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**STATEMENT OF ESTIMATES OF THE COMMISSION FOR 2012**

**(Preparation of the 2012 Draft Budget)**

*Document I*

**Political presentation**

# TABLE OF CONTENTS

<b>1. PRIORITIES FOR THE 2012 DRAFT BUDGET .....</b>	<b>3</b>
1.1. INVESTING FOR GROWTH WITHIN FISCAL CONSOLIDATION .....	3
1.2. REINFORCING THE BUDGETARY STRAND OF THE EUROPE 2020 STRATEGY .....	4
1.3. STRENGTHENING LISBON TREATY PRIORITY AREAS .....	4
<b>2. THE MULTIANNUAL FINANCIAL FRAMEWORK AND THE 2012 DRAFT BUDGET.....</b>	<b>5</b>
2.1. CEILINGS OF THE MULTIANNUAL FINANCIAL FRAMEWORK FOR THE 2012 BUDGET .....	5
2.2. OVERVIEW ON THE 2012 DRAFT BUDGET .....	6
<b>3. KEY ASPECTS OF DB 2012 BY FINANCIAL FRAMEWORK HEADINGS.....</b>	<b>9</b>
3.1. COMPETITIVENESS FOR GROWTH AND EMPLOYMENT: HEADING 1A .....	9
3.2. COHESION FOR GROWTH AND EMPLOYMENT: HEADING 1B .....	16
3.3. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES: HEADING 2 .....	21
3.4. FREEDOM, SECURITY AND JUSTICE: HEADING 3A .....	29
3.5. CITIZENSHIP: HEADING 3B .....	33
3.6. EU AS A GLOBAL PLAYER: HEADING 4 .....	36
3.7. ADMINISTRATION: HEADING 5 .....	47
<b>4. HORIZONTAL ISSUES.....</b>	<b>54</b>
4.1. BODIES SET UP BY THE EUROPEAN UNION AND HAVING LEGAL PERSONALITY .....	54
4.2. ADMINISTRATIVE EXPENDITURE OUTSIDE HEADING 5 .....	57
4.3. ACTIONS WITHOUT A SPECIFIC LEGAL BASE.....	59
<b>5. ANNEX — DETAILED FIGURES .....</b>	<b>62</b>
5.1. ANNEX I — MULTIANNUAL FINANCIAL FRAMEWORK 2007-2013, AT CURRENT PRICES .....	62
5.2. ANNEX II — 2012 DRAFT BUDGET BY FINANCIAL FRAMEWORK HEADINGS .....	63
5.3. ANNEX III — 2012 DRAFT BUDGET BY POLICY AREA AND FINANCIAL FRAMEWORK HEADINGS .....	70
5.4. ANNEX IV — FINANCING THE EUROPE 2020 STRATEGY .....	72
5.5. ANNEX V — FINANCING PRIORITY AREAS STEMMING FROM THE LISBON TREATY .....	75
5.6. ANNEX VI — BODIES SET UP BY THE EUROPEAN UNION AND HAVING LEGAL PERSONALITY .....	78
5.7. ANNEX VII — SEVENTH RESEARCH FRAMEWORK PROGRAMME.....	88
5.8. ANNEX VIII — COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME (CIP) .....	99
5.9. ANNEX IX — STRUCTURAL FUNDS AND COHESION FUND.....	101

## **1. PRIORITIES FOR THE 2012 DRAFT BUDGET**

Sustaining investments and economic growth will remain at the heart of EU activity in 2012, building on a more positive economic outlook.

The EU, while pursuing its support to investment and to actions in favour of growth and employment in 2012, will act in a new frame established for economic recovery and economic governance (Europe 2020 and the European semester). This will be done while major challenges remain to be solved for both the Union and the Member States.

In the context of the recovery gaining ground, the EU budget will have an important role to play as a leverage tool to Member States' recovery policies, which will impact on final beneficiaries.

The key objective should again be to fully support the European economy and EU citizens by exploring the leverage effect of the EU budget to reinforce growth and employment opportunities, while sustaining the actions implemented within Member States' budgets.

The 2012 Draft Budget will also address the objective of smart, sustainable and inclusive growth, as identified by the Europe 2020 strategy. The following priorities have been established for the 2012 Draft Budget:

### **1.1. Investing for growth within fiscal consolidation**

The EU Budget is also a tool to finance investments, particularly needed during a period of fiscal consolidation in the Member states. Within an overall level of commitments set at EUR 147,4 billion, 46,1 % is dedicated to sustainable growth.

The Commission is fully aware of the ongoing fiscal consolidation efforts in Member States and the related difficulties. The proposed increase in the overall level of payment appropriations (+ 4,9 %) represents a valuable contribution to European economic recovery and growth, and is a necessary consequence of the Union's contractual obligation to honour the growing level of outstanding commitments of current and previous years, now that all major programmes are running at cruising speed. An orderly evolution of the payment appropriations is also necessary to avoid a further increase in the level of outstanding commitments.

As regards operational expenditure, the Commission has carried out an in-depth examination of programmes and actions, in particular on the basis of past implementation, as well as performance-related criteria such as expected and demonstrated results achieved. The Commission proposal reflects the best possible use of the available appropriations for actions that carry the required EU added value and meet the EU's political objectives.

Similarly, the Commission has scrutinised administrative support expenditure under policy headings which are directly linked to the implementation of operational programmes, to mirror the way in which the Commission has frozen its own running costs under heading 5 (Administration), as set out below. This exercise has enabled it to propose savings with respect to the latest financial programming for 2012, in order to increase the typically very limited margins under the ceilings of the various expenditure headings, with a view to raising the Union's ability to respond to new or unforeseen events in 2012.

After the review of the European Neighbourhood Policy foreseen for May 2011, the Commission will present, in the light of the revised approach for the neighbourhood regions, an Amending Letter in view to adjusting their budgetary allocations for 2012.

The 2012 Draft Budget combines targeted reinforcements of EU policies and priorities, as set out above, with a rigorous approach towards administrative expenditure (heading 5), at a time of austerity measures in Member

States. The Commission has made a particular effort by freezing its running costs (excluding pensions and European schools), by significantly reducing expenditure linked to buildings, information and communication technology (ICT), studies, publications, missions, conferences and meetings. Furthermore, for the third year in a row, the Commission does not request any new post. The Commission's strict approach to administration is to a large degree followed by most of the other Institutions, leading to an overall increase for heading 5 of 1,3 %, i.e. below expected inflation.

The Draft Budget for 2012 is therefore proposed at the level of EUR 147 435,6 million in commitment appropriations, corresponding to 1,12 % of GNI and EUR 132 738,6 million in payment appropriations, corresponding to 1,01 % of GNI.

## **1.2. Reinforcing the budgetary strand of the Europe 2020 strategy**

Expenditure related to competitiveness for growth and employment, with EUR 15,2 billion in commitment appropriations, and Cohesion for growth and employment, with EUR 52,7 billion in commitment appropriations, will support the EU economy and contribute to shaping the conditions for sustainable growth, both in the short and longer term. A knowledge and innovation based economy clearly benefits from investing in research and development, innovation, infrastructure and human capital, with particular attention to our younger generations, in line with the priority areas identified by the Europe 2020 strategy. Overall, the proposed commitment appropriations directly linked to the objectives of the Europe 2020 strategy in 2012 increase by 5,1 % to EUR 62,6 billion<sup>1</sup>.

Accordingly, the 2012 Draft Budget foresees significant increases in payment appropriations for expenditure at the core of the Europe 2020 strategy, delivering real implementation on the ground. In particular, increased payment levels for the Research Framework Programmes (+ 13,3 % to EUR 7,6 billion) and for the structural and cohesion funds (+ 8,4 % to EUR 45,1 billion) aim at maximising the EU budget contribution to economic growth, and to support economic, social and territorial cohesion in a Union of 27 Member States with significant disparities in levels of development and standards of living.

Reinforced payment levels for research and cohesion are combined in the 2012 Draft Budget with lower increases for market related expenditure and direct aids under the Common Agricultural Policy (CAP, due in part to the ongoing phasing in of new Member States) as well as for rural development (heading 2, + 2,8 % to EUR 57,9 billion). The average increase in payment appropriations for the other policy areas remains well below inflation (+ 1,1 % to EUR 22,0 billion). This clearly shows that the overall increase in the level of payments is targeted at research and cohesion, with a view to stimulating growth and jobs.

## **1.3. Strengthening Lisbon Treaty priority areas**

When preparing the 2012 Draft Budget, the Commission has thoroughly assessed the needs for priority areas stemming from the Union's new competences under the Lisbon Treaty<sup>2</sup>, such as competitiveness and innovation (+ 7,5 % in commitment appropriations), space (+ 13,2 %), climate actions (+ 6,1 %) and the Common Foreign and Security Policy (CFSP, + 11,0 %).

The substantial increase in appropriations foreseen for the area of Freedom, Security and Justice (heading 3a, + 17,7 % in commitment appropriations and + 6,8 % in payment appropriations), and in particular for Solidarity and management of migration flows, reflects the importance attached to the implementation of the 'Stockholm programme' in a secure Union.

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<sup>1</sup> Details on this type of expenditure are given at Annex IV to this document, whereas the introduction to DB 2012 Working Document Part I on Activity Statements ('Budget Memorandum') also focuses on the contribution that the EU budget makes to the Europe 2020 strategy, including support to 'growth and jobs'.

<sup>2</sup> Overall, commitment appropriations linked to the financing of the Lisbon Treaty priority areas are foreseen to increase by 4,5 % to EUR 23,2 billion. Details on this type of expenditure are given at Annex V to this document.

The Union's ambitions in its external actions are translated in the Draft Budget into a growing level of commitment appropriations for the EU as a global player (heading 4, + 2,9 % to EUR 9,0 billion). The performance assessment of the programmes under this heading of the MFF has been very useful as, by its nature, heading 4 is particularly prone to new developments to which the EU needs to respond swiftly. In this regard, the Commission intends to present before the end of first semester of 2011 an Amending Letter, further to the review of the European Neighbourhood Policy.

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The proposed Draft Budget represents a responsible and coherent budgetary proposal which takes into account the requirements expressed by both arms of the Budgetary Authority and pays due attention to the current circumstances. It provides both the opportunity for sustaining growth and jobs and utilises, based on thorough and deep assessment of performance, the opportunity for the EU to target the actions that should bring the most benefits to its citizens and those in need in our neighbourhood. It provides a credible proposal for the discussions and cooperation throughout the budget procedure for a smooth and timely adoption of the 2012 budget.

## **2. THE MULTIANNUAL FINANCIAL FRAMEWORK AND THE 2012 DRAFT BUDGET**

### **2.1. Ceilings of the multiannual financial framework for the 2012 budget**

In the Multiannual Financial Framework (MAFF), the ceilings for commitment appropriations for each expenditure heading for 2012 are as follows<sup>3</sup>:

<b>Heading</b>	<b>In million EUR, at current prices</b>
<b>1. Sustainable Growth</b>	<b>67 614,0</b>
a Competitiveness for Growth and Employment	14 853,0
b Cohesion for Growth and Employment	52 761,0
<b>2. Preservation and Management of Natural Resources</b>	<b>60 810,0</b>
of which: Market related expenditure and direct payments	48 093,0
<b>3. Citizenship, Freedom, Security and Justice</b>	<b>2 105,0</b>
3a Freedom, Security and Justice	1 406,0
3b Citizenship	699,0
<b>4. EU as a Global Player</b>	<b>8 997,0</b>
<b>5. Administration</b>	<b>8 670,0</b>
<b>TOTAL</b>	<b>148 196,0</b>

In the MAFF, the overall ceiling for commitment appropriations (CA) is EUR 148 196 million which represents 1,12 % of EU gross national income (GNI). The ceiling for payment appropriations (PA) is EUR 141 360 million, or 1,07 % of GNI.

<sup>3</sup> The figures are based on the technical adjustment of the financial framework for 2012 in line with movements in GNI, adopted by the Commission on 15 April 2011 (COM(2011)199), and the proposal concerning the revision of the financial framework (2007-2013) for ITER adopted by the Commission on 20 April 2011 (COM(2011)226).

## 2.2. Overview on the 2012 draft budget

	Budget 2011 (1)		DB 2012		Difference		Difference	
	CA	PA	CA	PA	CA	PA	CA	PA
<b>1. Sustainable Growth</b>	<b>64 501,2</b>	<b>53 279,9</b>	<b>67 962,5</b>	<b>57 700,9</b>	<b>5,4%</b>	<b>8,3%</b>	<b>3 461,3</b>	<b>4 421,0</b>
<i>Margin (2)</i>			<i>151,5</i>					
— Competitiveness for growth and employment	13 520,6	11 627,8	15 223,6	12 566,1	12,6%	8,1%	1 703,0	938,3
<i>Margin (2)</i>			<i>129,4</i>					
— Cohesion for growth and employment	50 980,6	41 652,1	52 738,9	45 134,8	3,4%	8,4%	1 758,3	3 482,7
<i>Margin</i>			<i>22,1</i>					
<b>2. Preservation and Management of Natural Resources</b>	<b>58 659,2</b>	<b>56 378,9</b>	<b>60 158,4</b>	<b>57 948,4</b>	<b>2,6%</b>	<b>2,8%</b>	<b>1 499,2</b>	<b>1 569,5</b>
<i>Margin</i>			<i>651,6</i>					
<b>3. Citizenship, Freedom, Security and Justice (3)</b>	<b>1 823,3</b>	<b>1 460,3</b>	<b>2 023,9</b>	<b>1 514,0</b>	<b>11,0%</b>	<b>3,7%</b>	<b>200,6</b>	<b>53,3</b>
<i>Margin</i>			<i>81,1</i>					
— Freedom, security and justice	1 139,0	813,3	1 340,4	868,3	17,7%	6,8%	201,4	55,1
<i>Margin</i>			<i>65,6</i>					
— Citizenship (3)	684,3	647,1	683,5	645,7	-0,1%	-0,3%	-0,9	-1,7
<i>Margin</i>			<i>15,5</i>					
<b>4. EU as a Global Player</b>	<b>8 759,3</b>	<b>7 238,7</b>	<b>9 009,3</b>	<b>7 293,7</b>	<b>2,9%</b>	<b>0,8%</b>	<b>250,0</b>	<b>55,0</b>
<i>Margin (4)</i>			<i>246,7</i>					
<b>5. Administration</b>	<b>8 171,4</b>	<b>8 170,1</b>	<b>8 281,4</b>	<b>8 281,7</b>	<b>1,3%</b>	<b>1,4%</b>	<b>110,0</b>	<b>111,6</b>
<i>Margin (5)</i>			<i>472,6</i>					
<b>Total</b>	<b>142 111,3</b>	<b>126 546,7</b>	<b>147 435,4</b>	<b>132 738,7</b>	<b>3,7%</b>	<b>4,9%</b>	<b>5 324,1</b>	<b>6 192,0</b>
<i>Margin</i>			<i>1 603,5</i>	<i>8 815,3</i>				
<b>Appropriations as % of GNI</b>	<b>1,12 %</b>	<b>0,99 %</b>	<b>1,12 %</b>	<b>1,01 %</b>				

(1) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

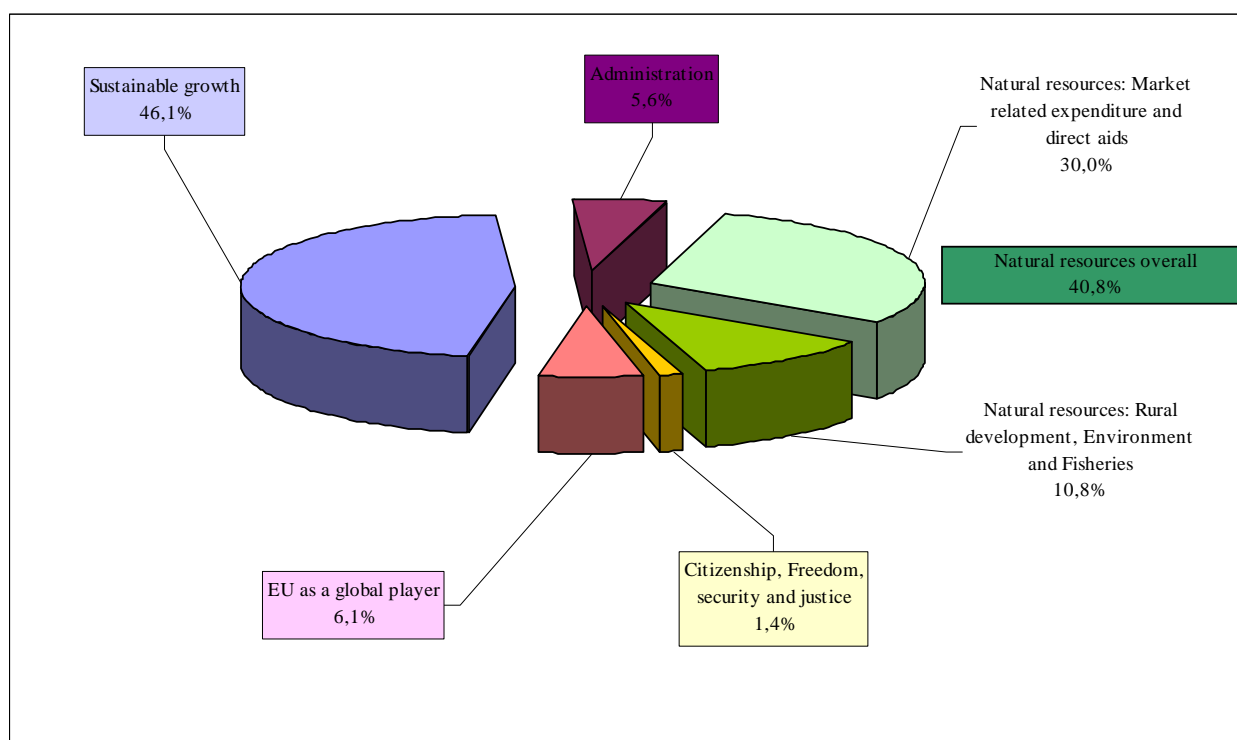
(2) The margin for heading 1a does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million).

(3) Excluding EU Solidarity Fund

(4) The margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million).

(5) For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 84 million for the staff contributions to the pensions scheme.

### Figures by financial framework headings, in commitment appropriations (aggregate)



In terms of *commitment* appropriations, **the total expenditure requested in the draft budget (DB) 2012** is EUR 147 435,6 million, corresponding to 1,12 % of GNI<sup>4</sup>, that is EUR 5 324,3 million more than in 2011 (+ 3,7 %). This leaves a combined total margin of EUR 1 603,3 million under the various ceilings of the MAFF.

For *payment* appropriations, the total amounts to EUR 132 738,6 million, corresponding to 1,01 % of GNI. This is an increase of EUR 6 191,9 million compared to payment appropriations in the 2011 budget (+ 4,9 %), and leaves a margin of EUR 8 815,4 million under the ceiling of the MAFF.

Commitment appropriations for **Competitiveness for Growth and Employment (heading 1a)** are set at EUR 15 223,6 million, which is an increase of 12,6 % compared to the 2011 budget. This leaves a margin of EUR 129,4 million<sup>5</sup>. Payment appropriations increase by 8,1 % to EUR 12 566,1 million. This increase is in part due to additional payment needs to cover pre-financing payments for the growing level of commitment appropriations for research, and in part to cover intermediate and final payments on outstanding commitments.

For **Cohesion for Growth and Employment (heading 1b)** commitment appropriations increase by 3,4 % to EUR 52 738,9 million, leaving a margin of EUR 22,1 million. Payment appropriations increase by 8,4 %, to EUR 45 134,8 million. The substantial increase in the level of payments shows the momentum of the 2007 – 2013 Cohesion policy on the ground, thus contributing to investments, economic recovery and job creation in the EU. With the programmes up and running, further significant increases are expected in the payment needs for 2013.

Commitment appropriations of EUR 60 158,4 million are proposed for **Preservation and Management of Natural Resources (heading 2)**. This level of funding represents an increase of 2,6 % compared to 2011 and leaves a margin of EUR 651,6 million under the ceiling. Payment appropriations amount to EUR 57 948,4 million, which is an increase of 2,8 % compared to 2011. Within this heading the amount foreseen for market related expenditure and direct aids reaches EUR 44 179,7 million in commitment appropriations, and EUR 44 102,8 million in payment appropriations.

**Freedom, Security and Justice (heading 3a)** sees an important increase in commitment appropriations of 17,7 %, rising to EUR 1 340,4 million, and leaving a margin of EUR 65,6 million. Payment appropriations also increase substantially, by 6,8 % to EUR 868,3 million.

For **Citizenship (heading 3b)**, commitment appropriations decrease by 0,1 % to EUR 683,5 million, leaving a margin of EUR 15,5 million. Payment appropriations for this heading decrease by 0,3 % to EUR 645,7 million. If the EU Solidarity Fund (EUR 196,9 million and EUR 18,4 million for commitment and payment appropriations respectively in 2011) is included in this comparison, commitment and payment appropriations decrease by 22,4 % and 3,0 % respectively. The annual ceiling for this heading, which supports various actions close to European citizens, remains broadly stable in the current financial framework.

**Heading 4, the EU as a Global Player** sees an increase in commitment appropriations of 2,9 % to EUR 9 009,3 million, with an increased margin of EUR 246,7 million available under the ceiling<sup>6</sup>. After the review of the European Neighbourhood Policy foreseen for May 2011, the Commission will present an Amending Letter in order to reflect the necessary budgetary adjustments for 2012. Payment appropriations on the other hand slightly increase by 0,8 % to EUR 7 293,7 million.

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<sup>4</sup> The Draft Budget is based on the April 2011 forecast of GNI. A new forecast will be issued on 17 May 2011 after the Advisory Committee on Own Resources (ACOR) meeting.

<sup>5</sup> The margin for heading 1a does not take into account the appropriations related to the European Globalisation Adjustment Fund (EUR 500 million).

<sup>6</sup> The margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million).

Finally, commitment and payment appropriations for **Administrative expenditure (heading 5)** for all Institutions combined increase by 1,3 %, with commitments set at EUR 8 281,5 million and payments at EUR 8 281,6 million. This leaves a margin of EUR 472,5 million<sup>7</sup>. The Commission has made particular efforts to freeze its own administrative expenditure by reducing the types of expenditure that are under direct control of the Commission, such as expenditure linked to buildings, IT, meetings, studies, etc. This has led to a ‘nominal freeze’ in the Commission's administrative budget, when excluding pensions and European schools, i.e. a reduction by 1,8 % in real terms according to the latest inflation forecast (November 2010) of 1,8 % in 2012. This stabilisation of administrative expenditure in nominal terms also results from the fact that the Commission does not request any additional posts, for the third year in a row; the Commission plans to continue to meet its priorities, including those resulting from the entry into force of the Lisbon Treaty, by an important redeployment effort. The Commission's strict approach to administration is to a large degree followed by most of the other Institutions, leading to an overall increase of administrative appropriations for the other Institutions of 1,7 %.

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<sup>7</sup> For calculating the margin under the ceiling for heading 5, account is taken of footnote (1) of the financial framework 2007-2013 for an amount of EUR 84 million for the staff contribution to the pension scheme. The 2012 level of expenditure taken into account for the other institutions is based on the latest available estimates.



### 3. KEY ASPECTS OF DB 2012 BY FINANCIAL FRAMEWORK HEADINGS

#### 3.1. Competitiveness for growth and employment: heading 1a

##### 3.1.1. Summary Table

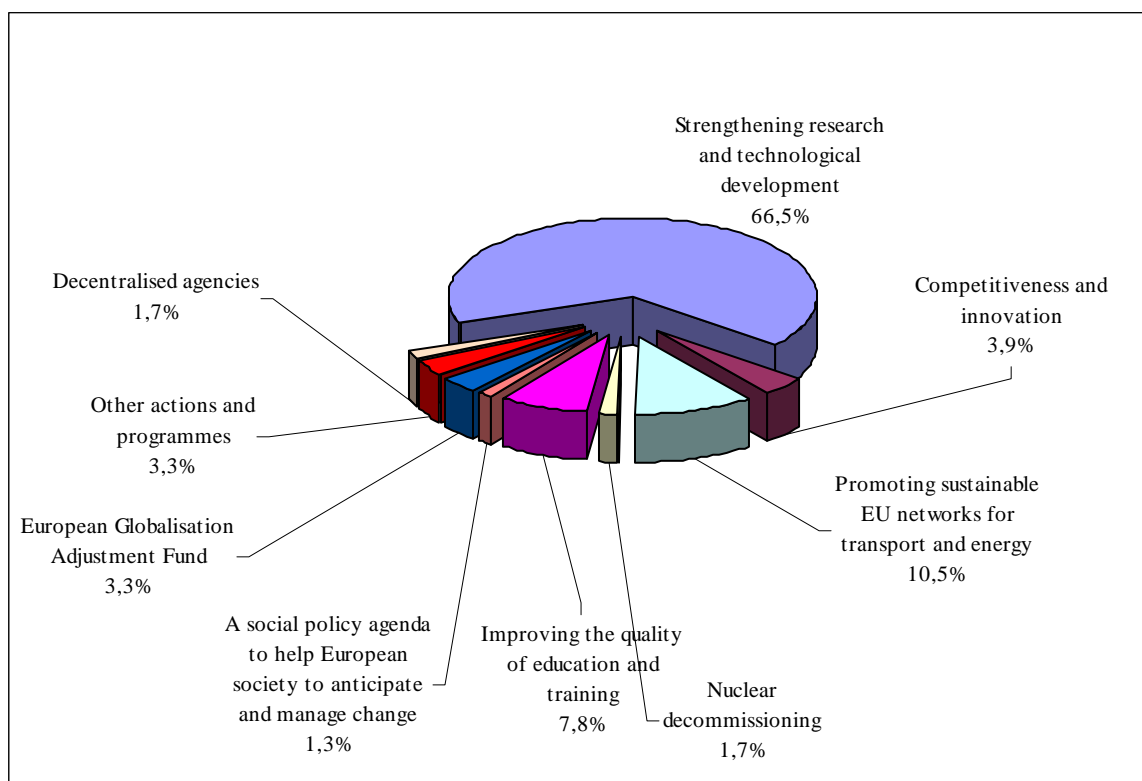
(in million EUR, at current prices)










Budget		FF	Draft budget		Difference		Difference		
2011		2012	2012		2012 / 2011		2012 - 2011		
CA	PA	CA	CA	PA	CA	PA	CA	PA	
13 520,6	11 627,8	14 853,0	15 223,6	12 566,1	12,6%	8,1%	1 703,0	938,3	
		Margin = 129,4							

The margin for heading 1a does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million).

This heading 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. Heading 1a includes many of the flagship initiatives set out in the Europe 2020 strategy including ‘innovation Union’, ‘youth on the move’, ‘resource efficiency Europe’, ‘new skills and jobs’ and ‘industrial policy for the globalisation era’. The main programmes under this heading are the **7<sup>th</sup> Framework Programme for research and technological development (FP7)**, the **Lifelong Learning Programme**, the **Competitiveness and Innovation Programme (CIP)**, the **Trans-European Networks (TENs)**, **GALILEO/EGNOS**, **GMES**, **Marco Polo II**, and the **PROGRESS Programme**. Other actions contributing to the goals of the priority themes of the Europe 2020 strategy concern the internal market, statistics, financial services and supervision, the fight against fraud, taxation and the customs union.

