the agricultural sector as well as for the international fisheries agreements, in accordance with the interinstitutional agreement on budgetary discipline and sound financial management of 17 May 2006 (OJ C 139 of 14 June 2006, p. 1). In addition, this amending letter proposed a reinforcement of the EU contribution to the European Chemicals Agency (ECHA) under heading 2, to cover its new biocides and dangerous substances

([1]) http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/124047.pdf
([2]) http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0461+0+DOC+XML+V0//EN

(prior informed consent — PIC) activities. An overall decrease for heading 2, 'Preservation and management of natural resources', of EUR 86 million in commitments and EUR 83 million in payments was proposed, as a consequence of a downwards revision of the estimated needs for agricultural expenditure (EUR 88 million, mostly due to higher-than-expected assigned revenue to be carried over from 2011), and a minor downwards revision of the international fisheries agreements (EUR 3.5 million in commitments).

The net effect of the three letters of amendment was an increase in the initial Commission draft budget to EUR 147 763 million in commitments and EUR 132 669 million in payments.

4. Conciliation Committee

The Conciliation Committee, composed of representatives of the Council and an equal number of Members of the European Parliament, during its 21-day period, reached agreement on the 2012 budget through conciliation in November 2011. The final compromise on the 2012 budget contained the following elements.

- Agreement on the level of commitment appropriations for headings 1a, 1b, 2, 3a, 3b and 4, with certain reinforcements for political priorities as compared to the levels proposed by the Commission in the draft budget. As part of the agreement, EUR 200 million was mobilised from the Flexibility Instrument (EUR 50 million under heading 1a and EUR 150 million under heading 4). The level of commitments was set at EUR 147 232 million, representing 1.12 % of GNI.

- Agreement on the overall level of payment appropriations of EUR 129 088 million (0.98 % of GNI), as proposed by the Council in its position on the draft budget and EUR 3 651 million less than the Commission's estimates.

- Agreement on the level of commitment and payment appropriations for administration (heading 5) in line with the Parliament's amendments. Furthermore, the reinforcements proposed in Amending Letter No 2/2012 were approved, whereas an amount of EUR 10 million was added for pensions.

Reserves

The voted budget included the following reserves:

- European Globalisation Adjustment Fund — EUR 500 million in commitment appropriations;

- emergency aid reserve — EUR 257 million in commitment appropriations and EUR 90 million in payment appropriations;

- provisional appropriations (reserves for administrative expenditure and for financial interventions) of EUR 694 million in commitment appropriations and EUR 271 million in payment appropriations.

Evolution of the draft budget to the initial budget 2012 (million EUR)

Commitments

Heading		Final budget 2011 (1)	Draft budget 2012 (incl. AL1 to AL3) (2)	Council's position (3)	EP's position (4)	Voted budget 2012 (5)	Difference (5)/(1) (6)
1a.	Competitiveness for growth and employment	13 521	15 224	14 528	14 734	14 753	9.10 %
1b.	Cohesion for growth and employment	50 984	52 739	52 739	52 753	52 753	3.50 %
2	Preservation and management of natural resources	58 659	60 073	59 613	60 458	59 976	2.20 %
3a.	Freedom, security and justice	1 180	1 340	1 285	1 400	1 368	15.90 %
3b.	Citizenship	918	682	666	699	697	– 24.00 %
4	The EU as a global player	8 759	9 409	9 206	9 465	9 406	7.40 %
5	Administration	8 173	8 296	8 209	8 256	8 280	1.30 %
Appropriations for commitments total		**142 194**	**147 764**	**146 245**	**147 764**	**147 232**	**3.50 %**

The voted commitment appropriations represent 1.12 % of GNI.

Payments

Heading		Final budget 2011 (1)	Draft budget 2012 (incl. AL1 to AL3) (2)	Council's position (3)	EP's position (4)	Voted budget 2012 (5)	Difference (5)/(1) (6)
1a.	Competitiveness for growth and employment	11 604	12 566	11 434	12 558	11 501	– 0.90 %
1b.	Cohesion for growth and employment	42 390	45 135	43 836	45 143	43 836	3.40 %
2	Preservation and management of natural resources	55 794	57 865	57 161	58 245	57 034	2.20 %
3a.	Freedom, security and justice	835	868	824	916	836	0.10 %
3b.	Citizenship	878	644	629	661	648	– 26.20 %
4	The EU as a global player	7 053	7 294	6 993	7 360	6 955	– 1.40 %
5	Administration	8 172	8 296	8 209	8 257	8 278	1.30 %
Appropriations for commitments total		**126 727**	**132 668**	**129 088**	**133 139**	**129 088**	**1.90 %**

The voted payment appropriations represent 0.98 % of GNI.

Budget management

The EU budget life cycle

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

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

Carry-overs

Carry-overs represent amounts from the previous year's budget that have not been used and are carried over to the current financial year. The carry-over decisions of the Commission, taken on 13 February 2012, concerned non-differentiated appropriations, commitment appropriations and payment appropriations carried forward and Structural Funds' commitments made available again.

Amending budgets

Amending budgets (AB) are measures which take into account political, economic and administrative needs which were not foreseen during the procedure that led to the adopted budget. They ensure more precise and economical financing of the EU budget by the Member States.

In 2012, a total of six ABs were adopted.

AB No 1/2012 concerned the financing of ITER, and incorporated into the 2012 budget the amount of EUR 650 million in commitment appropriations in accordance with the agreement reached between the Parliament and the Council in December 2011. Adopted by the Commission on 27 January 2012 (COM(2012) 31 final), it was approved by the Council on 26 March 2012 and adopted by the Parliament on 20 April 2012.

AB No 2/2012 covered the mobilisation of the EU Solidarity Fund for an amount of EUR 18 061 682 in commitment and payment appropriations relating to flooding in Italy (Liguria and Tuscany) in October 2011. Adopted by the Commission on 16 March 2012 (COM(2012) 125 final), it was amended by the Council on 15 May 2012 and approved by the Parliament on 12 June 2012.

AB No 3/2012 was intended to budget the surplus resulting from the implementation of the budget year 2011. As provided for in the financial regulation, it had to be submitted within 15 days following the submission of the provisional accounts, which took place on 31 March 2012. The implementation of the budget year 2011 showed a

surplus of EUR 1 496 968 014 (not including contributions from European Free Trade Association (EFTA) and European Economic Area (EEA)), which was entered as revenue in the 2012 budget. Adopted by the Commission on 16 April 2012 (COM(2012) 181 final), it was approved by the Council on 11 June 2012 and adopted by the Parliament on 5 July 2012.

AB No 4/2012 mainly reflected the revision of the forecast of traditional own resources (TOR, i.e. customs duties and sugar sector levies), VAT and GNI bases, the budgeting of the relevant UK corrections as well as their financing and revision of financing of GNI reductions in favour of the Netherlands and Sweden in 2012, resulting in a change in the distribution between Member States of their own-resources contributions to the EU budget. Adopted by the Commission on 20 June 2012 (COM(2012) 340 final), it was approved by the Council on 24 September 2012 and adopted by the Parliament on 23 October 2012.

AB No 5/2012 mainly concerned the mobilisation of the EU Solidarity Fund for an amount of EUR 670 192 359 in commitment and payment appropriations relating to the series of earthquakes in Emilia-Romagna, Italy in May 2012. Adopted by the Commission on 19 September 2012 (COM(2012) 536 final), it was approved by the Council on 20 November 2012 and adopted by the Parliament on 21 November 2012.

AB No 6/2012 covered especially an increase of payment appropriations of EUR 6.0 billion across headings 1a, 1b, 2, 3a and 4 of the MFF. Adopted by the Commission on 23 October 2012 (COM(2012) 632 final), it was amended by the Council on 6 December 2012 and approved by the Parliament on 12 December 2012.

Summary of amending budgets for the financial year 2012 ([1]) (million EUR)

AB No	Date of adoption	OJ Reference	Impact on payment appropiations	Main subject
1	20.4.2012	Official Journal L 184 13.7.2012		Financing of ITER
2	12.6.2012	Official Journal L 214 10.7.2012	Heading 1a: – 18 Heading 3b: +18	Mobilisation of the Solidarity Fund for Italy (flooding in Liguria and Tuscany)
3	5.7.2012	Official Journal L 221 17.8.2012		2011 surplus
4	23.10.212	Official Journal L 355 21.12.2012		Revision of own resources, modification of budget nomenclature
5	21.9.2012	Official Journal L 15 18.1.2013	Heading 3b: + 670	Mobilisation of the Solidarity Fund for Italy (earthquakes in Emilia-Romagna), modification of budget nomenclature
6	12.12.2012	Official Journal L 57 28.2.2013	Heading 1a: + 581 Heading 1b: + 4 387 Heading 2: +1 011 Heading 3a: +10 Heading 4: – 2	Year-end revision of revenue and expenditure, reduction of commitment year end.

([1]) http://ec.europa.eu/budget/biblio/documents/2012/2012_en.cfm#amending_budget

Transfers

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

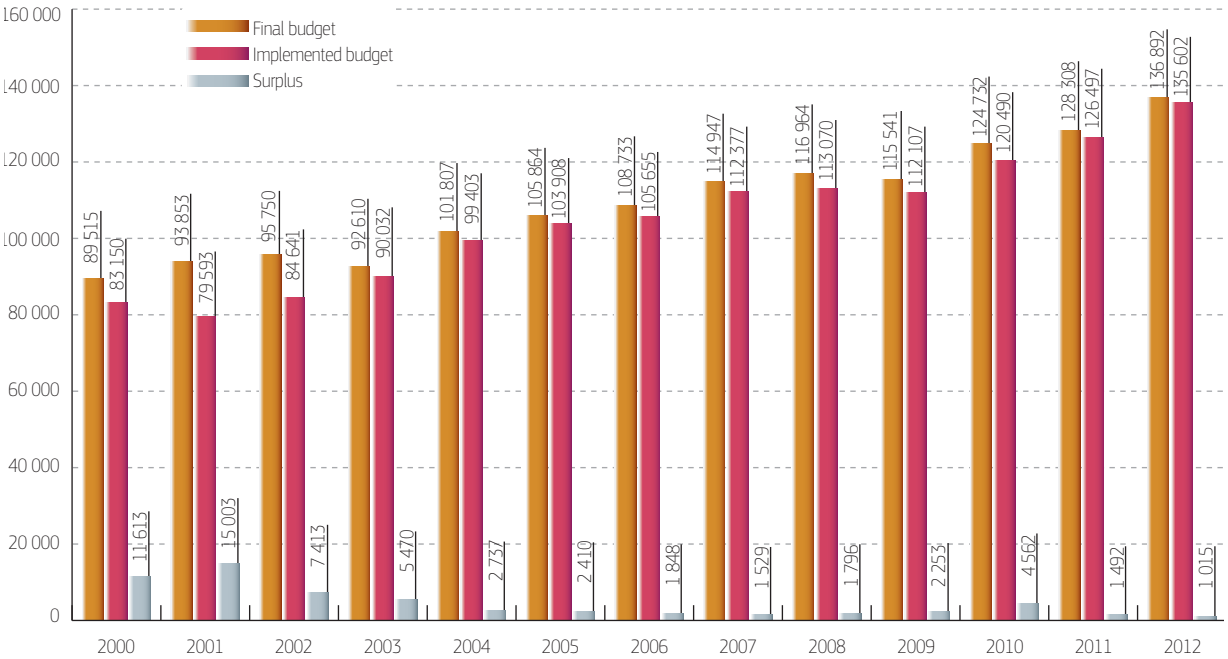
As a result, the final budget represents the outcome, at the end of the financial year, of active budget management, including all measures that have an effect on the total Commission budget — carry-overs, amending budgets and transfers — which have been proposed and passed during the financial year.

Evolution of appropriations by heading in 2012 (million EUR)

Heading		Initial voted budget (without reserve)	Carry-over from 2011	Amending budgets	Total impact of transfers	Unused reserve	Final budget
1a	Competitiveness for growth and employment	11 381	171	563	27		12 142
1b	Cohesion for growth and employment	43 836	15	4 387	280		48 519
2	Preservation and management of natural resources	56 909	78	1 058	47	2	58 092
3a	Freedom, security and justice	820	4	10	28	10	862
3b	Citizenship	641	43	688	17		1 389
4	The EU as a global player	6 955	52	11	– 189		6 829
5	Administration	8 274	711		3		8 988
Total		**128 816**	**1 074**	**6 717**	**213**	**12**	**136 820**

From an accounting point of view, the budget out-turn is — in general terms — the difference between all revenue and expenditure, the positive difference being a surplus. Of the final budget for 2012 totalling EUR 136 892 million, EUR 135 602 million — or 99 % — has been used.

Active budget management 2000–12 (million EUR)



Financial regulation

The financial regulation lays down the rules for the establishment and implementation of the EU budget. Both the financial regulation ([1]) and its rules of application were updated in 2012 as part of a revision of the financial rules for EU-funded programmes. The delivery of EU funds to businesses, NGOs, researchers, students, municipalities and other recipients has been improved as of 1 January 2013 thanks to simplified procedures. The new legislation increases transparency and introduces higher accountability for anyone dealing with EU finances. It includes wider possibilities to use lump sums and flat rates for smaller amounts, eliminates the need to fill in the same details every time an application is made for EU funds and introduces online applications as well as many other new features.

Accounting framework

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

The accounting rules governing the preparation of the EU accounts are based on internationally accepted standards for the public sector — the IPSAS (i.e. International Public Sector Accounting Standards).

Annual accounts

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

The Commission's accounting officer prepares both the consolidated EU and the Commission annual accounts. Following audit by the European Court of Auditors (ECA), both these annual accounts are adopted by the Commission and transmitted to the Parliament and the Council for discharge. Monthly and quarterly reporting on budget implementation is also made online (Europa website).

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

Treasury management

The Commission has accounts with Member State treasuries, central banks and commercial banks. The source of EU finance is almost entirely own resources. These are credited twice a month to the accounts opened with Member State treasuries or central banks. The funds are used to fund payments through commercial bank accounts on the 'just-in-time' principle.

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

In 2012, 0.7 % out of a total of 1 855 119 payments made were executed through treasuries and central banks, representing 72 % of the total amount of payments. The remaining 99.3 % of payments were made through commercial banks (representing 28 % of the total amount of payments). Most of the Commission funds are kept in Member State and central bank accounts.

Section II

Revenue

The budget of the European Union is financed by own resources, other revenue and the surplus carried over from the previous year. When the Parliament and the Council approve the annual budget, total revenue must equal total expenditure. The total amount needed to finance the budget follows automatically from the level of total expenditure. However, since out-turns of revenue and expenditure usually differ from the budgeted estimates, there is a balance of the exercise resulting from the implementation. Normally, there has been a surplus, which reduces Member States' own resources payments in the subsequent year. In 2012, own resources amounted to EUR 129 429.8 million, other revenue to EUR 8 613.8 million, and EUR 1 497.0 million corresponded to the surplus carried over from the previous year.

Own resources

The basic rules on the system of own resources are laid down in a Council decision adopted by unanimity in the Council and ratified by all Member States. Council Decision 2007/436/EC of 7 June 2007 on the system of the European Communities' own resources (ORD 2007) entered into force on 1 March 2009 with retroactive effect back to 1 January 2007 (own resources payments for 2009 were thus made pursuant to ORD 2007 with retroactive effect for 2007 and 2008 ([1])). Own resources can be defined as revenue accruing automatically to the EU in order to finance its budget without the need for any subsequent decision by national authorities. The overall amount of own resources needed to finance the budget is determined by total expenditure less other revenue. The total amount of own resources cannot exceed 1.23 % of EU GNI. Own resources can be divided into the following categories:

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

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

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

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

([1]) Amending Budget No 3 for the financial year 2009 (2009/457/EC, Euratom) (OJ L 157, 19.6.2009, p. 21).

In 2012, revenues from customs duties amounted to EUR 16 260.8 million (11.65 % of total revenues). Further to this, a production charge was paid by sugar producers which amounted to EUR 192.6 million (0.14 %). As a result, total revenues from traditional own resources (the sum of these two figures) were EUR 16 453.4 million (11.79 %).

VAT own resource

The VAT own resource is levied on Member States' VAT bases, which are harmonised for this purpose in accordance with Union rules. The same percentage is levied on the harmonised base of each Member State. However, the VAT base to take into account is capped at 50 % of each Member State's GNI. This rule is intended to ensure the less prosperous Member States do not pay out of proportion to their contributive capacity, since consumption and hence VAT tend to account for a higher percentage of a country's national income at relatively lower levels of prosperity.

In 2012, the 50 % 'capping' was applied to five Member States (Ireland, Cyprus, Luxembourg, Malta, and Slovenia). According to ORD 2007, the uniform rate of call of the VAT own resource is fixed at 0.30 % from 1 January 2007. However, for the period 2007–13 only, the rate of call of the VAT own resource has been fixed at 0.225 % for Austria, at 0.15 % for Germany and at 0.10 % for the Netherlands and Sweden. The total amount of the VAT own resource (including balances for previous years) levied reached EUR 14 871.2 million, or 10.66 % of total revenue.

The gross national income own resource

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

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

In 2012, under ORD 2007, the rate of call of GNI amounted to 0.7554 % ([1]) and the total amount of the GNI resource (including balances for previous years) levied reached EUR 98 163 million, or 76 % of total revenue (after adjusting for the Netherlands and Sweden lump sum reduction, EUR 1.6 million, and for the JHA adjustment for Denmark, Ireland and the United Kingdom, a reduction of EUR 2.8 million, see Annex 2c).

([1]) Amending budget 6/2012, table 3, p. 139; http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:057:0001:0166:EN:PDF

The UK correction

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

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

- Fixing of the rate of call of the VAT own resource at 0.30 % and the reduced rates temporarily granted to Germany, the Netherlands, Austria and Sweden (see above) increase the amount of the UK correction.

- ORD 2007 suppresses the adjustment related to pre-accession expenditure from the 2013 UK correction (to be first budgeted in 2014) onwards.

- An adjustment related to expenditure in the new Member States is introduced. From the 2008 UK correction (first budgeted in 2009) onwards, total allocated expenditure will be reduced by allocated expenditure in Member States which joined the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure, as well as that part of rural development expenditure originating from the EAGGF guarantee section. This reduction was phased in progressively according to the following schedule: 20 % for the 2008 UK correction; 70 % for the 2009 UK correction; and 100 % thereafter. The additional contribution of the United Kingdom resulting from the above reduction may not exceed a ceiling of EUR 10.5 billion, in 2004 prices, during the period 2007–13. After Croatia's accession this ceiling will be adjusted upwards accordingly.

The total amount of the UK correction paid in 2012, pursuant to ORD 2007, amounted to EUR 3 803.6 million.

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

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

The adjustment is equal to the product of multiplying the total amount of the expenditure in question, with the exception of that financed by participating non-member countries, by the percentage that the GNI of the Member State which is entitled to the adjustment in relation to the GNI of all the Member States represents. The adjustment is financed by the participating Member States according to a scale determined by dividing their respective GNI by the GNI of all the participating Member States. There shall be no subsequent revision of this adjustment in the event of subsequent modification of the GNI figure. The Commission calculates the adjustment during the year following the financial year concerned at the same time as it determines the GNI balances provided for in Article 10 of Regulation (EC, Euratom) No 1150/2000.

Lump sum reduction granted for the Netherlands and Sweden

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

Other revenue and the surplus from previous year

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

In 2012, other revenue amounted to EUR 8 613.8 million, and the surplus carried over from the year 2011 corresponded to EUR 1 497.0 million.

Donations

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

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

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

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

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

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

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

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

The main event regarding donations in 2012 was the award of the Nobel Peace Prize to the EU for over 6 decades' contribution to the advancement of peace and reconciliation, democracy and human rights in Europe. The prize money amounted to 8 million SEK (more than EUR 900 000). The funds related to the Nobel Peace Prize 2012 are being used to support education in emergencies and crisis situation projects, targeting children affected by conflict. The Commission is complementing the prize money with own funds.

Fines

Fines on companies for infringing EU competition rules are part of other revenue. Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU) prohibit various anticompetitive practices. Article 103 gives the European Council powers to put in place an enforcement system, including the imposition of fines. Council Regulation (EC) No 1/2003, based on Article 103 TFEU, gives the Commission powers to enforce these rules and fine companies for infringements.

In 2012, the Commission imposed 61 individual fines in five cases, representing EUR 1.9 billion, on companies breaching competition law. Fourteen individual fines, representing EUR 65.7 million, have been accepted by the companies and are thus final. All other fines have been appealed before the General Court. When a fined company decides to appeal the Commission's decision before the Court, the fine needs to be covered either by a provisional payment or by a bank guarantee. Out of all pending fines from 2012 and earlier, about EUR 2.5 billion was covered by guarantees at 31 December 2012, whereas the global volume of fines provisionally cashed was about EUR 6.3 billion at that date.

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

The legal proceedings at the General Court or, if appealed, the Court of Justice, may take up to 8 years. Subject to the final judgment, fines provisionally paid, including earned

interest, are either transferred to the Commission's income account and booked in the budget as other revenue or reimbursed to the companies. During the year 2012, many fines imposed in previous years became definitive and EUR 3.5 billion was recorded as other income from fines. This represents about 2.6 % of the EU budget in 2012.

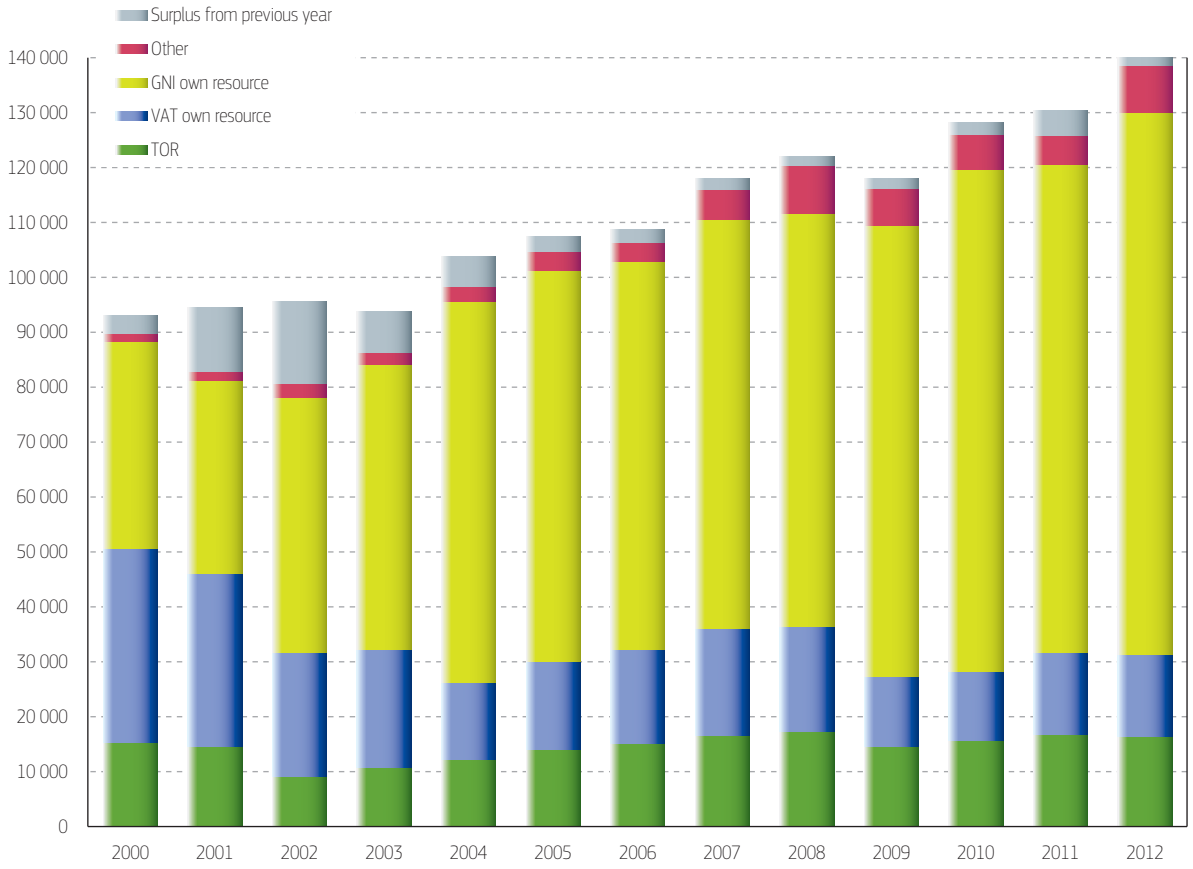
National contribution by Member State and traditional own resources collected on behalf of the EU in 2012 (million EUR)