The margin of heading 1a amounts to EUR 129,4 million which is well above the margin foreseen for 2012 in the January 2011 update of the financial programming (EUR 34,5 million). This increase of around EUR 95 million stems on the one hand from a slightly lower rate of increase in the growth in commitment appropriations for research, statistics, custom and taxation programmes, and on the other hand from lower than initially foreseen appropriations for administrative and technical support expenditure and research administrative expenditure (see also sections 4.2.2 and 4.2.3 below), as well as for decentralised and executive agencies (see in this regard also sections 4.1.1 and 4.1.4 below). However, a slight increase as compared to the financial programming for 2012 is proposed for the Competitiveness and Innovation Programme (CIP), in order to keep the appropriations for the Entrepreneurship and Innovation Programme (CIP-EIP) at the level of the 2011 budget.



Heading 1a: Competitiveness for growth and employment (commitment appropriations)		Draft budget 2012	
		EUR	%
	Strengthening research and technological development	10 119 707 758	66,5 %
	Competitiveness and innovation	599 370 600	3,9 %
	Promoting sustainable EU networks for transport and energy	1 595 602 919	10,5 %
	Nuclear decommissioning	259 904 000	1,7 %
	Improving the quality of education and training	1 193 338 000	7,8 %
	A social policy agenda to help the European society to anticipate and manage change	195 070 000	1,3 %
	European Globalisation Adjustment Fund	500 000 000	3,3 %
	Other actions and programmes	509 357 200	3,3 %
	Decentralised agencies	251 250 275	1,7 %
<b>Total</b>		<b>15 223 600 752</b>	<b>100,0 %</b>

### 3.1.2. Strengthening research and technological development

In 2012, the 7<sup>th</sup> Framework Programmes (EC and EURATOM) will contribute to the flagship initiative ‘innovation Union’ by consolidating and developing a leading role in supporting European research and stimulating cooperation across the Union and between the EU and third countries. The implementation of these programmes will help develop, as a cornerstone of the construction of the **European Research Area**, a strategic research agenda focused on challenges such as energy security, transport, climate change, energy and resource efficiency. The 7<sup>th</sup> Framework Programmes (FP7) remain a key component in the drive to ensure that innovative ideas can be turned into products and services that create growth and jobs. The content, organisation, implementation modes and management tools of FP7 are designed as a key contribution to the Europe 2020 strategy. The appropriations proposed for the 7<sup>th</sup> Framework Programmes (EUR 10 119,7 million) increase by 17,6 % compared to the 2011 budget. The budget proposal includes the additional funds of EUR 750 million in commitment appropriations required by ITER in 2012, of which EUR 650 million in additional commitment appropriations as compared to the reference amount for the research framework programmes for the 2007-2013 period, as well as EUR 100 million from redeployment. This proposal is in line with the Commission proposal

on the FP7 EURATOM programme 2012-2013<sup>8</sup> and with the Commission Communication ‘ITER status and possible way forward’<sup>9</sup>. In order for the amounts for the additional financing to be adopted as part of the budget for 2012 it will be necessary for the budget authority to agree to a revision of the multi-annual framework by offsetting the additional commitment appropriations under heading 1a by corresponding reductions of the ceilings of other headings of the financial framework.

The significant increase in the level of commitment appropriations for research as set out above will lead to an important increase in payments as well (+ 13,3 %). This results in part from pre-financing for new commitments, which increase by EUR 1,5 billion (including the additional appropriations for ITER) over 2011. Furthermore, the increasing level of outstanding commitments (‘RAL’) for research is expected to lead to additional intermediate and/or final payments in 2012.

Broadening and deepening the **European Research Area** (ERA) policy agenda will be a major objective in 2012 in line with the Europe 2020 strategy. Further support will be provided to the governance of ERA, including implementation of the ERA 2020 Vision and additional work on overall ERA monitoring, indicators, and economic analysis of progress made in terms of the levels, effectiveness, and efficiency of research and development (R&D) investment in the EU and its overall contribution to a knowledge-based economy.

Clean energy, energy efficiency as well as energy independence are at the centre of the search for solutions in the Europe 2020 strategy. The research activities in this field aim at supporting the flagship initiative on a ‘resource efficient Europe’, in particular those of the **European Strategic Energy Technology Plan (SET-Plan)**, through development and demonstration of selected technology areas (including large scale demonstration programmes) which should produce significant improvements in terms of potential market share for renewable energies (in particular through cost reductions and service improvements), reduction of energy emissions (including greenhouse gas emissions), with a focus on ‘clean coal’ aiming at ‘zero emission power generation’ using CO<sub>2</sub> capture and storage technologies as well as increase of energy efficiency and savings, to develop smart energy networks.

In the field of nuclear fusion and fission, research will continue to include ensuring early industry participation in the preparation of demonstration actions for fusion. To this end a proposal for a Council Decision on the EURATOM programme 2012-2013 was adopted by the Commission on 7 March 2011, as referred to above.

Action will also be taken under FP7 towards the *greening* of European transport systems, in the development and implementation of a European Knowledge Based Bio-Economy (KBBE), support for science education and ethics in research, and in development and implementation of construction concepts that have the technical, economic and societal potential to drastically cut energy consumption and reduce CO<sub>2</sub> emissions.

Several activities under the research themes of FP7 contribute to tackling the problems related to climate change and energy, either by developing the research structures in Europe, or by creating new knowledge through the research projects.

Also in 2012 emphasis will be put on implementing the policy framework for international scientific and technological (S&T) cooperation, aiming to integrate international collaboration throughout the Framework Programme and to enable both geographical and thematic targeting, promoting relevant collaborative projects.

The Cooperation Programme of FP7 foresees support for long-term public-private partnerships in the form of Joint Technology Initiatives (JTIs). These JTIs will pool industry, Member States and Commission resources into targeted research programmes. More information on the current six JTIs is given in Annex VII, which

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<sup>8</sup> Proposal for a Council Decision concerning the Framework Programme of the European Atomic Energy Community for nuclear research and training activities (2012 - 2013) (COM(2011)72, 7.3.2011).

<sup>9</sup> COM(2010)226, 4.5.2010.

covers the Seventh Framework Programme, as well as in Annex VI.2 (Bodies set up by the European Union and having legal personality – Joint Undertakings).

### *3.1.3. Competitiveness and innovation*

The **Competitiveness and Innovation Framework Programme (CIP)** comprises three specific programmes: the Entrepreneurship and Innovation Programme (EIP), the Information and Communications Technologies Policy Support programme (ICT-PSP) and the Intelligent Energy-Europe Programme. Further details on these programmes are provided in Annex VIII (CIP). The overall level of commitment appropriations requested for 2012 is EUR 5,7 million above the level foreseen in the financial programming, whereas savings on administrative support expenditure and on the contributions to the EACI executive agency have made it possible to further reinforce the operational appropriations of the programmes. Moreover, the CIP programme will see an important increase in the level of payments (+ 32,6 %), mostly as a result of additional needs for the EIP programme, which follows from the rapidly growing market uptake. This builds on a relatively low level of payment appropriations available in the 2011 budget, which was drawn up at a time when the market situation was less favourable.

The financial instruments under the Entrepreneurship and Innovation Programme (EIP) aim to improve the access to finance for small and medium sized enterprises (SMEs) by addressing persistent and recognised market gaps, the insufficient level of capital and collateral of SMEs, and by providing leverage to national instruments. Helping innovative and high-growth SMEs to access appropriate financial instruments is a key aim. These financial instruments become all the more relevant in the context of the recovering effort from the financial and economic crisis. The budgetary request for 2012 reflects the increased request under both guarantee and investment instruments during the last months and it is in line with the financial programming.

In 2012 the ICT Policy Support Programme will, in line with the Europe 2020 strategy flagship initiative ‘a digital agenda for Europe’, focus on the best use and wider uptake of ICTs by European citizens, businesses and governments, and boost competitiveness and innovation in the context of the Competitiveness and Innovation Framework Programme.

The Intelligent Energy for Europe II programme will contribute to support the overcoming of non-technological barriers (including informational, behavioural, institutional and financial barriers) to the innovation, uptake, implementation and dissemination of solutions that contribute to a sustainable, secure and competitively priced energy for Europe.

### *3.1.4. Promoting sustainable EU networks for transport and energy*

**Transport** policy will contribute to achieving the priority of sustainable growth of the Europe 2020 strategy. High-performing trans-European networks are essential for the sustainable mobility of goods, citizens and energy, and offer a tangible symbol of European integration.

In the period 2007-2013, the **Trans-European Networks (TEN)** for transport will concentrate on 30 priority projects, in particular special attention will be given to the financing of the cross-border sections and of the projects aiming to eliminate bottlenecks. Compared to 2011, the dedicated commitment appropriations (EUR 1 338 million) increase by 8 %.

The other priorities for EU funding within the TEN-T programme will be: European Railway Traffic Management System (ERTMS), River Information Services (RIS), Intelligent Transport Systems (ITS), and a TEN loan guarantee instrument.

In the field of **Inland, Air and Maritime Transport**, the Commission will develop its actions aiming at the sustainable mobility of our continent, namely:

- Implementing the second package of the Single European Sky (SES II). The conclusions of the Extraordinary Transport Council of 4 May 2010 stressed the importance of giving the highest priority to the acceleration and anticipation of this initiative;
- Continuing the strengthening of the level of safe transport;
- Consolidating and extending the work of the European Aviation Safety Agency (EASA), the European Maritime Safety Agency (EMSA) and the European Railway Agency (ERA). As was the case for 2011, some additional appropriations are required as compared to EU contribution foreseen in the indicative financial programming. This will enable EASA and EMSA to carry out their new tasks, and will consolidate the EU contribution to ERA, in view of the tasks previously assigned to this agency. The Commission proposes to finance these additional needs by redeployment, mainly from the Trans-European Transport Network (TEN-T) operational line and the Marco Polo II programme.

**Energy** policy is a priority area for the European Union and one of the key sectoral policies through which the Europe 2020 strategy can be delivered. For conventional and renewable energies, the ‘20/20/20’ climate and energy target of the Europe 2020 strategy should be met: reducing greenhouse gas emissions by 20 % increasing the use of renewable energy sources to 20 % and improving energy efficiency by 20 % to promote a more resource efficient, greener and more competitive economy. The recently created Agency for the Cooperation of the Energy Regulators (ACER) will see its tasks extended<sup>10</sup> to ensure not only a good functioning of the internal electricity and gas market but also integrity and regulatory transparency of traded energy markets. In the same context of the internal energy market, the Commission will pursue the development of the Trans-European Energy Network (TEN-E) by supporting projects of European interest both in the electricity and gas sector.

In the field of **Nuclear Energy** the Commission will provide further financial assistance to Lithuania, Slovakia and Bulgaria with respect to the decommissioning of nuclear reactors.

### *3.1.5. Improving the quality of education and training*

Quality **education and training** are fundamental to ensuring growth and prosperity.

The **Lifelong Learning Programme** aims to contribute to the success of the flagship initiative ‘youth on the move’ through promoting the development of Europe's higher education institutions and raising the overall quality of education and training in the EU, combining both excellence and equity in developing the European Union as an advanced knowledge society, with sustainable economic development, more and better jobs and greater social cohesion. It integrates major programmes focusing on specific sectors (Comenius, Erasmus, Leonardo da Vinci, Grundtvig, and Jean Monnet), as well as a transversal programme supporting specific key activities, such as language learning. The Programme will also support activities promoting policy cooperation in the field of Education and Training. In 2012, the programme Erasmus Mundus II will continue to finance new categories of individual grants (to doctoral candidates and to European students who attend Erasmus Mundus Master courses). Altogether, in 2012, the commitment appropriations amount to EUR 1 193 million.

Stimulation of innovation is closely linked to the research, entrepreneurship and education policies and a specific example is the **European Institute of Innovation and Technology (EIT)** and its Knowledge and Innovation Communities which is mentioned in the Europe 2020 strategy as an important element in the flagship initiative ‘innovation Union’ to promote entrepreneurship by supporting Young Innovative Companies.

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<sup>10</sup> COM(2010)726, 8.12.2010.

### 3.1.6. *A social policy agenda to help the European society to anticipate and manage change*

The **employment and social policy** will focus on two main areas:

- The integrated programme for Employment and Social Solidarity (PROGRESS) supporting the implementation of the social policy agenda;
- Sustaining social dialogue, free movement of workers and studies and special reports in the social field.

Moreover, a new ‘**European Microfinance Facility** for Employment and Social Inclusion (Progress Microfinance Facility)’ has been created in 2010<sup>11</sup>, to make it easier for workers who have lost or risk losing their jobs to obtain credit to start their own small businesses. The level of funding proposed for the Microfinance Facility for 2012 amounts to EUR 25 million.

The **European Globalisation Adjustment Fund (EGF)** is intended to provide additional support for workers who suffer from the consequences of major structural changes in world trade patterns, to assist them with their reintegration into the labour market and, additionally, until the end of 2011 for workers made redundant as a direct result of the global financial and economic crisis (a proposal to extend those additional measures until the end of 2013 will be submitted to the Budgetary Authority in 2011). As set out in the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management (IIA)<sup>12</sup>, it may not exceed EUR 500 million in any given year. It is proposed to enter this amount in the reserve, and should the conditions for mobilising the Fund be met, the procedures for mobilisation laid out in the IIA will be initiated. In order to be able to respond more quickly to new cases, the Commission proposes to enter an amount of EUR 50 million in payment appropriations.

### 3.1.7. *Space policy*

The EU satellite navigation programmes (**EGNOS** and **GALILEO**) will provide an important contribution to the Europe 2020 strategy and, in particular, to the flagship initiative ‘an industrial policy for the globalisation era’ in continuing to deliver an effective space policy.

In the same policy area, the European Earth observation programme (GMES) provides data to specific applications with the final objective to allow better management of the environment and to ensure enhanced security. The development of Earth observation based services plays a key role in enhancing competitiveness and innovation in industries in this sector and in downstream markets. GMES started its initial operations programme in 2011, and reflecting its start-up phase, an increase in the level of appropriations (2012: EUR 40 million) is required in the coming years to set up activities which are growing in scope and magnitude.

### 3.1.8. *Financial services and supervision*

In the field of financial services, financial reporting and statutory audit, a new programme grants financial support to the activities of certain bodies, both European and international, to ensure the effectiveness of EU policies in these areas. This programme will continue to be implemented with a slight increase in commitment appropriations, to ensure stable, diversified, sound and adequate funding to enable such bodies to accomplish their mission in an independent, efficient and satisfactory manner.

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<sup>11</sup> OJ L 87, 7.4.2010.

<sup>12</sup> OJ C 139 of 14.6.2006, point 28.

As a response to the financial crisis, three new EU Authorities, which are part of the European System of Financial Supervisors (ESFS), have been established as from 1 January 2011<sup>13</sup>. The economic and financial crisis has highlighted the need for maintaining a stable and reliable financial system. The task of the agencies will be to assist the national authorities in the consistent interpretation and application of the EU rules and linking up national supervisors into a strong EU network. In 2012, the agencies will continue growing in staff numbers with a view to carry out the increased tasks entrusted by the Legislator and in full consistency with the revised financial statements presented by the Commission in October 2010.

The financial crisis has severely shaken the confidence of consumers, retail investors and SMEs in the financial system. Therefore, it is essential that the concerns of end users and other non-industry stakeholders are taken into account in the design of initiatives that aim to restore citizens' confidence in the soundness of the financial sector and in the ability of financial market integration to deliver concrete benefits to them. Hence, the Commission proposes a new pilot project, with a foreseen amount of EUR 1 million in 2012, to enhance the capacity of civil society organisations to participate in EU policymaking in the area of financial services.

### *3.1.9. Electronic communications policy and network security*

The Electronic communications policy and network security activity contributes to the flagship initiative 'a digital agenda for Europe'. The main objectives are: to promote and monitor the **eCommunications** regulatory framework, to promote an effective EU radio spectrum policy and to support the safe use of the internet, the prevention of information security problems, and internet governance.

The activities of the Safer Internet Programme (2009 – 2013) on protecting children using the internet and other communication technologies, for 2012 will reinforce the security of networks and information by combating illegal and harmful content in the Internet and implement new on-line technologies in support of these activities. To this end, the Commission proposes a limited 'frontloading' amounting to EUR 4,0 million in commitment appropriations as compared to the indicative financial programming, to be compensated in 2013.

### *3.1.10. Statistics to provide key input for policy making*

In the policy area **Statistics**, the five-year statistical programme 2008-2012 comprises the production and supply of products and services to the users, the improvement of the quality of statistics and the continuation of the development of the European Statistical System (ESS).

The modernisation and simplification effort will be supported by the programme MEETS (Modernisation of European Enterprise and Trade Statistics). The programme plays a major role in the development of all business statistics (from 2009 to 2013) and will be used to develop target sets of indicators and review priorities and reduce the response burden by more efficient ways of collecting data.

Key areas to develop are economic statistics, national accounts and price statistics, external trade, migration statistics, social statistics, and, more broadly, sustainable development indicators (energy and environment statistics).

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<sup>13</sup> European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), and European Securities and Markets Authority (ESMA).

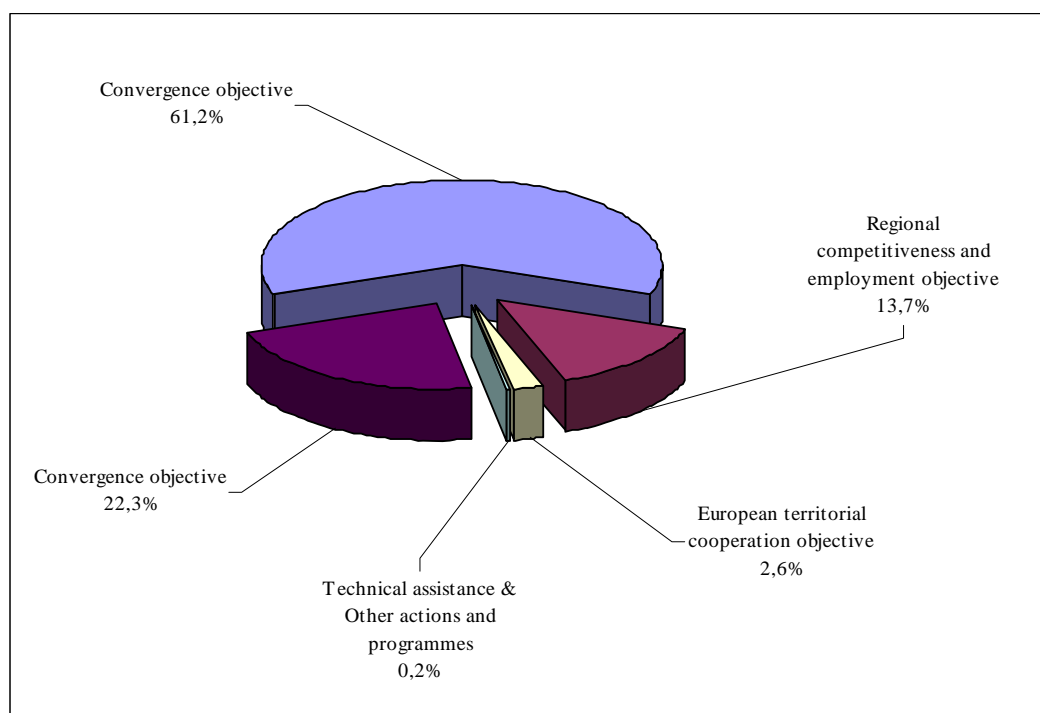
## 3.2. Cohesion for growth and employment: heading 1b






### 3.2.1. Summary table

(in million EUR, at current prices)

Headings	Budget 2011		FF 2012	Draft budget 2012		Difference 2012 / 2011		Difference 2012 - 2011	
	CA	PA	CA	CA	PA	CA		PA	
Structural Funds	39 902,0	34 021,8		40 945,9	36 173,6	2,6%	6,3%	1 043,9	2 151,8
Cohesion Fund	11 078,6	7 630,2		11 793,0	8 961,2	6,4%	17,4%	714,4	1 331,0
Total	50 980,6	41 652,1	52 761,0	52 738,9	45 134,8	3,4%	8,4%	1 758,3	3 482,7
				Margin = 22,1					

The proposed total level of commitment appropriations for heading 1b of EUR 52 739 million (+ 3,4 %) is in line with the annual envelope for 2012 as agreed in the 2007-2013 financial framework, whereas the proposed total level of payment appropriations for this heading of EUR 45 135 million (+ 8,4 %) mainly follows the expected evolution of 2007-13 period interim payments, for which EUR 42 021 million is foreseen. In turn, this corresponds to only 80 % of the level of commitment appropriations. Payment appropriations for the closure of the 2000-2006 period, on the other hand, will decrease by 35 % to EUR 3 110 million.



Heading 1b: Cohesion for growth and employment (commitment appropriations)		Draft budget	
		2012	
		EUR	%
<b>Structural Funds</b>		<b>40 945 861 563</b>	<b>77,6 %</b>
	– Convergence objective	32 303 313 367	61,2 %
	– Regional competitiveness and employment objective	7 202 942 076	13,7 %
	– European territorial cooperation objective	1 352 006 120	2,6 %
	– Technical assistance & Other actions and programmes	87 600 000	0,2 %
<b>Cohesion Fund</b>		<b>11 793 014 578</b>	<b>22,4 %</b>
	– Convergence objective	11 793 014 578	22,3 %
	– Technical assistance	22 640 087	0,04 %
<b>Total</b>		<b>52 738 876 141</b>	<b>100,0 %</b>
Of which Convergence objective		44 073 687 858	83,6 %



### 3.2.2. *Key aspects of heading 1b*

Heading 1b of the financial framework covers the Structural Funds, i.e. the **European Regional Development Fund (ERDF)** and the **European Social Fund (ESF)**, as well as the **Cohesion Fund (CF)**.

It relates essentially to the following policy areas:

- **Regional policy**, for the ERDF and the CF, and
- **Employment and social affairs**, for the ESF.

The principal objective of the Structural Funds and the Cohesion Fund 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, trans-national 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.

To achieve these goals, the ERDF, the ESF and the Cohesion Fund contribute towards three objectives during the 2007-2013 period:

- The **Convergence** objective aims at speeding up the convergence of the least-developed Member States and regions, in line with the priorities defined by the Community Strategic Guidelines on Cohesion policy 2007-2013. This objective covers, with funding from the ERDF and the ESF, those regions whose gross domestic product (GDP) per capita is below 75 % of the EU average, as well as the regions that would otherwise have been eligible had it not been for the statistical effect of enlargement ('phasing-out regions'). The objective also covers, with funding from the Cohesion Fund, those Member States with a Gross National Income (GNI) lower than 90 % of the Community average. This objective constitutes the priority of the funds and accounts for over 80 % of the total resources.
- The **Regional Competitiveness and Employment** objective aims at strengthening regions' competitiveness, attractiveness and employment, in line with the priorities identified in the Community Strategic Guidelines, outside the least developed regions. Moreover, those former Objective 1 regions that would have found themselves above the EU-15 75 % threshold for convergence funding, even without enlargement (the so-called 'phasing-in' regions), benefit from a transitional and specific financing under this objective. It is funded by the ERDF and ESF.
- Under the **European Territorial Co-operation** objective, funding supports cross-border, trans-national and interregional cooperation on a range of actions linked to the Europe 2020 strategy. This objective also provides support for the development of co-operation networks and exchange of experience between regions. It is funded solely by the ERDF.

Overall priorities for funding by the Structural Funds and the Cohesion Fund are set out in the Structural and the Cohesion Fund Regulations and the Community Strategic Guidelines, which govern the types of intervention considered eligible for EU funding. However, the precise allocation of funding to different priorities and projects depends on the actual programming that is undertaken by Member States, in co-operation with the Commission.

## Priorities for 2012

As in previous years, the focus will be on the effective and efficient implementation of the 2007-13 programmes. In this context, work will continue to facilitate the implementation of Cohesion Policy in certain Member States requiring a significantly higher degree of Commission involvement, reaching well beyond the normal monitoring of the Operational Programmes. It is also expected that during the year the approval of some 250 'Major Projects' will be completed.

By their nature, the Cohesion policy objectives contribute to the Europe 2020 strategy in terms of promoting smart greener and competitive growth of regional economies based on knowledge, innovation and resource efficiency. The alignment will be further enhanced through the ongoing work on the adoption of the legal framework and delivery mechanisms for the post-2013 programming period.

Cohesion policy is called upon to play a key role to achieve the objectives of Europe 2020. In fact, Cohesion policy is particularly well placed to translate the strategic objectives of Europe 2020 into development on the ground. As stated in the Budget Review Communication<sup>14</sup>, 'The explicit linkage of cohesion policy and Europe 2020 provides a real opportunity to both continue to help the poorer regions of the EU to catch up, and to develop further cohesion policy into an important enabler of growth for the whole of the EU'. Regional Policy will develop and promote actions related to several flagship initiatives of Europe 2020, like the 'Innovation Union'<sup>15</sup>, 'A digital agenda for Europe', 'Resource efficient Europe'<sup>16</sup> and 'An agenda for new skills and jobs'.

Finally, the closure of the 2000-2006 programmes is expected to enter its final phase during 2012 in full accordance with the principles of sound financial management.

## Summary of appropriations

The following table summarises the main amounts needed in heading 1b by period (2000-2006 and 2007-2013) and by fund, comparing 2012 with 2011.

Period	Fund	Budget 2011		Draft budget 2012		Difference payments 2011 - 2012
		Commitments	Payments	Commitments	Payments	
2000-2006	ERDF		2 374,8		1 470,0	- 38,1 %
	CF		1 377,5		1 150,0	- 16,5 %
	ESF		1 046,8		490,0	- 53,2 %
<i>SF</i>			3 421,6		1 960,0	-42,7 %
	<i>All</i>		4 799,1		3 110,0	- 35,2 %
2007-2013	ERDF	28 913,7	22 874,5	29 759,1	25 591,1	11,9 %
	CF	11 078,6	6 252,8	11 793,0	7 811,2	24,9 %
	ESF	10 980,3	7 713,7	11 186,8	8 618,5	11,7 %
<i>SF</i>		39 894,0	30 588,2	40 945,9	34 209,6	11,8 %
	<i>All</i>	50 972,6	36 840,9	52 738,9	42 020,8	14,1 %
<b>Total</b>	ERDF	28 913,7	25 249,4	29 759,1	27 061,1	7,2 %
	CF	11 078,6	7 630,2	11 793,0	8 961,2	17,4 %
	ESF	10 980,3	8 760,5	11 186,8	9 108,5	4,0 %
<i>SF</i>		39 894,0	34 009,8	40 945,9	36 169,6	6,4 %
<i>All</i>		50 972,6	41 640,0	52 738,9	45 130,8	8,4 %
<i>Pilot projects &amp; preparatory actions</i>		8,0	12,0	0,0	4,0	-66,7 %
<b>Total Heading 1b</b>		<b>50 980,6</b>	<b>41 652,1</b>	<b>52 738,9</b>	<b>45 134,8</b>	<b>8,4 %</b>

<sup>14</sup> COM(2010)700, 19.10.2010.

<sup>15</sup> COM(2010)546, 6.10.2010.

<sup>16</sup> COM(2011)21, 26.01.2011.

The main justifications for the commitment and payment appropriations are described below. More detailed explanations for the figures may be found in Annex IX – Structural Funds and Cohesion Fund.

### 3.2.3. *Commitment appropriations*

For 2012, total commitment appropriations for **heading 1b** amount to EUR 52 738,9 million, an increase of 3,4 % relative to 2011. Of these, EUR 40 945,9 million are for the **Structural Funds** (ERDF and ESF), an amount similar to the 2011 envelope, and EUR 11 793,0 million for the **Cohesion Fund**. The latter figure represents an increase of 6,4 % relative to 2011, which results from the increasing annual allocation for EU-12 Member States as originally foreseen at the beginning of the programming period.