GNI (billion EUR)		VAT own resource	GNI own resource	UK correction	Reduction in GNI own resource granted to NL and SE	Total national contribution			Traditional own resources (TOR) net (75 %)	Total own resources		
		(1)	(2) (*)	(3) (**)	(4) (**)	(5) = (1) + (2) + (3) + (4)	%	% GNI	(6)	(7) = (5) + (6)	%	% GNI
380.4	BE	475.8	2 953.1	188.6	25.3	**3 642.7**	3.2 %	0.96 %	1 600.9	5 243.6	4.1 %	1.38 %
38.8	BG	52.8	295.5	20.2	2.5	**371.0**	0.3 %	0.96 %	45.9	416.9	0.3 %	1.08 %
142.0	CZ	198.1	1 113.2	74.8	9.5	**1 395.5**	1.2 %	0.98 %	198.5	1 594.0	1.2 %	1.12 %
251.8	DK	292.9	1 960.3	121.2	16.7	**2 391.1**	2.1 %	0.95 %	306.4	2 697.5	2.1 %	1.07 %
2 695.3	DE	1 803.2	20 616.9	224.3	175.8	**22 820.2**	20.2 %	0.85 %	3 393.6	26 213.8	20.3 %	0.97 %
16.2	EE	23.0	121.4	8.1	1.0	**153.5**	0.1 %	0.95 %	22.1	175.7	0.1 %	1.08 %
134.6	IE	191.1	975.1	61.1	8.3	**1 235.6**	1.1 %	0.92 %	203.5	1 439.2	1.1 %	1.07 %
194.7	EL	215.6	1 364.7	87.9	13.1	**1 681.3**	1.5 %	0.86 %	123.1	1 804.5	1.4 %	0.93 %
1 038.0	ES	1 317.1	7 777.8	498.5	68.2	**9 661.6**	8.6 %	0.93 %	1 084.9	10 746.5	8.3 %	1.04 %
2 066.3	FR	2 877.1	15 783.2	999.9	136.8	**19 796.9**	17.5 %	0.96 %	1 499.3	21 296.2	16.5 %	1.03 %
1 554.5	IT	2 294.4	11 803.7	778.3	103.8	**14 980.2**	13.3 %	0.96 %	1 563.3	16 543.6	12.8 %	1.06 %
17.2	CY	25.9	130.5	7.4	1.1	**164.9**	0.1 %	0.96 %	20.3	185.2	0.1 %	1.08 %
22.3	LV	22.1	170.4	10.8	1.4	**204.7**	0.2 %	0.92 %	24.4	229.1	0.2 %	1.03 %
31.4	LT	36.7	238.7	16.0	2.1	**293.5**	0.3 %	0.94 %	49.2	342.7	0.3 %	1.09 %
32.1	LU	40.9	207.7	14.0	2.0	**264.7**	0.2 %	0.82 %	11.8	276.4	0.2 %	0.86 %
91.4	HU	89.0	692.9	43.5	6.2	**831.6**	0.7 %	0.91 %	96.8	928.4	0.7 %	1.02 %
6.3	MT	9.3	46.8	2.7	0.4	**59.2**	0.1 %	0.94 %	9.4	68.6	0.1 %	1.09 %
606.6	NL	257.3	4 503.7	51.1	– 638.8	**4 173.3**	3.7 %	0.69 %	1 906.9	6 080.2	4.7 %	1.00 %
309.7	AT	327.0	2 390.9	26.9	20.3	**2 765.1**	2.4 %	0.89 %	177.1	2 942.2	2.3 %	0.95 %
364.1	PL	543.9	2 783.6	173.4	24.4	**3 525.3**	3.1 %	0.97 %	382.9	3 908.3	3.0 %	1.07 %
161.2	PT	235.3	1 318.9	81.2	10.6	**1 646.0**	1.5 %	1.02 %	119.5	1 765.5	1.4 %	1.09 %
130.6	RO	147.1	1 098.0	72.1	8.9	**1 326.1**	1.2 %	1.02 %	131.0	1 457.1	1.1 %	1.12 %
35.0	SI	51.9	262.9	16.5	2.3	**333.5**	0.3 %	0.95 %	65.0	398.5	0.3 %	1.14 %
70.0	SK	84.0	524.5	33.1	4.6	**646.1**	0.6 %	0.92 %	96.6	742.8	0.6 %	1.06 %
194.3	FI	277.2	1 470.3	101.6	13.2	**1 862.3**	1.6 %	0.96 %	139.7	2 001.9	1.5 %	1.03 %
418.0	SE	188.3	3 211.5	33.9	– 144.5	**3 289.2**	2.9 %	0.79 %	464.9	3 754.1	2.9 %	0.90 %
1 899.9	UK	2 794.3	14 344.0	– 3 803.6	126.5	**13 461.1**	11.9 %	0.71 %	2 716.3	16 177.5	12.5 %	0.85 %
12 902.8	**EU–27**	**14 871.2**	**98 160.2**	**– 56.5**	**1.6**	**112 976.4**	**100 %**	**0.88 %**	**16 453.4**	**129 429.8**	**100 %**	**1.00 %**

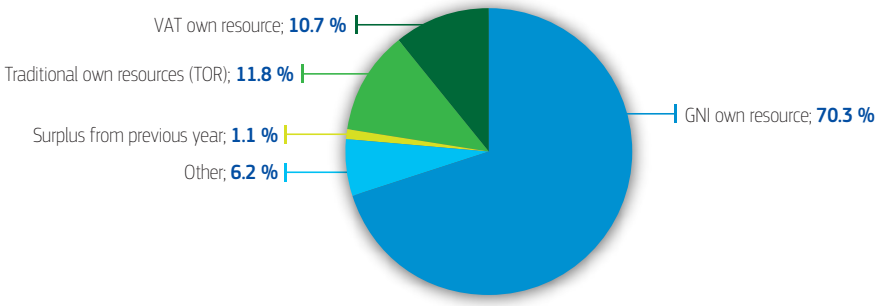
Surplus from previous year	1 497.0
Surplus external aid guarantee fund	0.0
Other revenue	8 613.8
Total revenue	**139 540.5**

(*) For simplicity of the presentation, the GNI-based own resource includes the JHA-adjustment.
(**) Totals for UK correction payments and GNI reduction granted to NL and SE are not equal to zero on account of exchange rate differences.

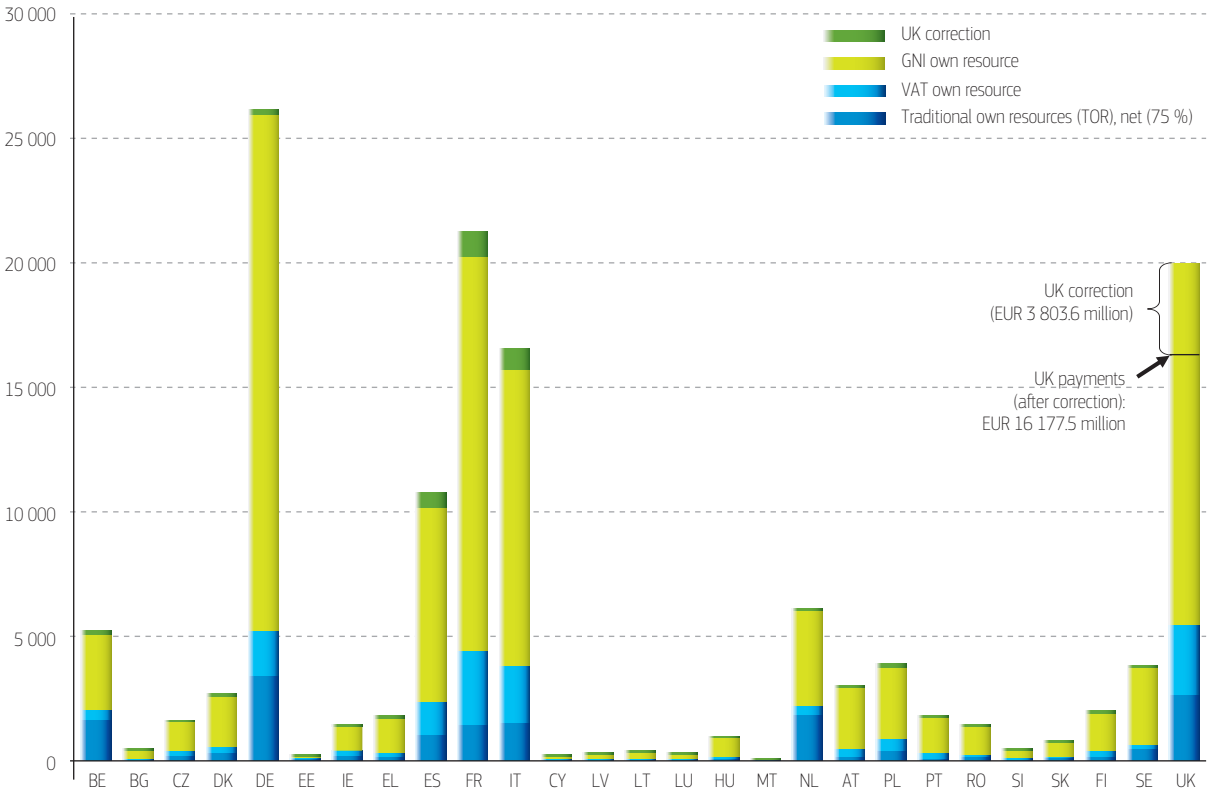
EU revenue 2000–12 (million EUR)



EU revenue 2012



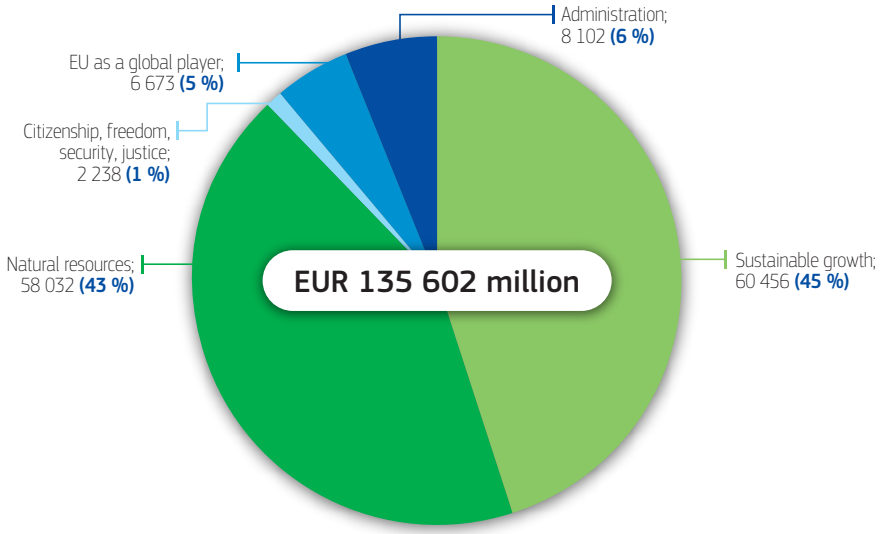
National contribution per Member State and traditional own resources collected on behalf of the EU in 2012 (million EUR)



Section III

Expenditure

EU budget 2012 — Implemented payments (million EUR)



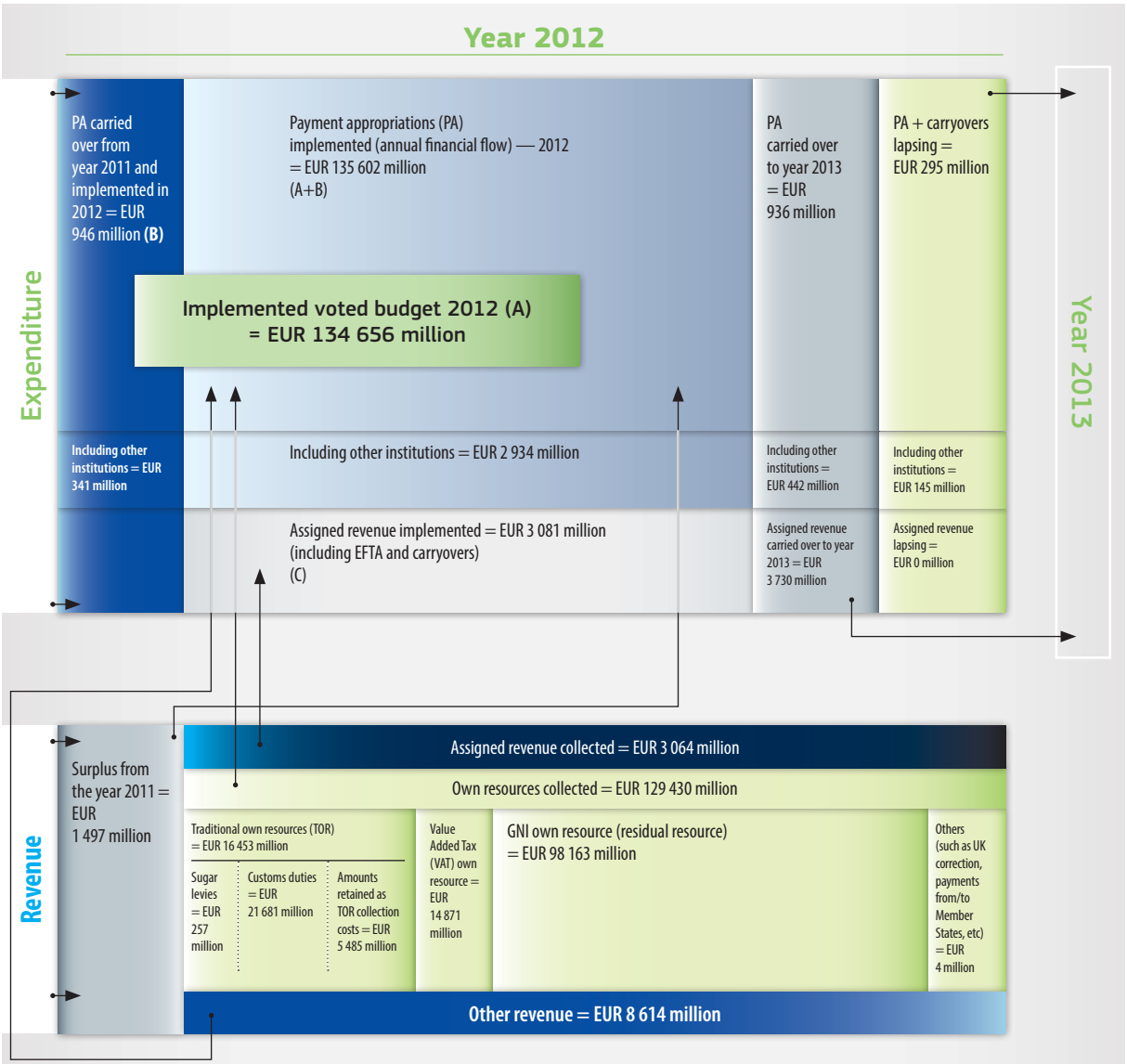
Allocation of EU expenditure for 2012 by Member State

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

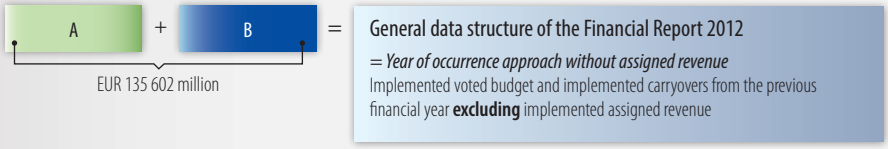
In 2012, a total amount of EUR 126 349.3 million (i.e. 91.11 % of the total implemented EU expenditure, including EFTA contributions and earmarked revenue) was allocated to Member States. See notes in annexed tables for further details on the methodology used for the allocation of expenditure.

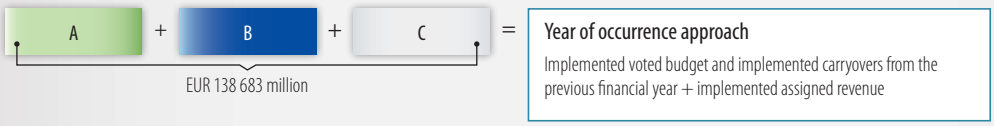
([1]) A full statement on this policy and its rationale was made in Chapter 2 of the 1998 Commission report 'Financing of the European Union' and in 'Budget contributions, EU expenditure, budgetary balances and relative prosperity of the Member States', a paper presented by the Commission to the Economic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

Financial data structure



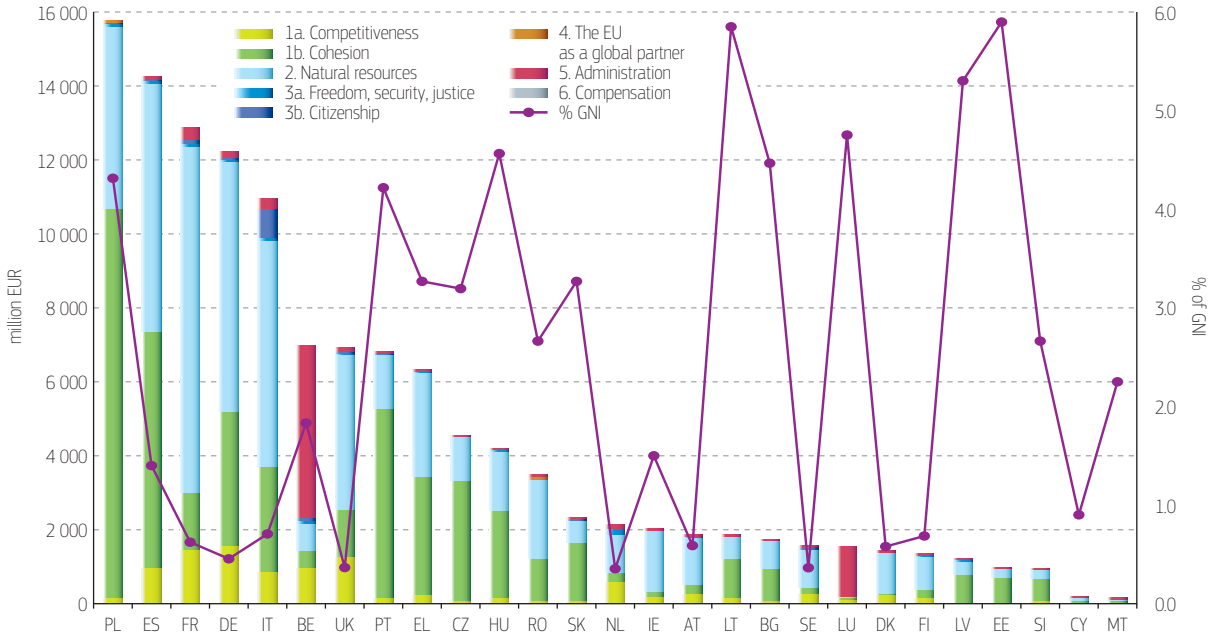
Execution of voted appropriations can be looked at from different perspectives depending on the emphasis one will put on the final information passed:





In total, 94 % of the EU budget is funding policies and projects in Member States and beyond the EU. The chart below provides an overview of how each country benefited from the budget and gives the relative importance compared with each Member State's GNI for a better understanding of the figures.

Expenditure by Member State (million EUR)



Allocation of 2012 EU expenditure by heading and by Member State

Methodological note: allocation of expenditure

In 2012, total executed EU expenditure amounted to EUR 135 851.6 million (excluding EUR 2 831.9 million of expenditure made up of earmarked revenue and including EUR 249.6 million of expenditure made up of EFTA contributions), or EUR 138 683.4 million when including earmarked revenue and that from EFTA, of which EUR 126 349.3 million (i.e. 91.1 %) was allocated to Member States and EUR 6 239.2 million to non-member countries.

Further to this, an amount of EUR 3 263.1 million was allocated to various states, in case of which the country of the final beneficiary cannot be unequivocally determined.

In 2012, EU expenditure allocated to non-member countries (i.e. EUR 6 239.2 million) concerned mainly part of 'The EU as a global player' (EUR 5 037.0 million), research (EUR 621.6 million), TEN (EUR 208.8 million), fisheries (EUR 97.1 million) and other (EUR 274.6 million).

The 2012 EU expenditure with undetermined beneficiary (i.e. EUR 3 263.1 million) falls into the following categories: part of expenditure under 'The EU as a global player' (EUR 1 650.1 million); expenditure which, by its nature, cannot be attributed to specific Member States (EUR 1 613.0 million). This concerns part of administration (EUR 488.2 million), research (EUR 838.1 million), competitiveness and innovation (EUR 111.3 million) and other (EUR 55.2 million).

Methodology

Year of reference

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

Allocation of expenditure

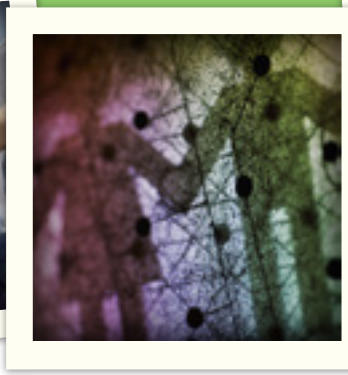
Based on the criteria used for the UK correction, i.e. all possible expenditure must be allocated, except for external actions, pre-accession strategy (if paid to the EU-15), guarantees, reserves and expenditure under earmarked revenue.

Allocation by Member State

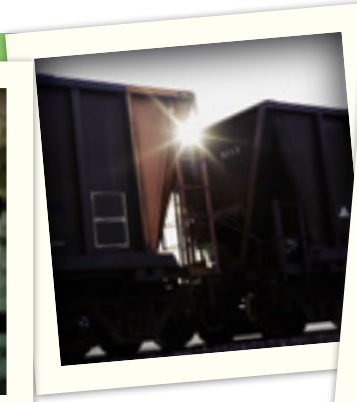
Expenditure is allocated to the country in which the principal recipient resides, on the basis of the information available in the Commission's accounting financial system (ABAC). Some expenditure is not (or is improperly) allocated in ABAC due to conceptual difficulties. In this case, whenever obtained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

Competitiveness for growth and employment

Erasmus celebrated its 25th birthday in 2012. Close to 3 million students from 33 countries and 300 000 university staff have participated in the programme, one of the most successful financed from the EU budget.



Bringing together close to 600 business support organisations from more than 50 countries, the Enterprise Europe Network has helped European small and medium-sized enterprises (SMEs) seize the unparalleled business opportunities of the EU single market.

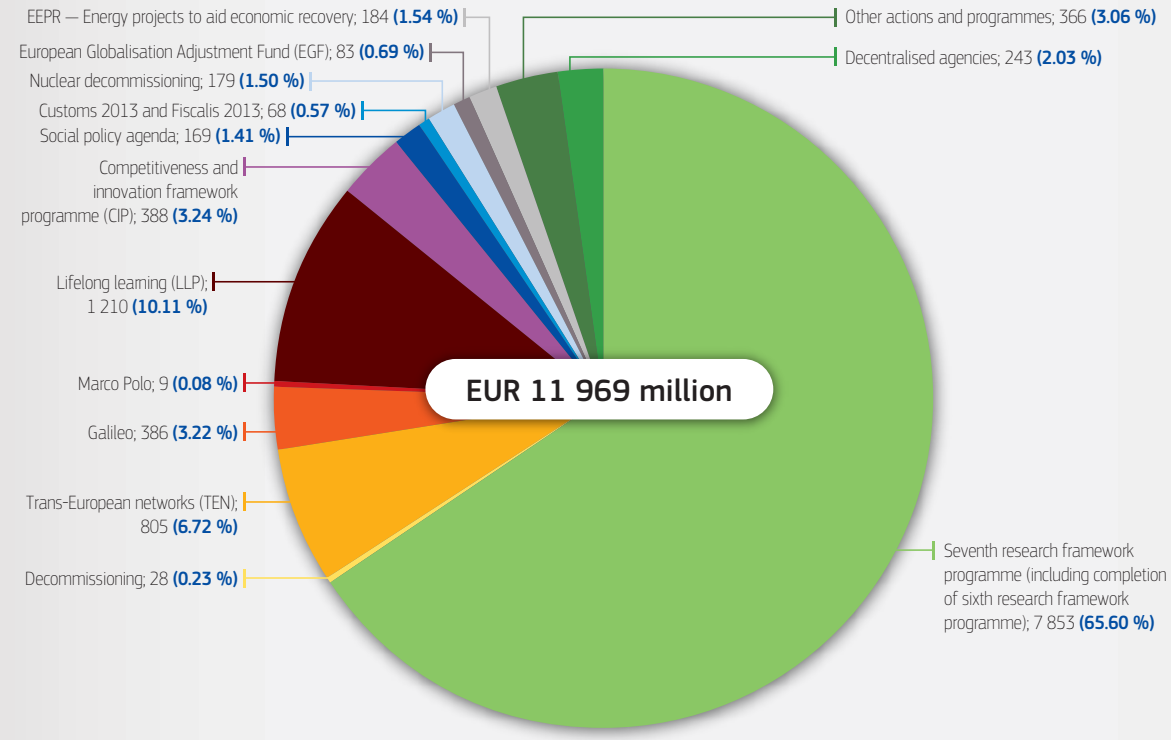


With EUR 60 million in grants available per year, the Marco Polo programme supports projects enabling freight to switch from road to more environment-friendly means of transport.

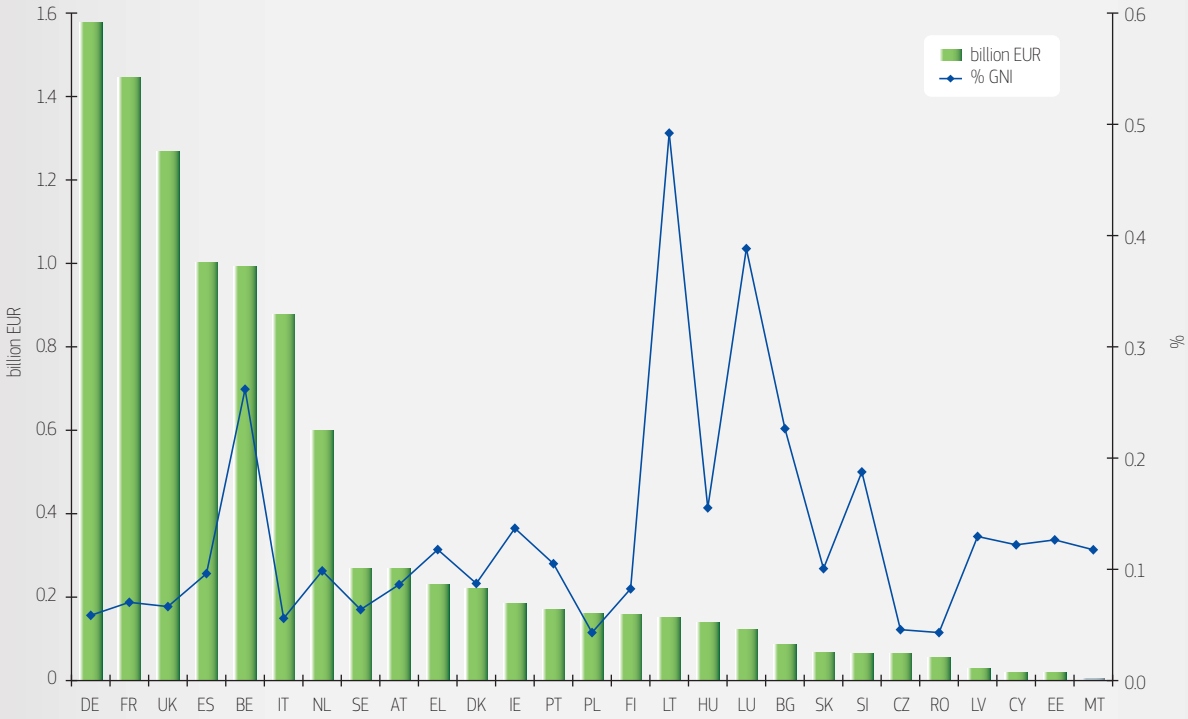
Brussels Airport became one of the best served airports by rail in Europe thank to a new rail link connecting it to the major routes of the Belgian railway network and to various European cities.

The expenditure allocated under 'Competitiveness for growth and employment' is at the heart of the drive to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Many of the flagship initiatives set out in the Europe 2020 strategy are covered under this part of the budget, including 'Innovation union', 'Youth on the move', 'A resource-efficient Europe', 'An agenda for new skills and jobs' and 'An industrial policy for the globalisation era'. The main programmes financed under this subheading are the seventh framework programme for research and technological development (FP7), the 'Lifelong learning' programme (LLP), the 'Competitiveness and innovation' programme (CIP), the trans-European networks (TENs), Galileo/EGNOS, Marco Polo II and the 'Progress' programme. Other actions contributing to the goals of the priority themes of the Europe 2020 strategy concern the following fields: the internal market, statistics, financial services and supervision, the fight against fraud, taxation and the customs union.

Heading 1a — Implemented payments (million EUR)



Heading 1a — Expenditure by Member State



The seventh framework programme for research and technological development (FP7)

FP7 covers the TFEU and the European Atomic Energy Community (Euratom) and lasts from 2007 until 2013. The programme's budget of EUR 55.5 billion represents a substantial increase compared with the sixth framework programme (41 % at 2004 prices), confirming research as a high priority in Europe.

This money is (for the most part) being spent on grants to research actors all over Europe and beyond, in order to co-finance research, technological development and demonstration projects. Grants are determined on the basis of calls for proposals and a peer review process, which are highly competitive.

In order to complement national research programmes, activities funded from FP7 must have a 'European added value'. One key aspect of the European added value is the transnationality of many actions: projects are carried out by consortia which include participants from different European (and other) countries; fellowships require mobility over national borders. Indeed, many research challenges are so complex that they can only be addressed at European level. But there is also a new action for 'individual teams' with no obligation for transnational cooperation. In this case, the 'European added value' lies in raising the competition between scientists in fundamental 'frontier' research from the national to the European level.

FP7 is both larger and more comprehensive than its predecessors. It is also more flexible, with simplified procedures.

Developments in 2012

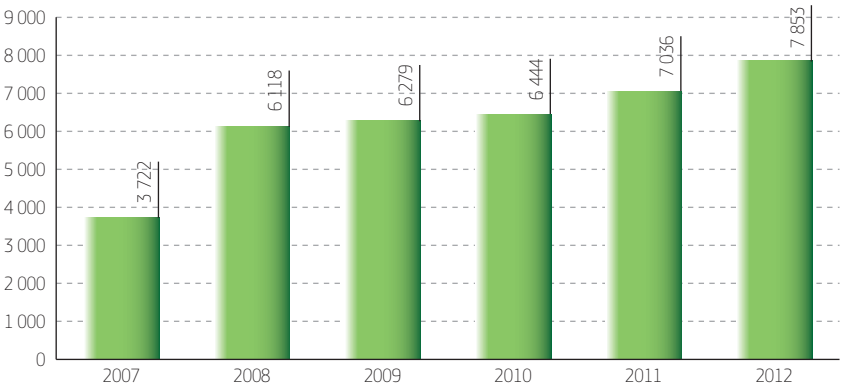
In 2012, 53 calls for proposals were concluded within FP7. A total of 17 374 eligible proposals were peer reviewed, out of which 3 089 were retained for funding, resulting in a success rate of 17.78 % on a proposal basis.

A total of 70 059 applicants took part in all eligible proposals, for a total requested EU contribution of EUR 30.78 billion, of which 14 821 applicants were retained for funding, for a total requested EU contribution of EUR 4.98 billion. The overall success rate was 21.16 % in terms of applicants. It is very close to the overall success rate of FP7 implementation during 2007–12 (22 %).

Good results have been obtained as regards the mandatory target that 15 % of the cooperation programme budget (with more than 50 % of planned resources the largest programme under FP7) should go to SMEs. In 2012, 16.4 % of this budget went to SMEs.

A total of EUR 7 853 million was spent on FP7 in 2012.

Implementation 2007–12 (million EUR)



Example:

Novel immunotherapies for type 1 diabetes — FP7 — Health (project reference: 241447)

As the world's population grows, so does the increase in the number of new cases of type 1 diabetes mellitus (T1DM) among the very young. Researchers at the EU-funded project Naimit are using a genetically modified form of the bacterium *Lactococcus lactis* to help alter the way the disease contributes to T1DM in children. Success in this research could improve quality of life for millions of people worldwide suffering from this autoimmune disease.

The objectives of the projects are to pioneer the concept of tailored interventions with minimal immune system interference in new onset T1DM, leading to beta-cell protection and restoration, based on a solid understanding of the disease pathogenesis. This will enable experimental findings to be adopted for future clinical application.

EU contribution: EUR 10 920 800

ITER (International Thermonuclear Experimental Reactor)

ITER plays a major role within the Euratom framework programme. It is being built in southern France and will be jointly operated by seven partners — Euratom, China, India, Japan, Korea, Russia and the United States. The ITER prototype power plant will demonstrate the production of large-scale electrical power by means of fusion technology.

In 2012, the European joint undertaking 'Fusion for energy' (F4E) achieved significant progress, particularly in the manufacturing of sub-components for the fabrication of the toroidal field coils, progress in the manufacturing of mock-ups and in the qualification of the new precision forming and deep welding of 60 mm-thick steel shell for the fabrication of the vacuum vessel sectors. The works on the Tokamak building foundation, the pit wall and the installation of the anti-seismic foundation pads have been concluded and made ready for the construction in 2013 of the upper reinforced-concrete slab.

During the year 2012, 54 operational contracts were awarded for a total value of EUR 736 million, including, among others, large contracts with values of more than EUR 5 million.

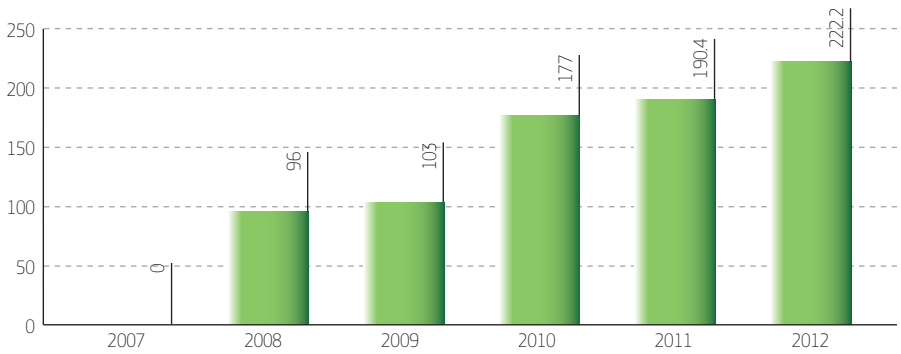
- Civil engineering and finishing works for the Tokamak complex, assembly hall and surrounding buildings, including the designing and building of heavy nuclear doors. This contract, for a value of about EUR 300 million, is the largest single contract placed by F4E so far.

- Supply of the ITER toroidal field coil radial plates.

- Site infrastructure works comprising the detailed design, construction and testing of vacuum systems for industrial and sanitary drainage, gravity rainwater drainage, trenches, ducts, concrete galleries, concrete foundations for equipment, roads, footpaths, external lighting, fencing and site-wide earthing grid.

A total of EUR 222.2 million was spent on ITER in 2012.

Implementation 2007–12 (million EUR)



Galileo

Galileo is Europe's initiative for a state-of-the-art global navigation satellite system, providing a highly accurate global positioning service under civilian control. While offering autonomous navigation and positioning services, Galileo will at the same time be interoperable with the US GPS satellite navigation system.

EGNOS (European geostationary navigation overlay service) is the first pan-European satellite navigation system. It augments the US GPS satellite navigation system and makes it suitable for safety-critical applications such as flying aircraft or navigating ships through narrow channels.

The major achievement for the Galileo programme in 2012 was launching, on 12 October, the second pair of a quartet of satellites. Having four satellites in space allows the validation of the Galileo system and the conclusion of the in-orbit validation phase.

For the EGNOS programme, the key achievement was that EDAS (the EGNOS data access service) started to provide ground-based access to EGNOS data in July 2012. EDAS has become the single point of access for the data collected and generated by the EGNOS infrastructure, which is composed of ground stations (currently 34) distributed over Europe and north Africa.

Example:

The Galileo space infrastructure will consist of 30 satellites, 18 of which had already been ordered prior to 2012. In February 2012, eight additional Galileo satellites were ordered and they will be delivered in 2015. The Galileo satellites will be launched from French Guiana according to the launch schedule, aiming at reaching full operational capacity of the system by 2020. The total cost for ordering the additional eight satellites in 2012 was EUR 255.6 million.

A total of EUR 386 million was spent on Galileo in 2012.

Implementation 2007–12 (million EUR)

Trans-European transport network (TEN-T)

The TEN-T is one of the key infrastructure programmes of the European Union, supporting investment in the core European transport routes (including road, rail, multimodal links, air, inland waterways and maritime) and linking national and international regions by implementing more efficient and sustainable transport infrastructure.

TEN-T investments are focused on the 30 priority projects and a number of horizontal areas of common interest relating to traffic management systems, and positioning and navigation systems.

In order to facilitate the free movement of goods and persons between Member States, there is a particular focus on projects involving cross-border routes or providing for the relief of bottlenecks to connect national networks for truly integrated EU-wide connections.

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

The 2012 multiannual work programme provided for calls to finance European transport infrastructure projects in all transport modes — air, rail, road, and maritime/inland waterways — plus logistics and intelligent transport systems, and in all EU Member States.

The priority projects are very large scale and involve activities spread over many years. Among them, the following six are now considered complete:

- the Øresund fixed link connecting Sweden and Denmark,
- Milan's Malpensa Airport,
- the Betuwe railway line linking Rotterdam to the German border,
- the Cork–Dublin–Belfast–Stranraer railway axis in Ireland,
- the United Kingdom west coast main line,
- the Paris–Brussels–Köln–Amsterdam–London high-speed railway axis.

Example:

The Rhine-Rhône high-speed rail line

The Rhine-Rhône high-speed rail line is the ninth high-speed TGV line in the French network. It forms part of the Lyon/Geneva–Basel–Duisburg–Rotterdam/Antwerp railway axis (TEN-T priority project 24), which connects the region of Paris to the eastern parts of France and Switzerland, as well as to Germany. It will also eventually link eastern France to the high-speed line between Paris and regions to the south, as well as onwards to Spain and Italy.

EU contribution: EUR 198 000 000

For more information: **http://tentea.ec.europa.eu/en/ten-t_projects/ten-t_projects_by_country/france/2007-fr-24070-p.htm**

Trans-European energy network (TEN-E)

The TEN-E programme financially supports electricity and gas projects which aim at developing connections — either within the EU or between EU and non-EU countries — that meet the needs of the EU internal market.

In addition, it focuses on reducing the number of infrastructures which are (too) old and/or reaching their maximum physical capacity, possibly leading to supply breakdowns and higher energy prices. It also promotes sustainable development, in particular by improving the links between renewable energy production installations and using more efficient technologies.

Over 320 activities have been supported since 1995. The EU has co-financed to the sum of around EUR 360 million so far.

Developments in 2012

In 2012, an amount of EUR 21 million was dedicated to TEN-E and dispatched, after the call for proposals procedure, between 19 selected projects. During the same period, 21 decisions were established in conformity with the award decision 2011 and for a total amount of EUR 23.8 million. At the end of 2012 there were 72 ongoing projects, some of which had already started in 2005 or 2006.

During the year 2012, a total of EUR 8.6 million was paid to beneficiaries of the TEN projects as interim of final payments.

Example:

Study: Baltic pipe — Gas pipeline from Denmark to Poland — Pre-investment studies and authority process (project reference: G152/08)

Objective: The design basis for the pipeline system; the economic/technical feasible routing; the basic engineering for the offshore and onshore section and landfalls; environmental impact assessment for the offshore and onshore pipeline.
EU contribution: EUR 3 190 000.

A total of EUR 805 million was spent on trans-European networks in 2012.

Implementation 2007–12 (million EUR)

The ‘Lifelong learning’ programme (LLP)

The LLP consists of four sectorial programmes, each covering different levels of education: school education (Comenius), higher education (Erasmus), vocational education and training (Leonardo da Vinci) and adult education (Grundtvig). The sectorial programmes are complemented by the Transversal programme and the Jean Monnet programme.

The LLP aims to contribute through lifelong learning to the development of the Union as an advanced, knowledge-based society with sustainable economic development, more and better jobs and greater social cohesion, while ensuring good protection of the environment for future generations. This global objective is instrumental in achieving the goals set out in Europe 2020.

The LLP also seeks to foster interchange, cooperation and mobility between education and training systems within the EU. This intermediate objective should be achieved through the implementation of specific and operational objectives outlined in the LLP decision.

The European added value of the LLP is considerable in three major areas. First, in the absence of such a programme at the European level, policy cooperation and interchange between the participating countries would have been considerably lower and fragmented. Second, the LLP supports the development of a European dimension in education and training, which means more intensive cooperation between providers of education, changing the structures and practices of educational institutions, catalysing the emergence of new national and multinational mobility programmes and creating a sense of European citizenship among mobile learners. Third, the LLP complements similar international, bilateral and national programmes (where they exist).

A total of EUR 1 210 million was spent on the LLP in 2012.

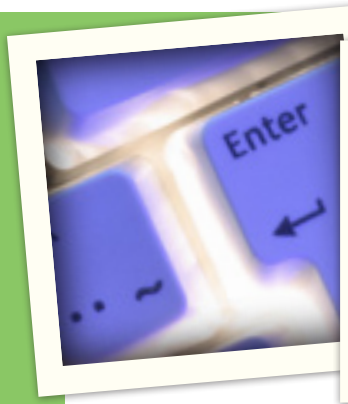
Implementation 2007–12 (million EUR)

Example:

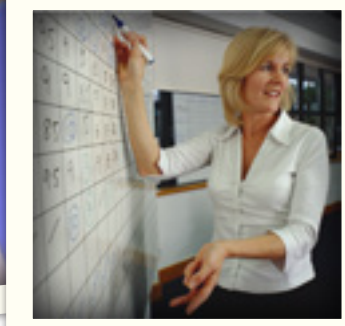
Regardless of the specific situation of the individual school (rural or city school, focus school or elite high school, etc.), the introduction to the practice of the teaching profession is a challenge; the question of a career companion for teachers was identified as an issue of common interest and considerable importance for a successful career start. The 'Start-up support' project's partners agreed to develop and test a manual of best practices for young teachers to ease their entry into teaching; they will also carry out a survey for teachers in their first year of practice about their experiences and expectations.

EU contribution: EUR 55 852

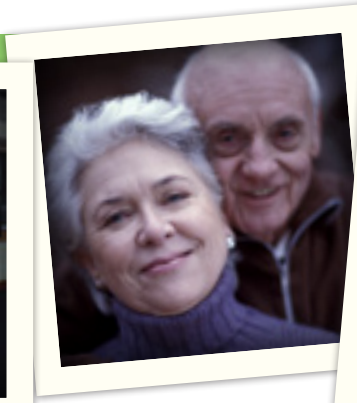
Cohesion for growth and employment



Every household in the French region of Auvergne now has access to high-speed broadband thanks to a project co-financed by the ERDF.



In order to face public-sector spending cuts, the 'Raising teachers' project offered retraining opportunities to some 22 000 educators in Latvia between 2009 and 2012.



Winner of the RegioStars Awards 2012, the 040 ('Older people for older people') project developed alternative ways of providing support and services for older citizens from rural areas of northern Europe by mobilising the elderly to help their peers.

Modernisation of the sewerage network in Brno (Czech Republic) continued. The upgraded system will reduce the amount of pollution discharged into local waterways and make it possible to connect more than 3 000 additional inhabitants.

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

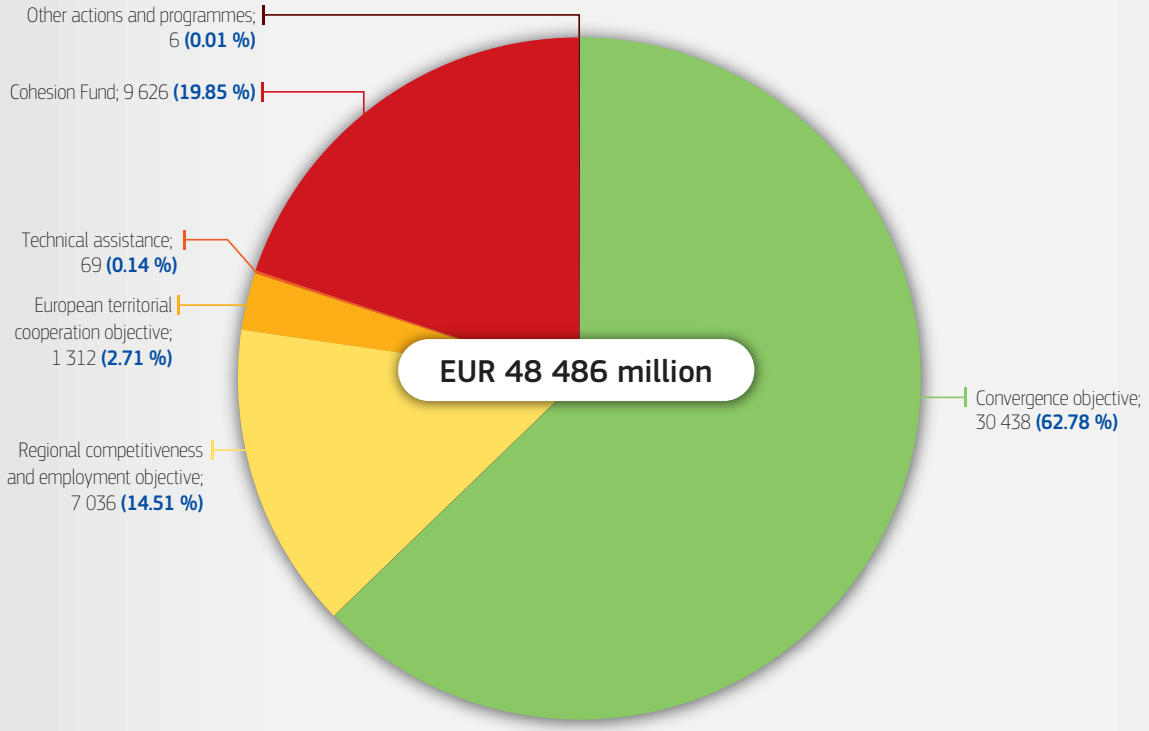
It relates essentially to the following policy areas:

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

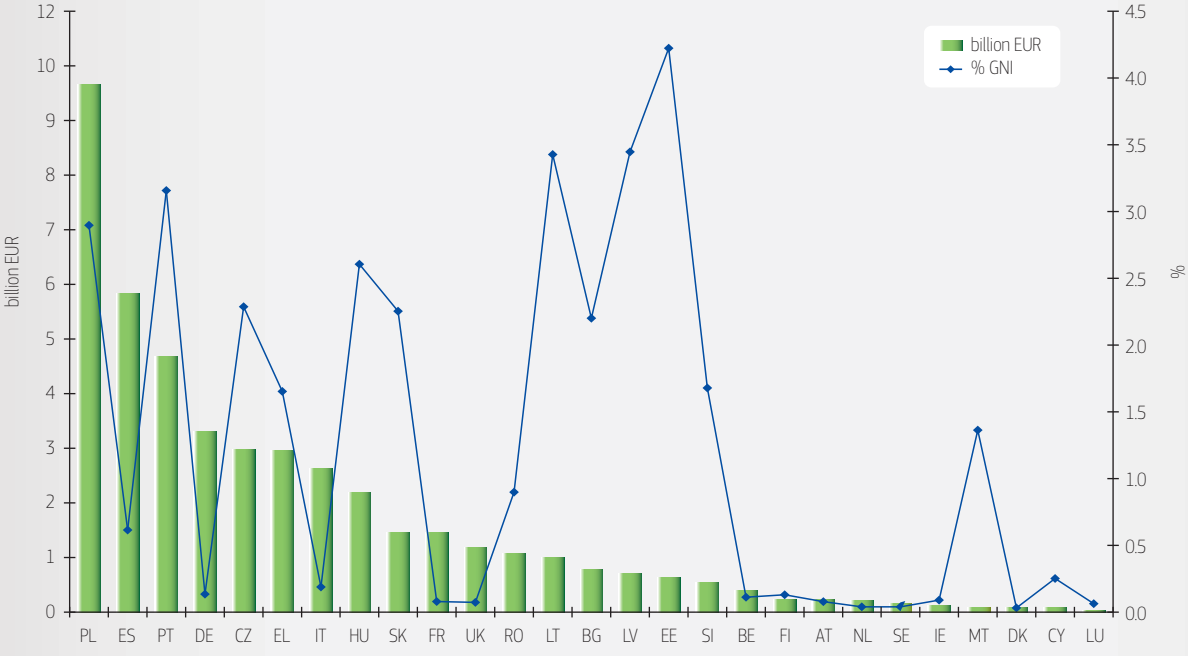
The principal objective of cohesion policy is to strengthen economic, social and territorial cohesion between regions and Member States of the EU by providing additional resources for those regions and countries whose economic development is lagging behind. The Structural Funds also aim at strengthening regions' competitiveness and attractiveness, as well as employment, and at strengthening cross-border, transnational and interregional cooperation. The resources available are concentrated on promoting economic convergence, in particular on sustainable growth, competitiveness and

employment in line with the Europe 2020 strategy. These resources are also essential tools to fight financial, economic and social crises.

Heading 1b — Implemented payments (million EUR)



Heading 1b — Expenditure by Member State



The three main objectives are covered by the three funds as follows:

Convergence	ERDF	ESF	Cohesion fund
Pre-accession countries	ERDF	ESF	
European territorial cooperation	ERDF		

Cohesion Fund (CF)

The CF has a major role to play in reducing disparities across the EU by helping the least-developed Member States integrate into the EU's single market.

The CF mainly invests in large infrastructure projects which form part of national development programmes for transport and environment, for example:

- investment to comply with environmental standards;
- energy projects which present a clear benefit to the environment, e.g. promoting energy efficiency and the use of renewable energy;
- investment in TEN-Ts, as well as urban and low-carbon transport systems.

EU countries with a GNI of less than 90 % of the EU average are eligible for support from the CF. Most of these are countries that joined the EU in 2004 and 2007.

Developments in 2012

Evaluating the effectiveness of projects funded by the CF presents various challenges, not the least of which is that many projects are only concluded a number of years after the initial funding period.

While co-financed projects achieved their aims in terms of improvements in the transport network and environmental infrastructure, their effect on the economic development and cohesion of the countries concerned is difficult to assess. This is because these effects were not spelled out in detail and because it is too soon for impacts to come through. Member States were not obliged to report on the unit costs of the projects co-financed in the period.

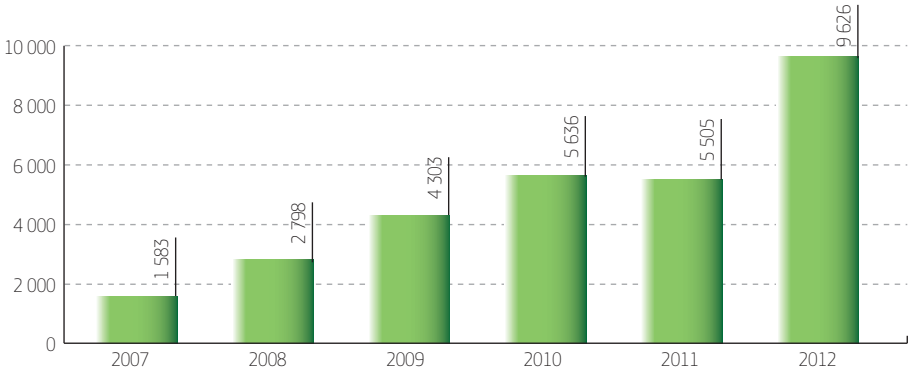
Over a longer period, in the transport sector, CF helped co-finance the building of 1 274 km of roads and 950 km of railways, and the reconstruction of 3 000 km of roads and 3 800 km of railways.

Projects in the environment sector from 2000 onwards, complemented with operations co-financed from the ERDF, improved the quality of water for 20 million people and provided connection to wastewater treatment systems for 23.5 million people.

The *ex post* evaluations of projects should be undertaken sufficiently long after their completion to give enough time for their effects on end objectives to come through as a normal part of the evaluation process.

A total of EUR 9 626 million was spent on cohesion in 2012.

Implementation 2007–12 (million EUR)



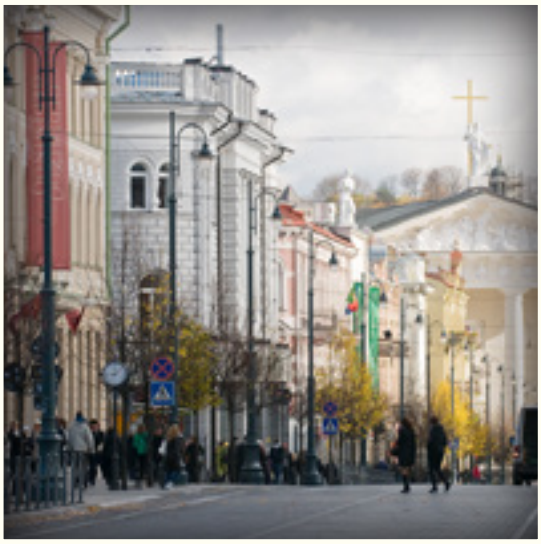
Example:

The scheme to renovate public buildings in Lithuania is designed to reduce their energy consumption. High energy consumption arising especially from the inefficiency of energy performance in buildings built prior to the 1993 energy efficiency standards is the main problem in the management and exploitation of these buildings. The current energy characteristics of such buildings do not guarantee effective consumption of energy, and result in high running costs. The renovation of public buildings will reduce pollution from the primary fuel burnt while producing electricity and heat.

Of the 550 buildings expected to be financed, the majority — 313 buildings — are educational or preschool buildings. Other buildings to be renovated are run by public medical, custodial, sport and cultural institutions.

EU contribution: EUR 269.6 million

For more details about the project visit:
http://www.ukmin.lt



European Regional Development Fund (ERDF)

Cohesion policy, and in particular ERDF programmes and investment, is continuing to deliver in Member States, even in this period of crisis. It had yielded real results up until the end of 2012, across many of the EU's policy priorities — investing in growth when it was most desperately needed. It has provided support to new innovative business and created good sustainable jobs for the future, giving remote regions broadband, tackling the brain drain and building vital transport links that contribute to regions' competitiveness. Equally, the policy has shown itself capable of great flexibility, responding to the crisis and adapting to the changing needs of people and their communities.

Developments in 2012

The achievements over the first 5 years of the current programming period show how the funds are already a key delivery mechanism of the Europe 2020 strategy. Among the achievements, it is worth mentioning the following.

Smart growth:

- almost 400 000 jobs created so far, of which 200 000 since 2010; this includes the creation of more than 15 600 research jobs and nearly 170 000 jobs in SMEs;
- over 142 000 SMEs supported;
- over 53 000 start-ups supported (28 000 since 2010);
- nearly 1.9 million additional people having broadband access;
- over 53 000 RTD projects and nearly 16 000 cooperation projects between enterprises and research institutions supported.