All figures for the Structural and Cohesion funds are in line with the envelopes decided in the legal basis and are fully consistent with the ceilings of the multi-annual financial framework, taking into account the impact of Point 17 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management<sup>17</sup>. Point 17 of the IIA relates to the adjustment of amounts allocated from funds supporting cohesion to the Member States concerned by divergence between estimated and actual GDP for the period 2007-2009. The impact of this is specified in the technical adjustment of the financial framework for 2011<sup>18</sup> and involves additional commitment appropriations, in years 2011-2013, totalling EUR 335,7 million per annum.

Typically, the Structural and Cohesion Funds fully use up the resources made available for programming by the Member States within the heading, and this is again the case. Thus there is no margin left under heading 1b, save for some EUR 22 million from the technical assistance envelope.

### 3.2.4. *Payment appropriations*

For heading 1b, overall payment appropriations are set at EUR 45 134,8 million, an increase of 8,4 % over 2011. This figure comprises a main component, relating to interim payments for the 2007-2013 programmes, and a second element namely final payment reimbursements to clear outstanding commitments of 2000-2006 programmes and projects.

#### *2007-2013 programmes*

For the programmes of the 2007-2013 period, payment appropriations for the Structural Funds amount to EUR 34 209,6 million representing an increase of 11,8 % relative to the 2011 budget. For the Cohesion Fund, for the same period, payment appropriations increase by 24,9 % to EUR 7 811,2 million. If the Structural Funds and the Cohesion Fund are combined, the amount accordingly reaches EUR 42 020,8 million. The corresponding figure in the 2011 budget for payments is EUR 36 840,9 million.

Payment appropriations for the 2007-2013 programmes, relating to the ERDF, ESF and the Cohesion Fund, have been calculated on the basis of the historical payment rates against the corresponding commitment tranches of the 2000-2006 programming period (details are provided in Annex IX).

For the ERDF and the CF the resulting initial estimates have been adjusted to take into account the potential impact of large projects, and an adjustment has also been applied to the ESF on the basis of the implementation since 2007.

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<sup>17</sup> OJ C 139, 14.6.2006. The content of Point 17 of the IIA is also found in paragraph 10 of Annex II to Regulation 1083/2006.  
<sup>18</sup> COM(2010)160, 16.4.2010.

### *2000-2006 programmes and projects*

For the outstanding commitments of the 2000-2006 period, total payment appropriations amount to EUR 3 110,0 million, split between the ERDF (EUR 1 470,0 million), the ESF (EUR 490,0 million) and the Cohesion Fund (EUR 1 150,0 million). Relative to the 2011 budget, this represents a decrease of 35,2 %.

For the structural funds, the payment appropriations have been established on the basis of the current estimates of the expected rate of closure. The amount reserved for closure can only be paid after analysis of the closure documents for each programme sent to the Commission by Member States.

The pre-2007 projects of the Cohesion Fund are not subject to the 'n+2' rule<sup>19</sup> and thus their payment profile is not comparable to that of the Structural Funds. Furthermore, the final date of eligibility of a large number of such projects was extended to the end of 2010. For projects adopted in 2004 or later, the Commission also introduced a certain degree of flexibility for the final eligibility date. Therefore, for a number of projects Member States have requested an extension to the end of 2011 and for some very large projects, for which Cohesion Fund assistance is of at least EUR 100 million, an extension to the end of 2012.

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<sup>19</sup> In order to avoid an increasing build-up of outstanding commitments being rolled forward each year, the so-called n+2 rule allows the Commission to de-commit resources when no payments claim has been received by the end of the 2nd calendar year following the year of commitment. In the 2007-2013 programming period the rule also applies to the Cohesion Fund.

### 3.3. Preservation and management of natural resources: heading 2

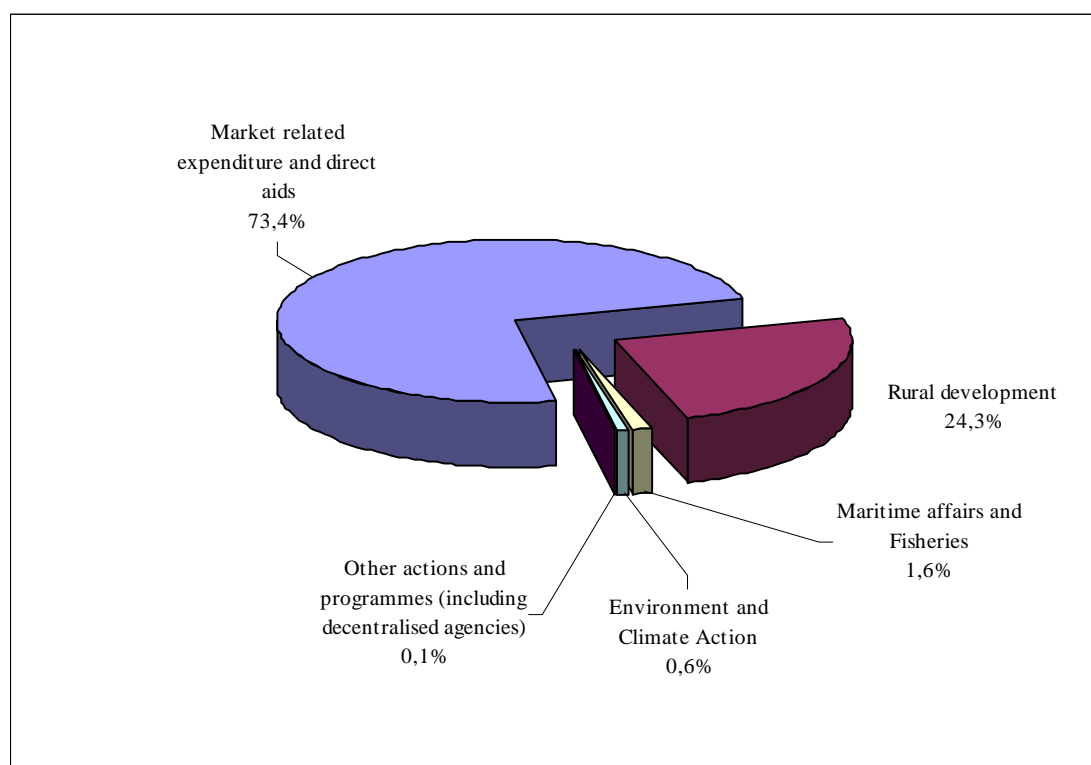
#### 3.3.1. Summary table

(in million EUR, at current prices)

Budget		FF	Draft budget		Difference		Difference	
2011		2012	2012		2012 / 2011		2012 - 2011	
CA	PA	CA	CA	PA	CA	PA	CA	PA
58 659,2	56 378,9	60 810,0	60 158,4	57 948,4	2,6%	2,8%	1 499,2	1 569,5
			Margin = 651,6					






For the 2012 Draft Budget the Commission proposes EUR 60 158 million for heading 2. Compared to the 2011 budget, the commitment appropriations increase by EUR 1 499 million (+ 2,6 %), leaving a margin of EUR 652 million under the ceiling of the financial framework for 2012. The margin under the EAGF subceiling for market related expenditure and direct aids is EUR 530,5 million. Even though the ceiling increases by EUR 472 million, there is a strong decrease in the margin compared to 2011, which stands at EUR 1 028 million, taking into account the proposal concerning the revision of the financial framework (2007-2013) for ITER<sup>20</sup>. This is mostly due to lower assigned revenues<sup>21</sup> and higher direct aids, while expenditure for market interventions changes only slightly. At this time of the budget procedure, no assigned revenue is foreseen to be carried over from 2011 to 2012. This explains the reduced availability of assigned revenues, whereas the phasing-in of direct aids to EU-12 Member States continues. Agricultural markets on the other hand remain rather stable and largely favourable. Finally, the Commission proposes a realistic assessment of the negative expenditure for the clearance of accounts.

Payment appropriations for heading 2 increase by EUR 1 569,5 million (+ 2,8 %), due to the increase in commitment appropriations, as well as to reflect additional needs for rural development.



<sup>20</sup> COM(2011)226, 20.4.2011

<sup>21</sup> As explained in more detail in section 3.3.2 below, certain operations (namely the conformity clearance correction, irregularities and the milk super levy) generate assigned revenue that is used to cover the needs of specific budget lines. The availability of these assigned revenues therefore reduces the overall budgetary needs for agricultural expenditure.

Heading 2: Preservation and management of natural resources (commitment appropriations)		Draft budget	
		2012	
		EUR	%
	Market related expenditure and direct aids	44 179 737 305	73,4 %
	Rural development	14 616 899 442	24,3 %
	Maritime affairs and Fisheries	954 340 602	1,6 %
	Environment and Climate Action	354 755 000	0,6 %
	Other actions and programmes (including decentralised agencies)	52 710 956	0,1 %
<b>Total</b>		<b>60 158 443 305</b>	<b>100,0 %</b>

The following table summarises the main movements in heading 2, in commitment appropriations:

			2011		2012		Difference		
			Budget	Assigned revenue	DB request	Assigned revenue	Budget	Needs	%
Title 05	05 02	Market support	2 964,9	500,0	<b>3 146,9</b>	291,0	182,0	-27,0	6,1 %
	05 03	Direct aids	39 771,1	747,0	<b>40 673,7</b>	500,0	902,6	655,6	2,3 %
	05 03 01	Decoupled direct aids	36 324,0	747,0	<b>37 354,0</b>	500,0	1 030,0	783,0	2,8 %
	05 03 02	Other direct aids	3 447,0		<b>3 317,7</b>		-129,3	-129,3	-3,8 %
	05 04	Rural development	14 436,1		<b>14 619,9</b>		180,8	180,8	1,3 %
	05	Pilot Projects / Preparatory Actions	6,5		<b>0,0</b>		-6,5	-6,5	-100,0 %
		Other agriculture in Heading 2	-227,7		<b>-7,1</b>		220,6	220,6	-96,9 %
		<i>Total Title 05 (Agriculture and rural development)</i>	<i>56 950,9</i>	<i>1 247,0</i>	<i>58 430,4</i>	<i>791,0</i>	<i>1 479,4</i>	<i>1 023,4</i>	<i>2,6 %</i>
Title 17	17 04	Veterinary and Phyto-sanitary actions	352,9		<b>335,8</b>		-17,1	-17,1	-4,9 %
	17	Pilot Project / Preparatory Actions	1,0		<b>0,0</b>		-1,0	-1,0	-100,0 %
		<i>Total Title 17 (Health and Consumer Protection)</i>	<i>353,9</i>		<i>335,8</i>		<i>-18,1</i>	<i>-18,1</i>	<i>-5,1 %</i>
Title 11	11 01 + 11 02	Fisheries markets	30,0		<b>30,5</b>		0,5	0,5	1,7 %
	11 03	Common Fisheries Policy (CFP)	International fisheries & law sea	153,8	<b>154,1</b>		0,3	0,3	0,2 %
	Other CFP		Conservation, control, govern	109,4	<b>111,0</b>		1,5	1,5	1,4 %
	11 08 05	Community Fisheries Control Agency (CFCA)	12,7		<b>9,1</b>		-3,5	-3,5	-28,0 %
	11 09	Maritime policy	0,0		<b>16,6</b>		16,7	16,7	
	11 06 + BA	Fisheries fund	658,3		<b>672,7</b>		14,3	14,4	2,2 %
	11	Pilot Projects / Preparatory Actions	0,0		<b>0,0</b>		0,0	0,0	0,0 %
		<i>Total Title 11 (Maritime Affairs and Fisheries)</i>	<i>964,1</i>		<i>994,0</i>		<i>29,8</i>	<i>29,8</i>	<i>3,1 %</i>
Title 07	07 03 07 + BA	Life + (Environment)	320,8		<b>333,5</b>		12,7	12,7	3,9 %
	07 12 01 + BA	Life + (Climate Action)	19,4		<b>21,3</b>		1,9	1,9	9,8 %
	07 03 09	European Environment Agency (EEA)	35,1		<b>36,1</b>		1,0	1,0	2,8 %
	07 03 60 + 70	European Chemicals Agency (ECHA)	0,0		<b>2,5</b>		2,5	2,5	100,0 %
	07	Other	13,0		<b>5,0</b>		-8,0	-8,0	-61,5 %
		<i>Total Title 07 (Environment and Climate Action)</i>	<i>388,3</i>		<i>398,3</i>		<i>10,0</i>	<i>10,0</i>	<i>2,6 %</i>
Titles 23 (ECHO) + 32 (ENER)	Other in Heading 2	2,0	500,0	<b>0,0</b>		-2,0	-2,0	-100,0 %	
<b>Total Heading 2</b>			<b>58 659,2</b>	<b>1 247,0</b>	<b>60 158,4</b>	<b>791,0</b>	<b>1 499,2</b>	<b>1 043,2</b>	<b>2,6 %</b>

### 3.3.2. Agricultural expenditure (market related expenditure and direct aids)

#### Context

The present round of Common Agricultural Policy (CAP) reforms, which began in 2003/2004 with the fundamental shift towards decoupled direct aids, have been complemented in 2008 by the reforms for fruit and vegetables (and the School Fruit Scheme), the mini-package milk and the reform of the wine sector. The 'Health Check' of the CAP agreed in 2008 has modernised, simplified and streamlined the CAP and removed restrictions on farmers, thus helping them to respond better to signals from the market and to face new challenges. It was also agreed to increase modulation and to add a progressive element, whereby direct payments to farmers financed from the European Agricultural Guarantee Fund (EAGF) are reduced and the appropriations are transferred to the European Agricultural Fund for Rural Development (EAFRD). As a result

of the market reform process, in recent years there has been a continuous fall of market-related expenditure, with the exception of 2010 due to the exceptional market conditions following the economic crisis. The share of market expenditure is expected to be 7,1 % of total EAGF expenditure in 2012. Around 92 % of all direct aids to farmers are decoupled from production, compared to 91 % in 2011 and 85 % in 2010.

### **Appropriations and assigned revenue**

For the 2012 Draft Budget the **proposed appropriations** for expenditure related to agricultural markets and direct aids amount to EUR 44 180 million<sup>22</sup>, showing an increase by EUR 1 289 million (+ 3,0 %) compared with the 2011 budget. This is the net result of several factors with compensating effects. On the one hand, there is the continued phasing-in of direct aids for the new Member States, which leads to higher expenditure. Furthermore, as mentioned above, assigned revenues in the 2012 Draft Budget are lower than in the 2011 budget. On the other hand, expenditure for interventions on agricultural markets is slightly reduced compared to 2011. When the amounts for veterinary and phyto-sanitary measures (EUR 336 million) and expenditure related to fisheries markets (EUR 30,5 million) are added, a margin of EUR 530,5 million remains under the (EAGF) sub-ceiling of heading 2 for market-related expenditure and direct aids.

Due to the existence of assigned revenues, it is important to distinguish between requested budget **appropriations** and **actual needs**. In accordance with the Financial Regulation<sup>23</sup> and the Council Regulation on the financing of the CAP<sup>24</sup>, certain operations (namely conformity clearance correction, irregularities and milk super levy) generate revenues assigned to the EAGF in general that are used to cover the needs of specific lines<sup>25</sup>.

Appropriations for the 2012 Draft Budget are lower than estimated needs because an amount of EUR 791 million in revenues is assigned to the EAGF, while assigned revenues for Budget 2011 stand at EUR 1 247 million. The **assigned revenues** for 2012 are attributed to chapter 05 02 in the Operational Funds for Producer Organisations (EUR 291 million on item 05 02 08 03) and to chapter 05 03 for the Single Payment Scheme (SPS, EUR 500 million on item 05 03 01 01). The difference in assigned revenues compared to the 2011 budget is mainly due to a large carry-over of assigned revenue from 2010. As mentioned above, at this time of the budget procedure, no assigned revenues from 2011 are expected to be carried over to 2012.

### **Intervention on the agricultural markets**

The 2012 Draft Budget shows an increase of EUR 182 million in appropriations for **interventions in agricultural markets** compared with the 2011 budget. However, this increase is essentially due to lower assigned revenue (- EUR 209 million). Without this effect from assigned revenue, financial needs for market interventions are estimated to be slightly lower compared to 2011 (- EUR 27 million). This small decrease in needs for market interventions is mainly the consequence of continuing improved market situations and prospects.

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<sup>22</sup> After transfer of (compulsory and voluntary) modulation and other specific amounts (cotton, wine, tobacco and unused direct aids) from direct aids to Rural Development.

<sup>23</sup> Council Regulation (EC, Euratom) No 1605/2002, as amended by Council Regulation (EC, Euratom) No 1995/2006.

<sup>24</sup> Council Regulation (EC) No 1290/2005.

<sup>25</sup> Moreover, the reform of the Common Market Organisation for sugar established a temporary fund for the restructuring of the sugar industry which is funded by ad hoc assigned revenue, to be paid by the sugar quota holders and not by the EU own resources. This specific assigned revenue amount, however, can only be used within the sugar restructuring fund.

## Direct aids and modulation

The increase in **direct aids** appropriations (coupled and decoupled) compared to the 2011 budget (+ EUR 903 million) is mostly due to the continued phasing-in of direct aids in the new Member States<sup>26</sup> and to a decrease in assigned revenue available in 2012 compared to 2011.

Appropriations for **decoupled direct aids** increase by around EUR 1 billion, mainly because of higher needs (+ EUR 838 million) for the Single Area Payment Scheme (SAPS) and lower assigned revenue attributed to the Single Payment Scheme (- EUR 247 million). The needs for the Single Payment Scheme (SPS) decrease slightly (- EUR 11 million), as the effects of decoupling part of the transitional fruit and vegetable payments and of the wine reform have been compensated by an increase in modulation.

The process of decoupling specific direct aids and their integration into the SPS will continue in 2011, impacting the EU Budget 2012. The SPS ceilings before modulation have increased due to various elements, in particular the decoupling of the transitional fruit and vegetable payment for the production of tomatoes in three Member States, which added EUR 131 million to the SPS ceilings. The compulsory reduction of the maximum rate up to which the transitional fruit and vegetable payments for the production of fruits and vegetable other than tomatoes could remain coupled adds a further EUR 20 million to the ceilings. The decoupling of the protein crops premium and of the area aid for nuts in some Member States as well as the phasing-in of direct aids in Slovenia and Malta also has an impact on the SPS envelopes. Finally, the continued implementation of the wine reform leads to an increase of the SPS ceiling by EUR 35 million in the calendar year 2011, which impacts on the 2012 budgetary year.

Appropriations for **coupled direct aids** decrease compared to the 2011 budget by EUR 129 million. This is mostly due to the decoupling of the transitional fruit and vegetable payments for tomatoes (- EUR 126 million) and for other fruits and vegetables (- EUR 19 million). On the other hand, following decisions taken by Member States in the context of the implementation of specific support under Article 68 of Council Regulation (EC) No 73/2009, the financial needs for coupled measures are increasing by EUR 52 million. Finally, the five-year period of application of the 'aid for sugar beet and cane producers' scheme has ended in two Member States, implying a reduction of appropriations by EUR 20 million.

Most of the direct aid schemes under budget article 05 03 02 'Other direct aids' are expected to be utilised at their ceilings. However, mainly on the basis of past under-execution, lower appropriations have been estimated in a number of cases: special beef premium, payments to starch potato producers, protein crop premium, and area aid for cotton.

The 2012 budget is the seventh consecutive budget that is affected by **modulation**. For the calendar year 2011, direct aids<sup>27</sup> in EU-15 will be reduced by a compulsory modulation rate of 9 %<sup>28</sup> and by progressive modulation for farmers receiving more than EUR 300 000. In addition, voluntary modulation applies in the United Kingdom with slightly decreasing amounts. Overall, compared to 2011, modulation reduces the envelopes available for granting direct aids by EUR 232 million in the 2012 DB.

## Veterinary and phyto-sanitary measures

The appropriations for **veterinary and phyto-sanitary measures** (Policy Area 17 – Health and Consumer Protection) show a decrease in commitments from EUR 353 million in 2011 to EUR 336 million proposed for the 2012 DB, without endangering the achievement of the objective of maintaining a high level of animal

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<sup>26</sup> For the calendar year 2011, with impact on the 2012 budget year, EU-10 Member States reach 80 % of the EU-15 level for direct payments, while Bulgaria and Romania reach 50 % (Article 121 of Council Regulation (EC) No 73/2009).

<sup>27</sup> With the exception of aids granted in the outermost regions.

<sup>28</sup> Articles 7 and 9 (1) of Council Regulation (EC) No 73/2009.



health. This decrease reflects, firstly, the improved disease situation resulting from measures taken in the past, with lower needs in particular for the eradication of the bluetongue disease, and lower expected outputs such as eradication programmes and vaccines. Secondly, an effort has been made to forecast more accurately the absorption capacity of the Member States.

### 3.3.3. *Transfers from agricultural expenditure to rural development*

For the 2012 DB, the amount additionally available to the European Agricultural Fund for Rural Development (EAFRD) totals EUR 3 383 million, which is an increase from 2011 by around EUR 232 million.

These appropriations include compulsory modulation (EUR 2 355 million)<sup>29</sup>, the voluntary modulation of the UK (EUR 347 million)<sup>30</sup>, and other transfers from the reform of the cotton sector (EUR 22 million)<sup>31</sup>, the wine sector (EUR 123 million)<sup>32</sup>, the tobacco sector (EUR 484 million)<sup>33</sup> as well as from unused direct aids (EUR 52 million)<sup>34</sup>.

### 3.3.4. *Rural development*

Support provided through the European Agricultural Fund for Rural Development (EAFRD) makes a vital contribution to the sustainability of the rural environment and helps to maintain a balance between urban and rural areas in a competitive and knowledge-based economy. In order to reinforce this contribution, the EAFRD is further strengthened in 2012 with increased funds from modulation (mainly the additional modulation to address the new challenges as specified in the 'Health Check') and specific transfers.

The EAFRD also benefited from EUR 1 020 million for 2009-2010 in the context of the European Economic Recovery Plan (EERP), of which EUR 210 million are expected to be paid in 2012.

The programmes remain built around three thematic axes dedicated to improving the competitiveness of the agricultural and forestry sector, improving the environment and the countryside, and improving the quality of life in rural areas and encouraging diversification of the rural economy. These thematic axes are complemented by one horizontal axis allowing locally based bottom-up approaches to rural development.

For 2012 an amount of EUR 14 617 million in commitment appropriations is needed. This is an increase of 1,3 % compared to 2011. The Commission proposes EUR 12 753 million for payment appropriations, representing an increase of 1,5 % compared to 2011. This figure consists of two main components:

- Interim payments for the 2007-2013 programmes with payment appropriations of EUR 12 440 million (excluding technical assistance of EUR 13,2 million and EERP of EUR 210 million) foreseen for payments concerning mainly agro-environmental and less-favoured areas.
- Reimbursements amounting to EUR 90 million, in the context of the closure of programmes, to clear outstanding commitments from those budget lines that formed part of the 2000-2006 Structural Funds programmes under the Guidance Section of the European Agriculture Guidance and Guarantee Fund (EAGGF).

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<sup>29</sup> Article 9(1) of Council Regulation (EC) No 73/2009.

<sup>30</sup> Article 4(1) of Council Regulation (EC) No 378/2007.

<sup>31</sup> Article 134 of Council Regulation (EC) No 73/2009.

<sup>32</sup> Article 1 of Council Regulation (EC) No 1246/2008.

<sup>33</sup> Article 135 of Council Regulation (EC) No 73/2009.

<sup>34</sup> Article 136 of Council Regulation (EC) No 73/2009.

### 3.3.5. *Maritime affairs and fisheries*

Apart from a relatively small amount of around EUR 30 million for fisheries markets which is spent under the CAP, there are two main instruments related to the Common Fisheries Policy (CFP): (a) the European Fisheries Fund (EFF), and (b) the so called 'second instrument', covering all other actions related to the CFP, including International fisheries and the Law of the Sea. A legislative procedure is currently ongoing for an instrument to finance actions in the area of Integrated Maritime Policy (IMP) for the years 2011-2013.

#### **European Fisheries Fund (EFF)**

For the EFF, the Commission proposes EUR 672,7 million in commitment appropriations and EUR 514,5 million in payment appropriations, respectively + 2,2 % and + 12,3 % relative to the 2011 budget. The increase for commitment appropriations is fully in line with the EFF envelope decided in the basic act.

For the 2012 DB, the payment appropriations proposed concern the 2007-2013 EFF programmes and the clearance of outstanding commitments (RAL) of the lines that formed part of the 2000-2006 Structural Funds programmes (completion of the Financial Instrument for Fisheries Guidance (FIFG)).

Regarding the EFF programming period 2007-2013, there is an increase in payment appropriations of 10,6 % (from EUR 438 million in 2011 to EUR 484,5 million in 2012). The approach for establishing payment appropriations for the 2007-2013 programmes is similar to the one that is used for the Structural Funds (see explanation under section 1.1.4. above), and is based on the historical payment rates against the corresponding commitment tranches of the 2000-2006 programming period. The resulting initial estimate for the 2012 DB has however been adjusted to take into account the slower start in implementation in the 2007-2013 period.

Regarding the FIFG covering the period 2000-2006, the closure exercise is expected to continue in 2012 with an estimated closure rate of 50 % of the programmes remaining at the end of 2011. For this reason, an amount of EUR 30 million for payment appropriations is requested.

#### **Common Fisheries Policy (CFP)**

For the CFP, total appropriations proposed amount to EUR 265 million for commitments and EUR 234 million for payments. Compared to 2011 this represents only a slight variation of less than 1 %. In addition, EUR 9,1 million in commitment appropriations is foreseen for the Community Fisheries Control Agency (CFCA).

Expenditure for international activities (EUR 156,2 million in both commitment and payment appropriations) is similar to last year. Most of the requested appropriations are intended to finance Fisheries Partnership Agreements (FPA). For 2012, an amount of EUR 29 million is proposed for those FPA in force, while for the renewal of some existing Fisheries Agreements about to expire and new agreements to be negotiated an amount of EUR 115 million is requested on the reserve line. The remaining part is needed to guarantee the EU participation in an increasing number of international and regional fisheries organisations, as well as for related preparatory work.

Regarding CFP governance, conservation, management and exploitation of resources, as well as control and enforcement of the CFP, the Commission proposes EUR 108,8 million in commitment appropriations and EUR 78,3 million in payment appropriations. As compared to the 2011 budget, this represents a stable level of commitments, which is justified in terms of the demonstrated EU-added value and expected benefits to be achieved, and a slightly reduced request for payments.

## **Integrated Maritime Policy (IMP)**

As far as the IMP is concerned, an amount of EUR 16,6 million is requested for commitment appropriations, in line with the amount for 2012 as foreseen in the legislative financial statement attached to the Commission proposal for a new legal base<sup>35</sup>. An amount equal to 10 % has provisionally been earmarked for the environmental pillar of IMP. As the new IMP Regulation is still in the legislative process, the full amount is entered in reserve. Payment appropriations of EUR 7,3 million are requested, one part of which is to complete earlier pilot studies on the IMP (EUR 4,8 million) and the other part (EUR 2,5 million) for some first payments under the new Regulation (again in reserve).

### *3.3.6. Environment and climate action*

In the field of environment, heading 2 of the financial framework 2007-2013 covers expenditure for the LIFE+ financial instrument, a number of preparatory actions and pilot projects, the EU contribution to the European Environment Agency (EEA) as well as parts of the European Chemicals Agency (ECHA) also financed under heading 2.