Sustainable growth:

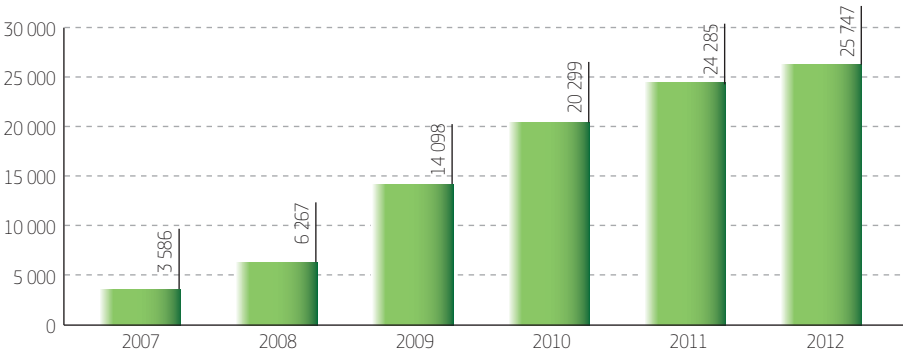
- over 23 000 renewable energy projects implemented;
- total greenhouse emissions reduced by 33 400 kt;
- about 3 000 megawatts of additional electricity generation capacity created from renewables since 2007;
- nearly 3.4 million people served by improved urban transport.

Inclusive growth:

- over 19 000 educational infrastructure projects supported, benefiting 3.4 million students.

A total of EUR 25 716 million was spent on ERDF in 2012.

Implementation 2007–12 (million EUR)



Example:

The Green Building Cluster of Lower Austria connects construction and building professionals with researchers to address challenges such as climate change and to enable innovation through cooperation. It has forged synergies between local enterprises, R & D institutes and skilled craftsmen. This has stimulated innovation in the refurbishment of buildings, promoted the use of low and sustainable energy technologies and resulted in healthier interiors and more comfortable standards of living. The cluster has a current membership of over 200 partners, more than 80 % of which are SMEs.

The economic impact has been significant. In its 10 years of activity in the region, 273 projects have been carried out with a total value of EUR 34 million, creating an additional 253 jobs with a total added value of EUR 19.3 million to the Lower Austria region.

EU contribution: EUR 937 000

For more details about the project visit:
http://www.ecoplus.at/en/ecoplus/cluster/green-building
http://www.tci-network.org/news/card/434

European Social Fund (ESF)

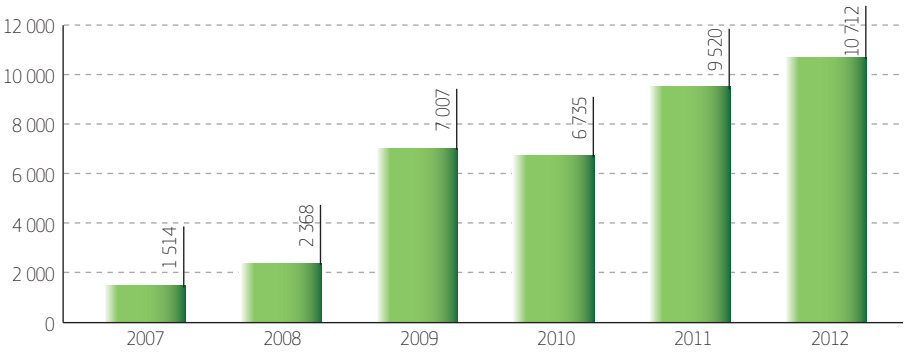
The ESF is Europe's main instrument for supporting jobs, helping people get better jobs and ensuring fairer job opportunities for all EU citizens. It invests in Europe's human capital — its workers, its young people and all those seeking a job.

The EU is committed to creating more and better jobs and a socially inclusive society. These goals are at the core of the Europe 2020 strategy. The current economic crisis is making this an even more demanding challenge. The ESF is playing an important role in meeting Europe's goals and in mitigating the consequences of the economic crisis — especially the rise in unemployment and poverty levels.

The Commission and EU Member States in partnership set the ESF's priorities and management. The ESF's priorities are: to boost the adaptability of workers with new skills and enterprises with new ways of working; to focus on improving access to employment by helping young people make the transition from school to work, or training less-skilled jobseekers to improve their job prospects; and to help people from disadvantaged groups to get jobs. This is part of enhancing 'social inclusion' — a sign of the important role that employment plays in helping people integrate better into society and everyday life. The financial crisis has led to a redoubling of efforts to keep people in work, or help them return to work quickly if they lose their jobs.

A total of EUR 10 712 million was spent on ESF in 2012.

Implementation 2007–12 (million EUR)



Example:

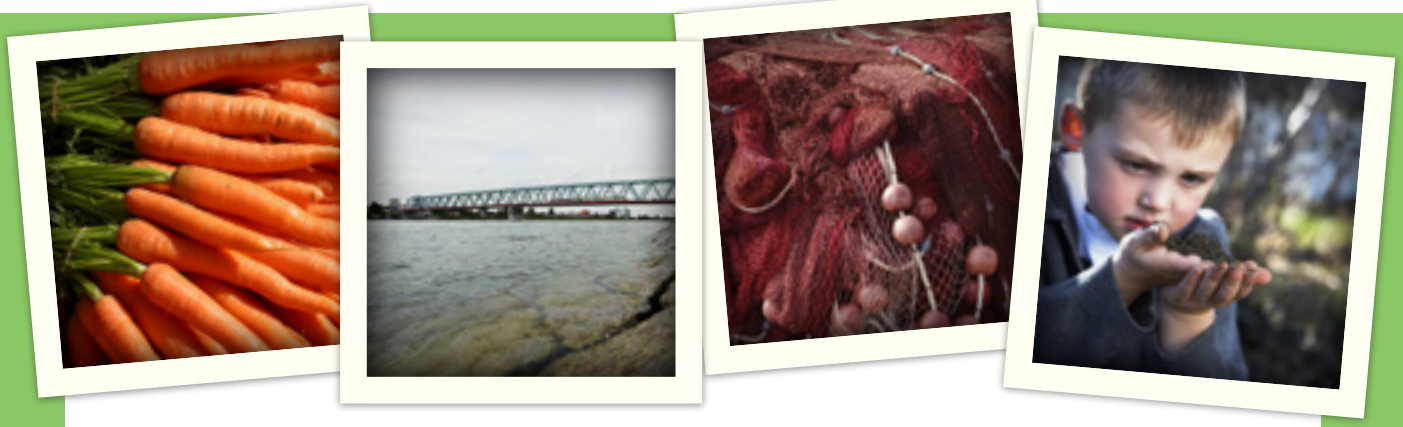
Training of professional workers in education in the field of strengthening the competences for the prevention of violence in the period between 2010 and 2012.

To protect children and young people from the devastating consequences of violence, teachers and families must join forces to act before it occurs. In Slovenia, a project provided training to education professionals, parents and volunteers to help them prevent violence and deal with violent incidents.

EU contribution: EUR 630 351

For more details about the project visit:
http://ec.europa.eu/esf/main.jsp?catId=46&langId=en&projectId=469

Preservation and management of natural resources



The year 2012 marked the 50th anniversary of the implementation of the common agricultural policy, a cornerstone of European integration that has provided European citizens with 5 decades of secure food supply and a living countryside.

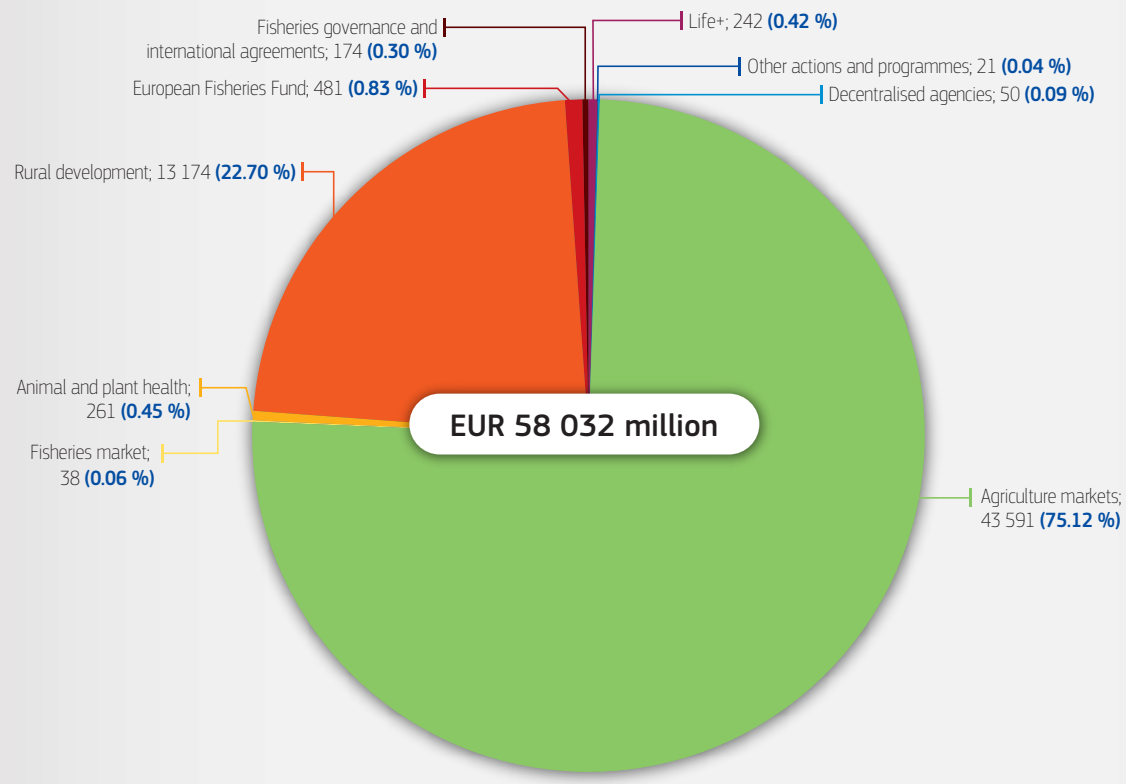
Thanks to a German–French project within the framework of the EU LIFE + programme, the allis shad fish made a return to the Rhine some 60 years after its disappearance.

The European Fisheries Fund provides funding to the fishing industry and coastal communities to help them adapt to changing conditions in the sector as well as to become economically resilient and ecologically sustainable.

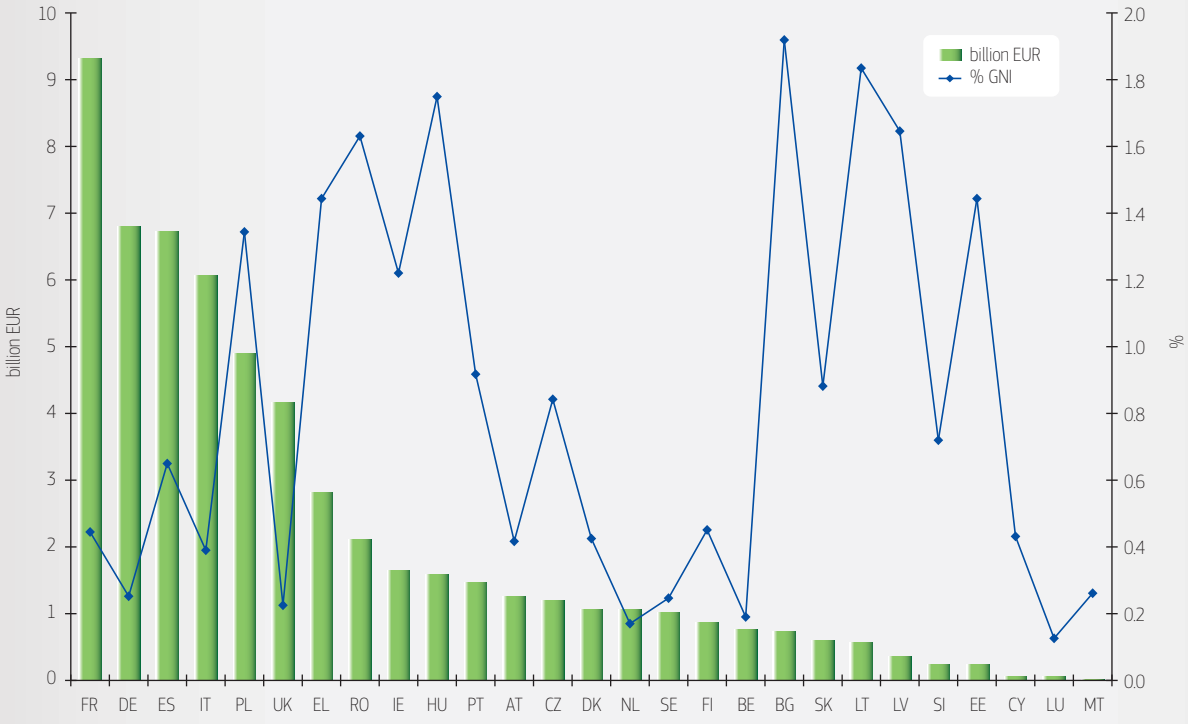
EU funding enabled the transformation of a damaged farm building in the city of Międzychód (Poland) into an environmental education centre attracting more than 8 000 visitors every year.

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

Heading 2 — Implemented payments (million EUR) (*)



Heading 2 — Expenditure by Member State (*)



(*) The figures do not include assigned revenues.

Common agricultural policy (CAP)

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

The CAP is a genuinely European policy, as instead of operating tens of national agricultural policies, Member States pool resources to operate a single European policy with a single European budget. Such a common policy allows for a more effective response to transnational goals and cross-border challenges, such as a level playing field in the single market and a better position in trade negotiations. This naturally means that the CAP accounts for a significant proportion of the EU budget.

Developments in 2012

The first pillar of the CAP is composed of market-related expenditure and direct payments to farmers. Data shows that direct aid stabilises farm incomes and thus contributes to the economic viability of farms. Direct payments on average accounted for almost half of family farm income in 2012. Under the direct aid schemes, support is granted to more than 7 million European farmers. The subsequent CAP reforms since 1992 have enhanced the market orientation of EU agriculture and reduced the expenditure on export refund and public intervention to below EUR 200 million in 2012 (less than 0.5 % of the CAP).

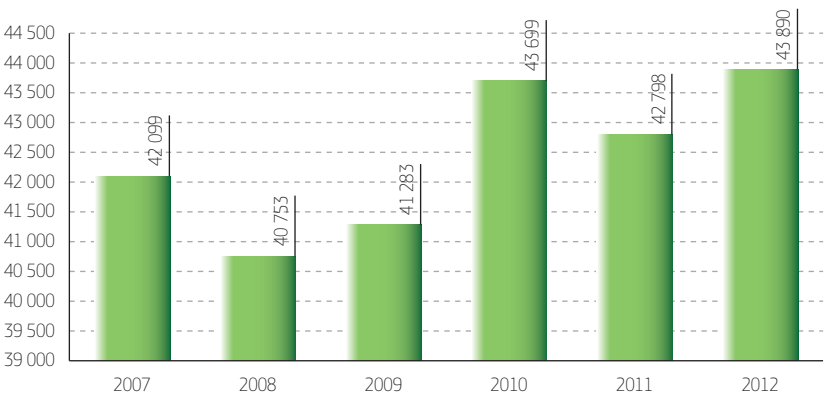
A number of evaluations were carried out in 2012 on different elements of the CAP. In particular, the impacts of CAP measures on markets, farm income, production structures, competitiveness, the environment and rural development were examined.

The evaluation of the wine sector covering the period 2001–11 confirmed the Commission's initial conclusions that the 2008 wine reform has been implemented successfully and that there are no longer structural surpluses in the wine sector.

In addition, the evaluation of the cereals sector confirmed the findings of evaluations of CAP first-pillar measures carried out during 2007–11. The results indicate that while aid is needed to support producers' income, the switch to decoupling limits distorting effects. The production decisions of farmers and processors are more determined by market signals.

A total of EUR 43 890 million was spent on market-related expenditure and direct aid in 2012.

Implementation 2007–12 (million EUR)



Rural development

Rural development, the second pillar of the CAP, is designed to help rural areas respond to the economic, social and environmental issues of the 21st century. Nearly 60 % of the population of the EU Member States lives in rural areas, which cover 90 % of the territory. Operational programmes address the specific problems and needs in the different regions and Member States.

Programmes cover four groups of themes or 'axes'.

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

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

Developments in 2012 ([1])

Under axis 1, some of the main outcomes by the end of 2011 are: 219 650 modernisation projects on farms supported by the EAFRD (37 % of the overall targets); 1.35 million participants that have successfully completed a training activity related to agriculture and/or forestry (49 %); 224 000 farms participating in quality schemes under rural development programmes (80 %); and 15 770 enterprises supported for added value projects (45 %).

Under axis 2, among the areas under successful land management contributing to avoidance of marginalisation, biodiversity, water quality, mitigating climate change and soil quality, the agri-environmental supports count for 41.7 million hectares (87 %), including organic farming; the less-favoured-area supports count for 52.8 million hectares (96 %); and Natura 2000 supports count for 900 000 ha (67 %).

Under axes 3 and 4, some of the main outcomes by the end of 2011 are: 62 million inhabitants in rural areas benefiting from improved services supported by the EAFRD (70 %); 10 500 new tourist actions supported (30 %); 19 100 micro-enterprises supported/created; and 27 700 villages where renewal actions took place.

A total of EUR 13 174 million was spent on rural development in 2012.

([1]) Latest monitoring data available is for the end of 2011.

Implementation 2008–12 (million EUR)

Example:

Nanotechnology is now used in the production of high quality pottery in Crete (Greece). A company which has operated in the field since 2006, has invested in innovative equipment covering the manufacturing and baking stages and the stage of immersion of pottery in a submersible platform for water proofing. In this last stage, nanotechnology is used, giving rise to high-quality waterproof pottery. The new equipment has increased exponentially the productive capacity, simplified production processes and achieved time savings in the construction of pottery. This local business has started to promote its handmade, traditional pottery on the Internet **(http://www.minoanpottery.gr)**, so these traditional, handmade masterpieces are available to meet the growing demand.

EU contribution: EUR 46 545

LIFE +

LIFE + contributes to the implementation, updating and development of EU environmental policy and legislation. At least 78 % of appropriations are used for action grants, of which at least 50 % are for projects supporting the conservation of nature and biodiversity. The projects supported are co-financing pilots or demonstration projects with European added value. The LIFE + programme 2007–13 consists of three components: LIFE + nature and biodiversity; LIFE + environment policy and governance; and LIFE + information and communication. The programme also funds the operating costs of European NGOs which contribute to the development and implementation of Union environmental policy; legislation and support for the Commission's role in initiating environment policy development and implementation through studies, evaluations, seminars and workshops with experts and stakeholders' networks; and publication and dissemination activities, including events, exhibitions and awareness-raising measures.

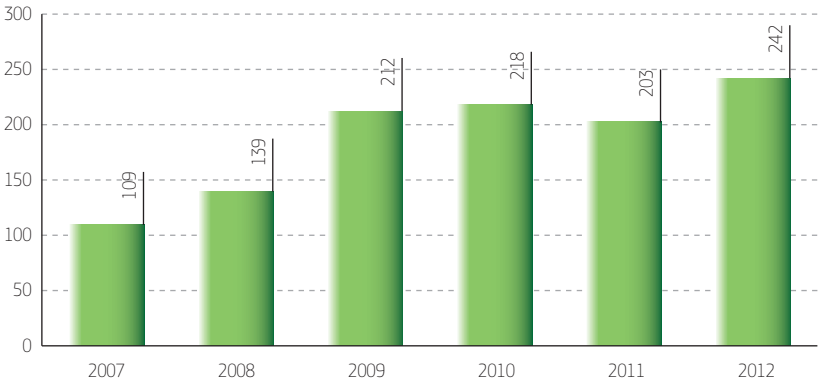
Developments in 2012

Of all the nature and biodiversity projects financed under LIFE +, almost 50 % included actions for the restoration/improvement of Natura 2000 sites (the EU-wide network of nature protection areas), while more than 40 % included conservation actions. Removal of invasive alien species is included in almost 20 % of the projects, while species reintroduction is included in more than 10 % of the projects. Although the process of designation of Natura 2000 sites is close to completion, almost 10 % of the ongoing projects still include actions for the creation of new sites.

As regards the LIFE + environment component, 2012 showed a significant increase in the number of high-quality projects in the areas of waste management and product policy: life cycles and the promotion of recycling.

A total of EUR 242 million was spent on LIFE + in 2012.

Implementation 2007–12 (million EUR)



Example:

The Gaia project tackles the issues of climate change (both mitigation and adaptation) and air pollution, by developing a public–private partnership model for urban forestation through the adoption of the green areas inner-city agreement (GAIA), covering management, monitoring and mapping. The coordinating beneficiary is a local authority, the commune of Bologna.

EU contribution: EUR 0.6 million

Common fisheries policy (CFP)

The aim of the CFP is to promote sustainable fisheries and aquaculture in a healthy marine environment which can support an economically viable industry providing employment and opportunities for coastal communities. To achieve this, the EU provides financial support to the fishing sector, including aquaculture and the sustainable development of fisheries areas. The European Fisheries Fund (EFF) is worth EUR 4.3 billion for the period 2007–13. It is divided between:

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

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

Developments in 2012

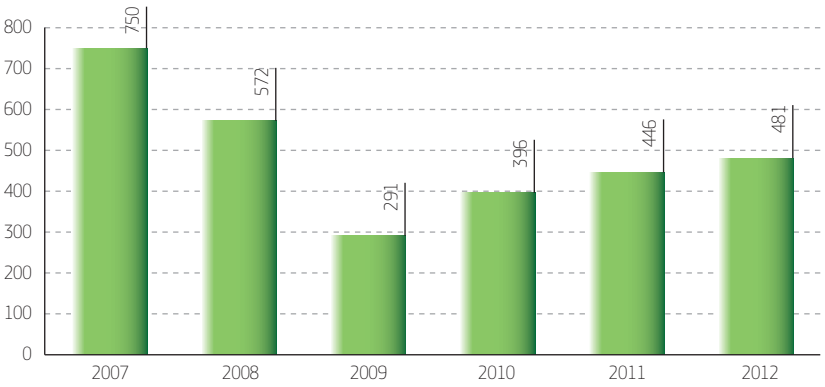
The Commission and the Member States strive to maintain or restore depleted stocks to fishing levels that can produce maximum sustainable yield (MSY) on an urgent basis, and not later than 2015. The statistics on stock status confirm the trend of the last 3 years: the adequacy of scientific advice and the state of fisheries resources in EU waters are improving.

The latest available data show that 52 % of the known stocks in the north-east Atlantic and adjacent waters are exploited at or below MSY rate. Between 2003 and 2012, only 35 % of the stocks were in safe biological condition, which suggests that the health of fisheries resources in this area has been improving. In the Mediterranean Sea and Black Sea the availability of scientific advice has improved, revealing that 52 out of the 65 (or 80 %) stocks for which MSY is known are overfished.

While these positive developments bring us closer to the resource efficiency envisaged by the Europe 2020 strategy, further progress towards MSY for all stocks subject to total allowable catches by 2015 is still needed.

The EFF plays a vital role in the implementation of the CFP by supporting the fishing industry and fishing-dependent coastal communities. The EFF supports the sustainable development of fisheries areas through fisheries local action groups (FLAGs). Such groups were in place in 21 Member States at the end of 2012. The EFF also supports aquaculture, although production in this area has been stagnating in the EU. The main barriers to growth are limited access to space and licencing, industry fragmentation, limited access to seed capital or loans for innovation in a risk-adverse context, pressure from imports, time-consuming administrative procedures and red tape. Although it represents a relatively small part of the EU economy, aquaculture has the potential to boost growth and jobs in coastal and inland areas in the EU. A total of EUR 481 million was spent on the EFF in 2012.

Implementation 2007–12 (million EUR)



Example:

In Uusikaupunki (Finland), the EFF co-finances an aquaculture and greenhouse unit where a company develops technologies for combining energy and food production. This takes place in a closed system where waste, waste energy, nutrients and CO_2 are used and recycled back to energy and food production: the CO_2 emissions from the energy production unit are utilised to enhance growth in the greenhouse and the heat generated by the electricity production is captured to heat the water in the aquaculture unit. The nutrient-rich water from the aquaculture unit in turn is used as a fertiliser in the greenhouse. Finally, the solid waste from the greenhouse and the aquaculture unit is used as raw material in the biogas unit.

EU contribution: EUR 0.6 million

For more details about the project visit:
http://www.sybimar.fi/eng_closed_circulation.php

Freedom, security and justice

The Commission proposed a set of concrete and practical measures to tackle human trafficking, including prevention, protection and support of the victims, as well as prosecution of the traffickers.

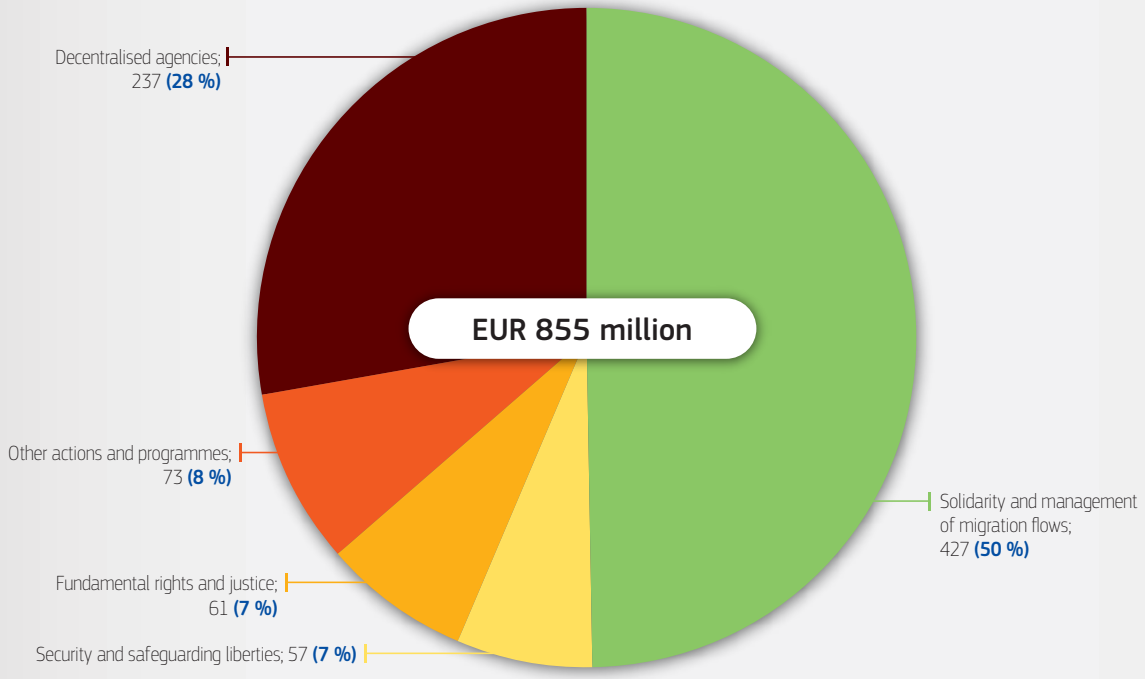
Extensive investigation by Europol and several other European law enforcement authorities put an end to an international organised crime network responsible for the large-scale production and trafficking of synthetic drugs.

EU rules to ease cross-border successions were adopted, bringing legal certainty to the estimated 450 000 European families dealing with an international succession each year.

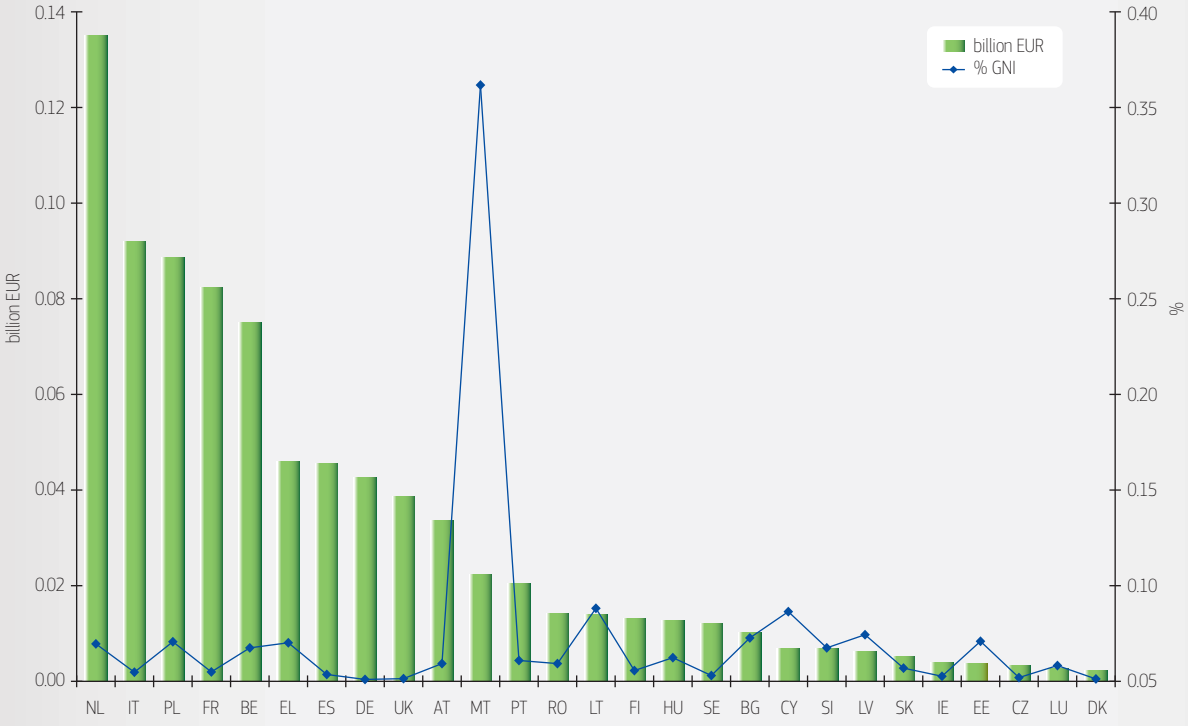
EU rules on gender-neutral pricing in the insurance industry entered into force. Insurers in Europe will have to charge the same prices to women and men for the same insurance products without distinction on the grounds of sex.

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

Heading 3a — Implemented payments (million EUR)



Heading 3a — Expenditure by Member State



Solidarity and management of migration flows

The general programme 'Solidarity and management of migration flows' aims to address the issue of a fair share of responsibilities between Member States as concerns the financial burden arising from the introduction of an integrated management of the Union's external borders and from the implementation of common policies on asylum and migration. It is composed of the following four funds.

- The European Fund for the Integration of Third-country Nationals 2007–13 (IF) supports actions helping migrants to fulfil residence requirements and to facilitate their integration into European societies. The fund finances activities such as language and civic-orientation courses, capacity building and exchanges between Member States.

- The European Refugee Fund 2008–13 (ERF) aims to support the efforts of EU countries to grant reception conditions to refugees and displaced persons, to apply fair and effective asylum procedures and to promote good practices in the field of asylum so as to protect the rights of those who require international protection. Through these actions, the fund contributes to the creation of the common European asylum system.

- The External Borders Fund 2007–13 (EBF) aims to establish financial solidarity between countries that are signatories to the Schengen Agreement by supporting those countries for which the implementation of the common standards for control of the EU's external borders represents a heavy burden. The fund supports actions reinforcing Member States' capacity for efficient border controls and the management of migratory flows at the external borders. Also, it supports the building of a common EU visa policy by strengthening the capacity of consular authorities responsible for the management of migratory flows in non-member countries.

- The European Return Fund 2008–13 (RF) seeks to improve the return management of the Member States as well as to encourage the development of cooperation between EU countries and countries of return. The fund also supports the efforts of EU Member States to comply with and implement the return directive.

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

Developments in 2012

The 2012 allocations for the four funds of the general programme have considerably increased in comparison to amounts available in the previous years ('back loading'). The combined allocations for 2012 and 2013 represent about 40 % of the 7-year budget for the whole general programme.

In 2012, the Commission launched the ***ex post*** evaluations of the funds related to the annual programmes 2007–10 for the EBF and the IF, and 2008–10 for the ERF and the RF. Using a common template for each fund provided by the Commission, Member States submitted evaluation reports on the results and impacts of actions co-financed by the four funds. On the basis of national evaluations and other relevant additional information, the Commission is to present an evaluation report for each fund on achievements at EU level. Preliminary findings show Member States indicating a rather positive assessment of the results achieved under the funds.

A total of EUR 427 million was spent on solidarity and management of migration flows in 2012.

Implementation 2007–12 (million EUR)

Example:

Maison Schengen Kinshasa, a Belgian–Portuguese project, aims to create and further develop a common visa application centre in Kinshasa with the objectives of, inter alia, working towards the representation of a maximum number of countries that are signatories to the Schengen Agreement at the centre; becoming a model for worldwide cooperation in line with the Schengen Agreement; optimising the collection of biometric data in preparation for the visa information system (VIS); fighting against visa shopping and fraud through centralisation; and working on better, more efficient and more humane reception of visa applicants.

EU contribution: EUR 1 948 135

The 'Civil justice' programme

The civil justice programme aims to eliminate obstacles to the smooth functioning of cross-border civil proceedings in EU countries and thereby improve the daily life of individuals and businesses by fostering access to justice.
The focus of the civil justice programme is on:

- fostering judicial cooperation in civil matters;
- improving mutual knowledge of Member States' legal and judicial systems in civil matters, and promoting and strengthening networking, mutual cooperation, exchange and dissemination of information, experience and best practices;
- ensuring the sound implementation, correct and concrete application, and evaluation of the Union's instruments in the area of judicial cooperation in civil and commercial matters;
- improving information on the legal systems in Member States and access to justice;
- promoting the training of legal practitioners in Union law.

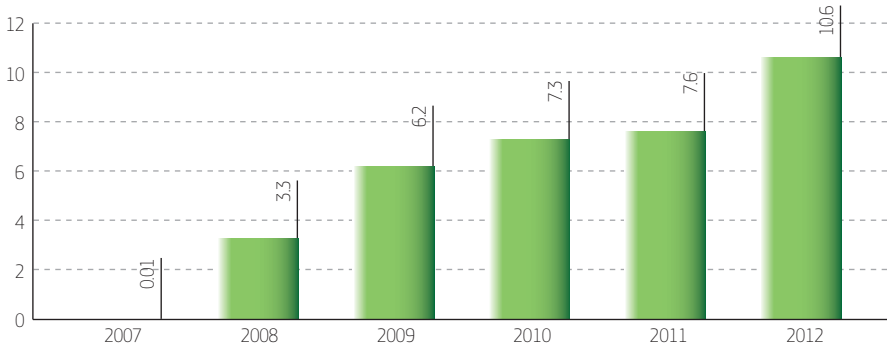
The programme provides financial support for transnational projects implemented by organisations in the EU as well as for the activities of NGOs or other entities pursuing an aim of general European interest, including an operating grant to co-finance expenditure associated with the permanent work programme of the European Network of Councils for the Judiciary and the Network of the Presidents of the Supreme Judicial Courts of the European Union.

Developments in 2012

In 2012, the programme provided financial support for 23 projects following a call for action grants (total amount EUR 7 461 574) and supported the operation of four non-governmental organisations via operating grants (total amount EUR 747 446).

A total of EUR 10.6 million was spent on the civil justice programme in 2012.

Implementation 2007–12 (million EUR)



Example:

The role of legal practitioners in identifying the applicable law in cross-border disputes is crucial and makes mastering the relevant EU legislative instruments of utmost importance for daily practice. In 2012, within the framework of the project 'Rome I and Rome II — Law applicable to contractual and non-contractual obligations — Analysis and experiences', the Academy of European Law (ERA), in partnership with the European Judicial Training Network, the Council of Bars and Law Societies of Europe and the Council of the Notariats of the European Union, organised a successful conference on international commercial law with a focus on the law applicable to contractual and non-contractual obligations.

EU contribution: EUR 75 000

The 'Daphne III' programme

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

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

It aims to take preventive measures and provide support and protection for victims and groups at risk.

The focus of the Daphne III programme is on:

- assisting and encouraging NGOs and other organisations active in this field;
- developing and implementing targeted awareness-raising actions;
- disseminating results obtained under the previous Daphne programmes;
- identifying and enhancing actions contributing to the positive treatment of people at risk of violence;
- setting up and supporting multidisciplinary networks;
- ensuring the expansion of the knowledge base and the exchange, identification and dissemination of information and good practice;

- designing and testing awareness-raising and educational materials, and supplementing and adapting those already available;
- studying phenomena related to violence and its impact;
- developing and implementing support programmes for victims and people at risk, and intervention programmes for perpetrators.

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

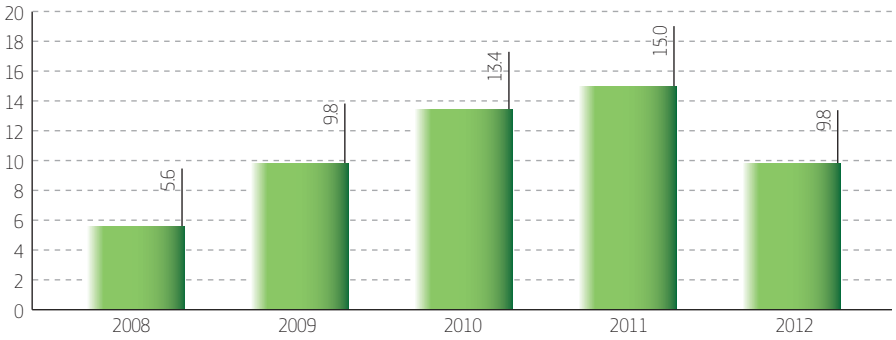
Developments in 2012

The problem of violence remains prevalent and the need for a European response is as important as it was in 1997 when the first Daphne initiative was established. The demand for funding remains very strong, showing how relevant the needs of the victims of violence — particularly women, children and young people — are. In order to improve the reach and impact of the programme the Commission will strengthen the links of the programme with policy developments, ensure balanced participation and improve the dissemination of the results of the projects.

In 2012, the programme provided financial support for 60 projects (of 480 proposals received) following a call for action grants and supported the operation of six non-governmental organisations via operating grants.

A total of EUR 9.8 million was spent on Daphne III in 2012.

Implementation 2008–12 (million EUR)



Example:

The multi-family approach training pack for professionals working with abusive and violent high-risk families (Centre de Protection de l'Enfant, L'Accueil asbl, Belgium) has proven to be an effective method of tackling and reducing intra-family violence. It is an approach that encourages respect for victims of violence and promotes their well-being and self-fulfilment. The focus of the work is to experiment with new and safer ways of relating to each other and to identify how to combat family conflicts and related violence and abuse.

The objective of the project is to create a specific cross-European multi-family training pack for professionals in order to apply innovative ways to break the cycle of transgenerational abuse and family violence and to reduce the risk of re-abuse in high-risk families. The training pack will consist of a training manual and a DVD that will contain detailed and pragmatic descriptions and examples of specific interventions that have proven effective in treating intra-family abuse, regardless of differing cultural and legal frameworks.

EU contribution: EUR 86 572

The 'Fundamental rights and justice' programme

The programme has the following objectives:

- to promote the development of a European society based on respect for fundamental rights, including rights derived from citizenship of the Union;
- to strengthen civil society and to encourage an open, transparent and regular dialogue with it in respect of fundamental rights;
- to fight against racism, xenophobia and anti-Semitism and to promote better inter-faith and intercultural understanding and improved tolerance throughout the European Union;
- to improve the contacts, exchange of information and networking between legal, judicial and administrative authorities and the legal professions, including by way of support for judicial training, with the aim of better mutual understanding among such authorities and professionals.

The programme provides financial support for transnational and national projects implemented by organisations in the EU as well as for the activities of NGOs or other entities pursuing an aim of general European interest, including an operating grant to co-finance expenditure associated with the permanent work programme of the Conference of the European Constitutional Courts and the Association of the Councils of State and Supreme Administrative Jurisdictions of the European Union.

Developments in 2012

The year 2012 confirmed the importance of the fundamental rights and citizenship programme in promoting respect for fundamental rights, encouraging dialogue and fighting racism and xenophobia. The growing interest in its funding opportunities (in the latest selection rounds the demand for funding exceeded by five times the funds available), and also the increasing visibility of its projects and the recent addition of well-known and respected international organisations as its direct beneficiaries, are all strong indicators for the relevance and added value of the programme.

In 2012, the programme provided financial support for 41 projects (of 250 proposals received) following a call for action grants and supported the operation of 10 non-governmental organisations via operating grants.

A total of EUR 61 million was spent on fundamental rights and justice in 2012.

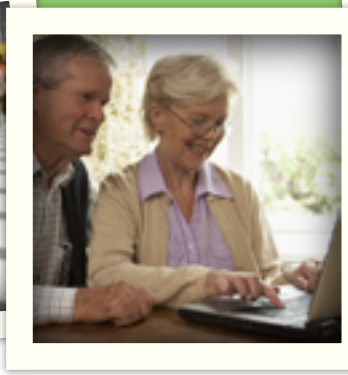
Implementation 2007–12 (million EUR)

Example

The project 'Rights of children in alternative care, from theory to practice: filling the gaps through peer research', initiated by the charity SOS Children's Villages International, will prioritise the rights of the child and proposes an innovative approach: 400 children in care and young people ageing out of care from four countries (Albania, Czech Republic, Finland and Poland) will formulate concrete recommendations to observe children's rights in care. Support regarding the methodology and the link between the results of the peer research and the policies will be provided by the National Care Advisory Service (NCAS), based in the United Kingdom, a member of the EU that has gone through many childcare reforms in the past years. The NCAS will share its experience through coaching and support in the preparation of the methodology. An innovative peer research methodology based on a storytelling approach.

EU contribution: EUR 391 220

Citizenship



Nearly 12 000 people and organisations participated in the consultation 'Your rights, your future' and shared their experience with using their EU rights. It was the largest public consultation ever undertaken by the Commission.

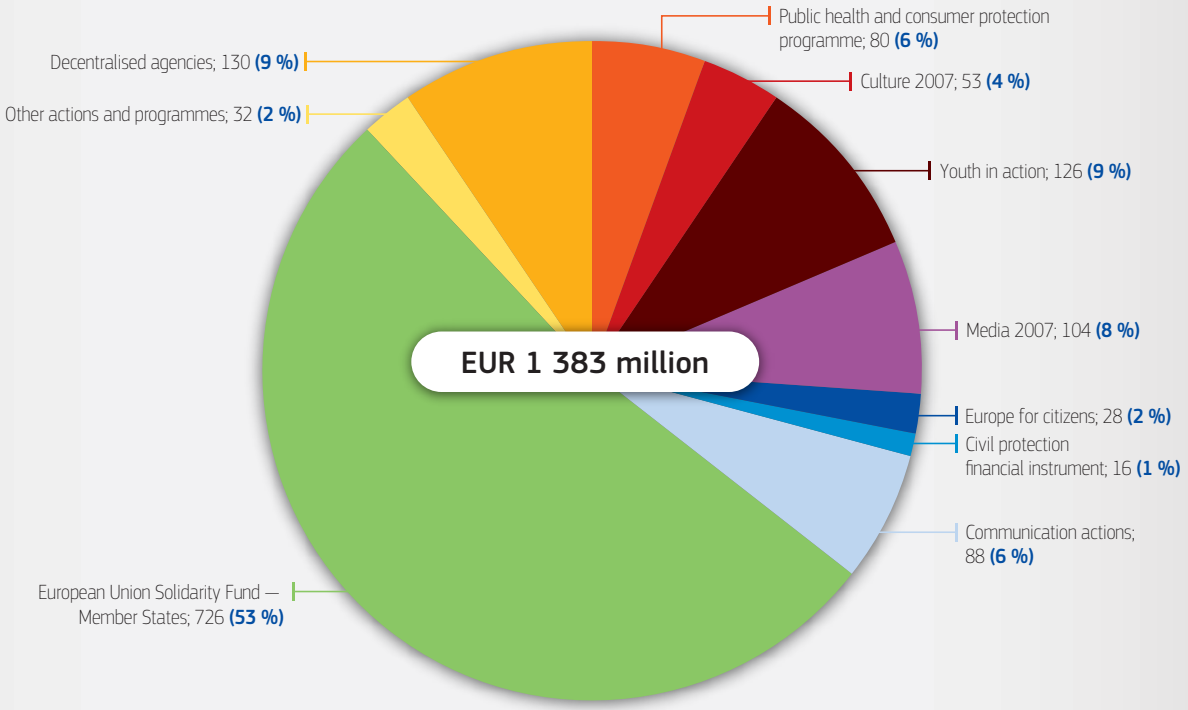
The European Year 2012 for Active Ageing and Solidarity between Generations mobilised thousands of people across Europe to raise awareness of the contribution that older people make to society.

The EU was awarded the Nobel Peace Prize 2012 for its role in advancing stability and reconciliation in Europe. Parliament President Martin Schulz, Council President Herman Van Rompuy and Commission President José Manuel Barroso received the prize on behalf of Europe's 500 million citizens.

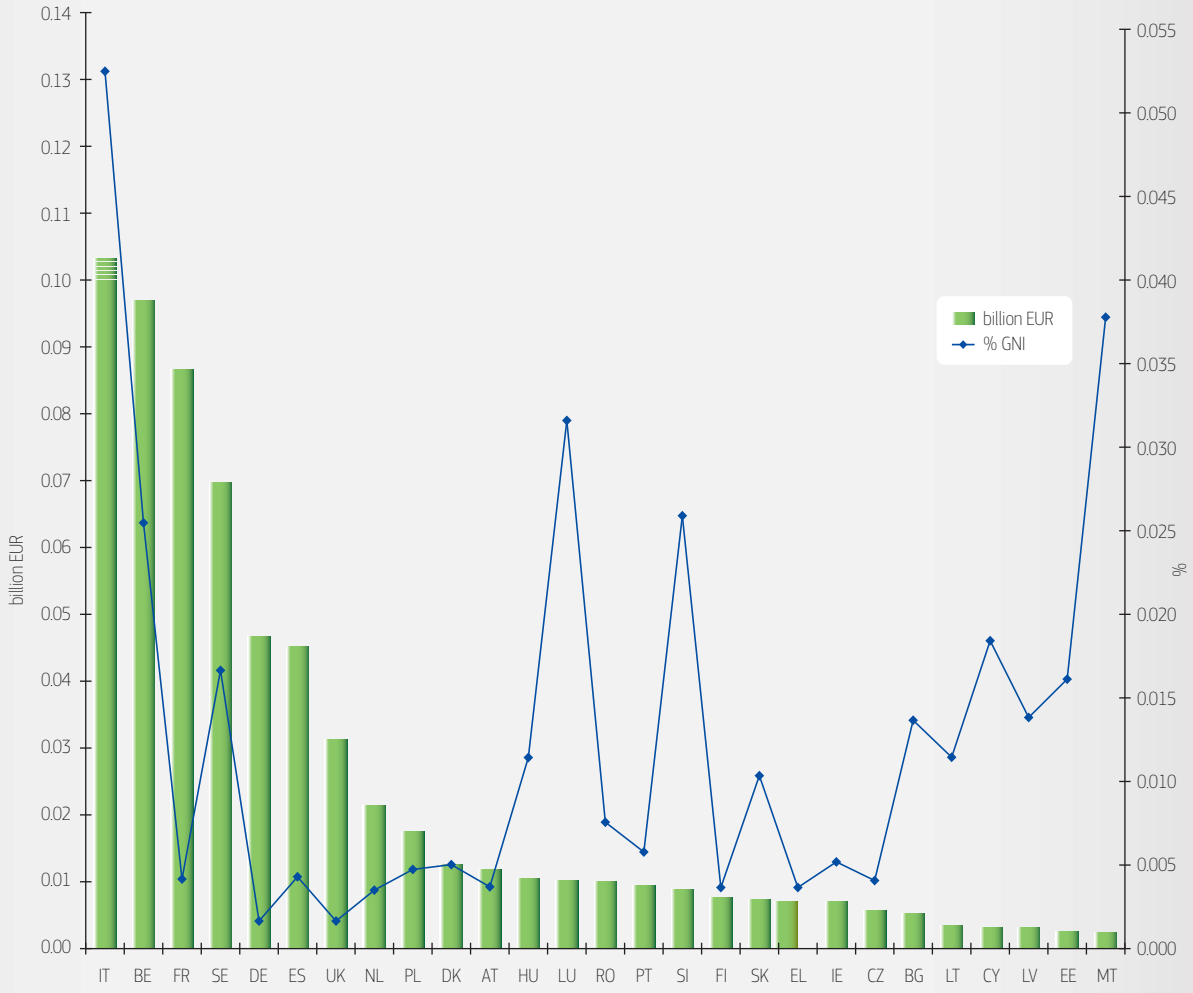
Some 2 278 measures against dangerous non-food products were taken by EU countries and reported in the EU rapid information system (RAPEX) — a 26 % rise compared to 2011.

Expenditure under 'Citizenship' contributes to numerous Europe 2020 strategy flagship initiatives, including 'Youth on the move', 'An agenda for new skills and jobs', 'European platform against poverty' and 'Innovation union'. Issues of particular concern to the citizens of Europe, including health, consumer protection and civil protection, are covered. The crucial tasks of reaching out and communicating with Europe also fall within this heading, through the funding of cultural programmes and the policy area of 'Communication'.

Heading 3b — Implemented payments (million EUR)



Heading 3b — Expenditure by Member State



Public health and consumer protection

The 2007–13 programme of Community action in the field of consumer policy has an overall budget of EUR 155.7 million over 7 years. Its objective is to complement, support and monitor the policies of the Member States and to contribute to protecting the health, safety and economic interests of consumers, as well as to promote their right to information, to education and to organise themselves in order to safeguard their interests. The objectives of this programme cannot be sufficiently achieved by the Member States due to the cross-border nature of the issues involved. They can therefore be better achieved at Union level.

The EU health programme 2008–13 has three strands — improve citizens' health security, promote health, and generate and disseminate health information and knowledge — and a total budget of EUR 321.5 million. The programme complements, supports and adds value to the policies of the Member States. By supporting the Member States in their efforts to improve health, the programme contributes to delivering a smarter, inclusive and more sustainable Europe. The programme adds value in areas in which actions by individual Member States would not be enough; it helps to pool resources, share knowledge and expertise and exchange good practice across the EU.

Developments in 2012

The actions financed under the 2012 consumer programme were in line with the objectives. The main achievements were as follows.

- Financial grant contribution to the European Consumer Centres (ECC) ([1]). In 2012, the ECC-Net handled over 72 000 contacts with consumers who had experienced a cross-border problem and helped resolve over 32 000 complaints. In total, the ECC-Net has helped consumers in about 416 000 cases since its creation in 2005.

- Efforts to promote product safety continued in 2012, with effective interventions from RAPEX, the EU's rapid alert system for dangerous non-food products. RAPEX initiated 2 278 measures to prevent dangerous products from circulating on the EU market, a 26 % increase on 2011.

- Improvement of the evidence base. Market studies were contracted, aiming at analysing: whether the vehicle fuels market works for consumers; to what extent voluntary certification self-declaration schemes present on food products are compliant with the applicable legislation; the presence of green claims in the single market for non-food products. A contract was signed to carry out a survey monitoring 52 consumer markets in EU Member States with the aim of developing data to help the Commission better understand, monitor and take account of the consumer interest in the internal market.

([1]) European Consumer Centres offer free consumer advice and support to EU* residents who are buying goods or services from traders based in other EU* countries.

* Also Iceland and Norway.

- EU information campaigns throughout 2012, providing EU citizens with advice on consumer rights and how to exercise them.

- Support for EU-level consumer organisations and capacity building for national consumer organisations. Specific grants were signed for co-financing the European Consumers' Organisation.

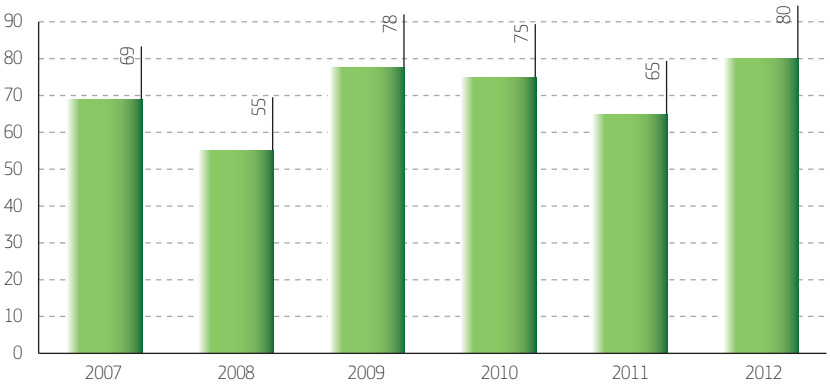
In 2012, funding from the public health programme was geared towards supporting the delivery of EU priorities set out in the Europe 2020 strategy and responding to legislative obligations and policy commitments. Priorities listed in the work plan 2012 included support for Member States in maintaining sustainable and efficient healthcare systems, and project funding to respond to the ageing challenge.

More specifically, projects in the areas of health security and promoting health, and several public health conferences, as well as EU umbrella non-governmental organisations and specialised networks, were co-funded.

Direct grant agreements with the Council of Europe, the International Organisation for Migration and the Organisation for Economic Cooperation and Development were concluded. The Commission is also a paying member of the European Observatory on Health Systems and Policies.