LIFE+ is the EU's financial instrument for the environment. As far as the DB 2012 is concerned, the Commission proposes a 4,3 % increase in commitment appropriations, from EUR 340,2 million in 2011 to EUR 354,8 million in 2012. Payment appropriations for LIFE+ will increase by 1,9 %, from EUR 262,2 million in 2011 to EUR 267,2 million in 2012. The core amount of LIFE+ will be spent on financing measures related to nature and biodiversity, environment and public health, as well as for water and waste management. This entails supporting innovative and demonstrative projects at national, regional and local levels to reduce waste production and greenhouse gas emissions, to increase resource efficiency, to develop clean technologies and to improve air quality management (especially in urban areas).

The threats from biodiversity loss are becoming clearer and the failure to meet interim goals on biodiversity loss cannot continue. The EU has adopted a new biodiversity target for 2020. On a global scale, the need for resources to tackle biodiversity challenges was a clear message from the 10<sup>th</sup> meeting of the Conference of the Parties to the Convention on Biological Diversity in Nagoya in October 2010.

For the European Environment Agency (EEA), the Commission proposes an EU contribution of EUR 36,1 million for 2012, which represents an increase of EUR 1 million on 2011. In addition, the European Chemicals Agency (ECHA), which is currently grouped under heading 1a for its chemicals activities, is proposed to receive contributions from heading 2 to finance activities in the fields of biocide legislation (EUR 1 million) and in the field of export and import of dangerous chemicals (EUR 1,5 million). Both these actions are in the legislative process and are expected to begin implementation in 2012.

In the case of Biocides, the tasks of ECHA for biocidal products envisaged by the Legislative Authority have been extended considerably since the original Commission proposal<sup>36</sup>, and are expected to be reflected in the Council's Common Position soon. At this stage, the amounts requested for 2012 in the present draft budget reflect the estimates included in the original legislative financial statement submitted by the Commission. After the adoption of the Common Position of the Council, and depending on the scope of the tasks in the field of biocides which will finally be assigned to the agency, the Commission would present a Communication on the Common Position accompanied by a revised legislative financial statement to reflect as necessary the additional responsibilities and expected quantified outputs. The Commission will therefore adjust accordingly the resources required for the 2012 budget in terms of ECHA's staff and contribution from the EU budget, in the course of the annual budget procedure.

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<sup>35</sup> COM(2010)494, 29.9.2010.

<sup>36</sup> COM (2009)267, 12.6.2009.

In the case of the export and import of dangerous chemicals, the Commission proposal for a revised Regulation (EC) No 698/2008 aims to align it with legislation on classification, labelling and packaging of chemicals and will lead to the involvement of the European Chemicals Agency in the implementation of the so-called 'Prior Informed Consent' activities. The Commission proposal is expected to be made during the second quarter of 2011.

### **Climate action**

Climate action is a key priority for the Commission, as set out in the Europe 2020 strategy. In addition to the climate actions financed under LIFE+, a preparatory action on 'Mainstreaming climate action and adaptation' will continue to be implemented, with a further EUR 5 million in commitment appropriations. These appropriations are intended to cover the needs to further develop EU policy on mainstreaming of climate action and adaptation to climate change, as a basis for impact assessments and preparation of future policy decisions, including paving the way for a move to a low carbon economy by 2050.

### 3.4. Freedom, security and justice: heading 3a

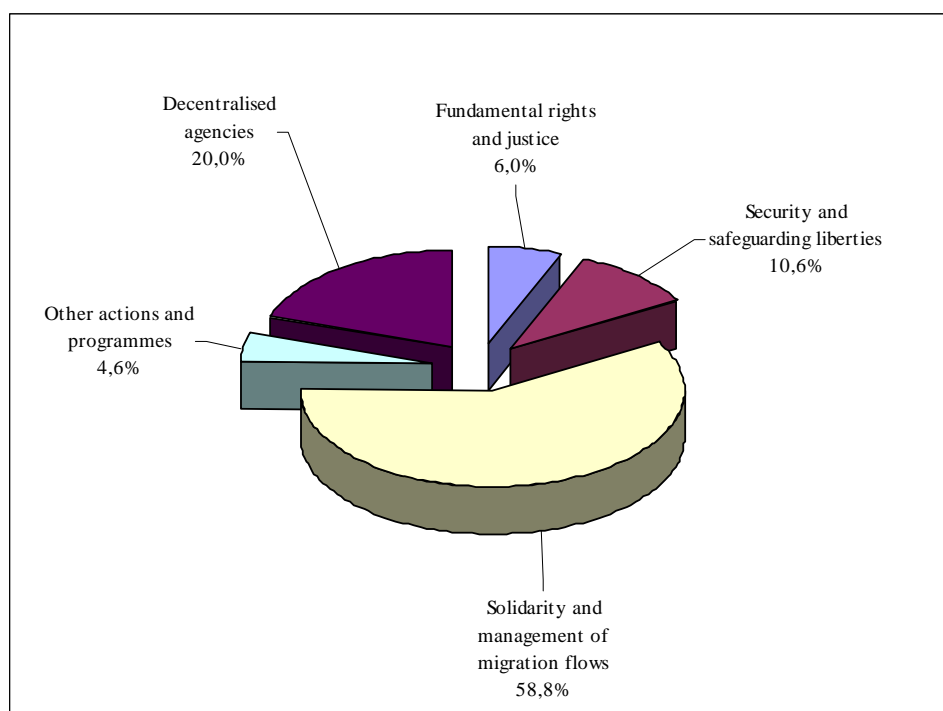
#### 3.4.1. Summary table






(in million EUR, at current prices)

Budget		FF	Draft budget		Difference		Difference	
2011		2012	2012		2012 / 2011		2012 - 2011	
CA	PA	CA	CA	PA	CA	PA	CA	PA
1 139,0	813,3	1 406,0	1 340,4	868,3	17,7%	6,8%	201,4	55,1
			Margin = 65,6					

This heading sees an important increase in commitment appropriations of 17,7 % to EUR 1 340,4 million, reflecting the political importance attached to this area, notably in regard to the implementation of the 'Stockholm programme'. Payment appropriations also increase substantially, by 6,8 % to EUR 868,3 million. As explained in more detail in section 3.4.2 below, these increases are mostly linked to the four Funds under Solidarity and management of migration flows.

The margin of heading 3a amounts to EUR 65,6 million, above the indicative margin foreseen for 2012 in the January 2011 update of the financial programming (EUR 26,5 million). This increase by EUR 39,1 million stems essentially from lower than initially foreseen appropriations for the proposed new agency for the operational management of large-scale IT systems in this field, for a total amount of EUR 34,5 million. In addition, the increase in the margin results from a reduction to the initially foreseen appropriations for administrative and technical support expenditure (see also section 4.2.2 below) and minor adjustments for the European Asylum Support Office (EASO) and the Agency for Fundamental Rights (FRA).



Heading 3a: Freedom, security and justice (commitment appropriations)		Draft budget	
		2012	
		EUR	%
	Fundamental rights and justice	80 350 000	6,0 %
	Security and safeguarding liberties	141 750 000	10,6 %
	Solidarity and management of migration flows	788 190 000	58,8 %
	Other actions and programmes	61 580 000	4,6 %
	Decentralised agencies	268 511 000	20,0 %
<b>Total</b>		<b>1 340 381 000</b>	<b>100,0 %</b>

### 3.4.2. *Strengthening the EU as an area of freedom, security and justice*

The Stockholm Programme, as adopted by the European Council in December 2009, sets out the priorities for further developing the European area of freedom, security and justice over the next five years (2010-2014). This will put the citizen at the heart of EU action and will deal, among other things, with questions of citizenship, justice and security as well as with asylum, migration and the external dimension of justice and home affairs.

Actions related to the Stockholm Programme Action Plan<sup>37</sup> will be financed within the ceiling of heading 3a of the current financial framework. Many of the measures and actions will be implemented through a more effective use of existing instruments and funds. In 2012, the Commission will submit a mid-term review of the implementation of the Stockholm Programme, in order to ensure that the programme remains in line with European and global developments.

#### *Solidarity and management of migration*

The general programme **Solidarity and Management of Migration** encompasses four distinct financial instruments, so-called Funds.

The appropriations proposed for the **External Borders Fund** (EUR 349,6 million) increase by 38 % compared to the 2011 budget. The Fund is a solidarity mechanism, supporting those Member States who assume a lasting and heavy financial burden in the area of external borders and visa policy. For the year 2012, in addition to other investments, the Fund will finance new developments in five strategic domains which are a priority for the EU: the set-up and testing of national systems compatible with the Schengen Information System (SIS II); the roll out of the Visa Information System (VIS) at consular posts and border crossing points; a more efficient implementation of the Visa Code, in force since April 2010; the introduction of national coordination centres and the deployment of mobile and stationary components of national systems with a view to making EUROSUR ('European Borders Surveillance System') operational in 2013; and state-of-the-art technology investments for effective and efficient border checks such as in 'Automatic Border Control' (ABC) systems.

In the field of migration, increased resources are foreseen for the **European Return Fund** (EUR 163 million, + 43 %), which is intended to support the Member States in the application of an integrated management of returns, and to provide for joint actions by Member States, thereby promoting the pooling of resources and expertise, and resulting in common gains and better sharing of information and experiences. This should equip the EU to address irregular migration and human trafficking more effectively, notably in the context of ongoing events in the Southern Mediterranean.

The appropriations for the **European Fund for the Integration of Third Country Nationals** (EUR 163 million) increase by 23 % compared to the 2011 budget, reflecting the importance of, and the challenges presented by, this new form of solidarity among Member States, in respect of the immigrants legally resident in the EU. The Fund shall contribute to the development and implementation of national integration strategies for third-country nationals in all aspects of society. The need to develop and to implement the integration process is increasing each year. 2012 appropriations will mainly focus on the implementation of the Common Basic Principles for immigrant integration policy. Trainings, vocational and civic orientation courses are strongly required to facilitate the integration of third-country nationals.

The **European Refugee Fund (ERF)** will continue to support the following actions: capacity building for the asylum systems of the Member States in general; the voluntary efforts of Member States to provide a durable solution in their territories to refugees and displaced persons identified as eligible for resettlement by the United Nations High Commissioner for Refugees (UNHCR) and the voluntary burden sharing between Member States

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<sup>37</sup> COM(2010)171, 20.4.2010.

consisting of the transfer of beneficiaries of international protection from one Member State to another. An amount of EUR 104 million, including EUR 10 million for the emergency measures in the event of mass influxes of refugees, is proposed for 2012, in line with the financial programming.

The new **European Asylum Support Office (EASO)** shall become fully operational in June 2011. EASO will in particular aim at supporting transnational cooperation between Member States in asylum related questions. The appropriations for 2012 will increase by EUR 2 million for operational expenditure.

With regard to the Schengen Information System (SIS II), the appropriations for 2012 (EUR 15,5 million) include the preparation and successful execution of Milestone 2 in the first quarter of 2012 (set of tests required by the Council). Taking note of the new schedule and the financial envelope required to finalise the project, both Council and Parliament reaffirmed that the entry into operations of SIS II, foreseen for the first quarter of 2013, remains an absolute priority. The appropriations for the **Frontex** agency (EUR 79,5 million) are in line with the financial programming for 2012.

The new **Agency for the operational management of large scale IT systems** should be legally established by mid 2011<sup>38</sup>. Awaiting formal adoption of the basic act, the appropriations requested for 2012 (EUR 20 million) are put in reserve. This level of appropriations takes into account the delay in setting up the agency; EUR 54,5 million were foreseen in the financial programming.

### *Fundamental rights and justice*

This general programme is based on five specific programmes.

The specific programme **Fundamental Rights and Citizenship** will promote the development of a European society founded on the respect of the rights set out in the Charter of Fundamental Rights of the EU, the strengthening of civil society, and the fight against racism, xenophobia and anti-Semitism. The level of appropriations for 2012 (EUR 15,65 million) is in line with the financial programming. This level of appropriations allows the Commission to meet its objectives in this matter and reflects the needs of the programme.

The programme **Fight against Violence (Daphne III)** promoting actions for the prevention of violence against women and children, through support for Non-Governmental Organisations (NGOs), research bodies, and local authorities amounts to EUR 17,9 million in 2012. The appropriations for the programme **Drugs prevention and information** (EUR 3 million) are intended for action aimed at preventing and reducing drug use and at promoting awareness.

The specific programmes **Civil Justice** (EUR 16,4 million) and **Criminal Justice** (EUR 27,35 million) aim at the promotion of cooperation between the different legal systems, improving contacts between the legal, judicial and administrative authorities of the Member States, and training members of the judiciary. The slight variation is due to an increased volume of procurement actions which are linked to the developments in E-justice (further development of the portal and technical improvements).

In addition, total appropriations for **EUROJUST** will increase by 4,9 %, in order to enable the agency to carry out its new tasks as defined in the Decision of the Council of 16 December 2008 on the strengthening of Eurojust<sup>39</sup>. The new tasks aim at increasing the role of coordination of the agency (e.g. around the clock contact centre) and cooperation between Member States (e.g. posting liaison magistrates in third countries).

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<sup>38</sup> COM(2009)293, 24.6.2009, as amended by COM(2010)555, 11.10.2010.

<sup>39</sup> OJ L 138, 4.6.2009.

## *Security and safeguarding liberties*

There are two specific programmes in this strand.

The first programme, **Prevention, Preparedness and Consequence Management of Terrorism** (EUR 23,6 million, - 3,4 %), aims to develop and monitor the implementation of tools and policies in the field of fighting terrorism, including the reduction of chemical, biological, radiological and nuclear (CBRN) threats. In 2012, activities will focus on the priority areas: anti-radicalisation, illegal online activities, victims of terrorism, critical infrastructure protection, security of explosives and protection against CBRN risks.

The second programme, **Prevention of and Fight against Crime** (EUR 118,2 million, + 7,8 %) targets law enforcement, cross-border cooperation, training and other exchanges among law enforcement officers, and the protection of witnesses and victims. The priority actions to be implemented in 2012 will be: fight against corruption, trafficking in human beings, child pornography, and cybercrime and illegal use of the internet.

In addition, the **European Police office (EUROPOL)** operates as a Union agency from 2010; its aim is to help the EU Member States co-operate more closely and effectively in preventing and combating serious international crime. A total EU contribution of EUR 84,5 million is proposed in 2012. This also covers the tasks related to the implementation of the Terrorist Finance Tracking Programme (TFTP), which Europol carries out since 1 August 2010.



### 3.5. Citizenship: heading 3b

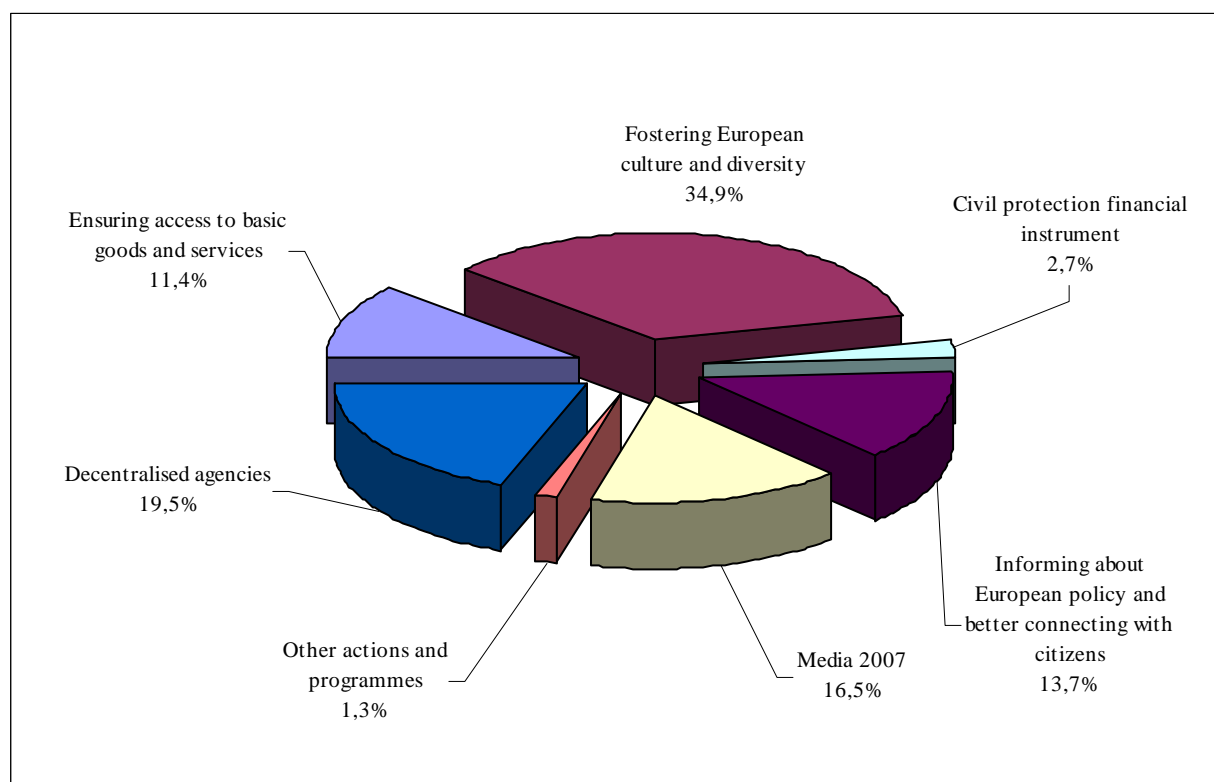
#### 3.5.1. Summary table








(in million EUR, at current prices)

Budget		FF	Draft budget		Difference		Difference		
2011		2012	2012		2012 / 2011		2012 - 2011		
	CA	PA	CA	PA	CA	PA	CA	PA	
(1)	684,3	647,1	699,0	683,5	645,7	-0,1 %	-0,3 %	-0,9	-1,7
(2)	881,3	665,8							
				Margin = 15,5					
(1) Excluding EU Solidarity Fund (EUSF)									
(2) Including amending budget 1 and draft amending budget 2, both related to EUSF									

Heading 3b Citizenship contributes to several Europe 2020 strategy flagship initiatives including ‘youth on the move’, ‘an agenda for new skills and jobs’, ‘European platform against poverty’ and ‘innovative Union’. In particular this heading covers issues which are of key concern to the citizens of Europe, including **health**, **consumer protection**, and **civil protection**. The crucial task of reaching out to the citizens and communicating Europe also fall within this heading, through the funding of **cultural programmes** and the policy area **Communication**. For 2012 Communication is expected to focus on the economic recovery, citizens' rights and benefits, stability in our neighbourhood and the next multiannual financial framework.

Commitment appropriations for this heading decrease by 0,1 % to EUR 683,5 million, leaving a margin of EUR 15,5 million. Payment appropriations for the heading decrease by 0,3 % to EUR 645,7 million. If the EU Solidarity Fund (EUR 196,9 million and EUR 18,4 million for commitment and payments appropriations respectively in 2011) is included in this comparison, commitment and payment appropriations decrease by 22,4 % and 3,0 % respectively. The annual ceiling for this heading, which supports various actions close to European citizens, remains broadly stable in the current financial framework. However, an increase of EUR 8,0 million as compared to the financial programming for 2012 is proposed for Youth in Action.



Heading 3b: Citizenship (commitment appropriations)		Draft budget 2012	
		EUR	%
	Ensuring access to basic goods and services	77 690 000	11,4 %
	Fostering European culture and diversity	238 463 000	34,9 %
	Civil protection Financial instrument	18 500 000	2,7 %
	Informing about European policy and better connecting with citizens	93 900 000	13,7 %
	Media 2007	112 477 000	16,5 %
	Other actions and programmes	9 290 000	1,3 %
	Decentralised agencies	133 151 000	19,5%
<b>Total</b>		<b>683 471 000</b>	<b>100,0 %</b>

### 3.5.2. *Ensuring access to basic goods and services*

**Good health** is key to the well-being and quality of life of citizens as well as to economic growth and sustainable development. Investing in the good health of the population and prevention activities provides real social and economic benefits. It also contributes to Europe's competitiveness by enhancing productivity, labour force participation and sustainable growth.

Concerning the Health Programme, the accent will be on new actions improving the health care systems which have a clear EU-added value, including cross-border systems, patients rights, health systems sustainability and innovative technologies.

With particular regard to health, the focus will be on health information and health security, such as preparing for and counteracting emerging health threats. A further priority is to deal with safe products including safe food and safe services, and furthering crisis preparedness and business continuity in case of crisis.

The overall goal of **consumer policy** is to contribute to the development of an internal market where products and services are safe and where Consumers have an equally high level of confidence in products, traders, technologies and selling methods in markets throughout the EU, based on equally high levels of protection.

The ongoing strengthening of consumer policy is a cornerstone in establishing citizen confidence in the internal market. Implementation and better enforcement of existing legislation will continue to be a key feature, with an added emphasis on ensuring consistent, effective and coherent enforcement in all Member States.

Specific objectives for consumer policy are a better understanding of consumers and the markets, better consumer protection regulation, better enforcement, monitoring and redress, and better informed, educated and responsible consumers. This should be achieved by developing knowledge and evidence, cooperating in enforcement, market surveillance and product safety, consumer education, and capacity building for consumer organisations.

### 3.5.3. *Fostering European culture and diversity*

Fostering mutual understanding and a shared European identity is essential in a Union characterised by social and cultural diversity. Three programmes aim to support these objectives by developing links in the fields of culture, youth and citizenship.

The programme **Culture 2007 – 2013** contributes at EU level to a greater awareness of the existence of a common European heritage, to intercultural dialogue, to the consciousness of the diversity and richness of European cultures, the promotion of the transnational mobility of artists and of their works. In line with the Europe 2020 strategy, creative industries supported by EU action contribute to innovation, to jobs creation and to local and regional development. The programme plays a unique role in stimulating cross-border cooperation,

in promoting peer learning and the professionalisation of the sector and in increasing the access of European citizens to non-national European works.

The **Youth in Action** programme has two main objectives: the enhancement of human resources in Europe through a particular support to non-formal learning experiences and the development of active citizenship of young people by promoting the potential and well-being of all young people by developing their skills, creating more opportunities and encouraging their participation in democratic life. As compared to the financial programming for 2012, an increase of EUR 8 million is proposed for the implementation of this programme, leading to an overall amount of EUR 138,2 million for 2012.

Dialogue with EU citizens and fostering civic participation is sought through two main strategies – directly involving citizens with the EU institutions through traineeships and visits, and co-funding projects by civil society through calls for proposals. At the heart of the objective to foster European citizenship is the **Europe for Citizens** programme, which includes support to civil society and a variety of organisations promoting the European interest, as well as town-twinning and other activities directly involving citizens, support to various civil-society organisations promoting the European idea, as well as European bodies and think tanks.

A preparatory action will be launched to pave the way for a European Year of Citizens 2013 which intends to inform the Union citizens about the rights available to them in a cross-border context by virtue of their EU citizenship status, so as to enable them to make informed decisions about whether to make use of their right to free movement and to facilitate the effective exercise of this right.

In addition to these programmes, the **Media 2007** programme (EUR 106,8 million in 2012, or an increase of 2,7 % compared to 2011) has objectives the preservation and enhancement of European cultural diversity and its cinematographic and audiovisual heritage, guaranteeing its accessibility for European citizens and promoting intercultural dialogue, increasing the circulation of European audiovisual works inside and outside the Union, and strengthening the competitiveness of the European audiovisual sector in the framework of an open and competitive market.

Finally, a stable level of funding (EUR 18,5 million) is foreseen for the **Civil Protection Financial Instrument** to maintain the current level of effectiveness in the delivery of aid. The difference (EUR 1,8 million) with the increase initially foreseen in the financial programming for 2012 becomes available as increased margin under the ceiling of heading 3b.

### 3.6. EU as a global player: heading 4

#### 3.6.1. Summary table

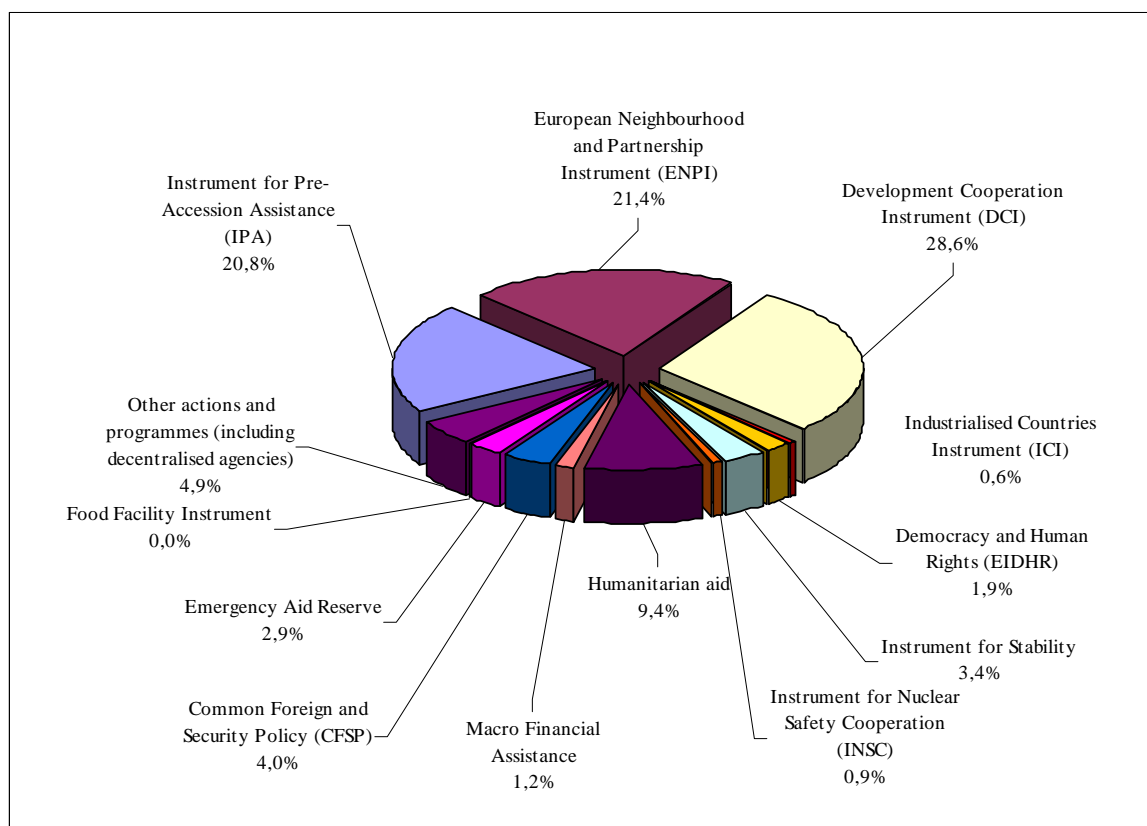
(in million EUR, at current prices, including the Emergency Aid Reserve)

Budget <sup>40</sup>		FF	Draft budget		Difference		Difference	
2011		2012	2012		2012 / 2011		2012 - 2011	
CA	PA	CA	CA	PA	CA	PA	CA	PA
8 759,3	7 238,7	8 997,0	9 009,3	7 293,7	2,9%	0,8%	250,0	55,0
			Margin = 246,7					

The main legislative instruments which underpin the core external relations policies are the Pre-accession Assistance Instrument (IPA), the European Neighbourhood and Partnership Instrument (ENPI), the Development Cooperation Instrument (DCI), the Instrument for Cooperation with Industrialised and other High-income Countries (ICI) and the European Instrument for Democracy and Human Rights (EIDHR). These main geographic and ‘policy-driven’ financing instruments are complemented by instruments designed to address specific needs and in particular to provide a response to crisis situations: the Instrument for Stability (IfS), the Instrument for Nuclear Safety Cooperation (INSC), the Civil Protection Financial Instrument (CPFI), Humanitarian Aid, Macro-Financial Assistance (MFA), and the Common Foreign and Security Policy (CFSP).