A total of EUR 80 million was spent on public health and consumer protection in 2012.

Implementation 2007–12 (million EUR)



Example:

A market study on switching accounts was carried out in February 2012, involving more than 900 enquiries to test the provision of information and 400 tests for ease of switching. The study revealed that two thirds of mystery shoppers were not able to switch their account successfully. These results proved that the self-regulatory initiative in the banking sector did not deliver the desired results. Therefore, work progressed in this field and an impact assessment was carried out for a legislative initiative on bank accounts, developed in cooperation with the Commission.

EU contribution: EUR 328 880

Culture

The culture programme plays a crucial role in promoting and protecting Europe's cultural and linguistic diversity as required by the EU Treaty. The programme plays a unique role in providing support for cross-border European cultural cooperation activities. The rationale for the culture programme rests on the benefits that linguistic and cultural cooperation and exchanges bring in terms of European integration (founded on common cultural values) and social and economic development, as well as supporting European culture as such. The evaluation of the current programme shows that it has helped to strengthen the cultural and creative sectors and to promote the circulation of professionals and works of art, making a strong contribution to cultural and linguistic diversity. With a small yearly average budget of EUR 57 million, EU spending is highly cost effective.

The programme helps thousands of artists and cultural professionals — an estimated 20 000 each year — to develop international careers by improving their skills and know-how through informal peer learning, and through creating new professional pathways. It has provided thousands of cultural organisations — some 1 000 organisations are reached directly or indirectly each year — with the possibility to work together across borders and to learn from good practice through partnerships with operators from other countries. It has therefore enabled operators to make their work and outlook more international.

Thousands of works have been able to circulate, including some 500 translated literary works each year. Through the activities of the projects, many millions of citizens have enjoyed cultural works from other countries.

Developments in 2012

The year 2012 was the sixth year of implementation of the culture programme for the 2007–13 period. The budgetary envelope for 2012 included both grants and procurements. Thirty-seven countries participated in the programme. The programme budget was executed fully, with 100 % of the annual appropriations committed without any significant deviation from planning.

From a quantitative viewpoint, the implementation of the programme in 2012 can be considered fully satisfactory, with an estimated 1 906 organisations reached in total and an encouraging geographical spread across the participating countries. Out of a total of 1 121 applications received, a total of 338 projects were selected for funding. In addition, funding for the two European capitals of culture in 2013 (as this has to be provided the year before the event), and for four prizes in the field of culture were granted. The projects' average success rate across all strands of the programme was 30.1 %.

The breakdown per country is rather encouraging as it demonstrates a reasonably balanced picture and that the programme had a concrete impact on all participating countries. This confirms that the cooperation and solidarity dimension, which is one of the programme's key features, is fundamental and makes it possible to also reach out to countries where cultural operators may have a weaker capacity to act as project leaders.

Of all the selected applications, 317 focused mainly on the mobility of cultural professionals (94 %), 306 on the circulation of cultural works (91 %) and 235 on intercultural dialogue (70 %).

Projects were selected from a broad array of subsectors, with many of the projects concerning more than one discipline. In particular, 149 were concerned with performing arts, 131 with literature, 78 with visual arts, 74 with cultural heritage, 25 with design/applied arts, 23 with architecture, 21 focused on multimedia/new technologies, nine had an interdisciplinary approach and five concerned other themes.

With regard to target groups, the overwhelming majority (96 %) of selected projects were aimed at the general public. A good number of links have been developed with other target groups, especially culture specialists (67 % of selected projects), artists (63 %) and young people (51 %).

The programme has also contributed to the equal opportunities objectives of the EU, as it concretely addresses a number of issues that may limit the access of some social groups to cultural activities.

A total of EUR 53 million was spent on the culture programme in 2012.

Implementation 2007–12 (million EUR)

Example:

'Next step — the second generation' enables eight European festivals to join forces to sustain the artistic renewal of performing arts in Europe by stimulating co-production and the transnational circulation of new work by the European artists of tomorrow. The festivals focus on international artistic production and function as laboratories for new trends in the arts. They build bridges between a local audience and an international scene. Furthermore, the festivals will offer residencies to (non-) European artists as an additional means to encourage the renewal of the international arts scene.

EU contribution: EUR 2 500 000

MEDIA

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

The MEDIA programme invests in the wide-ranging distribution of a varied choice of European films. A record 1 475 film distribution projects were supported in 2012 with some EUR 33 million.

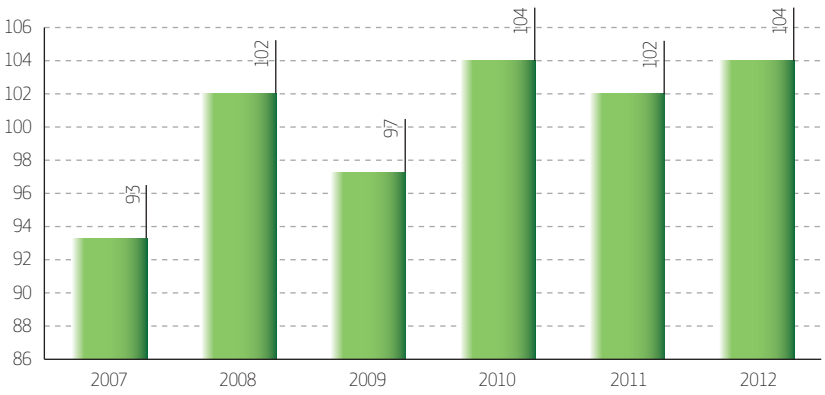
As an example, in 2012, the MEDIA programme supported:

- the distribution of 422 films;

- the screening of non-national European films on 2 203 screens in 907 cinemas;
- the conversion of 156 screens to digital cinema;
- the organisation of 50 film markets;
- the promotion of 180 European films and 100 European sales agents or distributors outside of Europe;
- 98 festivals and 20 000 screenings for an audience of 3 million;
- 420 production companies for the development of 565 projects in 30 countries;
- 52 training courses for 1 500 professionals.

A total of EUR 104 million was spent on the MEDIA programme in 2012.

Implementation 2007–12 (million EUR)



Example:

Successful Oscar winning films such as *Amour* and *The Iron Lady* benefited from wide-ranging audience success, as did the family films *Niko 2* and *Ernest et Célestine*. Notable successes such as *A royal affair* and *Rundskop (Bullhead)* and distinctly art house fare such as *Holy motors* also benefited from the programme. Diversity is a key factor of the programmes intervention, and in 2012 all three finalists for the 2012 LUX film prize — *Io sono li, Tabu* and *Csak a szel* — were supported.

A royal affair, Rundskop, Niko 2, Ernest et Célestine and *Holy motors* were also developed at the script stage with MEDIA programme support. The support is crucial in helping the smaller enterprises that characterise the sector to invest in developing future films..

The 'Youth in action' programme

Youth in action is the European Union programme for all young people aged 15 to 28 (in some cases 13 to 30).

It enables young people and youth workers to exercise non-formal learning mobility across the EU and in 140 countries beyond, or get involved in other educational activities outside schools.

The programme helps young people to develop skills and fosters their active participation in society.

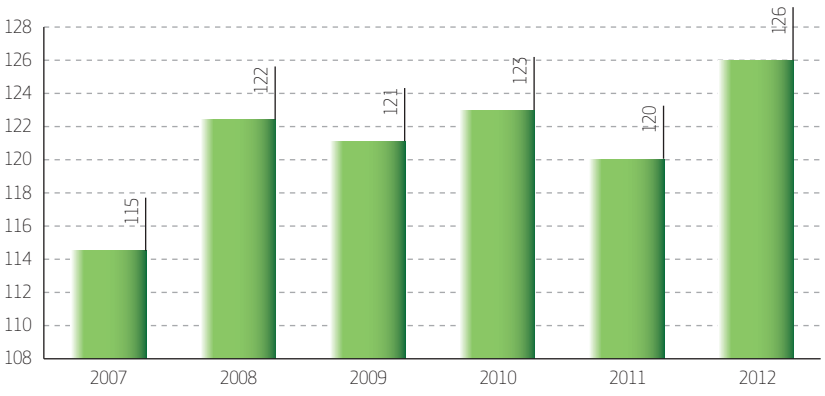
To achieve its objectives, the programme funds a wide variety of activities, which include youth exchanges, youth initiatives, democracy projects and participation in the European Voluntary Service. It also supports youth workers and youth organisations through training and networking, and promotes European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

In 2012, the main activities were represented as follows:

- youth exchanges — 54 000 participants;
- youth initiatives and participative democracy projects — 32 600 participants;
- European Voluntary Service — 8 100 participants;
- youth projects with the EU's neighbouring countries — 15 000 participants;
- training and networking for those active in youth work — 29 900 participants;

A total of EUR 126 million was spent on Youth in action in 2012.

Implementation 2007–12 (million EUR)



Example:

Sixteen young people from France and Malta worked together for 10 days, helping to restore a 15th century chapel in Malta. Besides making a contribution to the building work in progress, the project aimed to give them the benefits of an intercultural experience.

EU contribution: 8 500 EUR

The 'Europe for citizens' programme

The aim of the Europe for citizens programme is to bring Europe closer to the citizens and to enable them to participate fully in the European construction. Through the programme, citizens have the opportunity to be involved in European exchanges, reflection and cooperation activities, the sharing of common European ideals and contributing to the process of European integration.

The programme supports four types of actions.

- Action 1 — Active citizens for Europe: involving citizens either through activities linked to town twinning or through other kinds of citizens' projects.
- Action 2 — Active civil society in Europe: targeted to civil society organisations either through structural support on the basis of their European level work programme or through support to projects.
- Action 3 — Together for Europe: including high-visibility events, studies and information tools.
- Action 4 — Active European remembrance: support for projects aiming at preserving the sites and archives associated with deportations as well as the commemorating of victims of Nazism and Stalinism.

Developments in 2012

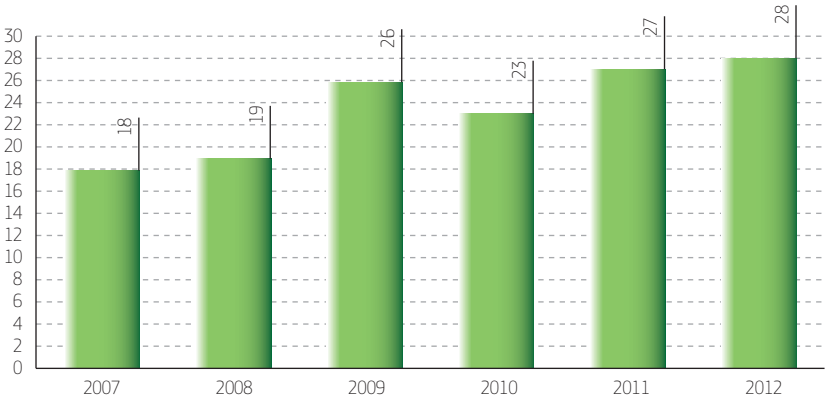
In 2012, the Europe for citizens programme was further consolidated and some aspects further developed. Out of 3 079 applications for funding, 593 projects were selected to receive grants. Over 1 045 000 European citizens were involved in the activities financed by the programme.

Thematically, more than half the projects focused on intercultural dialogue, reflection and debate on the relevance and implications of EU policies on citizens' daily life, empowering citizens to play a full part in the democratic life of the EU and fostering citizens' participation through volunteering.

During the second semester of 2012, Bosnia and Herzegovina, Montenegro and Serbia signed memorandums of understanding to join the Europe for citizens programme, which is now implemented in 33 eligible participating countries.

A total of EUR 28 million was spent on Europe for citizens in 2012.

Implementation 2007–12 (million EUR)



Example:

The project Mémorial de la Shoah, in France, focuses on Holocaust education for history educators, museum and memorial staff, journalists, civil society representatives and public administration officials, with around 200 expected to take part. Nine training events are to be organised in Paris to cover the issues of the Holocaust, genocide, crimes against humanity and mass violence.

EU contribution: EUR 49 000

The EU civil protection mechanism

The aim of the mechanism is to support, coordinate and supplement the actions of the Member States in the field of civil protection in improving the effectiveness of systems for preventing, preparing for and responding to natural and man-made disasters of all kinds within and outside the Union.

The EU's added value comes in the form of:

- reducing the loss of human life, and environmental, economic and material damage;
- better coordination of civil protection activities, since all offers of assistance are collated in the MIC (Monitoring Information Centre) for acceptance by the authorities of the affected state;
- cost-effectiveness, since the assistance accepted by the affected state can be pooled with the assistance of other countries through the transport procedure;
- improved efficiency through an increased level of preparedness and a more coherent disaster risk management policy;
- a coherent and effective response through the setting-up of a rapid-response capacity ready to help everywhere in the EU and in non-member countries when needed;
- better visibility of the EU's response to disasters;
- better use of scarce resources by sharing the EU funded assets.

Developments in 2012

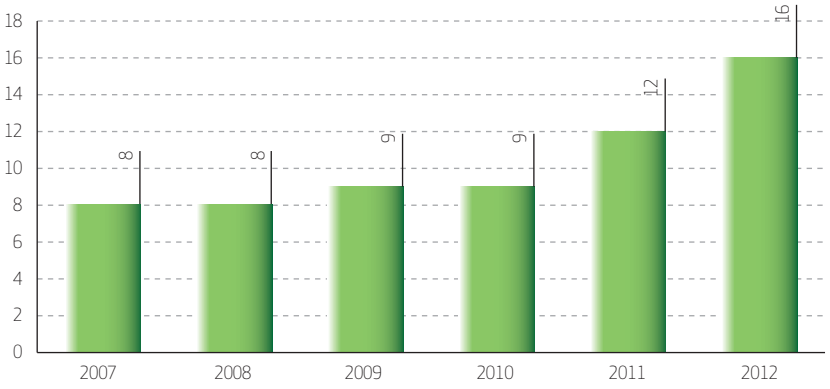
The civil protection mechanism was activated 38 times during the year. A total of 31 of these activations related to natural disasters (snow storms, severe cold weather, floods, earthquakes, tsunami, avalanches, storms and forest fires) and seven to man-made disasters (explosions, setting up of refugee camps, marine pollution). A total of 16 activations concerned countries within the EU civil protection mechanism (EUCPM) and 22 concerned non-member countries. In terms of natural disasters, the mechanism was activated with respect to, for example, forest fires in Bulgaria, Croatia, Greece, Italy, Portugal, Romania, Slovenia, Spain and countries from the western Balkans; floods in Bulgaria, Chad, Comoros and Nigeria; severe weather conditions in central and eastern Europe; tropical cyclones in Fiji, France (New Caledonia), Haiti, Philippines and the United States; and earthquakes in Guatemala, Indonesia, Italy and Mexico.

Countries in the EUCPM offered assistance to Jordan and Turkey to support the efforts of national governments in building refugee camps. In addition, the mechanism was activated for explosions (Bulgaria and Congo (Brazzaville)) and marine pollution (Italy). According to its mandate, the Monitoring and Information Centre of DG Humanitarian Aid and Civil Protection (ECHO MIC) monitors disasters, acts as an information hub and entry point for requests for assistance, and coordinates assistance provided by participating states to the EUCPM.

As part of civil protection policy and in cooperation with Member States, the Commission supports disaster preparedness and prevention activities in the EU, covering, inter alia, training of civil protection personnel, large-scale simulation exercises and exchange of experts, as well as cooperation projects on prevention and preparedness involving actors from two or more Member States.

A total of EUR 16 million was spent on EU civil protection in 2012.

Implementation 2007–12 (million EUR)



The EU as a global player

The EU confirmed its status as the biggest aid donor in the world with assistance provided to 122 million people in over 90 non-member countries in 2012.

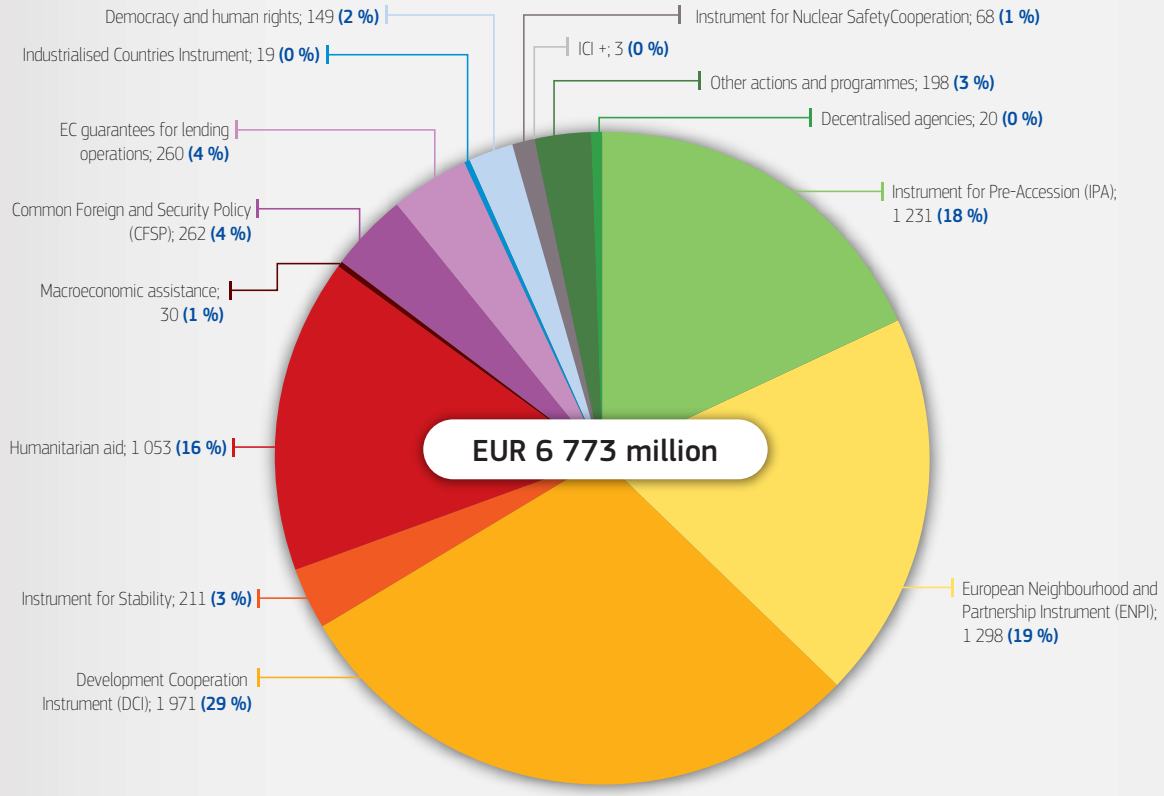
The EU helped millions in the Sahel facing hunger, and humanitarian assistance reached hundreds of thousands of Syrian refugees fleeing conflict in their country in 2012.

Through the European humanitarian volunteer programme, 25 young people from around Europe went to countries in Africa, Asia or Central America to be trained in preparation for a career in aid work.

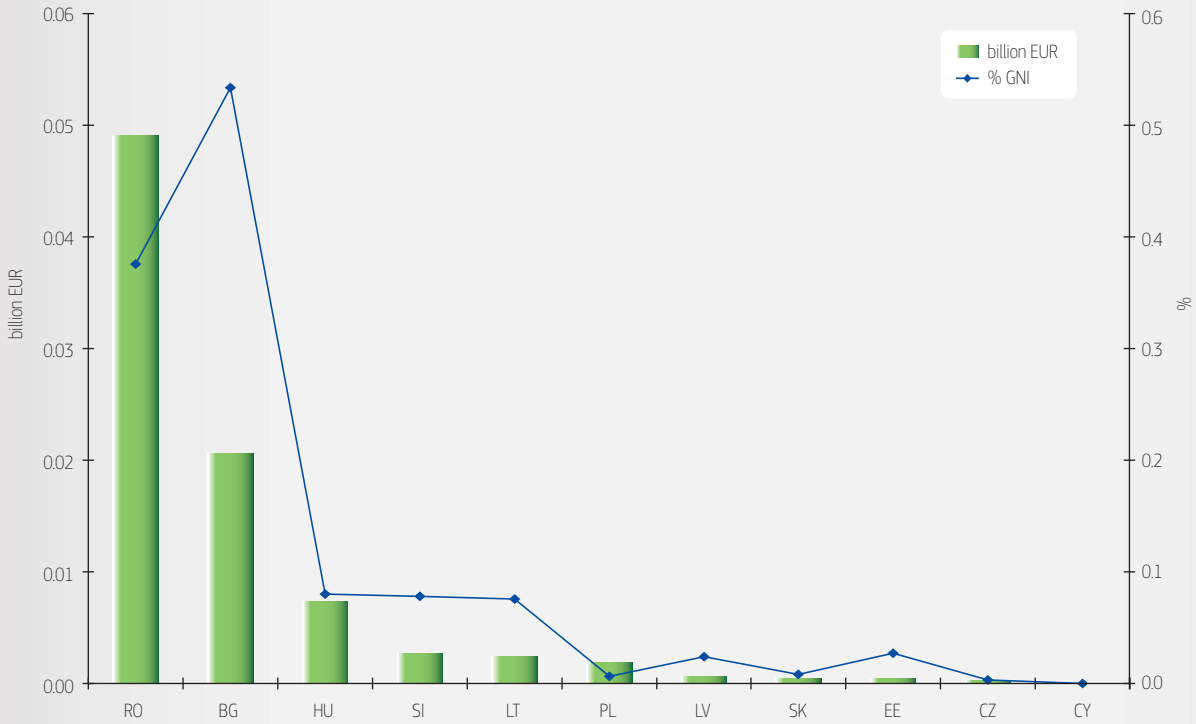
Public support for humanitarian aid has gone up in the EU in spite of the economic crisis: a Eurobarometer survey showed that 88 % of European citizens believe it is important for the EU to continue funding humanitarian aid.

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

Heading 4 — Implemented payments (million EUR) (*)



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



(*) Croatia joined in July 2013.

Instrument for Pre-Accession Assistance (IPA)

The enlargement policy is one of the most effective EU foreign policy instruments, providing a strong stimulus for political and economic reforms in candidate countries. In 2012, the EU provided focused pre-accession financial aid to six candidate countries (Croatia ([1]), the former Yugoslav Republic of Macedonia, Iceland, Montenegro, Serbia and Turkey) and three potential candidates (Albania, Bosnia and Herzegovina, Kosovo ([2])) intended to help these countries carry out political, economic and institutional reforms in line with EU standards with a view to their eventual accession to the EU.

The implementation of the enlargement policy is supported by the IPA financial instrument 2007–13. The IPA is the main driver for the preparation of candidate countries and potential candidates for future EU membership. It is designed to give countries a 'test run' of the obligations of membership before accession (such as putting in place institutions for managing post-accession EU funds, and adopting the *acquis* and EU standards) and contributes to strengthening democratic institutions, administrative and judicial capacity, and civil society. The pre-accession funds also help the EU to reach its own objectives, such as sustainable economic recovery, energy supply, transport, the environment and climate change.

Developments in 2012

The progress of beneficiary countries towards meeting the conditions for accession and the terms of the stabilisation and association agreements was continuously monitored and assessed. In the enlargement package ([3]), the Commission reiterated its recommendation for the opening of EU accession negotiations with the former Yugoslav Republic of Macedonia. The Commission also reported on the fulfilment of the priorities set out in the opinions on Serbia and Albania and assessed whether enough progress had been made to recommend the opening of EU accession negotiations. EU–Serbia relations have moved into a new phase, with the granting of candidate country status to Serbia by the European Council in March 2012. On Turkey, the Commission reported on the successful launch of the positive agenda to support and to complement the accession negotiations. In May 2012, the Commission reiterated its assessment that Montenegro has achieved the necessary degree of compliance with the membership criteria, and in particular the Copenhagen political criteria. The Council endorsed this assessment, and in June 2012 accession negotiations with Montenegro were opened.

Regional cooperation in the western Balkans has improved in 2012 on a number of issues, including the agreement reached under the Belgrade–Pristina dialogue on the participation of Kosovo in regional cooperation bodies; the agreement on a regional housing programme under the Sarajevo process for refugees; the development of an energy strategy and national energy-efficiency plans within the Energy Community and the development of growth targets under the south-east Europe 2020 agenda. In 2012, a number of important milestones were reached related to the establishment of the regulatory and strategic framework of pre-accession assistance post-2013 (IPA II), the development of the sector approach and aiding transparency.

Results in the field are materialising, as shown by the steady progress on institution building and convergence towards European standards, and not least by the opening of accession negotiations with Montenegro and the finalisation of preparations for Croatia's accession, becoming the 28th EU Member State on 1 July 2013.

A total of EUR 1 231 million was spent on the IPA in 2012.

([1]) Croatia became a member of the EU on 1 July 2013.
([2]) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.
([3]) http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm

Implementation 2007–12 (million EUR)

Example

The gender equality programme in Montenegro (2010) was a 3-year project targeting the promotion of personal integrity, economic status and political representation of women in Montenegro. It was designed to support the development of gender-responsive policies in Montenegro and to boost the implementation of national legislation and international standards related to gender equality. The main outcome of this programme successfully led to advocating for the introduction of a 30 % quota for women in the election law and significantly contributed to the political empowerment of women through tailor-made education programmes for 167 female politicians. In addition to supporting the development of a new action plan for gender equality covering 2013–17, there was the implementation of anti-violence legislation through a code of conduct for institutions dealing with violence and training for police officers and social workers in this area. Support was also provided for the development of a centralised database on victims and perpetrators with indicators which will enable institutions to monitor trends related to violence.

EU contribution: EUR 700 000

Humanitarian aid and civil protection

The aim of the humanitarian aid policy is to provide ad hoc assistance, relief and protection for people in non-member countries who are victims of natural or man-made disasters, in order to meet the humanitarian needs resulting from these situations.

Over the years, the EU has acquired a high level of recognition as a reference donor and important contributor to humanitarian action. The EU leads the way in ensuring that humanitarian aid allocations are needs based and that no humanitarian crisis is overlooked in the international humanitarian response. It is also in a unique position to be able to encourage other humanitarian donors to implement effective and principled humanitarian aid strategies and has a comparative advantage in being able to intervene in politically sensitive situations more flexibly.

Furthermore, the EU is well positioned to rapidly complement, as required, EU Member States' bilateral contributions in response to a crisis. A share of the annual EU humanitarian aid budget is pre-allocated to ongoing crises (in some cases the Commission is the only donor, namely in 'forgotten crises') and for prevention/preparedness measures, while the rest is deployed to respond to new crises or the deterioration of existing ones.

Civil protection activities in non-member countries complement humanitarian activities and, within the EU, support the efforts of EU Member States' civil protection activities.

Developments in 2012

The Commission is one of the world's largest humanitarian aid donors and the European Union and its Member States together make up the world's leading humanitarian donor, providing about half of global funding for emergency relief to victims of man-made and natural disasters.

In 2012, the Commission provided needs-based humanitarian assistance to more than 122 million people in over 90 non-member countries, of which 52 were vulnerable countries/territories. It has been present for all major emergencies and covered almost all the countries facing food assistance crises. It also dedicated 15 % of its initial 2012 budget to forgotten crises which are overlooked by the global media and the international humanitarian community.

The vast majority of the funding in 2012 was, as in previous years, dedicated to Africa (51 %). Substantial assistance was also provided in the Middle East (Syria and neighbouring countries), for the Myanmar/Burma crisis and for the natural disasters in south-east Asia and the Caribbean.

Furthermore, the EU civil protection mechanism was activated 38 times.

A total of EUR 1 053 million was spent on humanitarian aid in 2012.

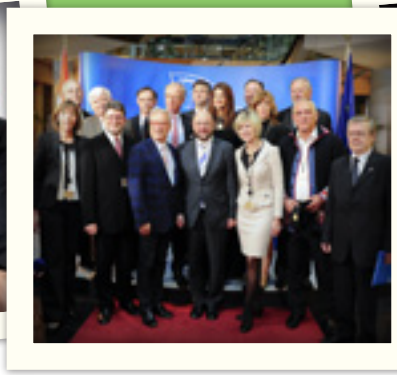
Example

In terms of 'man-made crises', the impact of the Arab Spring is taking a heavy toll on Syria after the events in Libya last year. The human rights crisis deteriorated into a full-fledged conflict. A major influx of Syrian refugees was registered in 2012 in the neighbouring countries of Egypt, Iraq, Jordan, Lebanon and Turkey. By the first quarter of 2013, the Office for the Coordination of Humanitarian Affairs (OCHA) estimated that more than 4 million people were in urgent need of humanitarian assistance. The number of refugees stood at almost 1 100 000, with the number of food-insecure people inside Syria rising to 3 million and the number of internally displaced persons increasing to around 3.6 million. The needs to be addressed cover many intervention sectors like food, protection, water and sanitation, shelter, medical supplies, psychosocial support and nutritional items. By the end of 2012, EUR 155 million was already committed to cope with the humanitarian situation in Syria.

The Commission also responded to protracted and complex emergencies. For example, it allocated in 2012 around EUR 157 million to cope with the Sudan and South Sudan crisis. Since the separation of Sudan into two countries in July 2011, the continuous conflict in the Sudanese border states of South Kordofan and Blue Nile, has resulted in 173 000 refugees fleeing to South Sudan and 35 000 to Ethiopia. Periodic outbreaks of interethnic conflict in South Sudan have led to 183 000 people being displaced from their homes.

Administration

The European Ombudsman directly helped over 22 000 individuals by dealing with their complaints, replying to questions or offering advice.



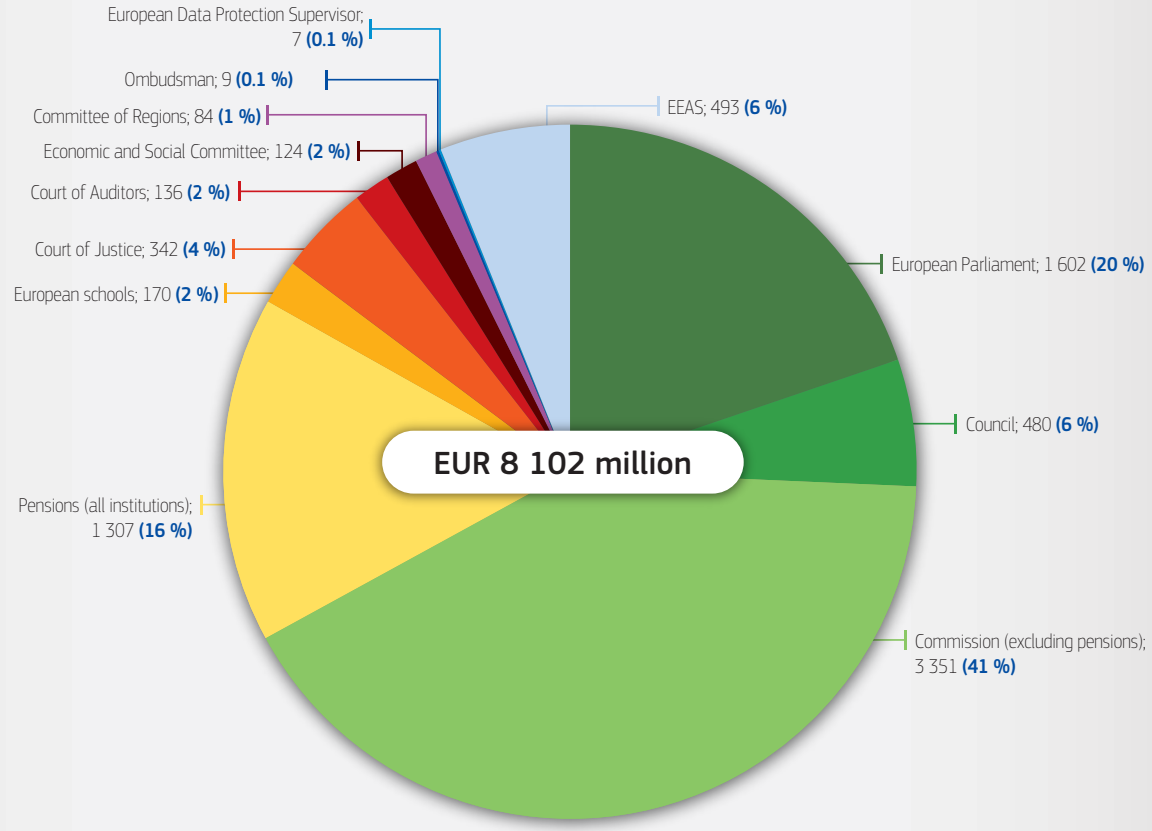
Twelve Croatian observers were welcomed at the Parliament in preparation for Croatia's accession to the EU. They were able to take part in meetings of committees and political groups.

The Commission proposed 168 legislative acts and initiated 699 infringement procedures for suspected breaches or non-implementation of EU law by Member States.

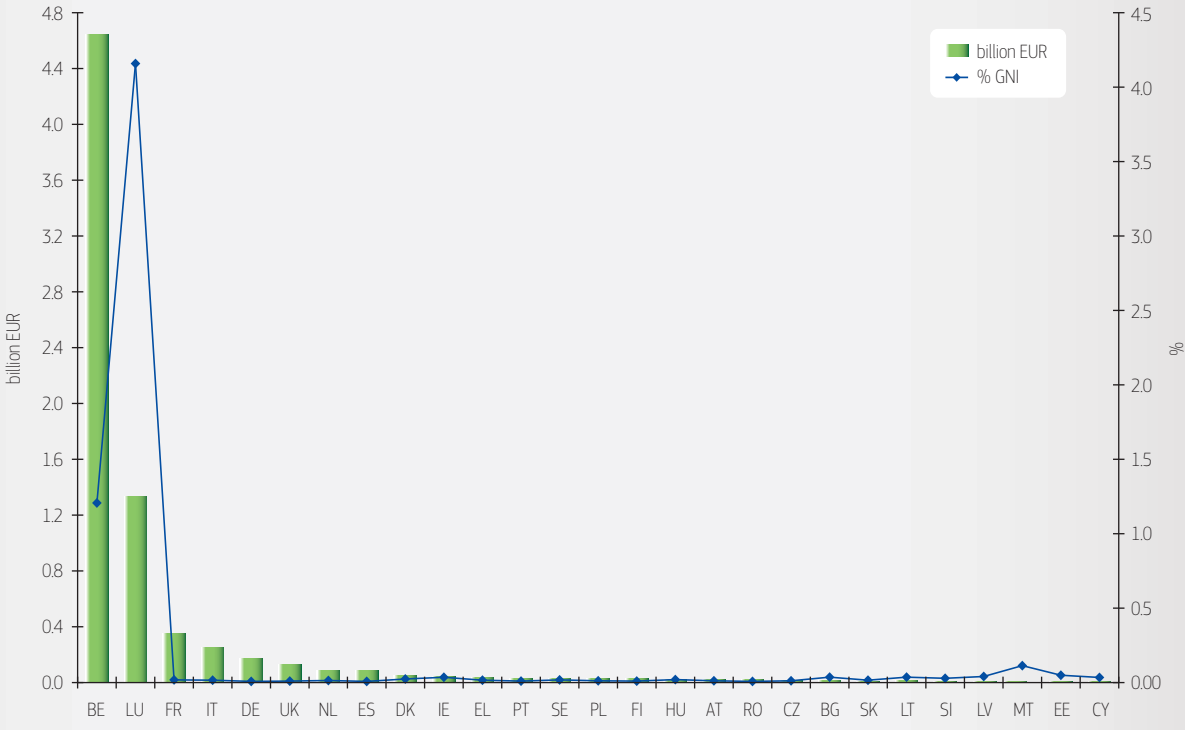
The Court of Justice of the European Union celebrated its 60th anniversary. Some 527 cases were completed this year and the Court's activity showed a very significant improvement in efficiency as regards the duration of proceedings.

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

Heading 5 — Administrative expenditure 2012 (million EUR)



Heading 5 — Expenditure by Member State



Annexes

Annex 1

Financial frameworks 2000–06 and 2007–13

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

(million EUR — current prices)

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

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

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

(million EUR — current prices)

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

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

Annex 2

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

Annex 2a — Expenditure 2007–13 by heading

All types of appropriations excluding assigned revenues (million EUR)

		2007	2008	2009	2010	2011	2012	2013
	Heading	Implemented budget	Implemented budget	Implemented budget	Implemented budget	Implemented budget	Implemented budget	Voted budget
1.	**Sustainable growth**							
1a.	**Competitiveness for growth and employment**							
1.1.1	Seventh research framework programme (including completion of sixth research framework programme)	3 722	6 118	6 279	6 444	7 036	7 853	7 835
1.1.2	Decommissioning	32	23	19	22	24	28	25
1.1.3	TEN	371	898	845	857	836	805	748
1.1.4	Galileo		150	721	442	548	386	357
1.1.5	Marco Polo	10	18	29	30	20	9	25
1.1.6	Lifelong learning	875	962	1 010	1 073	1 119	1 210	1 132
1.1.7	Competitiveness and innovation framework programme (CIP)	245	348	295	232	462	388	435
1.1.8	Social policy agenda	134	128	137	166	146	169	156
1.1.9	Customs 2013 and Fiscalis 2013	35	50	62	65	61	68	52
1.1.10	Nuclear decommissioning	38	198	110	219	102	179	182
1.1.11	European Globalisation Adjustment Fund (EGF)		49	12	105	114	83	50
1.1.12	EEPR — Energy projects to aid economic recovery			0	701	488	184	286
1.1.OTH	Other actions and programmes	553	323	295	329	231	366	334
1.1.DAG	Decentralised agencies	189	240	252	228	326	243	258
1.1	*Subtotal*	*6 203*	*9 504*	*10 066*	*10 914*	*11 514*	*11 969*	*11 875*
1b.	**Cohesion for growth and employment**							
1.2.1	Structural Funds	32 700	30 265	26 848	29 214	35 914	38 854	38 080
1.2.11	Convergence objective	23 522	21 400	19 887	21 726	27 121	30 438	31 191
1.2.12	Regional competitiveness and employment objective	7 814	7 395	6 176	6 757	7 651	7 036	5 871
1.2.13	European territorial cooperation objective	1 298	1 361	700	650	1 077	1 312	949
1.2.14	Technical assistance	66	108	85	81	65	69	69
1.2.2	Cohesion Fund	4 271	5 290	7 084	7 960	6 454	9 626	9 111
1.2.OTH	Other actions and programmes			1	5	11	6	7
1.2	*Subtotal*	*36 971*	*35 555*	*33 933*	*37 179*	*42 379*	*48 486*	*47 199*
Total — Sustainable growth		**43 174**	**45 059**	**43 999**	**48 093**	**53 892**	**60 456**	**59 074**
2.	**Preservation and management of natural resources**							
2.0.1	Market-related expenditure and direct aids	42 099	40 753	41 283	43 699	42 798	43 890	43 934
2.0.11	Agriculture markets	41 863	40 478	41 032	43 403	42 493	43 591	43 660
2.0.12	Fisheries markets	25	26	24	10	34	38	27
2.0.13	Animal and plant health	212	249	227	286	271	261	247
2.0.2	Rural development	10 803	10 529	8 739	11 493	12 293	13 174	12 502
2.0.3	European Fisheries Fund	750	572	291	396	446	481	483

2.0.4	Fisheries governance and international agreements	218	233	222	200	237	174	122
2.0.5	LIFE+	109	139	212	218	203	242	256
2.0.OTH	Other actions and programmes	2	2	10	12	15	21	22
2.0.DAG	Decentralised agencies	36	39	41	44	47	50	52
Total — Preservation and management of natural resources		**54 016**	**52 267**	**50 799**	**56 061**	**56 038**	**58 032**	**57 371**
3.	**Citizenship, freedom, security and justice**							
3a.	**Freedom, security and justice**							
3.1.1	Solidarity and management of migration flows	68	191	403	298	406	427	402
3.1.2	Security and safeguarding liberties	10	24	44	35	40	57	35
3.1.3	Fundamental rights and justice	9	29	49	53	59	61	58
3.1.OTH	Other actions and programmes	30	41	45	48	53	73	43
3.1.DAG	Decentralised agencies	83	95	127	233	270	237	273
3.1	*Subtotal*	*200*	*380*	*667*	*667*	*829*	*855*	*810*
3b.	**Citizenship**							
3.2.1	Public health and consumer protection programme	69	55	78	75	65	80	68
3.2.2	Culture 2007	36	41	47	45	48	53	51
3.2.3	Youth in Action	115	122	121	123	120	126	127
3.2.4	Media 2007	93	102	97	104	102	104	104
3.2.5	Europe for citizens	18	19	26	23	27	28	28
3.2.6	Rapid response and preparedness instrument for major emergencies	8	8	9	9	12	16	15
3.2.7	Communication actions	75	77	89	83	88	88	85
3.2.8	European Union Solidarity Fund — Member States	197	273	623	13	264	726	p.m.
3.2.OTH	Other actions and programmes	130	86	66	51	48	32	33
3.2.DAG	Decentralised agencies	71	99	108	114	124	130	129
3.2	*Subtotal*	*811*	*882*	*1 263*	*638*	*899*	*1 383*	*638*
Total — Citizenship, freedom, security and justice		**1 011**	**1 262**	**1 930**	**1 306**	**1 728**	**2 238**	**1 448**
4.	**The European Union as a global player**							
4.0.1	Instrument for Pre-Accession Assistance (IPA)	2 446	2 114	2 157	1 464	1 253	1 231	1 213
4.0.2	European Neighbourhood and Partnership Instrument (ENPI)	1 403	1 510	1 455	1 486	1 394	1 298	1 285
4.0.3	Development Cooperation Instrument (DCI)	1 984	1 922	1 931	1 953	2 028	1 971	1 878
4.0.4	Instrument for Stability	44	126	142	150	173	211	163
4.0.5	Humanitarian aid	729	869	774	947	1 009	1 053	781
4.0.6	Macroeconomic assistance	20	40	16	101	55	30	56
4.0.7	Common foreign and security policy (CFSP)	89	192	314	251	303	262	317
4.0.8	EU guarantees for lending operations	0	0	92	94	139	260	156
4.0.9	Emergency aid reserve	0	0	0	0	0	0	80
4.0.10	Industrialised Countries Instrument	10	16	13	20	19	19	18
4.0.11	Democracy and human rights	129	117	127	154	129	149	130
4.0.12	Instrument for Nuclear Safety Cooperation	51	73	77	89	70	68	66
4.0.13	ICI+						3	7
4.0.OTH	Other actions and programmes	165	172	678	611	331	198	152
4.0.DAG	Decentralised agencies	21	38	13	19	20	20	21
Total — The European Union as a global player		**7 091**	**7 191**	**7 788**	**7 340**	**6 921**	**6 773**	**6 323**
5.	**Administration**							
5.0.1	Commission (excluding pensions)	3 170	3 303	3 464	3 567	3 300	3 351	3 331
5.0.3	Pensions (all institutions)	963	1 023	1 099	1 191	1 245	1 307	1 390
5.0.4	European Schools	127	142	148	155	169	170	178
	Other institutions	*2 380*	*2 618*	*2 671*	*2 776*	*3 203*	*3 274*	*3 527*
Total — Administration		**6 640**	**7 085**	**7 382**	**7 689**	**7 918**	**8 102**	**8 426**
6. Compensation								
6.0.1	Compensation	445	207	209				
Total — Compensation		**445**	**207**	**209**				
Grand total		**112 377**	**113 070**	**112 107**	**120 490**	**126 497**	**135 602**	**132 641**

Source: Accounting datawarehouse as at date of report.

Annex 2b — Revenue 2000–12 by type of source

	EU-15								EU-25						EU-27											
	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
Type of revenue	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%	million EUR	%
(1) VAT-based own resource (including balance from previous years)	35 192.5	38.0	31 320.3	33.2	22 388.2	23.5	21 260.1	22.7	13 912.2	13.4	16 018.0	15.0	17 206.2	15.9	19 440.8	16.5	19 007.7	15.6	12 796.2	10.9	12 470.5	9.8	14 798.9	11.4	14 871.2	10.7
(2) GNP/GNI-based own resource (****) (including balance from previous years)	37 580.5	40.5	34 878.8	37.0	45 947.6	48.1	51 235.2	54.8	68 982.0	66.6	70 860.6	66.2	70 132.1	64.7	73 914.7	62.9	74 477.3	61.3	81 982.5	69.7	91 066.8	71.3	88 414.3	68.0	98 163.0	70.3
(3) UK correction (*)	– 70.9	– 0.1	– 70.3	– 0.1	148.2	0.2	280.1	0.3	– 148.0	– 0.1	– 130.7	– 0.1	– 15.3	0.0	58.9	0.1	400.0	0.3	– 321.1	– 0.3	– 114.8	– 0.1	5.4	0.0	– 56.5	0.0
(4) Other payments from/to Member States (**)	0.0	0.0	0.0	0.0	–	–	– 0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.2	0.0	– 78.9	– 0.1	– 6.9	0.0	– 1.7	0.0	– 1.2	0.0
(5) Total national contributions = (1) + (2) + (3) + (4)	72 702.0	78.4	66 128.8	70.1	68 484.0	71.8	72 775.3	77.9	82 746.2	79.9	86 748.0	81.0	87 322.9	80.5	93 414.5	79.5	93 886.2	77.2	94 378.7	80.2	103 415.6	80.9	103 216.9	79.4	112 976.4	81.0
(6) Traditional own resources	15 267.1	16.5	14 589.2	15.5	9 214.0	9.7	10 857.2	11.6	12 307.1	11.9	14 063.1	13.1	15 028.3	13.9	16 573.0	14.1	17 282.9	14.2	14 528.2	12.4	15 659.3	12.3	16 777.7	12.9	16 453.4	11.8
Agricultural duties	*1 198.4*	*1.3*	*1 132.9*	*1.2*	*1 180.2*	*1.2*	*1 349.1*	*1.4*	*1 751.2*	*1.7*	*1 801.0*	*1.7*	*1 722.4*	*1.6*	*1 872.1*	*1.6*	*1 703.5*	*1.4*	–	–	–	–	–	–	0.0	–
Sugar levies	*1 196.8*	*1.3*	*840.0*	*0.9*	*864.8*	*0.9*	*510.9*	*0.5*	*535.5*	*0.5*	*926.8*	*0.9*	*202.1*	*0.2*	*– 40.9*	*0.0*	*943.8*	*0.8*	*175.5*	*0.1*	*194.1*	*0.2*	*175.6*	*0.1*	*256.7*	*0.2*
Customs duties	*14 568.3*	*15.7*	*14 237.4*	*15.1*	*12 917.5*	*13.5*	*12 616.2*	*13.5*	*14 122.8*	*13.6*	*16 023.0*	*15.0*	*18 113.1*	*16.7*	*20 266.2*	*17.2*	*20 396.6*	*16.8*	*19 195.5*	*16.3*	*20 684.9*	*16.2*	*22 194.7*	*17.1*	*21 681.1*	*15.5*
Amounts retained, collection (***)	*– 1 696.3*	*– 1.8*	*– 1 621.0*	*– 1.7*	*– 5 748.6*	*– 6.0*	*– 3 619.1*	*– 3.9*	*– 4 102.4*	*– 4.0*	*– 4 687.7*	*– 4.4*	*– 5 009.4*	*– 4.6*	*– 5 524.3*	*– 4.7*	*– 5 761.0*	*– 4.7*	*– 4 842.7*	*– 4.1*	*– 5 219.8*	*– 4.1*	*– 5 592.6*	*– 4.3*	*– 5 484.5*	*– 3.9*
(7) Total own resources	87 969.2	94.9	80 718.1	85.6	77 698.0	81.4	83 632.5	89.5	95 053.3	91.8	100 811.1	94.1	102 351.2	94.4	109 987.5	93.6	111 169.1	91.4	108 906.9	92.6	119 074.9	93.2	119 994.7	92.3	129 429.8	92.8
= (5) + (6) *% GNI*	*1.01*		*0.89*		*0.83*		*0.87*		*0.90*		*0.92*		*0.88*		*0.89*		*0.89*		*0.93*		*0.97*		*0.95*		*100%*	
(8) Surplus from previous year	3 209.1	3.5	11 612.7	12.3	15 002.5	15.7	7 413.5	7.9	5 469.8	5.3	2 736.7	2.6	2 410.1	2.2	1 847.6	1.6	1 528.8	1.3	1 796.2	1.5	2 253.6	1.8	4 539.4	3.5	1 497.0	1.1
(9) Other revenue (excluding surplus)	1 546.1	1.7	1 958.5	2.1	2 733.9	2.9	2 422.6	2.6	2 988.8	2.9	3 542.8	3.3	3 661.7	3.4	5 727.9	4.9	8 886.4	7.3	6 922.5	5.9	6 466.8	5.1	5 465.9	4.2	8 613.8	6.2
(10) Total revenue	**92 724.4**	**100**	**94 289.3**	**100**	**95 434.4**	**100**	**93 468.6**	**100**	**103 511.9**	**100**	**107 090.6**	**100**	**108 423.0**	**100**	**117 563.0**	**100**	**121 584.4**	**100**	**117 625.6**	**100**	**127 795.3**	**100**	**130 000.0**	**100**	**139 540.5**	**100**
= (7) + (8) + (9) *% GNI*	*1.06*		*1.04*		*1.02*		*0.98*		*0.98*		*0.97*		*0.93*		*0.95*		*0.98*		*1.00*		*1.04*		*1.03*		*1.08%*	
p.m. EU GNI	8 723 018.8		9 043 915.8		9 362 800.0		9 554 915.0		10 543 475.1		10 997 807.8		11 616 062.8		12 415 637.1		12 458 434.6		11 753 788.6		12 287 989.0		12 656 888.2		12 902 768.0	

(*) The fact that payments for the UK correction do not add up to zero is due to exchange rate differences.
(**) The category 'Other payments from/to Member States' includes:
— 2000–01 restitutions to Greece, Spain and Portugal.
— Since 2003, the JHA adjustment (which does not add up to zero, on account of exchange rate differences).
— Adjustment re-implementation of ORD 2007.
— Reduction in GNI-Own Resource granted to the NL and SE.
(***) TOR collection costs (10 % and, since 2001 25 %) have been recorded as negative reserve
15 % of the 2011 amounts were recorded in 2002.
(****) ESA95 GNI replaces ESA79 GNP as of 2002.