The commitment and payment appropriations requested in the 2012 Draft Budget increase by 2,9 % and 0,8 % compared to the 2011 budget respectively.

The margin of heading 4 amounts to EUR 246,7 million<sup>41</sup> and is above the margin foreseen for 2012 in the January 2011 update of the financial programming (EUR 132,2 million). The reasons for this increase are set out in section 3.6.2 below.



<sup>40</sup> Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

<sup>41</sup> As provided for in the IIA of May 2006, the margin of heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million).

Heading 4: EU as a global player (commitment appropriations)		Draft budget 2012	
		EUR	%
	Instrument for Pre-Accession Assistance (IPA)	1 875 722 000	20,8 %
	European Neighbourhood and Partnership Instrument (ENPI)	1 930 761 576	21,4 %
	Development Cooperation Instrument (DCI)	2 577 233 000	28,6 %
	Industrialised Countries Instrument (ICI)	56 135 000	0,6 %
	Democracy and Human Rights (EIDHR)	168 719 000	1,9 %
	Instrument for Stability	302 334 000	3,4 %
	Instrument for Nuclear Safety Cooperation (INSC)	77 330 000	0,9 %
	Humanitarian Aid	849 599 000	9,4 %
	Macro Financial Assistance	105 000 000	1,2 %
	Common Foreign and Security Policy (CFSP)	363 214 000	4,0 %
	Emergency Aid Reserve	258 937 000	2,9 %
	Other actions and programmes (including decentralised agencies) <sup>2</sup>	444.129.109	4,9 %
<b>Total</b>		<b>9 009 280 576</b>	<b>100,0 %</b>

### 3.6.2. Introduction

In line with the financial framework 2007-2013, the 2012 DB continues to respect the profile of the multiannual financial envelopes of the respective instruments, as a whole. However, a number of increases of appropriations over the indicative financial programming are proposed, such as:

- **Environment and Sustainable Management of Natural Resources (ENRTP):** this thematic programme within the DCI is reinforced by EUR 50 million for financing Fast Start Climate Action, as follow up to the Copenhagen Accord reached in December 2009 and in line with the decisions taken at the climate conference in Cancun in 2010. This amount will finance measures for adaptation, mitigation and technology transfer in the Least Developed Countries and emerging economies;
- **Guarantee Fund for external actions:** the provisioning of this fund is set at EUR 260,2 million. This is EUR 60,2 million higher than the EUR 200 million originally foreseen in the financial programming for 2012, due to the strong increase of net disbursements by the European Investment Bank (see section 3.6.6 below).

Funding is also provided for some specific actions which do not have a multi-annual financial programming, such as:

- **Turkish Cypriot community:** EUR 25 million are proposed to continue to support the Turkish Cypriot community, corresponding to a reduction of EUR 3 million compared to the 2011 budget.

Simultaneously, the Commission has closely reviewed the budget planning of the existing instruments based on budget implementation, absorption capacity and performance information. On this basis, initially planned increases of some actions have to be to some extent scaled down, compared to the initial financial programming for 2012. The following cases are highlighted (amounts in commitment appropriations):

- **Development Cooperation Instrument (DCI):** in total, EUR 88,5 million are taken from DCI, mainly from geographical programmes on the basis of the outcome of the performance assessment and information on absorption capacity;
- **Instrument for Pre-Accession (IPA):** the increase of EUR 79 million compared to the 2011 budget reflects however a decrease of EUR 60 million compared to the financial programming. Reductions

are applied taking into account the budgetary impact of the various IPA components and particularly also past performance, absorption capacity and budget implementation;

- **Instrument for Stability (IFS)**: the increase of EUR 12,1 million compared to the 2011 budget implies however a reduction of EUR 60 million compared to the financial programming. The reason in this case is that no identified additional output needs in terms of conflict prevention and resolution would justify such an additional amount at this stage, without prejudice of the reinforcement that might be proposed later after the European Neighbourhood policy review;
- **Macro Financial Assistance (MFA)**: the level of the 2011 budget is maintained and corresponds to a decrease of EUR 18 million compared to the financial programming. This amount should be sufficient, both to continue meeting the objective of resolving current balance of payments crises in third countries and as a starting point for possible additional operations if needed;
- **Instrument with Industrialised Countries (ICI and ICI+)**: the decrease of EUR 19,1 million compared to the financial programming takes into account a slower phasing in (and thus a more gradual capacity to deliver results) of the new ICI+ programme, which remains to be adopted by the legislative authority;
- **EU subscription to capital of the European Bank for Reconstruction and Development (EBRD)**: the EU's subscription to the last capital increase of the EBRD has been funded through incorporation of unrestricted reserves and therefore does not require any budgetary commitment and payment. That frees an amount of EUR 23,4 million under budget line 01 03 01 01 (European Bank for Reconstruction and Development — Provision of paid-up shares of subscribed capital) foreseen in the financial programming;
- **The so-called 'former BA lines'**: administrative support expenditure directly linked to the implementation of programmes and charged on the corresponding financial envelopes, increases by 2,9 % in relation with the 2011 budget, to EUR 243,1 million. This is however a decrease of 2 % compared to the financial programming for 2012. The difference with the appropriations originally programmed has been maintained in the operational envelopes of the respective instruments.

The Commission will present an Amending Letter in order to reflect the budgetary consequences of its review on the European Neighbourhood Policy.

### 3.6.3. *Policy-driven instruments*

The key actions envisaged for 2012 are the intensification of the bilateral, regional and thematic programmes within the **Instrument for Pre-accession Assistance (IPA)**, the **European Neighbourhood and Partnership Instrument (ENPI)**, the **Development Cooperation instrument (DCI)**, the **Instrument for Cooperation with industrialised and high income countries (ICI)** and the **European Instrument for Democracy and Human Rights (EIDHR)**. Although challenges of climate change do not appear explicitly in the budget nomenclature, enhanced efforts to address their causes and consequences in third countries will be financed increasingly including through funds committed under the Annual Action Plans of the geographical instruments.

#### 3.6.3.1. Helping candidate and potential candidate countries (IPA)

The EU continues to prepare future enlargements. Accession negotiations are ongoing with Croatia, Turkey and Iceland. The former Yugoslav Republic of Macedonia and Montenegro also have candidate status; the remaining Western Balkans countries are potential candidates, with the perspective of EU membership once they are ready. The Commission regularly assesses the level of preparations of each country concerned and is currently preparing its opinion on Serbia's application for membership.

Possible key milestones for the year 2012 may relate to the accession process with Croatia, progress with the accession negotiations with Turkey, and advances in accession negotiations with Iceland. The Commission has recommended starting accession negotiations with the Former Yugoslav Republic of Macedonia. If launched, accession negotiations could enter into a fully operational phase in 2012. With respect to Turkey, if a comprehensive settlement of the Cyprus issue takes place, this would allow for the opening of more new negotiation chapters as well as closing of other chapters which will require a new impetus for reform.

In 2012 further progress is expected in the Western Balkans towards the region's European future. The Stabilisation and Association Agreements (SAAs) with the Western Balkan countries are at different stages of the ratification and implementation process. The Commission has been requested by the Council to present an opinion on Serbia's EU membership application. The Commission will continue implementing measures to promote Kosovo's<sup>42</sup> political and socio-economic development, as set out in its 2008 Communication. This follows on major EU financial efforts provided to Kosovo since 2008 with additional appropriations under IPA to secure the EU's engagement in Kosovo.

Since 1 January 2007, pre-accession assistance is provided on the basis of the **Instrument for Pre-accession Assistance** (IPA), which has replaced a range of former instruments (Programme of Community aid to the countries of Central and Eastern Europe (PHARE), Structural Instrument for Pre-accession (ISPA), Special Accession Programme for Agriculture and Rural Development (SAPARD), Community Assistance for Reconstruction, Development and Stabilisation (CARDS), Turkey instrument). Under IPA, pre-accession assistance is available to candidate countries and potential candidates. The instrument addresses the need for a flexible approach in order to accommodate new priorities quickly. It covers transition assistance and institution-building, cross-border cooperation, regional development, human resources development and rural development. The last three components are accessible only to recognised candidate countries as preparation for the Structural and Cohesion Funds and for the European Agricultural Fund for Rural Development. They are budgeted under their respective policy areas i.e. Enlargement, Regional Policy, Employment and Social Affairs and Agriculture and Rural Development.

The IPA envelope has been budgeted between the different components according to the multi-annual indicative financial framework (MIFF) presented to the European Parliament and the Council in November 2010 with the Commission's annual enlargement package, in line with article 5 of the IPA Regulation. The MIFF will be modified in the course of 2011 to take into account the inclusion of Montenegro as a candidate country under IPA, thus benefiting from Components III (Regional Development), IV (Human Resources Development) and V (Rural Development).

Summary of IPA commitment appropriations in 2012 (in million EUR, at current prices):

Transition and Institution Building Assistance	768
Regional and cross border cooperation (including ERDF)	64
Regional Development	462
Human Resources development	114
Rural Development	237
Multi-Beneficiary Programmes	174
Support expenditure, including contribution to the EACEA Executive Agency	55
<b>TOTAL</b>	<b>1 875</b>

### 3.6.3.2. Support to the Turkish Cypriot community

There is a need to continue the support to the Turkish Cypriot community in order to bring it closer to the European Union and to prepare for reunification of the island. The funds proposed in the budget (EUR 25 million) are to be used, in particular, for grant schemes addressed to a large variety of beneficiaries within the civil society of the community: NGOs, students and teachers, schools, farmers, small villages, SMEs. These

<sup>42</sup> Under United Nations Security Council Resolution UNSCR 1244/99.

activities are reunification driven. Priority should be given, where possible, to reconciliation projects which create bridges between the two communities and build confidence. These measures underline the strong desire and commitment of the EU to a Cyprus settlement and reunification.

### 3.6.3.3. Working together with neighbours (ENPI)

In 2012 the Commission will reinvigorate its efforts to create an area of peace, stability and prosperity between the EU and its neighbours through the development of the partnerships in the context of the European Neighbourhood Policy (ENP). Financial assistance is delivered through the **European Neighbourhood and Partnership Instrument (ENPI)**, which covers the countries targeted by the European Neighbourhood Policy, i.e. the countries of the south and eastern Mediterranean, including occupied Palestinian Territory as well as Ukraine, the Republic of Moldova and Belarus, and the countries of the southern Caucasus). The relationship between the EU and the Russian Federation, although distinct from the ENP (and based on a wide-ranging strategic partnership expressed through the Common Spaces) is financed under ENPI as well.

2012, in particular, will see the mobilisation of budgetary and non-budgetary means to put into practice the EU ambitions towards its neighbours in the Southern and Eastern border regions. The 'Partnership for Democracy and Shared Prosperity with the Southern Mediterranean' endorsed by the European Council of March 2011 may be followed by a new impetus following the foreseen Eastern Partnership Summit in September 2011.

The point of departure for activities in 2012 will be the ENPI Multi-Annual Indicative Programmes for the period 2011 to 2013. The magnitude of recent changes in the Southern Mediterranean region requires an extensive screening and the possibility of refocusing of EU aid.

The Commission will strive to translate into concrete action the proposals forwarded in the Joint Communication for a partnership for Democracy and Shared Prosperity with the Southern Mediterranean<sup>43</sup> in line with the principles outlined in the strategic reflection of the Neighbourhood Policy, namely more 'differentiation, flexibility, conditionality, incentive approaches, as well as cooperation with Civil Society Actors'. As the nature, the extent and the timeline of the needs in the neighbourhood regions continue to evolve, the Commission might revisit the budgetary aspects of its response in function of political developments.

The Middle East Peace Process (MEPP) will continue to require significant financial resources. Through its political interventions, notably its membership of the Quartet, the EU will continue to push for a comprehensive solution to the MEPP making full use of the opportunities provided for by the institutional set up under the Treaty of Lisbon. The Commission will continue to focus assistance on Palestinian state-building and to deliver aid to occupied Palestinian Territory as well as to the reconstruction efforts in Gaza. Progress on that front and an increase of contributions from other donors are required to adequately support the implementation of the Palestinian National Plan (2011-2013) whose assessment, foreseen to be carried out for September 2011, will contribute to the review of the EU policy and financial assistance. This may turn out to be vital in a year that might see the first steps towards implementing a two-state solution. The Commission will keep developments under close review.

2012 will be the third full year of implementation of the enhanced **Eastern Partnership**, that will bring about a significant strengthening of EU policy with regard to its Eastern partners by seeking to create the necessary conditions for political association and further economic integration between the European Union and its Eastern partners through the development of a specific Eastern dimension of the European Neighbourhood Policy. To achieve this, the Eastern Partnership seeks to support political and socio-economic reforms, facilitating approximation and convergence towards the European Union. The Eastern Partnership will help to build trust and develop closer ties among the six Eastern partners themselves. Issues of migration, education,

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<sup>43</sup> COM(2011)200, 8.3.2011.



energy and climate change and the further development of financial instruments in particular will remain in the focus of attention.

The assistance and financial cooperation with the Neighbourhood is disbursed through four channels, namely: (i) country-specific programmes, (ii) inter-regional and regional programmes, (iii) two thematic facilities (the Neighbourhood Investment Fund and the Governance Facility), and (iv) a cross-border cooperation component. The latter is a specific feature under the ENPI, which is being implemented in the form of joint programmes bringing together regions of Member States and partner countries sharing a common border. After complex multilateral negotiations, the programming and implementation of the cross border co-operation has reached cruising speed in 2010.

Urgent and emergency needs can also be accommodated by drawing on a variety of other, complementary external aid instruments as well as multi-country and regional programmes. The ENPI countries are also eligible to benefit from the funds under the thematic programmes covered by the Development Cooperation Instrument (DCI – see below) for which a part of the respective envelopes is set aside, in particular within the migration and asylum programme, but also in the ENRTP (environment, management of natural resources including Fast Start Funding for climate action).

The commitment appropriations for the European Neighbourhood Policy and the cooperation with Russia in 2012 will amount to EUR 1 931 million in total. This amount may be adjusted in light of the outcome of the review of the European Neighbourhood Policy foreseen for May 2011.

Summary of ENPI commitment appropriations requested, at this date, for 2012 by components and programmes (in million EUR, at current prices):

Mediterranean countries	935
Palestine and the peace process	200
Eastern Europe	653
Cross border cooperation (contribution from Heading 4)	93
Support expenditure	50
<b>TOTAL</b>	<b>1 931</b>

#### 3.6.3.4. Tackling poverty in developing countries

##### The **Development Cooperation Instrument (DCI)**

The Development Cooperation Instrument (DCI) is endowed with the largest financial envelope of the EU instruments in the area of External Actions.

The overall goal of the instrument is the eradication of poverty in partner countries and regions in the context of sustainable development, including pursuit of the Millennium Development Goals (MDGs), as well as the promotion of democracy, good governance and respect for human rights and for the rule of law.

The DCI has proven to be an instrument able to respond to the objectives set in terms of coherence, effectiveness and efficiency regarding the development cooperation. The DCI includes geographic and thematic programmes and is composed of three main components to which a fourth new one is proposed to be added.

The first component is to provide assistance to South Africa and 47 developing countries in Latin America, Asia and Central Asia, and the Middle East (Iraq, Iran and Yemen). The second component supports the restructuring of sugar production in 18 ACP countries. The third component is to run five thematic programmes: investing in people, environment and sustainable management of natural resources including energy, non-state actors and local authorities in development, food security, as well as migration and asylum. The fourth component is related to the amendment proposed for the Banana Accompanying Measures (BAM) in favour of the main ACP banana supplying countries affected by the Most Favoured Nation (MFN) liberalisation in the framework of the World Trade Organisation (WTO).

The five thematic programmes support actions in all developing countries, including those covered by ENPI and the European Development Fund (EDF) and should provide distinctive added value and complement programmes of a geographic nature, which constitute the main framework for EU cooperation with third countries. The thematic programmes encompass a specific area of activity of interest to a group of partner countries not determined by geography, or cooperation activities addressed to various regions or groups of partner countries, or an international operation that is not geographically specific.

The reinforcements proposed vis-à-vis the financial programming are related to ‘Fast Start Funding for Climate Change Action’ and Biodiversity as set out below.

The Commission considers climate change to be one of its key priorities and therefore proposes a reinforcement of EUR 50 million intended as a follow up to the Copenhagen Accord which relates to the pledge made at the European Council in December 2009. Around half of this amount will be used to support climate adaptation measures (through support to the ‘Global Climate Change Alliance’) and half for mitigation (e.g. Low Emissions Development Strategies; Monitoring, Reporting and Verification of greenhouse gases emissions; Capacity building to participate in carbon market-based mechanisms; Technology cooperation; Capacity building to reduce emissions from deforestation and forest degradation – REDD). In so far as this pledge of EUR 50 million is above the level programmed for the thematic Environment and Sustainable Management of Natural Resources (ENRTP) line, and taking into account that the appropriations stem from the un-allocated margin under the expenditure ceiling of Heading 4, the reinforcement for ‘Fast-Start’ funding provides new and additional resources compared to budgeted and programmed official development aid in line with the agreement reached in Copenhagen. Details of the destination and use of the Fast Start Funding will be reported annually within the EU Accountability Report on Financing for Development (formerly referred to as ‘Monterrey Report’).

The level of subscriptions to Multilateral Environment Agreements paid from budget article 07 02 01 (Contributions to multilateral and international environmental activities) is expected to be EUR 2,4 million lower than foreseen in the financial programming for 2012. A corresponding amount has been added to the funds programmed for the ENRTP in the DCI under budget article 21 04 01. This will be used to reinforce biodiversity spending following the Nagoya Biodiversity Conference in 2010.

Summary of DCI commitment appropriations by components and programmes (in million EUR, at current prices):

Latin America	352
Asia	706
Central Asia	105
Cooperation with Iraq, Iran and Yemen	53
South Africa	128
Human and social development	160
Environment and sustainable management of natural resources, including energy	201
Non-state actors in development	231
Food security	246
Cooperation with third countries in the areas of migration and asylum	58
Adjustment support for sugar protocol countries	186
Banana Accompanying Measures (BAM)	41
Support expenditure	109
<b>TOTAL</b>	<b>2 577</b>

### 3.6.3.5. Financing Instrument for cooperation with industrialised and other high income countries and territories (ICI)

Cooperation with these countries is an important factor in strengthening the Union's role and place in the world, in consolidating multilateral institutions and in contributing to a balanced development of the world economy. The overarching objectives for 2012 are the management and development of the existing frameworks for

bilateral relations with the EU's main industrialised partners and high income countries, the enhancement of the EU economic interests through economic cooperation and business promotion activities, as well as to advance EU interests on key policies issues such as security, energy and climate change. It also includes the facilitation of people-to-people exchanges through educational, scientific and academic contacts. Particular attention will also be given to bilateral cooperation in the fields of mutual recognition of diploma and mobility with countries such as Australia, South Korea and Japan.

The envelope for 2012 amounts to EUR 25,6 million.

The Mid-Term Review of the external action financial instruments has identified an 'eligibility gap' for the so-called Non-ODA activities (non Official Development Assistance) in DCI countries and that normally should fall under the activities covered by the ICI instrument. The Commission has thus proposed<sup>44</sup> to extend the scope of the ICI instrument to the DCI countries in order to give a legislative follow up to the preparatory actions (business and scientific exchanges with India, China and cooperation with Middle Income Countries in Asia and Latin America) and over actions formerly financed under DCI or from preparatory actions. The new legal basis is expected to be adopted in 2011. The envelope linked to the extension of the ICI instrument amounts to EUR 30,5 million in 2012.

The total amount of commitment appropriations requested for 2012 is therefore set at EUR 56,1 million, including support expenditure.

#### 3.6.3.6. European Instrument for Democracy and Human Rights (EIDHR)

Assistance under this instrument is meant to complement the various other tools for the implementation of EU policies on democracy and human rights, which range from political dialogue and diplomatic efforts to various instruments of financial and technical cooperation, including both geographic and thematic programmes, as well as crisis-related interventions of the Instrument for Stability. This instrument reflects the high political profile and specific Treaty mandates relating to the development and consolidation of democracy and the rule of law, and respect for human rights and fundamental freedoms. It addresses global, regional, national and local human rights and democratisation issues mainly in partnership with civil society and independently from the consent of third countries' government and other public authorities. This independence facilitates cooperation with civil society and interventions at international level which are neither geographically linked nor crisis related, and which require a trans-national approach.

The funding for democracy and human rights measures included under this activity will contribute to attaining three specific policy objectives, namely:

1. to promote democracy and human rights through the support to civil society and to victims of human rights abuses;
2. to promote democracy and human rights through support to multilateral action and existing international frameworks, and;
3. to build confidence in and to enhance the reliability and transparency of democratic electoral processes through deployment of European Union Election Observation Missions (EU EOMs).

In 2012, special attention will be devoted on ways to support reform efforts in the Southern Mediterranean region under the EIDHR (e.g. Election Observation, support to Human Rights Organisations).

The requested level of commitment appropriations for 2012 is set at EUR 168,7 million.

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<sup>44</sup> COM(2009)197, 22.4.2009.

### 3.6.4. Specific instruments responding to crises

#### 3.6.4.1. The Instrument for Stability (IfS) and Instrument for Nuclear Safety Cooperation (INSC)

The Instrument for Stability (IfS) consists of two components: while the first part is intended to provide adequate response to instability and crisis, the second part is planned to address longer term challenges with stability or security aspects.

The geographical distribution of IfS support for crises (first part of IfS) in 2012 will likely remain similar to the previous years of implementation, during which a total amount of around EUR 521 million has been mobilised for 154 individual actions worldwide. Even though the crisis reaction part of IfS is needs based and depends on the evolution of conflicts and security situation in various regions as well as occurrence of natural disasters, there is a certain pattern, according to which the main share of the support is in general provided for Africa (around 25 %), followed by actions in Asia (around 20 %) and the Middle East (20 %). Apart from crisis response, the first part of IfS will also support measures aiming at increasing crisis preparedness, the so-called Peace-building Partnership. The Commission will also continue to be active in the Kimberley Process, addressing the issue of conflict resources such as diamonds.

In the context of stable conditions, the second part of IfS will continue financing the Expert Support Facility (ESF) and providing support for tackling trafficking of firearms, light arms as well as drugs, fight against organised crime and counter-terrorism. It will also continue providing support to alternative employment of former weapon scientists and engineers through International Science and Technology Centres in Moscow, Russia (ISTC) and the Science and Technology Centre in Kiev, Ukraine (STCU). Strengthening of civilian capabilities and exchange of information to fight illicit trafficking of chemical, biological, radiological and nuclear (CBRN) materials and export controls of dual-use goods will also maintain on the list of long-term priorities. In addition, it is foreseen to establish CBRN Centres of Excellence in ASEAN and Middle East regions and potentially in Sub-Saharan Africa, depending on the assessment of needs.

At the centre of intervention of the Instrument for Nuclear Safety Cooperation (INSC) in 2012 will remain the promotion of an effective nuclear safety culture. The support for regulatory bodies and to the effective safety culture in nuclear operations as well as safe treatment and disposal of spent nuclear fuel and radioactive waste will be key components of the EU action in partner countries. Another important activity remains development and implementation of strategies for decommissioning of existing installations and the remediation of former nuclear sites. In 2010 exploratory missions have been conducted in new countries and regions (e.g. Mexico, Argentina and South East Asia), which might lead to new projects in 2012. In addition to these activities, around 35 % of the INSC appropriations will be allocated to the Chernobyl Shelter Fund (CSF). An important financial shortfall for projects at the Chernobyl site has been identified and the EU, being a major donor (25 % of amounts pledged by G7 and EU), plans to contribute to the pledge (foreseen for April 2011) covering the shortfall with some EUR 110 million over a period of 3 years.

The requested funding in 2012 amounts to EUR 302,3 million for the Instrument for Stability and EUR 77,3 million for the Instrument for Nuclear Safety Cooperation. These amounts are broken down by components and programmes as follows (in million EUR, at current prices):

Crisis response and preparedness	225
Actions in the area of non-proliferation of weapons of mass destruction	46
Trans-regional actions in the areas of organised crime, trafficking, protection of critical infrastructure and threats to public health and fight against terrorism	22
Assistance in the nuclear sector	76
Support expenditure	10
<b>TOTAL</b>	<b>379</b>

#### 3.6.4.2. The Humanitarian Aid Instrument and the Civil Protection Financial Instrument (CPFI)

In 2012 humanitarian aid activities will continue to fund assistance in forgotten and complex crisis situations in the most vulnerable countries (especially in Africa), as well as to provide aid to regions affected by the consequences of natural disasters such as cyclones/hurricanes, droughts, earthquakes, floods or extreme cold. Based on the evaluation of needs by experts in the field and taking into account the figures of the Global Needs Assessment, around 85 % of the funding is planned to be allocated to the high priority areas (such as Sudan, Chad and other countries of Central Africa and Horn of Africa as well as number of countries from Asia, Latin America, Pacific and Caribbean regions). Around 12 % will be traditionally allocated to forgotten crises, where the media and donor attention is lacking and where the EU remains the most important, if not the only donor. Part of the budget will continue being allocated to efforts in the area of disaster preparedness and response capacity of the countries and regions vulnerable to natural disasters such as floods/landslides, drought, earthquakes, tsunamis, cyclones and forest fires. Ensuring a rapid, efficient and effective delivery of humanitarian food will continue being crucial for saving and preserving lives of most severely affected populations, especially since the consequences of the food crisis that had its peak in 2008 will have an impact on those populations for a number of years. Following the launch of the preparatory action for the creation of the European Voluntary Humanitarian Aid Corps (EVHAC) in 2011 (corresponding with the European Year of volunteering) the Commission will continue with launched actions and preparations for a legislative proposal expected by mid-2012.

The proposed level of commitments in 2012 is set at EUR 849,6 million.

The Civil Protection Financial Instrument (CPFI) aims at helping Member States to ensure a rapid, cost-effective and efficient mobilisation of European civil protection assistance in any type of major emergency in third countries. In 2010 the Civil Protection Mechanism was able to respond to 17 requests outside the EU to e.g. floods in Pakistan, earthquake and cholera epidemics in Haiti or the earthquake in Chile. Taking into account the relatively low implementation rate in previous years the Commission proposes to keep the foreseen amount for 2012.

The proposed level of commitments in 2012 is set at EUR 4,0 million.

#### 3.6.4.3. Macro Financial Assistance

**Macro Financial Assistance** is an instrument for economic stabilisation and a driver for structural reforms in the beneficiary third countries. The speeding up of reforms in neighbouring countries in line with the neighbourhood policy, and the adjustment and reform efforts of candidate and potential candidate countries during the pre-accession period has entailed financial implications for these countries. In 2010, EUR 90 million were provided to Moldova under the grant component.

The proposed level of commitments in 2012 is set at EUR 105 million.

#### 3.6.5. *Common foreign and security policy (CFSP)*

Activities in the area of **Common Foreign and Security Policy (CFSP)** will continue with an increased budget. The bulk of the 2012 resources is expected to be used to finance the EU Rule of Law mission (EULEX) in Kosovo, which is now established with around 3 000 staff and is fully operational. Its central aim is to assist and support the Kosovo authorities in the rule of law area, specifically in the police, judiciary and customs areas. The second largest mission – the police mission in Afghanistan (EUPOL) – will aim at increasing the number of staff (from 300 up to 400) in order to continue to be active in the capital and in a number of provinces (training and coaching Afghan police forces). The mission aims at contributing to the establishment of sustainable and effective civilian policing arrangements under Afghan ownership and in accordance with international standards. The successful deployment of the EU Monitoring Mission (EUMM) in Georgia showed the EU capacity to react quickly to unforeseen events and to contribute to the stabilisation of the situation in a

country where the conflict emerged as well as in the whole region and will continue its deployment also in 2012. Apart from those main missions, the EU is active in other parts of the world as well, for example in Iraq where the EUJUST LEX mission provides professional development opportunities to senior Iraqi officials from the criminal justice system or in Palestine with two missions – EUPOL COPPS focusing on support to the Palestinian Authority (PA) in establishing sustainable and effective policing arrangements and EUBAM Rafah monitoring operations of this border crossing point.