Annex 2c — Expenditure and revenue by Member State 2012 (million EUR) (1)

	1a. Competitiveness	1b. Cohesion	2. Natural resources	3a. Freedom, security, justice	3b. Citizenship	4. The EU as a global player	5. Administration	6. Compensation	Total expenditure	VAT-based own resource	GNI-based own resource	UK correction	Reduction in GNI-own resource granted to the NL and SE	JHA adjustment for DK, IE & UK	National contribution	TOR collected on behalf of the EU (net, 75 %)	Total revenue	p.m. breakdown of TOR: Sugar levies (gross, 100 %)	p.m. breakdown of TOR: Customs duties (gross, 100 %)	p.m. breakdown of TOR: Amounts (25 %) retained as TOR collection costs
BE	998.2	418.2	751.8	75.4	96.7	0.0	4 628.8	0.0	**6 969.1**	475.8	2 951.3	188.6	25.3	1.8	**3 642.7**	1 600.9	**5 243.6**	27.9	2 106.6	– 533.6
BG	88.6	848.6	746.8	10.3	5.3	20.6	12.3	0.0	**1 732.5**	52.8	295.3	20.2	2.5	0.2	**371.0**	45.9	**416.9**	0.7	60.5	– 15.3
CZ	65.6	3 240.9	1 197.9	3.4	5.9	0.3	15.5	0.0	**4 529.4**	198.1	1 112.5	74.8	9.5	0.7	**1 395.5**	198.5	**1 594.0**	11.0	253.6	– 66.2
DK	222.1	69.1	1 084.6	2.2	12.7	0.0	50.1	0.0	**1 440.7**	292.9	1 963.6	121.2	16.7	– 3.2	**2 391.1**	306.4	**2 697.5**	5.4	403.1	– 102.1
DE	1 576.8	3 596.0	6 802.2	42.9	46.8	0.0	180.5	0.0	**12 245.2**	1 803.2	20 604.1	224.3	175.8	12.9	**22 820.2**	3 393.6	**26 213.8**	48.7	4 476.1	– 1 131.2
EE	20.7	683.3	235.8	3.9	2.7	0.4	7.3	0.0	**954.2**	23.0	121.3	8.1	1.0	0.1	**153.5**	22.1	**175.7**	0.0	29.5	– 7.4
IE	185.7	120.6	1 653.5	4.3	7.1	0.0	42.1	0.0	**2 013.2**	191.1	978.4	61.1	8.3	– 3.2	**1 235.6**	203.5	**1 439.2**	0.0	271.4	– 67.8
EL	229.9	3 218.1	2 813.2	46.2	7.1	0.0	38.3	0.0	**6 352.9**	215.6	1 363.7	87.9	13.1	1.0	**1 681.3**	123.1	**1 804.5**	1.9	162.3	– 41.0
ES	1 003.7	6 351.3	6 722.1	45.6	45.3	0.0	89.3	0.0	**14 257.2**	1 317.1	7 772.7	498.5	68.2	5.1	**9 661.6**	1 084.9	**10 746.5**	10.6	1 436.0	– 361.6
FR	1 446.6	1 572.3	9 350.9	82.4	86.7	0.0	351.4	0.0	**12 890.3**	2 877.1	15 773.3	999.9	136.8	9.9	**19 796.9**	1 499.3	**21 296.2**	50.8	1 948.2	– 499.8
IT	878.0	2 854.1	6 069.1	91.9	815.6	0.0	248.2	0.0	**10 956.9**	2 294.4	11 796.1	778.3	103.8	7.6	**14 980.2**	1 563.3	**16 543.6**	7.0	2 077.4	– 521.1
CY	21.2	42.6	74.3	7.2	3.2	0.0	6.1	0.0	**154.5**	25.9	130.4	7.4	1.1	0.1	**164.9**	20.3	**185.2**	0.0	27.0	– 6.8
LV	29.0	765.4	367.1	6.3	3.1	0.5	8.1	0.0	**1 179.5**	22.1	170.3	10.8	1.4	0.1	**204.7**	24.4	**229.1**	0.0	32.5	– 8.1
LT	154.3	1 072.6	576.1	13.9	3.6	2.4	9.7	0.0	**1 832.6**	36.7	238.6	16.0	2.1	0.1	**293.5**	49.2	**342.7**	2.5	63.1	– 16.4
LU	124.6	19.9	41.4	3.0	10.1	0.0	1 331.1	0.0	**1 530.2**	40.9	207.6	14.0	2.0	0.1	**264.7**	11.8	**276.4**	0.0	15.7	– 3.9
HU	142.0	2 377.7	1 605.4	12.9	10.5	7.3	21.4	0.0	**4 177.1**	89.0	692.4	43.5	6.2	0.5	**831.6**	96.8	**928.4**	3.8	125.2	– 32.3
MT	7.5	85.4	16.1	22.4	2.4	0.0	7.4	0.0	**141.2**	9.3	46.8	2.7	0.4	0.0	**59.2**	9.4	**68.6**	0.0	12.5	– 3.1
NL	600.6	225.0	1 045.8	135.1	21.4	0.0	95.7	0.0	**2 123.6**	257.3	4 500.7	51.1	– 638.8	3.0	**4 173.3**	1 906.9	**6 080.2**	12.9	2 529.7	– 635.6
AT	270.0	232.0	1 289.5	33.6	11.8	0.0	19.0	0.0	**1 856.0**	327.0	2 389.4	26.9	20.3	1.5	**2 765.1**	177.1	**2 942.2**	7.7	228.5	– 59.0
PL	163.5	10 517.5	4 918.4	88.8	17.4	2.0	28.2	0.0	**15 735.8**	543.9	2 781.9	173.4	24.4	1.7	**3 525.3**	382.9	**3 908.3**	31.0	479.6	– 127.6
PT	171.8	5 077.3	1 480.3	20.6	9.5	0.0	29.3	0.0	**6 788.9**	235.3	1 318.1	81.2	10.6	0.8	**1 646.0**	119.5	**1 765.5**	0.1	159.3	– 39.8
RO	58.7	1 163.7	2 131.5	14.5	9.9	49.1	18.2	0.0	**3 445.5**	147.1	1 097.4	72.1	8.9	0.6	**1 326.1**	131.0	**1 457.1**	3.1	171.6	– 43.7
SI	66.0	586.0	252.3	7.1	9.1	2.7	8.6	0.0	**931.8**	51.9	262.7	16.5	2.3	0.2	**333.5**	65.0	**398.5**	0.0	86.6	– 21.7
SK	70.4	1 575.7	618.0	5.3	7.3	0.5	9.7	0.0	**2 286.8**	84.0	524.2	33.1	4.6	0.3	**646.1**	96.6	**742.8**	6.1	122.7	– 32.2
FI	160.2	247.8	872.5	13.1	7.6	0.0	22.9	0.0	**1 324.1**	277.2	1 469.4	101.6	13.2	0.9	**1 862.3**	139.7	**2 001.9**	1.9	184.3	– 46.6
SE	270.2	162.4	1 022.0	12.3	69.8	0.0	29.2	0.0	**1 566.0**	188.3	3 209.5	33.9	– 144.5	2.0	**3 289.2**	464.9	**3 754.1**	7.0	612.9	– 155.0
UK	1 268.9	1 280.4	4 182.6	38.6	31.3	0.0	132.0	0.0	**6 933.9**	2 794.3	14 391.5	– 3 803.6	126.5	– 47.5	**13 461.1**	2 716.3	**16 177.5**	16.4	3 605.4	– 905.4
EU-27	**10 294.5**	**48 403.8**	**57 921.3**	**843.6**	**1 359.7**	**85.8**	**7 440.5**	**0.0**	**126 349.3**	**14 871.2**	**98 163.0**	**– 56.5**	**1.6**	**– 2.8**	**112 976.4**	**16 453.4**	**129 429.8**	**256.7**	**21 681.1**	**– 5 484.5**
HR	12.8	0.1	0.0	0.0	3.3	85.8	1.5	0.0	**103.6**						Surplus from previous year		1 497.0	p.m. amount of UK correction 2011 (prov.): 3975.0		
third countries	865.8	2.9	102.6	7.1	31.0	4 951.2	175.0	0.0	**6 135.6**						Surplus external aid guarantee fund		0.0			
other	1 028.8	79.6	9.1	5.0	2.4	1 650.1	488.2	0.0	**3 263.1**						Other revenue		0.0			
earmarked	892.3	4.0	1 063.1	61.4	61.2	290.7	459.2	0.0	**2 831.9**						**Total**		**8 613.8**			
Total	**13 094.4**	**48 490.4**	**59 096.2**	**917.0**	**1 457.5**	**7 063.6**	**8 564.4**	**0.0**	**138 683.4**								**139 540.5**			

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

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

million EUR	Market-related expenditure and direct aids			Total natural resources (H2)		
	Expenditures allocated from the voted appropriations	Expenditures allocated from relevant earmarked revenues	Total market expenditure and direct aids	Expenditures allocated from the voted appropriations	Expenditures allocated from relevant earmarked revenues	Grand Total H2
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2)	(6) = (4) + (5)
BE	630.0	37.1	667.1	751.8	37.1	788.9
BG	428.8	0.9	429.7	746.8	0.9	747.7
CZ	771.0	0.5	771.5	1 197.9	0.5	1 198.4
DK	956.8	0.1	956.9	1 084.6	0.1	1 084.6
DE	5 460.7	2.8	5 463.5	6 802.2	2.8	6 805.0
EE	95.0	0.0	95.0	235.8	0.0	235.8
IE	1 308.9	4.9	1 313.9	1 653.5	4.9	1 658.5
EL	2 412.9	8.1	2 420.9	2 813.2	8.1	2 821.3
ES	5 602.6	307.1	5 909.7	6 722.1	307.1	7 029.2
FR	8 383.1	292.8	8 675.9	9 350.9	292.8	9 643.7
IT	4 687.0	145.3	4 832.3	6 069.1	145.3	6 214.4
CY	50.5	0.0	50.5	74.3	0.0	74.3
LV	130.6	0.0	130.6	367.1	0.0	367.1
LT	334.5	0.0	334.5	576.1	0.0	576.1
LU	22.4	17.0	39.5	41.4	17.0	58.5
HU	1 149.3	0.0	1 149.3	1 605.4	0.0	1 605.4
MT	5.8	0.0	5.8	16.1	0.0	16.1
NL	917.1	18.0	935.1	1 045.8	18.0	1 063.8
AT	747.1	0.0	747.1	1 289.5	0.0	1 289.5
PL	2 849.6	0.1	2 849.7	4 918.4	0.1	4 918.5
PT	800.1	4.5	804.6	1 480.3	4.5	1 484.8
RO	1 026.1	0.1	1 026.2	2 131.5	0.1	2 131.6
SI	125.4	1.2	126.6	252.3	1.2	253.6
SK	334.4	0.0	334.4	618.0	0.0	618.0
FI	551.5	0.0	551.5	872.5	0.0	872.5
SE	711.3	3.8	715.0	1 022.0	3.8	1 025.8
UK	3 395.6	12.0	3 407.6	4 182.6	12.0	4 194.6
EU-27	**43 888.0**	**856.4**	**44 744.4**	**57 921.3**	**856.4**	**58 777.7**

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

Annex 3

Operating budgetary balances

Methodology and calculation

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

$$OBB_i = TE_i - HS_i - TNC_i \cdot \frac{TE_{EU} - HS_{EU}}{TNC_{EU}}$$

where:

OBB_i : operating budgetary balance of MS i;

TE_i : total allocated expenditure to MS i, or to the EU as a whole;

HS_i : administrative expenditure allocated to MS i, or to the EU as a whole

TNC_i : total national contribution of MS i, or of the EU as a whole.

Numerical example: 2012 operating budgetary balance of Belgium

TE_{BE} = EUR 6 969.1 million; HS_{BE} = EUR 4 628.8 million; TNC_{BE} = EUR 3 642.7 million;

TE_{EU} = EUR 126 349.3 million; HS_{EU} = EUR 7 440.5 million; TNC_{EU} = EUR 112 976.4 million

$$OBB_{BE} = 6\,969.1 - 4\,628.8 - 3\,642.7 \cdot \frac{126\,349.3 - 7\,440.5}{112\,976.4} = \text{EUR } 1\,493.7 \text{ million.}$$

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

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

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

Operating budgetary balances, 2000–12 (i.e. excluding administrative expenditure and TOR, and including UK correction) >>>

	2000		2001		2002		2003		2004		2005		2006		2007	
	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI
BE	−323.2	−0.13	−745.2	−0.28	−517.7	−0.19	−779.7	−0.28	−536.1	−0.18	−607.5	−0.20	−709.9	−0.22	−868.2	−0.26
BG	na	na	na	na	na	na	na	na	na	na	na	na	na	na	+335.1	+1.17
CZ	na	na	na	na	na	na	na	na	+272.2	+0.31	+178.0	+0.18	+386.2	+0.34	+656.7	+0.54
DK	+239.6	+0.14	−223.1	−0.13	−169.1	−0.09	−220.0	−0.12	−224.6	−0.11	−265.3	−0.13	−505.2	−0.23	−604.4	−0.26
DE	−8232.4	−0.41	−6971.5	−0.34	−4954.0	−0.24	−7605.4	−0.36	−7140.4	−0.32	−6064.3	−0.27	−6325.2	−0.27	−7415.2	−0.30
EE	na	na	na	na	na	na	na	na	+145.0	+1.57	+154.3	+1.43	+176.4	+1.39	+226.2	+1.51
IE	+4380.6	+3.19	+4503.6	+3.08	+3375.7	+2.17	+3358.3	+1.97	+4163.3	+2.28	+3900.5	+2.05	+5102.3	+2.50	+662.1	+0.41
EL	+5263.6	+0.84	+7661.2	+1.14	+8859.4	+1.23	+8704.9	+1.12	+8502.3	+1.02	+6017.8	+0.67	+3811.7	+0.39	+5437.2	+2.51
ES	−676.6	−0.05	−2043.4	−0.13	−2218.4	−0.14	−1976.1	−0.12	−3050.7	−0.18	−2883.5	−0.17	−3012.5	−0.16	+3651.8	+0.36
FR	+1719.5	+1.88	+1198.3	+1.20	+1574.1	+1.45	+1559.0	+1.29	+1593.8	+1.24	+1136.6	+0.81	+1080.5	+0.69	−2997.3	−0.16
IT	+1231.2	+0.10	−2030.9	−0.16	−2917.1	−0.23	−849.8	−0.06	−2946.9	−0.21	−2199.0	−0.15	−1731.8	−0.12	−2013.5	−0.13
CY	na	na	na	na	na	na	na	na	+63.5	+0.53	+90.3	+0.69	+102.4	+0.73	−10.5	−0.07
LV	na	na	na	na	na	na	na	na	+197.7	+1.81	+263.9	+2.07	+255.5	+1.65	+488.8	+2.40
LT	na	na	na	na	na	na	na	na	+369.3	+2.06	+476.4	+2.31	+585.3	+2.48	+793.2	+2.87
LU	−54.6	−0.28	−140.0	−0.70	−48.1	−0.24	−57.2	−0.29	−93.6	−0.39	−86.8	−0.33	−60.2	−0.23	−139.8	−0.46
HU	na	na	na	na	na	na	na	na	+193.4	+0.25	+590.1	+0.70	+1115.0	+1.32	+1605.9	+1.74
MT	na	na	na	na	na	na	na	na	+45.0	+0.98	+90.0	+1.91	+101.0	+2.01	+28.1	+0.52
NL	−1543.9	−0.36	−2259.9	−0.50	−2171.3	−0.46	−1942.2	−0.40	−2034.9	−0.40	−2636.6	−0.51	−2587.6	−0.47	−2864.3	−0.49
AT	−435.5	−0.21	−542.4	−0.26	−212.6	−0.10	−330.9	−0.15	−365.1	−0.16	−277.9	−0.11	−301.5	−0.12	−563.2	−0.21
PL	na	na	na	na	na	na	na	na	+1438.3	+0.72	+1853.2	+0.77	+2997.6	+1.13	+5136.4	+1.71
PT	+2128.2	+1.71	+1773.8	+1.35	+2682.7	+1.94	+3476.3	+2.45	+3124.0	+2.11	+2378.0	+1.56	+2291.7	+1.47	+2474.4	+1.51
RO	na	na	na	na	na	na	na	na	na	na	na	na	na	na	+595.8	+0.50
SI	na	na	na	na	na	na	na	na	+109.7	+0.41	+101.5	+0.36	+142.8	+0.47	+88.6	+0.26
SK	na	na	na	na	na	na	na	na	+169.2	+0.52	+270.9	+0.72	+323.2	+0.75	+617.8	+1.16
FI	+275.9	+0.21	−153.0	−0.11	−4.9	−0.00	−26.7	−0.02	−69.6	−0.05	−84.8	−0.05	−241.0	−0.14	−171.6	−0.10
SE	−1058.7	−0.40	−982.9	−0.39	−750.4	−0.28	−945.6	−0.33	−1059.8	−0.36	−866.9	−0.29	−856.6	−0.27	−994.8	−0.29
UK	−2913.7	−0.18	+955.4	+0.06	−2528.4	−0.15	−2364.9	−0.14	−2864.9	−0.16	−1529.0	−0.08	−2140.2	−0.11	−4155.3	−0.20
EU	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	

NOTES

- 'Operating budgetary balances' are calculated, for a given Member State, as the difference between allocated operating expenditure (i.e. excluding administration) and own resources payments (excluding TOR).
- These payments are adjusted to sum up to total allocated operating expenditure (as for calculating the UK correction), so that operating budgetary balances add up to zero.
- Please refer to the numerical example for details on the above calculations. Series as a percentage of GNI are calculated on the basis of GNI data, as published by DG ECFIN in its spring 2012 economic forecasts.
- The positive operating budgetary balance of the United Kingdom in 2001 is due to the particularly high amount of the UK corrections budgeted in this year.

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	2008		2009 (*)		2010		2011		2012		2007 (**)		2008 (**)		2009 (***)	
	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI
BE	−720.6	−0.21	−1663.9	−0.49	−1466.4	−0.40	−1369.6	−0.37	−1493.7	−0.39	−965.9	−0.28	−838.7	−0.24	−1452.7	−0.43
BG	+669.6	+1.98	+624.2	+1.83	+895.5	+2.53	+725.4	+1.95	+1329.7	+3.43	+327.7	+1.15	+658.7	+1.95	+642.2	+1.88
CZ	+1178.0	+0.80	+1702.5	+1.28	+2079.3	+1.50	+1455.2	+1.00	+3045.2	+2.14	+625.6	+0.51	+1133.9	+0.77	+1776.8	+1.34
DK	−543.2	−0.23	−969.5	−0.43	−615.3	−0.25	−836.6	−0.34	−1126.0	−0.45	−673.7	−0.29	−625.2	−0.26	−821.0	−0.36
DE	−8774.3	−0.35	−6357.5	−0.26	−9223.6	−0.36	−9002.5	−0.34	−11953.8	−0.44	−6521.5	−0.26	−7836.0	−0.31	−8107.3	−0.33
EE	+227.4	+1.47	+573.0	+4.30	+672.7	+4.97	+350.4	+2.32	+785.3	+4.84	+222.3	+1.48	+222.0	+1.44	+582.0	+4.37
IE	+566.1	+0.37	−47.5	−0.04	+803.9	+0.61	+383.8	+0.30	+670.6	+0.50	+619.0	+0.38	+512.6	+0.33	+47.0	+0.04
EL	+6279.7	+2.78	+3121.0	+1.38	+3597.4	+1.67	+4622.6	+2.28	+4544.9	+2.33	+5382.9	+2.48	+6201.0	+2.75	+3251.5	+1.44
ES	+2813.2	+0.27	+1181.7	+0.11	+4100.9	+0.40	+2995.0	+0.29	+3999.0	+0.39	+3379.4	+0.33	+2460.8	+0.23	+1794.3	+0.17
FR	−3842.7	−0.20	−5872.7	−0.31	−5534.8	−0.28	−6405.8	−0.31	−8297.5	−0.40	−3500.9	−0.18	−4494.9	−0.23	−4739.4	−0.25
IT	−4101.4	−0.26	−5058.5	−0.33	−4534.0	−0.29	−5933.0	−0.38	−5058.1	−0.33	−2479.7	−0.16	−4636.6	−0.30	−4079.2	−0.27
CY	−17.7	−0.10	−2.3	−0.01	+10.6	+0.06	+6.9	+0.04	−25.2	−0.15	−14.5	−0.10	−23.1	−0.14	+6.9	+0.04
LV	+407.0	+1.80	+501.5	+2.52	+674.2	+3.66	+731.3	+3.60	+955.9	+4.29	+483.7	+2.38	+399.5	+1.76	+513.6	+2.58
LT	+842.6	+2.68	+1493.3	+5.51	+1358.4	+5.02	+1368.0	+4.61	+1514.0	+4.82	+785.9	+2.84	+832.3	+2.65	+1510.6	+5.57
LU	−22.1	−0.07	−100.2	−0.42	−41.9	−0.15	−75.0	−0.24	−79.5	−0.25	−147.8	−0.49	−31.9	−0.11	−82.8	−0.35
HU	+1111.7	+1.13	+2719.4	+3.11	+2748.4	+2.99	+4418.3	+4.66	+3280.4	+3.59	+1578.1	+1.71	+1078.9	+1.09	+2772.1	+3.17
MT	+30.0	+0.52	+8.6	+0.16	+52.9	+0.90	+67.0	+1.09	+71.4	+1.14	+26.7	+0.49	+28.2	+0.49	+11.7	+0.21
NL	−2678.2	−0.46	+117.7	+0.02	−1833.1	−0.32	−2214.0	−0.36	−2364.5	−0.39	−1766.4	−0.30	−1551.0	−0.27	−2026.2	−0.36
AT	−356.4	−0.13	−402.1	−0.15	−677.0	−0.24	−805.1	−0.27	−1073.3	−0.35	−545.5	−0.20	−341.4	−0.12	−431.5	−0.16
PL	+4441.7	+1.25	+6337.1	+2.11	+8427.5	+2.47	+10975.1	+3.09	+11997.2	+3.30	+5060.4	+1.69	+4330.3	+1.22	+6488.5	+2.16
PT	+2695.1	+1.63	+2150.7	+1.33	+2622.6	+1.57	+2983.7	+1.81	+5027.2	+3.12	+2433.4	+1.48	+2642.1	+1.59	+2242.8	+1.39
RO	+1581.0	+1.16	+1692.5	+1.45	+1245.2	+1.01	+1451.5	+1.12	+2031.6	+1.56	+562.0	+0.47	+1537.9	+1.13	+1755.8	+1.51
SI	+113.8	+0.31	+241.9	+0.69	+424.1	+1.21	+490.1	+1.37	+572.2	+1.63	+80.3	+0.24	+102.1	+0.28	+261.6	+0.75
SK	+725.6	+1.15	+542.1	+0.87	+1349.6	+2.08	+1160.6	+1.72	+1597.0	+2.28	+603.1	+1.14	+705.7	+1.12	+580.2	+0.93
FI	−318.5	−0.17	−544.2	−0.31	−300.2	−0.17	−652.1	−0.34	−658.8	−0.34	−223.2	−0.12	−383.3	−0.21	−430.3	−0.25
SE	−1463.1	−0.42	−85.6	−0.03	−1211.4	−0.34	−1325.4	−0.33	−1925.1	−0.46	−620.2	−0.18	−1090.7	−0.32	−704.2	−0.24
UK	−844.3	−0.05	−1903.3	−0.12	−5625.9	−0.33	−5565.6	−0.31	−7366.1	−0.39	−4711.3	−0.23	−9930	−0.05	−13629	−0.09
EU	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	

(*) Including the adjustment relating to the implementation of the ORD2007.
(**) Including p.m. the retroactive effect of ORD 2007.
(***) Without p.m. the adjustment relating to the implementation of the ORD2007.

Annex 4

Recoveries and financial corrections

The recovery of undue payments is the last stage in the operation of control systems, and the evaluation of these recoveries is essential in order to demonstrate sound financial management. The objective of this annex is to present a best estimate of the total amounts for 2012. More details can be found in note 6 to the annual accounts ([1]).

The table below gives the amount of financial corrections and recoveries implemented during 2012 and resulting from Commission audit work and controls, audit work by the Court of Auditors and the closure process for programme periods. These amounts are a mix of financial corrections decided in previous years but only implemented in 2012 and amounts decided on and implemented during 2012. The tables do not include the results of the Member States' own checks of structural actions' expenditure.

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

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

Financial corrections under cohesion policy are implemented as follows.

- The Member State accepts the correction required or proposed by the Commission. The Member State itself applies the financial correction, either through withdrawal or through recovery. The amount may then be reused for other eligible operations which have incurred regular expenditure. In these cases there is no impact on the Commission's accounts, as the level of EU funding to a specific programme is not reduced. The EU's financial interests are thus protected against irregularities and fraud.

- The Member State disagrees with the correction required or proposed by the Commission, following a formal contradictory procedure with the Member State. In this case, the Commission adopts a formal financial correction decision and issues a recovery order to obtain repayment from the Member State. These cases lead to a net reduction of the EU contribution to the specific operational programme affected by the financial correction.

([1]) http://ec.europa.eu/budget/biblio/documents/2012/2012_en.cfm

Summary of financial corrections and recoveries implemented during 2012 (million EUR)

	Financial corrections	Recoveries	2012 Total	2011 Total
Agriculture				
— EAGF	610	161	771	621
— Rural development	59	166	225	201
Cohesion policy				
— ERDF	2 416	N/A	2 416	419
— Cohesion Fund	207	N/A	207	115
— ESF	430	N/A	430	178
— FIFG/EFF	1	N/A	1	– 90
— EAGGF guidance	17	3	20	1
— Other	N/A	11	11	48
Internal policy areas	*1*	*229*	*230*	*268*
External policy areas	*N/A*	*99*	*99*	*77*
Administration	*N/A*	*9*	*9*	*2*
Total implemented in 2012	**3 742**	**678**	**4 419**	**1 840**
Total implemented in 2011	*1 106*	*733*		

These figures are taken from the 2012 consolidated annual accounts of the European Union and should be considered provisional pending the final audit opinion of the Court of Auditors.

Breakdown per Member State of financial corrections implemented under shared management in 2012 (million EUR)

Member State	EAGF	Rural development	ERDF	Cohesion Fund	ESF	Other	Total 2012	Total 2011
Belgium	0	3	0	-	11	0	14	1
Bulgaria	15	7	0	6	1	-	30	25
Czech Republic	0	-	116	8	-	0	125	6
Denmark	22	-	0	-	-	-	22	0
Germany	– 16	3	23	-	0	0	10	1
Estonia	0	1	0	0	0	-	1	0
Ireland	– 1	10	-	-	-	-	9	2
Greece	85	5	0	13	159	0	262	448
Spain	47	2	1 952	81	84	7	2 172	159
France	64	1	20	-	37	2	123	33
Italy	209	0	57	-	3	7	275	50
Cyprus	8	0	-	-	-	0	8	3
Latvia	-	-	1	1	9	0	12	0
Lithuania	3	4	3	1	0	0	10	0
Luxembourg	0	-	0	-	-	-	0	0
Hungary	6	0	0	-	-	0	6	41
Malta	0	-	-	-	-	-	0	0
Netherlands	17	2	0	-	-	0	20	53
Austria	1	-	-	-	-	0	1	0
Poland	12	2	45	79	23	0	162	148
Portugal	15	1	117	0	-	0	134	26
Romania	24	12	22	-	81	-	139	53
Slovenia	0	0	-	-	-	0	0	4
Slovakia	0	-	29	17	11	-	57	5
Finland	1	0	0	-	-	0	1	0
Sweden	72	2	0	-	0	-	74	3
United Kingdom	27	4	4	-	12	2	50	44
Interreg/cross-border	-	-	24	-	-	-	24	1
Total implemented	**610**	**59**	**2 416**	**207**	**430**	**19**	**3 742**	**1 106**

These figures are taken from the 2012 consolidated annual accounts of the European Union, and should be considered provisional pending the final audit opinion of the Court of Auditors.

Annex 5

Borrowing and lending activities

1. Borrowing

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

Borrowing transactions in 2012

Balance of payments: none
EU macro-financial assistance: EUR 39 million
Euratom: none
EFSM: EUR 15 800 million

2. Lending to Member States

2.1. Balance of payments (BoP)

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

No decisions were taken in 2012.

Loan disbursements

No disbursements were made in 2012.

2.2. European Financial Stabilisation Mechanism (EFSM)

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

Loan disbursements

Disbursements under the EFSM facility amounted to EUR 15 800 million in 2012: EUR 7 800 million for Ireland and EUR 8 000 million for Portugal.

3. Lending to non-member states

3.1. Macro-financial assistance

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

Loan disbursements

The loan component of the second and last tranche, amounting to EUR 39 million, was disbursed to the Armenian authorities in February 2012. This closed the EUR 100 million macro-financial assistance operation, comprised of EUR 65 million in loans and EUR 35 million in grants.

3.2. Euratom loans

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

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

In 2012, no decisions were taken and no disbursements were carried out.

3.3. European Investment Bank (EIB) loans

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

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

Mandate	Ceiling (million EUR)	Outstanding amount of EIB loans (accrued interests included) (million EUR)
Pre-accession countries	9 048	4 894
Neighbourhood and partnership countries	13 548	3 668
Mediterranean	*9 700*	*3 234*
Eastern Europe, southern Caucasus and Russia	*3 848*	*434*
Asia and Latin America	3 952	1 856
Asia	*1 040*	*421*
Latin America	*2 912*	*1 435*
South Africa	936	482
Climate change	2 000	150
Total	**29 484**	**11 050**

Therefore, the EU guarantee under the current mandate is restricted to EUR 7 182 million (65 % of EUR 11 050 million).

Annex 6

Glossary

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

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

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

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