In line with the financial programming, the proposed level of commitment appropriations in 2012 is EUR 363,2 million, an increase of nearly EUR 36 million compared to budget 2011.

#### *3.6.6. Guarantee fund for external actions*

Under the current financial framework, the resources for the provisioning of the Guarantee Fund for External Actions are budgeted in the annual budget procedure and are calculated on the basis of the outstanding amounts to be guaranteed. As announced last year, the budgetary needs to finance the Guarantee Fund have strongly grown to EUR 260,2 million in 2012, which represents an increase of EUR 60,2 million over the indicative financial programming for 2012. The budgetary needs for provisioning the Guarantee Fund are expected to follow the same trend in 2013, as the EIB net disbursements are strongly increasing.

The lending operations covered by the Guarantee Fund for External Actions relate to three different instruments which benefit from a guarantee from the EU budget: guarantees to the European Investment Bank (EIB) external loans and loan guarantees, Euratom external lending and EU macro financial assistance loans to third countries. About 97 % of the total outstanding amount covered by the Guarantee Fund concerns loan guarantees issued with respect to loans granted for projects in third countries by the EIB (the maximum ceilings of the EIB external mandates amount to EUR 27,8 billion over the 2007-2013 period). The provisioning needs of the Guarantee Fund mostly depend on the rate of implementation of the EIB external lending mandate, which now tends to increase strongly. For this reason, the increase in the provisioning needs does not mean that the Guarantee Fund bears a higher risk per euro covered. Finally, the economic and financial crisis has also triggered increased requests from third countries for the loan component of the macro-financial assistance instrument.

#### *3.6.7. Emergency aid reserve (EAR)*

The Emergency Aid Reserve is financed outside of the multiannual financial framework and will be called on to provide a rapid response to specific aid requirements of non-member countries following unforeseen events only if the need arises during the year. It will be made available, first and foremost for humanitarian purposes, but also for civil crisis management and protection where circumstances so require.

The proposed level of EAR commitment appropriations for 2012 is EUR 258,9 million. Taking into account the unpredictability of the crises and at the same time to ensure the Commission's capacity to respond rapidly to any urgent crisis, it is proposed to set the level of EAR payment appropriations at EUR 110 million.

### 3.7. Administration: heading 5

#### 3.7.1. Summary table

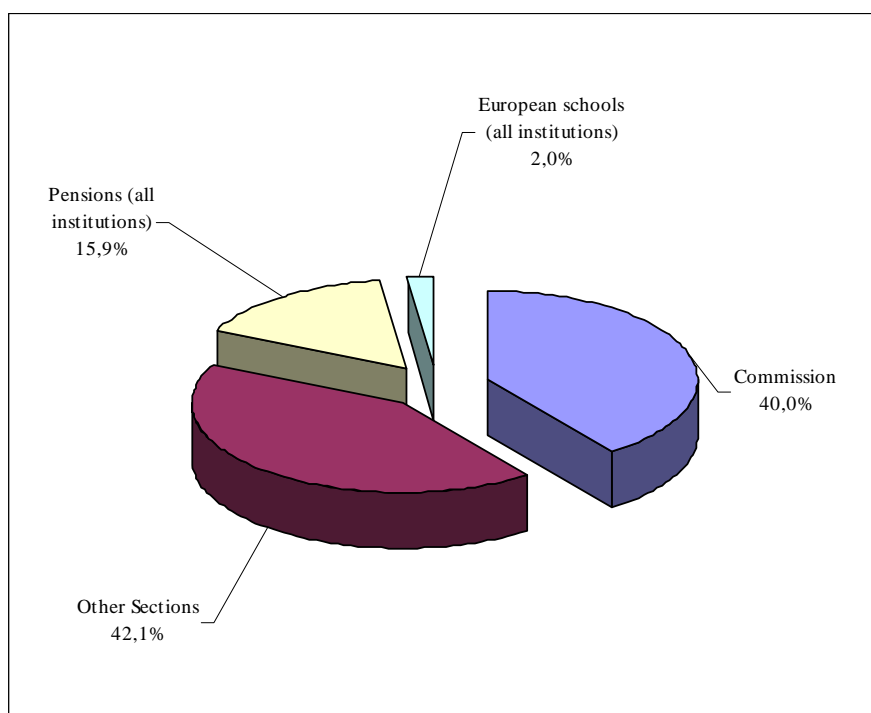
(in million EUR, at current prices)





	Budget	FF	Draft budget	Difference	
	2011	2012	2012	2012-2011	
	Appropriations	Appropriations	Appropriations	Appropriations	%
Commission	3 314,9		3 314,9	-0,0	-0,0%
Other Sections	3 428,4		3 485,1	56,7	1,7%
Pensions (all institutions)	1 261,6		1 312,1	50,5	4,0%
European schools (all institutions)	166,5		169,2	2,8	1,7%
<b>Total expenditure heading 5</b>	<b>8 171,4</b>	<b>8 670,0</b>	<b>8 281,4</b>	<b>110,0</b>	<b>1,3%</b>
			Margin = 472,6		

The calculation of the margin includes an amount of EUR 84 million related to staff contributions to the pension scheme<sup>45</sup>.

Total expenditure for administration for all Institutions in 2012 is estimated at EUR 8 281,5 million (+ 1,3 % compared with the 2011 budget), leaving a margin of EUR 472,5 million.

The share of the estimated expenditure is the following:



Heading 5: Administration (commitment appropriations)		Draft budget	
		2012	
		EUR	%
	Commission	3 314 917 804	40,0 %
	Other Sections	3 485 130 552	42,1 %
	Pensions (all institutions)	1 312 115 000	15,9 %
	European schools (all institutions)	169 226 010	2,0 %
<b>Total</b>		<b>8 281 389 366</b>	<b>100,0 %</b>

<sup>45</sup> Footnote (1) in the multiannual financial framework 2007-13 table annexed to the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management, OJ C 139 of 14.6.2006, states that: "The expenditure on pensions included under the ceiling for heading 5 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".

### 3.7.2. Overview administrative expenditure by Institution

Heading 5 covers the administrative expenditure of all Institutions. The total level of appropriations required for 2012 for the heading as a whole is based on the sum of the Institutions' individual draft statement of estimates. As a result, the margin left under the ceiling of heading 5 stands at EUR 472,5 million in 2012.

The table below shows the estimated administrative expenditure by Institution, sorted in descending order of the level of administrative appropriations requested for 2012, as well as expenditure for pensions and the European schools (included in the Commission's Section of the budget), which is of an interinstitutional nature:

(in EUR, at current prices)

Institution	Budget 2011	Draft Budget 2012	Difference	
			2012 / 2011	2012 – 2011
<b>Section III:</b>	<b>4 742 995 490</b>	<b>4 796 258 814</b>	<b>1,1%</b>	<b>53 263 324</b>
Commission	3 314 918 499	3 314 917 804	-0,0%	-695
<i>Pensions (all institutions)</i>	<i>1 261 614 000</i>	<i>1 312 115 000</i>	<i>4,0%</i>	<i>50 501 000</i>
<i>European schools (all institutions)</i>	<i>166 462 991</i>	<i>169 226 010</i>	<i>1,7%</i>	<i>2 763 019</i>
<b>Other Sections:</b>	<b>3 428 403 799</b>	<b>3 485 130 552</b>	<b>1,7%</b>	<b>56 726 753</b>
European Parliament	1 685 829 393	1 724 575 043	2,3 %	38 745 650
European Council and Council	563 262 600	538 545 000	- 4,4 %	- 24 717 600
European External Action Service	464 104 592	490 916 129	5,8 %	26 811 537
Court of Justice of the European Union	341 229 998	353 718 000	3,7 %	12 488 002
European Court of Auditors	144 330 944	143 240 500	- 0,8 %	- 1 090 444
European Economic and Social Committee	128 573 837	130 499 922	1,5 %	1 926 085
Committee of the Regions	84 080 903	86 524 132	2,8 %	2 443 229
European Ombudsman	9 427 395	9 472 000	0,5 %	44 605
European Data Protection Supervisor	7 564 137	7 639 826	1,0 %	75 689
<b>Total</b>	<b>8 171 399 289</b>	<b>8 281 389 366</b>	<b>1,3%</b>	<b>109 990 077</b>

This section presents the expenditure requests for which the Commission is directly responsible (Commission, Offices, Pensions and European schools). Explanations for the requests of the other Institutions are provided directly by the Institutions concerned, in their respective statements of estimates.

While they need the means necessary to properly carry out their tasks, the European Institutions have also taken into account the broader economic and budgetary context in the preparation of their budget request for 2012 and have made all possible efforts for the best use of their administrative resources.

The Commission has thoroughly assessed its budget request of administrative appropriations for 2012, limiting it to a freeze in nominal terms as compared to 2011 (excluding Pensions and European schools), as set out below.

Regarding human resources, the Commission does not request any new posts for 2012, as explained in more detail in section 3.7.3 below. This means that all Commission needs will be met by internal redeployment of existing human resources.

Given the general budgetary environment and the as yet unknown date of future accessions, the Commission has not requested any additional human resources in relation to a future enlargement. The European Parliament, the Council and the Court of Justice, on the other hand, have already received new posts and appropriations in view of the enlargement to Croatia. Moreover, in the 2012 draft budget the Council requests 7 contract agents for the translation of the accession treaties and the supervision of the translation for the *acquis communautaire* in Croatian.

The evolution of administrative expenditure is mostly linked to statutory or contractual obligations (such as salaries, pensions, rental or other contracts). Given that the expenditure for remuneration of staff accounts for almost two thirds of the Commission administrative expenditure under heading 5 (excluding Pensions and



European schools), the 'nominal freeze' was reached by offsetting the increases in expenditure from statutory or contractual obligations by net reductions in relation to 2011 in the appropriations concerning other types of expenditure. In particular savings were made in the following areas: meetings and conferences, mission and representation costs of members and staff, studies, general equipment, transport, furniture, IT services, hardware and information systems, training, publication and expenditure for mobility.

More details on the Commission's request for administrative appropriations, including for Pensions and European schools, are given under section 3.7.4 below.

### 3.7.3. Commission human resources

As the date of future accessions remains unknown, the Commission statement of estimates for 2012 does not include any request for additional human resources. Not taking into account a possible future enlargement, it remains in line with the its commitment to meet all staffing needs up to 2013 under **constant resources**.

In this context, delivering on the EU agenda and ambition requires **constant redeployment**. The substantial internal reorganisation conducted by the Commission at the beginning of its mandate in 2010 affected some 1 730 posts, and the creation of the European External Action service implied the transfer of 1 114 posts from the Commission establishment plan. Additional identified needs will be served through the following mechanisms:

- Some **further** fine-tuning and **reorganisation of Commission services** to adjust to political priorities:
  - the split of the former Directorate-General for Justice, Freedom and Security into two distinct Directorates-General for Home Affairs on the one hand, and Justice on the other hand, and the transfer of non-discrimination activities from the Directorate-General for Employment to that in charge of Justice implied the transfer of some **200 posts**.
  - the reorganisation and reinforcement by redeployment of the Directorate-General for Economic and Financial affairs to ensure appropriate monitoring of Member States' economic and financial situation affected another **230 posts**.
- In addition, the Commission will **redeploy** more than **100 posts between directorates-general**, identifying all possible efficiency gains, notably in administrative support and coordination functions. Based on a prudent approach to a rapidly evolving environment, this redeployment should allow: reinforcement of services most affected by the massive transfer of staff to the European External Action Service (whilst tasks remain to be handled by the Commission); appropriate response to the ongoing economic crisis, including regulation of financial markets; swift response to likely developments in the South Mediterranean area and adjustment of staffing needs to the actual workload deriving from the deployment of new areas of exclusive competence in accordance with the Lisbon Treaty.
- Finally, individual directorates general intend to **redeploy internally** almost **480 posts** to sustain operational activities, concentrating reinforcement on policy making as illustrated by the table below:

Internal redeployment within individual DGs			
Establishment Plan Posts	Work profiles affected	Work profiles reinforced	Net result
Administrative Support	-109	58	-51
General coordination	-11	37	26
Budgetary management & antifraud	-31	35	4
Law making, monitoring and enforcement	-39	31	-8
Linguistic	0	0	0
Programme management	-137	117	-20
<b>Policy making and coordination</b>	<b>-124</b>	<b>186</b>	<b>62</b>
Communication	-26	13	-13
Totals DGs	-477	477	0

This cumulated effort enables the Commission to present a 2012 Draft Budget which, **for the third year in a row, requests no new posts** and a stable level of establishment plan posts. The Commission requests some conversions in the structure of its establishment plans. These include the suppression of former D-category posts as they become vacant (to be converted into appropriations for contract agents as agreed in the framework of the reform of the Staff Regulations) and of a number of posts in the administrative offices (also to be converted into contract agents). At the same time the transformation of appropriations for external personnel into a corresponding number (42) of posts is requested to ensure the required stability of staff in external aid action and audit. The net effect on the total number of posts is a stable establishment plan.

Operating budget (heading 5)	Movements between establishment plans	Transformation of posts into appropriations	Transformation of appropriations into posts
Commission operating budget	-1	-11	42
EPSO (including EAS)	-2		
OIB	1	-17	
OIL		-9	
OLAF			
OP			
PMO	2	-5	
<b>Total</b>	<b>0</b>	<b>-42</b>	<b>42</b>

On the existing stock of establishment plan posts, the 2007 screening exercise revealed a potential mismatch between the existing structure of staff and future needs. In particular, the screening report pointed to the desirable gradual reduction of clerical tasks as a result of IT developments and the growing need for administrators. The 2012 Draft Budget follows up on the trend agreed by the budget authority in the last budget procedures and requests the following **budgetary neutral upgrading** of the existing establishment plans in order to allow the Commission to serve its political priorities in an optimal manner:

- The transformation of 236 AST6 posts into 236 AD5 posts on the Commission establishment plan,
- The transformations of 41 AST6 posts into 41 AD5 posts on the research establishment plan, of which 25 for direct actions and 16 for indirect actions,
- A limited transformation in the establishment plans of the offices: 2 AST6 posts into 2 AD5 posts for EPSO, 6 AST6 posts into 6 AD5 posts for OIB, 2 AST6 posts into 2 AD5 posts for OIL, 4 AST6 posts into 4 AD5 posts for OP and 3 AST6 posts into 3 AD5 posts for PMO.

Zero growth constraints lead to services constantly reprioritising activities and resources allocation through internal task forces to adjust to higher peaks and relative troughs of workload and make the most of existing scarce resources.

In particular, economies of scale are being exploited through **pooling of support infrastructures** between Directorates-General in case of **merger** (creation of a single Directorate-General for Development and Cooperation resulting in the redeployment of some 50 full-time equivalent units), in case of **split** (setting up of a shared resource directorate when creating two distinct Directorates-General for Home Affairs and for Justice, following the precedent of DGs for Transport, Energy, Environment and Climate Action) or even in case of **creation** of services of relative small size within the same area of activity (Foreign Policy Instrument service to benefit from administrative support functions provided by the Directorate-General for Development and Cooperation).

The Commission also remains committed to explore possible economies of scale through **enhanced inter-institutional cooperation**. The forthcoming transfer of the Council's Sickness and Insurance Reimbursement Antenna to the Commission's Paymaster Office (PMO) partakes to this rationalisation effort. The transfer helps liberate 20 posts in the establishment plan of the Council, whilst the PMO will take over this task with only 9 additional contract agents, thus delivering economies of scale.

Finally, regarding **geographical balance**, the Commission has achieved the objective of recruiting at least an overall number of nationals from the new Member States similar to the overall number of new posts granted for enlargement. The Commission proceeds with its close and regular monitoring of recruitment of nationals of the new Member States to ensure respect of EU-2 and EU-10 recruitment targets as well as a balanced representation of EU-2 and EU-10 nationals in each function group.

### 3.7.4. Commission financial resources

The following table shows the evolution by nature of the administrative expenditure for the Commission:

(in EUR, at current prices)

Type of expenditure		Budget 2011	Draft Budget 2012	Difference 2012 – 2011	
Staff remunerations	Remuneration and normal entitlement	2 068 857 951	2 104 754 000	1,7 %	35 896 049
	External staff (CEOS)	110 837 174	112 037 304	1,1 %	1 200 130
	Other external (END, Agency staff)	81 762 256	79 503 000	-2,8 %	-2 259 256
	External staff (Social)	12 956 000	14 601 000	12,7 %	1 645 000
<b>Sub-total</b>		<b>2 274 413 381</b>	<b>2 310 895 304</b>	<b>1,6 %</b>	<b>36 481 923</b>
Members	Members (excl. pensions)	13 670 000	13 573 000	-0,7 %	-97 000
	Members (pensions)	7 837 000	7 304 000	-6,8 %	-533 000
		<b>21 507 000</b>	<b>20 877 000</b>	<b>-2,9 %</b>	<b>-630 000</b>
Other Staff expenditure	Recruitment costs	29 481 968	30 679 550	4,1 %	1 197 582
	Termination of service ('dégagement')	8 558 000	4 714 000	-44,9 %	-3 844 000
	Training costs	29 716 042	26 346 000	-11,3 %	-3 370 042
	Social	16 766 667	15 070 000	-10,1 %	-1 696 667
		<b>84 522 677</b>	<b>76 809 550</b>	<b>-9,1 %</b>	<b>-7 713 127</b>
External	IT services	48 819 255	47 658 190	-2,4 %	-1 161 065
	Linguistic external personnel	39 303 000	37 489 960	-4,6 %	-1 813 040
		<b>88 122 255</b>	<b>85 148 150</b>	<b>-3,4 %</b>	<b>-2 974 105</b>
Rent, purchase and linked to buildings	Rent and purchases	316 661 194	320 802 000	1,3 %	4 140 806
	Expenditure linked to buildings	110 387 991	102 930 000	-6,8 %	-7 457 991
	Security	62 431 399	65 311 000	4,6 %	2 879 601
		<b>489 480 584</b>	<b>489 043 000</b>	<b>-0,1 %</b>	<b>-437 584</b>
Meeting people	Mission and representation	71 312 304	66 706 700	-6,5 %	-4 605 604
	Meetings, committees, conferences	44 405 232	41 816 250	-5,8 %	-2 588 982
		<b>115 717 536</b>	<b>108 522 950</b>	<b>-6,2 %</b>	<b>-7 194 586</b>
Information	Official Journal	12 178 000	11 500 000	-5,6 %	-678 000
	Publications	19 650 264	16 330 500	-16,9 %	-3 319 764
	Acquisition of information	6 101 239	5 884 000	-3,6 %	-217 239
	Studies & investigations	19 748 175	17 592 500	-10,9 %	-2 155 675
		<b>57 677 678</b>	<b>51 307 000</b>	<b>-11,0 %</b>	<b>-6 370 678</b>
General administrative expenditure	General equipment, vehicle, furniture	20 653 795	20 283 000	-1,8 %	-370 795
	IT hardware and information systems	110 452 966	103 937 850	-5,9 %	-6 515 116
	Other administrative expenditure	49 261 912	45 274 000	-8,1 %	-3 987 912
	Mobility	3 108 715	2 820 000	-9,3 %	-288 715
		<b>183 477 388</b>	<b>172 314 850</b>	<b>-6,1 %</b>	<b>-11 162 538</b>
<b>Sub-total</b>		<b>1 040 505 118</b>	<b>1 004 022 500</b>	<b>-3,5 %</b>	<b>-36 482 618</b>
<b>Commission</b>		<b>3 314 918 499</b>	<b>3 314 917 804</b>	<b>-0,0%</b>	<b>-695</b>
Specific	European Schools	166 462 991	169 226 010	1,7%	2 763 019
	Staff Pensions	1 261 614 000	1 312 115 000	4,0%	50 501 000
<b>Total Section III</b>		<b>4 742 995 490</b>	<b>4 796 258 814</b>	<b>1,1%</b>	<b>53 263 324</b>

The increase of combined appropriations for the Commission, pensions and the European schools is **1,1 %**, of which:

– **Commission's administrative appropriations: + 0,0 %**

**Appropriations for staff remunerations increase by 1,6 %**, including the expected salary adjustments (0,9 % at the end of 2011 and 0,9 % at the end of 2012) and career progression.

**Other administrative appropriations decrease globally by 3,5 %**, with different evolutions depending on the particular needs and savings capacities.

Some specific increases are expected as a result of inflation and in relation to security. The estimated inflation of 1,8 % in Brussels and of 1,6 % in Luxembourg has an impact on indexed contracts, especially for buildings (rents, cleaning and maintenance). Increases in security costs are needed for delegations to be present in politically important but risky zones, and for headquarters to ensure that adequate security measures are taken. Considerable savings have been made for training, publications and mobility expenditure, meetings and conferences, mission and representation costs of members and staff, studies, general equipment, transport, furniture, IT services, hardware and information systems, expenditure linked to buildings (e.g. energy, fitting out), linguistic external staff services, the Official Journal and in expenditure related to termination of service.

– **Pensions: + 4,0 %**

For staff Pensions, the 4,0 % increase in appropriations, which results from the annual adjustments and the growing number of pensioners, is lower than in the 2011 Budget (+ 5,2 %). The number of staff expected to retire in 2012 is similar to that expected to retire in 2011.

– **European schools: + 1,7 %**

The appropriations for European schools correspond to the amounts adopted by the budget committee of the European schools.

The increase in the contribution to national schools in Member States which offer EU curriculum sections equivalent to European schools ('Type 2' European schools) takes into account the evolution in the number of pupils.

There are various **European offices** included in the budget of the Commission. The evolution of the budget for each office is the following:

*(in EUR, at current prices)*

Offices	Budget 2011	DB 2012	Difference 2012 – 2011	
OP	84 373 000	82 626 750	-2,1 %	-1 746 250
OLAF	58 249 000	57 392 000	-1,5 %	-857 000
EPSO	26 776 000	28 228 750	5,4 %	1 452 750
PMO	35 102 000	35 879 000	2,2 %	777 000
OIB	68 880 000	69 711 000	1,2 %	831 000
OIL	25 072 000	25 266 000	0,8 %	194 000
<b>Total</b>	<b>298 452 000</b>	<b>299 103 500</b>	<b>0,2 %</b>	<b>651 500</b>

The application to all the administrative offices of the same reduction objectives as in the Commission's central administration limited the global increase in their expenditure to 0,2 % compared to the 2011 budget.

The decrease for the Office of Publications (OP) is mainly due to the proactive decrease in publications activities, while for OLAF the decrease is linked to the reduction in the annual payment for its building after the

repayment of the fitting out works. For EPSO, the start of the rental payments for the new building after a gratuity period with no budgetary impact in 2011, explains the significant increase in 2012 appropriations. The increase in PMO's budget takes into account the transfer of activities from the Sickness Insurance Service from the General Secretariat of the Council to PMO (see also section 3.7.3 above).

The evolution of expenditure for **Delegations** and **Representation Offices** is the following:

*(in EUR, at current prices)*

Delegations / Representation Offices	Budget 2011	DB 2012	Difference 2012 – 2011	
Delegations (Commission's part, non EEAS)	184 545 269	184 335 000	-0,1 %	-210 269
Representation offices (external + infrastructure)	40 799 000	41 153 000	0,9 %	354 000
<b>Total</b>	<b>225 344 269</b>	<b>225 488 000</b>	<b>0,1 %</b>	<b>143 731</b>

The application of the same reduction objectives as in the Commission's central administration limited the global increase for delegations and representation offices to 0,1 % compared to the 2011 budget.

The limited increase for the Representation Offices also takes into account a continued rationalisation effort.

The increase for Delegations takes into account the impact of the remuneration adjustments, and is also the result of an increase of 6,5 % for rent, acquisition and related building expenditure (especially, construction and security needs). This is offset by a reduction of 7,7 % in equipment, furniture, supplies and services.

Finally, the Commission has decided to inscribe the administrative expenditure of the Euratom Supply Agency (ESA), amounting to EUR 98 000, on budget line 32 01 06, so as to clarify the financial autonomy of the ESA. In doing so, the Commission re-establishes the budgetary situation existing prior to 2008, as a response to the emphasis put by the Court of Auditors in its annual report 2009 on the lack of compliance with the Treaty establishing the European Atomic Energy Community, and the subsequent proceedings of the Committee on Budgetary Control of the European Parliament in the preparation of its Decision on discharge in respect of the implementation of the budget of the ESA for 2009. This operation is budgetary neutral, as the necessary appropriations have been redeployed from the budget lines of the Commission's Directorate General for Energy for the same type of expenditure (missions, meetings, conferences and IT maintenance and development), which were previously used to finance the ESA administrative expenditure. The salaries of ESA's officials will continue to be paid directly by the Commission, in line with the revised Statutes of the Agency<sup>46</sup> and the Euratom Treaty.

<sup>46</sup> Council Decision 2008/114/EC, Euratom, OJ L 41, 15.2.2008.

## 4. HORIZONTAL ISSUES

This section presents the following three horizontal issues for the 2012 Draft Budget:

- Bodies set up by the European Union and having legal personality: decentralised agencies, joint undertakings, the European institute of innovation and technology (EIT) and executive agencies;
- Administrative expenditure outside heading 5: budget lines for technical and administrative assistance, including the so-called ‘former BA-lines’ and administrative expenditure under the Research budget;
- Actions without a specific legal base: this concerns notably programmes, activities and decentralised agencies for which the legal base is currently outstanding, pilot projects and preparatory actions, and actions financed under the prerogatives of the Commission.

### 4.1. Bodies set up by the European Union and having legal personality

Key budgetary information for all EU bodies (decentralised agencies, executive agencies, joint undertakings and EIT) is provided in Annex VI. Furthermore, a dedicated Working Document III accompanying the 2012 DB presents very detailed and exhaustive information on ‘agencies’, with a transparent presentation with regard to revenue, expenditure and staff levels of various Union bodies which actually receive a contribution charged to the EU budget.

#### 4.1.1. Decentralised agencies

In general, the proposed level of the EU contribution to and the staffing level of individual agencies reflects their stage of development. The classification of agencies as ‘*cruising speed*’, ‘*new tasks*’, ‘*to be created*’ and ‘*start-up phase*’ agencies impacts on the growth of their EU contributions and staffing levels: typically, agencies which have been recently created or have recently been assigned new tasks require additional appropriations and additional staff, to carry out tasks related to their new or newly extended mandates, whereas cruising speed agencies have stable budgets and staffing levels. The consequences of the updated classification of individual agencies on human and financial resources as proposed in the 2012 Draft Budget are set out in more detail below.

In the 2012 Draft Budget, the Commission confirms its policy with regard to the assigned revenue of decentralised agencies, which was introduced in the 2009 PDB: assigned revenues stemming from the recovery of decentralised agency surpluses for the year 2010 have been deducted from the 2012 EU contribution to the agencies in question, so as to reduce the need for ‘fresh appropriations’ entered in the 2012 DB. As a consequence, the level of appropriations to be entered in the budget is typically below the amount foreseen in the financial programming for 2012.

Moreover, when assessing the decentralised agency's needs for the financial year 2012, the Commission has taken into account the relative size of the agency surplus for the year 2010 (as compared to agency revenue received in 2010). In doing so, the Commission responds to the requirements of the Framework Financial Regulation, Regulation (EC, Euratom) No 2343/2002<sup>47</sup>, as revised in July 2008<sup>48</sup>.

As shown in the decentralised agency overview table (annex VI.1), the total foreseen EU contribution to the decentralised agencies in 2012 amounts to EUR 741,5 million. This overall amount is composed of the amounts

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<sup>47</sup> OJ L 357, 31.12.2002, p. 72.

<sup>48</sup> OJ L 181, 10.7.2008, p. 23.

entered in the 2012 DB (EUR 720,8 million) and the assigned revenues stemming from the recovery of the 2010 surplus (EUR 20,8 million).

This represents an increase of the total EU contribution as compared to the 2011 budget of EUR 34,6 million, or + 4,9 %. This increase mostly results from the additional needs related to the financing of the 'to be created'<sup>49</sup> and 'start-up phase'<sup>50</sup> agencies, amounting to EUR 28,4 million, whereas the overall increase in the EU contribution to the 'new tasks'<sup>51</sup> agencies is limited to 2,6 % (+ EUR 5,6 million). As a rule, the increase in the EU contribution to the 'cruising speed' agencies is in line with or even below inflation correction (2 %), and no additional staff are proposed.

As regards staffing of the decentralised agencies, the increase of 213 posts foreseen for 2012 relates to:

- The 'to be created' and 'start-up phase' agencies, for which 80 new posts are requested;
- The 'new tasks' agencies, for which 137 new posts are foreseen, of which 81 posts will be financed from additional fees from industry, for the European Aviation Safety Agency (EASA) and the European Medicines Agency (EMA);
- Finally, for 'cruising speed' agencies, a net reduction of four posts is foreseen, which is mostly due to the Translation Centre.

The total number of 4 854 establishment plan posts for 2012, as shown in Annex VI.1, includes both posts financed from the EU contribution to the agencies as well as posts financed by other agency revenue, such as fees from industry.

The two agencies<sup>52</sup> which are fully self-financed, on a permanent basis, by fee revenue from industry are presented separately in Annex VI.1. In doing so, a clear distinction is made between agencies which are fully or partially dependent on a contribution from the EU budget, the level of which needs to be approved by the European Parliament and the Council as Budgetary Authority, and fully self-financed agencies which have their own Budgetary Authorities, in accordance with their founding acts. As regards the latter, the Commission has no authority to assess their budget and staffing levels, contrary to agencies which actually receive a contribution charged to the EU budget, in accordance with Article 185 of the Financial Regulation<sup>53</sup>. For this reason, the Commission will not publish the establishment plans of the fully self-financed agencies in the official volumes of the Draft Budget. Accordingly, the existing budget lines for these agencies in the EU budget (12 03 01 and 17 04 05) have been deleted.

#### 4.1.2. Joint undertakings

Annex VI.2 presents an overview table for the current 7 joint undertakings.

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<sup>49</sup> European Chemicals Agency (ECHA) – Biocides activities, European Chemicals Agency (ECHA) – Prior Informed Consent (PIC) activities, and the Agency for the operational management of large-scale IT systems in the area of freedom, security and justice.

<sup>50</sup> The Office of the Body of European Regulators for Electronic Communications (BEREC – Office), European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), European Securities and Markets Authority (ESMA), European Agency for the Cooperation of Energy Regulators (ACER), European Asylum Support Office (EASO), Fundamental Rights Agency (FRA) and Gender Institute.

<sup>51</sup> European GNSS Supervisory Agency (GSA), European Aviation Safety Agency (EASA), European Maritime Safety Agency (EMSA), European Network and Information Security Agency (ENISA), European Medicines Agency (EMA), European Environment Agency (EEA), European Police College (CEPOL) and Eurojust.

<sup>52</sup> Office for Harmonisation in the Internal Market (OHIM) and Community Plant Variety Office (CPVO).

<sup>53</sup> OJ L 390, 30.12.2006, p. 1.

Compared to the 2011 budget, the total EU contribution to the joint undertakings is foreseen to increase by 82,5 % to EUR 1 844,0 million, funded from the 7<sup>th</sup> Research Framework Programmes (EC, Euratom) and the Trans-European Networks (for SESAR, specifically). The requested increase in staffing of the joint undertakings is more moderate, with a foreseen increase of 25 posts, to 382 posts in 2012. The overall staff increase for joint undertakings mainly relates to the F4E joint undertaking (ITER), for which 23 additional posts are requested.

The substantial increase in the overall EU contribution to the joint undertakings mainly stems from ITER as well, due to the additional needs for this project. The EU contribution to ITER is foreseen to increase from EUR 387,7 million in 2011 to EUR 1 106,9 million in 2012, which on the one hand follows the financial programming for 2012 and the Commission proposal for a Council Decision on the new Euratom programme 2012-2013<sup>54</sup>, and on the other hand reflects the Commission's proposal to revise the initial financial framework for 2012 (and 2013) for this purpose, for an amount of EUR 650 million<sup>55</sup>, over and above the foreseen redeployment within the 7<sup>th</sup> Research Framework Programme (EC part), for an amount of EUR 100 million in the 2012 draft budget.

The EU contribution to the IMI, Clean Sky, FCH and SESAR joint undertakings is in line with the financial programming for 2012. However, as compared to the financial programming it is proposed to reduce the EU contribution to the Artemis and ENIAC joint undertakings by EUR 163,9 million, due to lower than initially foreseen contributions from Member States. Consequently, the amounts of EUR 74,2 million initially foreseen for Artemis and EUR 89,7 million initially foreseen for ENIAC are reallocated to the corresponding operational line (ICT budget line) and are compensated in 2013 by decreasing the ICT budget line and increasing the joint undertakings lines by the same amounts. As a result, the total EU contribution programmed for Artemis and ENIAC will remain unchanged.

#### 4.1.3. *European institute of innovation and technology (EIT)*

Annex VI.3 presents an overview table for EIT. Reflecting its start-up phase and in line with the financial programming, the foreseen EU contribution to EIT increases from EUR 62,8 million to EUR 79,3 million. However, no additional posts are requested, over and above 28 posts authorised under the 2011 budget.

The increase of the EU contribution to the EIT relates by and large to the planned reinforcement of operational expenditure (Title 3), principally through the Knowledge and Innovation Communities (KICs), which are meant to promote and integrate higher education, research and innovation of the highest standards.

#### 4.1.4. *Executive agencies*

When preparing the 2012 DB, the Commission has again made a careful assessment of needs for the executive agencies. As last year, this has resulted in a reduction of appropriations for the executive agencies as compared to the 2012 amount foreseen in the indicative financial statement accompanying the creation or latest mandate extension of the agency in question. The reductions of appropriations compared to the financial programming amount to EUR 18,8 million (- 10 %).

The increase of the overall EU contribution foreseen for the executive agencies (from EUR 152,1 million in the 2011 budget to EUR 165,6 million in the 2012 DB) relates entirely to the ongoing phasing-in of the research executive agencies (ERCEA and REA), due to the progressive recruitment of personnel as foreseen when setting up the agencies. Nonetheless, the EU contribution to the research executive agencies remains EUR 13,2 million below the financial programming for 2012. The EU contribution to the four 'cruising speed'

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<sup>54</sup> Proposal for a Council Decision concerning the Framework Programme of the European Atomic Energy Community for nuclear research and training activities (2012 - 2013) (COM(2011)72, 7.3.2011).

<sup>55</sup> COM(2011)226, 20.4.2011.



executive agencies (EACI, EACEA, EAHC and TEN-T EA), on the other hand, actually shows a slight decrease, from EUR 79,4 million in the 2011 budget to EUR 79,3 million in the 2012 DB.

Within this overall attempt to further consolidate the budgetary needs of the executive agencies, the Commission proposes to allow the research executive agencies to recruit the temporary agents (REA only), contract agents (both REA and ERCEA) and Seconded National Experts (ERCEA only) needed for the management of the programmes delegated to the agencies, as planned when creating the agencies. Similarly, the Commission proposes to allow EACI to recruit two additional contract agents. EACEA, EAHC and TEN-T EA, on the other hand, have already reached their foreseen staffing levels, and remain stable.

Annex VI.4 presents an overview for the executive agencies, both for the EU contribution to the agencies from operational programmes managed, and for the establishment plans and external personnel.

## 4.2. Administrative expenditure outside heading 5

### 4.2.1. Summary table

The table below presents a summary overview of administrative expenditure outside heading 5.

	Budget	Draft budget	Difference
	2011 <sup>(1)</sup>	2012	2012 / 2011
Technical and administrative support lines (ex-BA lines)	363 813 200	371 540 466	2,1 %
Executive agencies (outside research agencies)	79 398 000	79 273 000	-0,2 %
<b>Sub Total Administrative expenditure outside research and heading 5 <sup>(2)</sup></b>	<b>443 211 200</b>	<b>450 813 466</b>	<b>1,4 %</b>
Research establishment plan posts	385 213 000	392 842 100	2,0 %
External personnel	90 155 000	90 239 100	0,1 %
Other administrative expenditure	181 745 000	178 178 900	-2,0 %
Executive agencies for Research	72 717 000	86 339 000	18,7 %
<b>Sub Total Administrative expenditure direct and indirect research <sup>(3)</sup></b>	<b>729 830 000</b>	<b>747 599 100</b>	<b>2,4 %</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURE OUTSIDE HEADING 5</b>	<b>1 173 041 200</b>	<b>1 198 412 566</b>	<b>2,2 %</b>
(1) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.			
(2) XX 01 04 excluding research executive agencies and ITER administrative management expenditure.			
(3) Financed under the administrative ceiling of the research framework programmes (XX 01 05, Joint Research Centre and research executive agencies).			

The sections below explain the purpose of technical and administrative support expenditure which is directly linked to operational programmes, for the so-called ‘former BA lines’ (section 4.2.2) and for the research administrative expenditure (section 4.2.3).

### 4.2.2. Technical and administrative support expenditure

Many EU multi-annual programmes foresee amounts for technical and administrative support expenditure, directly linked to the implementation of the operational programmes and financed from the financial envelopes for the programme. This technical and administrative support expenditure is clearly identified in the EU budget, on dedicated budget lines (XX 01 04 lines, excluding executive agencies, also known as ‘former BA lines’).

The appropriations for technical and administrative support are used to carry out activities such as evaluation of calls for proposals, studies, expert meetings and audits, which are key to achieving value for money and ensuring sound financial management. Furthermore, in delegations in third countries and on a limited number of pre-identified budget lines, support staff can be financed within the limits of a ceiling defined in the budget.

The Commission has taken the budget 2011 appropriations for administrative support as a starting point for the 2012 Draft Budget. On that basis, the Commission has taken into account both execution 2010 and the growth of the 2012 programmes to be managed. In doing so, the Commission has arrived at a moderate increase of 2,1 % compared to the overall corresponding budget 2011. This leads to a foreseen overall amount for 2012 of EUR 371,5 million, well below the multi-annual financial programming for this type of expenditure. The

Commission considers this amount necessary to ensure proper implementation of operational programmes in 2012, as set out below.

For a large number of administrative support lines, the Commission requests a level of appropriations which remains constant in nominal terms, reflecting the rigour applied to administrative resources in general (see section 3.7 above). This strict approach has for instance led to reduced allocations for administrative support expenditure linked to Cohesion (heading 1b), notably for ESF (- EUR 0,5 million) and the Cohesion Fund (- EUR 0,75 million).

The overall increase compared to the 2011 budget centres around the support lines for a limited number of key programmes, in particular in the field of environment and climate action (heading 2, + EUR 1,7 million) and external relations (heading 4, + EUR 6,9 million).

For environment and climate action, this reflects the importance attached to this policy area, further to the Copenhagen Accord of December 2009 (see also section 3.3.6 above). However, the increase remains below the level of appropriations foreseen for this budget line in the financial programming for 2012.

For the EU as a Global Player (heading 4), the increase is in particular due to an increase in the number of external personnel (contract and local agents) to manage the ‘deconcentrated’ external aid action in delegations whose volume is gradually increasing over the period 2007-2013. This possibility was one of the conditions under which the Commission committed in the 2007 ‘screening’ of Commission human resources<sup>56</sup> to meet staffing needs through redeployment up to 2013. The ongoing ‘deconcentration’ of external action in turn leads to reduced management at headquarters, which for instance is shown in the decreasing payments for outstanding commitments for pre-accession aid to Bulgaria and Romania, now that these programmes have reached the closure phase.

The increase foreseen for heading 4 for 2012 relates mostly to the growing level of commitment appropriations, to be managed in delegations with heavy contractual obligations to be monitored, for the major instruments in the field of:

- Development Cooperation (DCI), both for policy area 19 (external relations, + EUR 1,0 million), and for policy area 21 (development and relations with ACP states, + EUR 3,0 million), which is largely due to the high number of small grants involved;
- Pre-Accession Assistance (IPA, + EUR 3,1 million), due mostly to the regional development component, taking into account the evolution of the instrument and the reinforcement required in the delegations of the new candidate countries;
- Neighbourhood and Partnership (ENPI, + EUR 1,7 million) and the Instrument for Stability (IfS, + EUR 0,7 million), which is due to the large increase in appropriations to be managed;
- European Instrument for Democracy and Human Rights (EIDHR, + EUR 0,8 million), due to the large number of Non-Governmental Organisations (NGOs) involved.

More details on technical and administrative support expenditure which is directly linked to the management of EU programmes is provided as part of Working Document II (‘Commission Human Resources’) accompanying the 2012 DB.

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<sup>56</sup> ‘Planning & optimising Commission human resources to serve EU priorities’, Report from the Commission, SEC (2007) 530, 24.4.2007, footnote 17.

#### 4.2.3. Administrative expenditure under the Research budget

As shown in the summary table 4.2.1, administrative expenditure financed under the Research budget includes:

- Indirect research expenditure related to staff (XX 01 05 01);
- Indirect research expenditure related to external personnel (XX 01 05 02);
- Indirect research other management expenditure (XX 01 05 03);
- Direct research (Joint Research Centre, 10 01 05);
- Research executive agencies (ERCEA and REA).

As compared to the 2011 budget, a slight increase is foreseen for indirect research expenditure related to staff (XX 01 05 01, + 0,4 %). Detailed information on (the occupation of) research establishment plan posts on the Research budget is provided as part of Working Document II ('Commission Human Resources') accompanying the 2012 DB. As explained in section 3.7.3 above, the Commission does not request any new posts for 2012. Nonetheless, the Commission requests a budgetary neutral upgrading of the research establishment plan, similar to the upgrading of posts requested for the Commission's establishment plan.

The appropriations for indirect research expenditure related to external personnel (XX 01 05 02) in 2012 show a decrease compared to the 2011 budget (- 2,7 %), which should also be seen in the context of the progressive build-up of the research executive agencies, as set out in section 4.1.4 above.

As regards direct research, no substantial changes are foreseen for the 2012 establishment plan of the JRC, other than the above-mentioned budgetary neutral upgrading. The related appropriations (10 01 05 01) increase by 3,6 % compared to 2011, whereas JRC appropriations for external personnel (10 01 05 02) are foreseen to increase by 3,3 %, which reflects the expected evolution in the cost of living in the various JRC sites, as well as the impact of the average career advancement.

The level of appropriations for other management expenditure for research shows a decrease of 2,0 % as compared to the 2011 budget, and remains below both the financial programming and the ceilings foreseen for this type of expenditure in the legal bases. Such a decrease has been offset through an increase in operational expenditure as compared to the financial programming, leaving the total financial envelope unchanged.

The appropriations for other management expenditure are used to finance actions which are key to proper implementation, such as IT systems directly related with the submission, evaluation and monitoring of proposals, external audits, workshops and communication activities, across the Framework Programmes.

A detailed breakdown of research support expenditure, both by type of appropriations and by Commission Services, is provided in Annex VII to this document.

### 4.3. Actions without a specific legal base

Article 49 of the Financial Regulation<sup>57</sup> states that, 'a basic act shall first be adopted before the appropriations entered in the budget for any action by the European Union may be used.' However, the Financial Regulation also provides for five exceptions to this rule: 1) pilot schemes; 2) preparatory actions; 3) preparatory measures in the field of Title V of the Treaty on European Union (concerning CFSP), 4) actions undertaken on the basis of the institutional prerogatives and specific powers conferred on the Commission by the Treaties; and 5) operations of each institution arising from its administrative autonomy.

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<sup>57</sup> OJ L 390, 30.12.2006, p. 1.

#### 4.3.1. Programmes, activities and decentralised agencies for which the legal base is outstanding

As set out above, appropriations are to be entered into the reserve until such time as the legal base is adopted by the legislative authority. Accordingly, appropriations for the following programmes, activities and decentralised agencies have been entered into the reserve, for a total amount of EUR 1 419,3 million (in commitment appropriations):

- European Chemicals Agency — Activities in the field of biocides legislation, EUR 1,0 million;
- European Chemicals Agency — Activities in the area of import and export of dangerous chemicals ('Prior Informed Consent' activities), EUR 1,5 million;
- Euratom — operational expenditure, including for ITER, EUR 1 193,3 million;
- European Network and Information Security Agency — Contribution to Titles 1 and 2, EUR 0,4 million;
- International fisheries agreements, EUR 115 million;
- Programme to support the further development of an Integrated Maritime Policy (IMP), EUR 16,7 million;
- Agency for the operational management of large-scale IT systems in the area of freedom, security and justice, EUR 20,0 million;
- Cooperation activities other than Official Development Assistance (Latin America, Asia, Central Asia, Iraq, Iran and Yemen, South Africa), EUR 30,5 million;
- Banana Accompanying Measures (BAM), EUR 41,0 million.

More detailed information on these new initiatives is given under the corresponding headings of the financial framework (see section 3 – key aspects of DB 2012 by financial framework headings).

#### 4.3.2. Pilot projects and preparatory actions

In the 2012 DB, the Commission has included the following proposals for pilot projects and preparatory actions, for a total amount of EUR 15 million (in commitment appropriations):

- 04 03 13 — Preparatory action — Your first EURES Job (second year), EUR 3 million;
- 12 02 04 — Pilot project — Capacity building of end users and other non industry stakeholders for EU policymaking in the area of financial services (new), EUR 1 million;
- 07 13 03 — Preparatory action on Mainstreaming climate action and adaptation (second year), EUR 5 million;
- 15 02 33 — Preparatory action to cover costs of studies for specialising in ENP and for related academic activities, including setting-up the ENP Chair in the College of Europe Natolin Campus (new), EUR 2 million;
- 16 05 07 — Preparatory action — European Year of Citizens 2013 (new), EUR 1 million;
- 23 02 04 — Preparatory action — European Voluntary Humanitarian Aid Corps (building on the 2011 preparatory action), EUR 3 million.

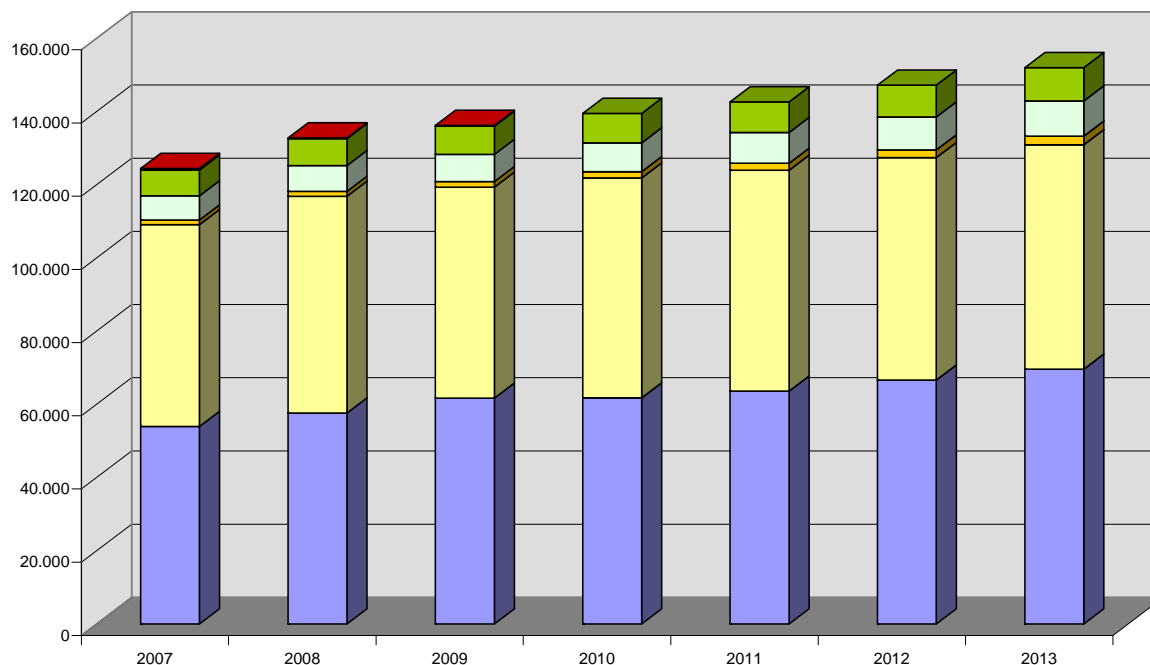
Detailed information on pilot projects and preparatory actions is presented in Working Document IV accompanying the 2012 DB.

#### *4.3.3. Actions financed under the prerogatives of the Commission*

In the 2012 Draft Budget, the actions financed under the prerogatives of the Commission amount to EUR 285,0 million. This overall amount represents an increase compared to both the 2011 budget (EUR 275,4 million) and the financial programming for 2012 as updated in January 2011, which stood at EUR 279,0 million. This increase is primarily due to the additional appropriations (+ EUR 15 million) foreseen for Support activities to the European transport policy and passenger rights, in view of the Commission's implementing tasks in the context of the Single European Sky and other related air transport policies.. More details on the actions financed under the Commission's prerogatives can be found in the financial programming 2013, table 9.12.

## 5. ANNEX — DETAILED FIGURES

### 5.1. Annex I — Multiannual financial framework 2007-2013, at current prices



(in million EUR, at current prices)

APPROPRIATIONS FOR COMMITMENTS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
<b>1. SUSTAINABLE GROWTH</b>	<b>53 979</b>	<b>57 653</b>	<b>61 696</b>	<b>63 555</b>	<b>63 974</b>	<b>67 614</b>	<b>70 147</b>	<b>438 618</b>
Competitiveness for growth and employment	8 918	10 386	13 269	14 167	12 987	14 853	15 623	90 203
Cohesion for growth and employment	45 061	47 267	48 427	49 388	50 987	52 761	54 524	348 415
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES</b>	<b>55 143</b>	<b>59 193</b>	<b>56 333</b>	<b>59 955</b>	<b>59 688</b>	<b>60 810</b>	<b>61 289</b>	<b>412 421</b>
Of which: Market related expenditure and direct payments (1)	45 759	46 217	46 679	47 146	47 617	48 093	48 574	330 085
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>	<b>1 273</b>	<b>1 362</b>	<b>1 518</b>	<b>1 693</b>	<b>1 889</b>	<b>2 105</b>	<b>2 376</b>	<b>12 216</b>
Freedom, security and justice	637	747	867	1 025	1 206	1 406	1 661	7 549
Citizenship	636	615	651	668	683	699	715	4 667
<b>4. EU AS A GLOBAL PLAYER</b>	<b>6 578</b>	<b>7 002</b>	<b>7 440</b>	<b>7 893</b>	<b>8 430</b>	<b>8 997</b>	<b>9 595</b>	<b>55 935</b>
<b>5. ADMINISTRATION (2)</b>	<b>7 039</b>	<b>7 380</b>	<b>7 525</b>	<b>7 882</b>	<b>8 144</b>	<b>8 670</b>	<b>9 095</b>	<b>55 725</b>
<b>6. COMPENSATION</b>	<b>445</b>	<b>207</b>	<b>210</b>					<b>862</b>
<b>TOTAL COMMITMENTS APPROPRIATIONS</b>	<b>124 457</b>	<b>132 797</b>	<b>134 722</b>	<b>140 978</b>	<b>142 125</b>	<b>148 196</b>	<b>152 502</b>	<b>975 777</b>
as a percentage of GNI (3)	1,02 %	1,08 %	1,16 %	1,18 %	1,15 %	1,13 %	1,12 %	1,12 %
<b>TOTAL PAYMENTS APPROPRIATIONS</b>	<b>122 190</b>	<b>129 681</b>	<b>120 445</b>	<b>134 289</b>	<b>133 440</b>	<b>141 360</b>	<b>144 171</b>	<b>925 576</b>
as a percentage of GNI (3)	1,00 %	1,05 %	1,04 %	1,12 %	1,08 %	1,08 %	1,06 %	1,06 %
<b>Margin available</b>	<b>0,24%</b>	<b>0,19 %</b>	<b>0,20 %</b>	<b>0,11 %</b>	<b>0,15 %</b>	<b>0,15 %</b>	<b>0,17 %</b>	<b>0,17 %</b>
<b>Own resources ceiling as a percentage of GNI</b>	<b>1,24 %</b>	<b>1,24 %</b>	<b>1,24 %</b>	<b>1,23 %</b>	<b>1,23 %</b>	<b>1,23 %</b>	<b>1,23 %</b>	<b>1,23 %</b>

(1) This amount is before taking account of modulation and other transfers to rural development.

(2) 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 2007-2013.

(3) The figures are based on the technical adjustment of the financial framework for 2012 in line with movements in GNI, adopted by the Commission on 15 April 2011 (COM(2011)199), and the proposal concerning the revision of the financial framework (2007-2013) for ITER adopted by the Commission on 20 April 2011 (COM(2011)226).

## 5.2. Annex II — 2012 draft budget by financial framework headings

### 5.2.1. 2012 draft budget by financial framework headings (aggregate)

	Budget 2011 <sup>(1)</sup>		Financial framework 2012		Draft budget 2012		Difference 2012 / 2011		Difference 2012 – 2011	
	(1)		(2)		(3)		(3 / 1)		(3 – 1)	
	EUR		EUR		EUR		%		EUR	
	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
<b>1. SUSTAINABLE GROWTH <sup>(2)</sup></b>	<b>64 501 160 054</b>	<b>53 279 897 424</b>	<b>67 614 000 000</b>		<b>67 962 476 893</b>	<b>57 700 934 008</b>	<b>5,4%</b>	<b>8,3%</b>	<b>3 461 316 839</b>	<b>4 421 036 584</b>
<i>Margin</i>					<i>151 523 107</i>					
— Competitiveness for growth and employment <sup>(2)</sup>	13 520 566 270	11 627 802 798	14 853 000 000		15 223 600 752	12 566 134 008	12,6%	8,1%	1 703 034 482	938 331 210
<i>Margin</i>					<i>129 399 248</i>					
— Cohesion for growth and employment	50 980 593 784	41 652 094 626	52 761 000 000		52 738 876 141	45 134 800 000	3,4%	8,4%	1 758 282 357	3 482 705 374
<i>Margin</i>					<i>22 123 859</i>					
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES</b>	<b>58 659 248 389</b>	<b>56 378 918 184</b>	<b>60 810 000 000</b>		<b>60 158 443 305</b>	<b>57 948 376 981</b>	<b>2,6%</b>	<b>2,8%</b>	<b>1 499 194 916</b>	<b>1 569 458 797</b>
Of which: Market related expenditure and direct payments	<b>42 891 201 900</b>	<b>42 788 499 841</b>	48 093 000 000		<b>44 179 737 305</b>	<b>44 102 837 025</b>	<b>3,0%</b>	<b>3,1%</b>	<b>1 288 535 405</b>	<b>1 314 337 184</b>
<i>Margin</i>					<i>651 556 695</i>					
<i>Of which: Market related expenditure and direct payments <sup>(3)</sup></i>					<i>530 452 695</i>					
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>	<b>2 020 226 226</b>	<b>1 479 057 922</b>	<b>2 105 000 000</b>		<b>2 023 852 000</b>	<b>1 513 992 900</b>	<b>0,2%</b>	<b>2,4%</b>	<b>3 625 774</b>	<b>34 934 978</b>
<i>Margin</i>					<i>81 148 000</i>					
— Freedom, security and justice	1 138 954 740	813 277 346	1 406 000 000		1 340 381 000	868 333 500	17,7%	6,8%	201 426 260	55 056 154
<i>Margin</i>					<i>65 619 000</i>					
— Citizenship	881 271 486	665 780 576	699 000 000		683 471 000	645 659 400	-22,4%	-3,0%	-197 800 486	-20 121 176
<i>Margin</i>					<i>15 529 000</i>					
<b>4. EU AS A GLOBAL PLAYER <sup>(4)</sup></b>	<b>8 759 300 431</b>	<b>7 238 702 591</b>	<b>8 997 000 000</b>		<b>9 009 280 576</b>	<b>7 293 724 333</b>	<b>2,9%</b>	<b>0,8%</b>	<b>249 980 145</b>	<b>55 021 742</b>
<i>Margin</i>					<i>246 656 424</i>					
<b>5. ADMINISTRATION <sup>(5)</sup></b>	<b>8 171 399 289</b>	<b>8 170 104 289</b>	<b>8 670 000 000</b>		<b>8 281 389 366</b>	<b>8 281 684 366</b>	<b>1,3%</b>	<b>1,4%</b>	<b>109 990 077</b>	<b>111 580 077</b>
<i>Margin</i>					<i>472 610 634</i>					
<b>Total</b>	<b>142 111 334 389</b>	<b>126 546 680 410</b>	<b>148 196 000 000</b>	<b>141 360 000 000</b>	<b>147 435 442 140</b>	<b>132 738 712 588</b>	<b>3,7%</b>	<b>4,9%</b>	<b>5 324 107 751</b>	<b>6 192 032 178</b>
<i>Margin <sup>(6,7)</sup></i>					<i>1 603 494 860</i>	<i>8 815 287 412</i>				
<b>Appropriations as % of GNI <sup>(8)</sup></b>	<b>1,12%</b>	<b>0,99%</b>	<b>1,12%</b>	<b>1,07%</b>	<b>1,12%</b>	<b>1,01%</b>				

(1) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

(2) The margin for heading 1a does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million).

	<b>Budget 2011 <sup>(1)</sup></b>		<b>Financial framework 2012</b>		<b>Draft budget 2012</b>		<b>Difference 2012 / 2011</b>		<b>Difference 2012 – 2011</b>	
	<b>(1)</b>		<b>(2)</b>		<b>(3)</b>		<b>(3 / 1)</b>		<b>(3 – 1)</b>	
	<b>EUR</b>		<b>EUR</b>		<b>EUR</b>		<b>%</b>		<b>EUR</b>	
	<b>CA</b>	<b>PA</b>	<b>CA</b>	<b>PA</b>	<b>CA</b>	<b>PA</b>	<b>CA</b>	<b>PA</b>	<b>CA</b>	<b>PA</b>

(3) After the transfer from modulation to Rural Development and from cotton and wine for restructuring in the respective regions (EUR 3 150,4 million).

(4) The margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million).

(5) For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 84 million for the staff contributions to the pensions scheme.

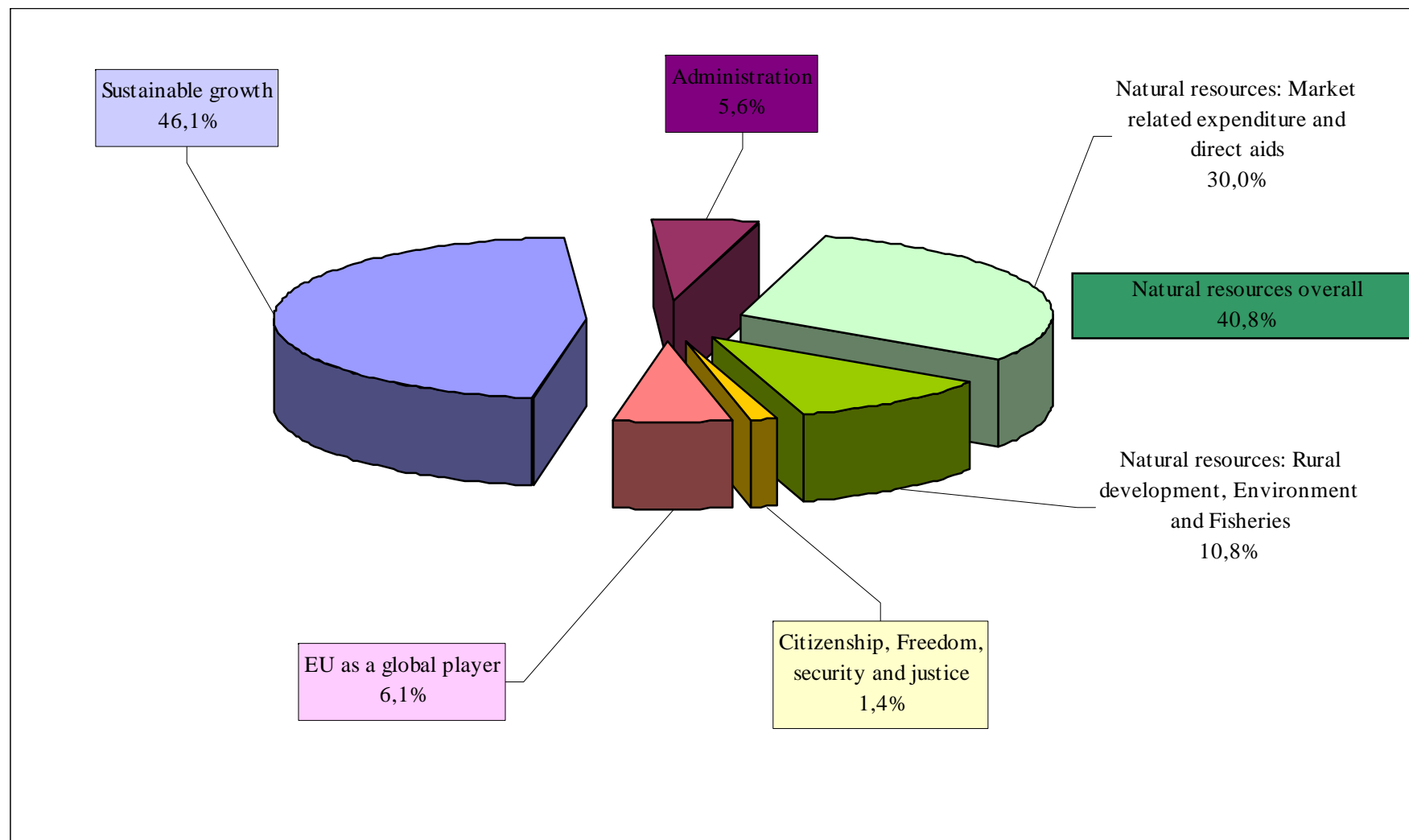
(6) The global margin for the commitments does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million), the Emergency Aid Reserve (EUR 258,9 million) and to the staff contributions to the pensions scheme (EUR 84 million).

(7) The global margin for the payments does not take into account the appropriations related to the Emergency Aid Reserve (EUR 110 million) and to the staff contributions to the pensions scheme (EUR 84 million).

(8) The Draft Budget is based on the April 2011 forecast of GNI. A new forecast will be issued on 17 May 2011 after the Advisory Committee on Own Resources (ACOR) meeting.



Figures by financial framework headings, in commitment appropriations (aggregate)



5.2.2. 2012 draft budget by financial framework headings (detailed)

	Budget 2011 <sup>(1)</sup>		Financial framework 2012		Draft budget 2012		Difference 2012 / 2011		Difference 2012 – 2011	
	(1)		(2)		(3)		(3 / 1)		(3 – 1)	
	EUR		EUR		EUR		%		EUR	
	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
<b>1. SUSTAINABLE GROWTH <sup>(2)</sup></b>	<b>64 501 160 054</b>	<b>53 279 897 424</b>	<b>67 614 000 000</b>		<b>67 962 476 893</b>	<b>57 700 934 008</b>	<b>5,4%</b>	<b>8,3%</b>	<b>3 461 316 839</b>	<b>4 421 036 584</b>
<i>Margin</i>					151 523 107					
<b>1a. Competitiveness for growth and employment <sup>(2)</sup></b>	<b>13 520 566 270</b>	<b>11 627 802 798</b>	<b>14 853 000 000</b>		<b>15 223 600 752</b>	<b>12 566 134 008</b>	<b>12,6%</b>	<b>8,1%</b>	<b>1 703 034 482</b>	<b>938 331 210</b>
<i>Margin</i>					129 399 248					
— Seventh Research framework programme	8 608 667 000	6 740 230 537			10 119 707 758	7 639 014 794	17,6%	13,3%	1 511 040 758	898 784 257
— Decommissioning	26 270 000	28 565 370			29 403 800	28 500 000	11,9%	-0,2%	3 133 800	-65 370
— Ten	1 266 150 000	891 232 946			1 360 035 119	905 799 400	7,4%	1,6%	93 885 119	14 566 454
— Energy projects to aid economic recovery	p.m.	1 023 370 183			p.m.	866 000 000	0,0%	-15,4%		-157 370 183
— EGNOS and Galileo	195 941 800	527 698 449			171 000 000	404 000 000	-12,7%	-23,4%	-24 941 800	-123 698 449
— Marco Polo	65 865 000	30 230 370			64 567 800	29 923 800	-2,0%	-1,0%	-1 297 200	-306 570
— Lifelong Learning and Erasmus Mundus	1 155 635 000	1 045 320 196			1 193 338 000	1 126 108 000	3,3%	7,7%	37 703 000	80 787 804
— Competitiveness and innovation framework programme (CIP)	568 644 000	305 531 535			599 370 600	405 146 000	5,4%	32,6%	30 726 600	99 614 465
— Social policy agenda	192 990 000	171 824 797			195 070 000	177 410 000	1,1%	3,3%	2 080 000	5 585 203
— Customs 2013 and Fiscalis 2013	81 932 000	56 167 946			82 332 000	55 132 000	0,5%	-1,8%	400 000	-1 035 946
— Nuclear decommissioning	258 000 000	190 435 799			259 904 000	230 000 000	0,7%	20,8%	1 904 000	39 564 201
— European Globalisation adjustment Fund	500 000 000	47 608 950			500 000 000	50 000 000	0,0%	0,0%		2 391 050
— Other actions and programmes	361 253 000	330 367 250			397 621 400	395 540 666	10,1%	19,7%	36 368 400	65 173 416
— Decentralised agencies	239 218 470	239 218 470			251 250 275	253 559 348	5,0%	6,0%	12 031 805	14 340 878
<b>1b. Cohesion for growth and employment</b>	<b>50 980 593 784</b>	<b>41 652 094 626</b>	<b>52 761 000 000</b>		<b>52 738 876 141</b>	<b>45 134 800 000</b>	<b>3,4%</b>	<b>8,4%</b>	<b>1 758 282 357</b>	<b>3 482 705 374</b>
<i>Margin</i>					22 123 859					
— Structural Funds	39 891 497 591	34 009 802 293			40 945 861 563	36 167 100 000	2,6%	6,3%	1 054 363 972	2 157 297 707
— Convergence objective	31 406 373 076	25 831 400 000			32 303 313 367	28 122 000 000	2,9%	8,9%	896 940 291	2 290 600 000
— Regional competitiveness and employment objective	7 084 823 108	7 138 434 927			7 202 942 076	6 908 000 000	1,7%	-3,2%	118 118 968	-230 434 927
— European territorial cooperation objective	1 312 201 407	967 067 366			1 352 006 120	1 068 000 000	3,0%	10,4%	39 804 713	100 932 634
— Technical assistance	88 100 000	72 900 000			87 600 000	69 100 000	-0,6%	-5,2%	-500 000	-3 800 000
— Other actions and programmes	10 500 000	12 046 740			p.m.	6 500 000	-100,0%	-46,0%	-10 500 000	-5 546 740
— Cohesion Fund	11 078 596 193	7 630 245 593			11 793 014 578	8 961 200 000	6,4%	17,4%	714 418 385	1 330 954 407
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL</b>	<b>58 659 248 389</b>	<b>56 378 918 184</b>	<b>60 810 000 000</b>		<b>60 158 443 305</b>	<b>57 948 376 981</b>	<b>2,6%</b>	<b>2,8%</b>	<b>1 499 194 916</b>	<b>1 569 458 797</b>

	Budget 2011 <sup>(1)</sup>		Financial framework 2012		Draft budget 2012		Difference 2012 / 2011		Difference 2012 – 2011	
	(1)		(2)		(3)		(3 / 1)		(3 – 1)	
	EUR		EUR		EUR		%		EUR	
	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
<b>RESOURCES</b>										
<b>Of which: Market related expenditure and direct payments</b>	<b>42 891 201 900</b>	<b>42 788 499 841</b>	<b>48 093 000 000</b>		<b>44 179 737 305</b>	<b>44 102 837 025</b>	<b>3,0%</b>	<b>3,1%</b>	<b>1 288 535 405</b>	<b>1 314 337 184</b>
<i>Margin</i>					651 556 695					
<i>Of which: Market related expenditure and direct payments <sup>(3)</sup></i>					530 452 695					
— Market related expenditure and direct aids	42 891 201 900	42 788 499 841			44 179 737 305	44 102 837 025	3,0%	3,1%	1 288 535 405	1 314 337 184
— Agriculture markets	42 508 305 132	42 509 045 911			43 813 470 537	43 813 367 025	3,1%	3,1%	1 305 165 405	1 304 321 114
— Fisheries market	29 996 768	25 768 930			30 496 768	30 700 000	1,7%	19,1%	500 000	4 931 070
— Animal and plant health	352 900 000	253 685 000			335 770 000	258 770 000	-4,9%	2,0%	-17 130 000	5 085 000
— Rural development	14 436 116 552	12 560 931 005			14 616 899 442	12 753 165 000	1,3%	1,5%	180 782 890	192 233 995
— European Fisheries Fund	658 285 042	458 105 943			672 725 602	514 450 000	2,2%	12,3%	14 440 560	56 344 057
— Fisheries governance and international agreements	263 175 000	234 868 316			281 615 000	236 775 000	7,0%	0,8%	18 440 000	1 906 684
— Life+	340 200 000	262 225 000			354 755 000	267 200 000	4,3%	1,9%	14 555 000	4 975 000
— Other actions and programmes	22 500 000	30 518 184			5 000 000	25 239 000	-77,8%	-17,3%	-17 500 000	-5 279 184
— Decentralised agencies	47 769 895	43 769 895			47 710 956	48 710 956	-0,1%	11,3%	-58 939	4 941 061
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>	<b>2 020 226 226</b>	<b>1 479 057 922</b>	<b>2 105 000 000</b>		<b>2 023 852 000</b>	<b>1 513 992 900</b>	<b>0,2%</b>	<b>2,4%</b>	<b>3 625 774</b>	<b>34 934 978</b>
<i>Margin</i>					81 148 000					
<b>3a. Freedom, security and justice</b>	<b>1 138 954 740</b>	<b>813 277 346</b>	<b>1 406 000 000</b>		<b>1 340 381 000</b>	<b>868 333 500</b>	<b>17,7%</b>	<b>6,8%</b>	<b>201 426 260</b>	<b>55 056 154</b>
<i>Margin</i>					65 619 000					
— Solidarity and management of migration flows	612 090 000	410 596 703			788 190 000	439 098 500	28,8%	6,9%	176 100 000	28 501 797
— Security and safeguarding liberties	134 000 000	59 459 008			141 750 000	45 900 000	5,8%	-22,8%	7 750 000	-13 559 008
— Fundamental rights and justice	81 300 000	58 021 302			80 350 000	63 700 000	-1,2%	9,8%	-950 000	5 678 698
— Other actions and programmes	63 700 000	48 660 593			61 580 000	57 644 000	-3,3%	18,5%	-2 120 000	8 983 407
— Decentralised agencies	247 864 740	236 539 740			268 511 000	261 991 000	8,3%	10,8%	20 646 260	25 451 260
<b>3b. Citizenship</b>	<b>881 271 486</b>	<b>665 780 576</b>	<b>699 000 000</b>		<b>683 471 000</b>	<b>645 659 400</b>	<b>-22,4%</b>	<b>-3,0%</b>	<b>-197 800 486</b>	<b>-20 121 176</b>
<i>Margin</i>					15 529 000					
— Public health and consumer protection programme	75 350 000	73 850 000			77 690 000	74 800 000	3,1%	1,3%	2 340 000	950 000
— Culture 2007 – 2013	57 572 000	49 550 000			59 053 000	51 050 000	2,6%	3,0%	1 481 000	1 500 000
— Youth in action	129 888 000	119 780 000			135 388 000	123 780 000	4,2%	3,3%	5 500 000	4 000 000
— Media 2007	110 035 000	101 210 000			112 477 000	105 560 000	2,2%	4,3%	2 442 000	4 350 000
— Europe for Citizens	28 530 000	21 700 000			28 450 000	28 230 000	-0,3%	30,1%	-80 000	6 530 000
— Civil protection Financial instrument	18 350 000	18 350 000			18 500 000	14 500 000	0,8%	-21,0%	150 000	-3 850 000

	Budget 2011 <sup>(1)</sup>		Financial framework 2012		Draft budget 2012		Difference 2012 / 2011		Difference 2012 – 2011	
	(1)		(2)		(3)		(3 / 1)		(3 – 1)	
	EUR		EUR		EUR		%		EUR	
	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
— Communication actions	96 105 000	88 330 000			93 900 000	87 560 000	-2,3%	-0,9%	-2 205 000	-770 000
— European Solidarity Fund	196 934 486	18 371 576			p.m.	p.m.	-100,0%	-100,0%	-196 934 486	-18 371 576
— Other actions and programmes	43 404 000	49 334 000			24 862 000	29 849 400	-42,7%	-39,5%	-18 542 000	-19 484 600
— Decentralised agencies	125 103 000	125 305 000			133 151 000	130 330 000	6,4%	4,0%	8 048 000	5 025 000
<b>4. EU AS A GLOBAL PLAYER <sup>(4)</sup></b>	<b>8 759 300 431</b>	<b>7 238 702 591</b>	<b>8 997 000 000</b>		<b>9 009 280 576</b>	<b>7 293 724 333</b>	<b>2,9%</b>	<b>0,8%</b>	<b>249 980 145</b>	<b>55 021 742</b>
<i>Margin</i>					246 656 424					
— Instrument for Pre-Accession assistance (IPA)	1 796 793 000	1 443 776 610			1 875 722 000	1 451 163 667	4,4%	0,5%	78 929 000	7 387 057
— European Neighbourhood and Partnership Instrument (ENPI)	1 827 993 000	1 361 956 153			1 928 028 576	1 266 757 566	5,5%	-7,0%	100 035 576	-95 198 587
— Development Cooperation Instrument (DCI)	2 646 693 240	2 160 387 978			2 576 001 000	2 199 131 800	-2,7%	1,8%	-70 692 240	38 743 822
— Industrialised Countries Instrument	25 121 000	19 143 580			25 121 000	22 400 000	0,0%	17,0%		3 256 420
— Industrialised Countries Instrument (ICI+)	45 000 000	6 722 384			30 500 000	8 760 000	-32,2%	30,3%	-14 500 000	2 037 616
— Democracy and Human Rights	166 983 000	142 073 702			168 719 000	159 460 000	1,0%	12,2%	1 736 000	17 386 298
— Instrument for Nuclear Safety Cooperation	75 813 000	67 920 830			77 330 000	69 274 300	2,0%	2,0%	1 517 000	1 353 470
— Instrument for Stability	290 188 000	197 581 185			302 334 000	227 450 000	4,2%	15,1%	12 146 000	29 868 815
— Humanitarian aid	824 693 000	785 704 871			849 599 000	829 599 000	3,0%	5,6%	24 906 000	43 894 129
— Macro Financial Assistance	104 868 567	88 552 647			105 000 000	88 500 000	0,1%	-0,1%	131 433	-52 647
— Common and Foreign Security Policy (CFSP)	327 374 000	272 393 337			363 214 000	317 417 000	10,9%	16,5%	35 840 000	45 023 663
— EC guarantees for lending operations	138 880 000	138 880 000			260 170 000	260 170 000	87,3%	87,3%	121 290 000	121 290 000
— Emergency aid reserve	253 860 000	100 000 000			258 937 000	110 000 000	2,0%	10,0%	5 077 000	10 000 000
— Other actions and programmes	214 690 624	433 759 314			168 358 000	263 394 000	-21,6%	-39,3%	-46 332 624	-170 365 314
— Decentralised agencies	20 350 000	19 850 000			20 247 000	20 247 000	-0,5%	2,0%	-103 000	397 000
<b>5. ADMINISTRATION <sup>(5)</sup></b>	<b>8 171 399 289</b>	<b>8 170 104 289</b>	<b>8 670 000 000</b>		<b>8 281 389 366</b>	<b>8 281 684 366</b>	<b>1,3%</b>	<b>1,4%</b>	<b>109 990 077</b>	<b>111 580 077</b>
<i>Margin</i>					472 610 634					
— Commission	3 314 918 499	3 313 723 499			3 314 917 804	3 315 212 804	-0,0%	0,0%	-695	1 489 305
— Other institutions	3 428 403 799	3 428 303 799			3 485 130 552	3 485 130 552	1,7%	1,7%	56 726 753	56 826 753
— European Parliament	1 685 829 393	1 685 829 393			1 724 575 043	1 724 575 043	2,3 %	2,3 %	38 745 650	38 745 650
— European Council and Council	563 262 600	563 262 600			538 545 000	538 545 000	- 4,4 %	- 4,4 %	- 24 717 600	- 24 717 600
— Court of Justice of the European Union	341 229 998	341 229 998			353 718 000	353 718 000	3,7 %	3,7 %	12 488 002	12 488 002
— Court of Auditors	144 330 944	144 330 944			143 240 500	143 240 500	- 0,8 %	- 0,8 %	- 1 090 444	- 1 090 444
— European Economic and Social Committee	128 573 837	128 573 837			130 499 922	130 499 922	1,5 %	1,5 %	1 926 085	1 926 085

	Budget 2011 <sup>(1)</sup>		Financial framework 2012		Draft budget 2012		Difference 2012 / 2011		Difference 2012 – 2011	
	(1)		(2)		(3)		(3 / 1)		(3 – 1)	
	EUR		EUR		EUR		%		EUR	
	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
— Committee of the Regions	84 080 903	84 080 903			86 524 132	86 524 132	2,8 %	2,8 %	2 443 229	2 443 229
— European Ombudsman	9 427 395	9 427 395			9 472 000	9 472 000	0,5 %	0,5 %	44 605	44 605
— European Data Protection Supervisor	7 564 137	7 564 137			7 639 826	7 639 826	1,0 %	1,0 %	75 689	75 689
— European External Action Service	464 104 592	464 004 592			490 916 129	490 916 129	5,8 %	5,8 %	26 811 537	26 911 537
— Pensions (all institutions)	1 261 614 000	1 261 614 000			1 312 115 000	1 312 115 000	4,0%	4,0%	50 501 000	50 501 000
— European schools	166 462 991	166 462 991			169 226 010	169 226 010	1,7%	1,7%	2 763 019	2 763 019
<b>Total</b>	<b>142 111 334 389</b>	<b>126 546 680 410</b>	<b>148 196 000 000</b>	<b>141 360 000 000</b>	<b>147 435 442 140</b>	<b>132 738 712 588</b>	<b>3,7%</b>	<b>4,9%</b>	<b>5 324 107 751</b>	<b>6 192 032 178</b>
<i>Margin</i> <sup>(6, 7)</sup>					<i>1 603 494 860</i>	<i>8 815 287 412</i>				
<b>Appropriations as % of GNI</b> <sup>(8)</sup>	<b>1,12%</b>	<b>0,99%</b>	<b>1,12%</b>	<b>1,07%</b>	<b>1,12%</b>	<b>1,01%</b>				

(1) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

(2) The margin for heading 1a does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million).

(3) After the transfer from modulation to Rural Development and from cotton and wine for restructuring in the respective regions (EUR 3 150,4 million).

(4) The margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million).

(5) For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 84 million for the staff contributions to the pensions scheme.

(6) The global margin for the commitments does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million), the Emergency Aid Reserve (EUR 258,9 million) and to the staff contributions to the pensions scheme (EUR 84 million).

(7) The global margin for the payments does not take into account the appropriations related to the Emergency Aid Reserve (EUR 110 million) and to the staff contributions to the pensions scheme (EUR 84 million).

(8) The Draft Budget is based on the April 2011 forecast of GNI. A new forecast will be issued on 17 May 2011 after the Advisory Committee on Own Resources (ACOR) meeting.

### 5.3. Annex III — 2012 draft budget by policy area and financial framework headings

#### 5.3.1. 2012 draft budget by policy area

(Commitment appropriations, EUR million, post and/or person/years)

Title	Budget 2011 <sup>(1)</sup>		Draft budget 2012		Difference 2012-2011	
	Commitment appropriations	Human resources <sup>(2)</sup>	Commitment appropriations	Human resources <sup>(2)</sup>	Commitment appropriations	Human resources <sup>(2)</sup>
	1	2	3	4	3/1	4-2
01 Economic and financial affairs	524,3	627	620,6	628	18,4%	1
02 Enterprise	1 055,6	988	1 133,2	983	7,3%	-5
03 Competition	93,5	895	91,7	871	-1,9%	-24
04 Employment and social affairs	11 357,4	782	11 574,0	785	1,9%	3
05 Agriculture and rural development	57 291,3	1 119	58 794,9	1 117	2,6%	-2
06 Mobility and transport	1 546,7	579	1 663,9	505	7,6%	-74
07 Environment and Climate Action	468,6	724	478,4	721	2,1%	-3
08 Research	5 334,6	1 825	6 528,2	1 808	22,4%	-17
09 Information society and Media	1 538,6	1 136	1 673,8	1 124	8,8%	-12
10 Direct research	395,0	2 720	410,8	2 745	4,0%	25
11 Maritime affairs and Fisheries	1 000,6	368	1 030,9	366	3,0%	-2
12 Internal market	94,9	602	99,7	591	5,0%	-11
13 Regional policy	40 584,8	749	42 032,9	762	3,6%	13
14 Taxation and customs union	142,3	533	143,0	534	0,5%	1
15 Education and culture	2 428,7	643	2 606,9	641	7,3%	-2
16 Communication	273,4	1 076	258,9	1 078	-5,3%	2
17 Health and consumer protection	693,1	941	682,4	941	-1,5%	
18 Home Affairs	1 037,5	358	1 241,4	365	19,7%	7
19 External relations <sup>(3)</sup>	4 314,7	180	4 387,1	196	1,7%	16
20 Trade <sup>(3)</sup>	105,1	749	107,5	751	2,3%	2
21 Development and relations with African, Caribbean and Pacific (ACP) States <sup>(3),(4)</sup>	1 542,2	3 252	1 515,0	3 200	-1,8%	-52
22 Enlargement <sup>(3)</sup>	1 123,4	917	1 084,0	897	-3,5%	-20
23 Humanitarian aid	878,2	275	900,6	276	2,5%	1
24 Fight against fraud	81,7	431	78,8	431	-3,6%	
25 Commission's policy coordination and legal advice	191,4	1 565	191,8	1 561	0,2%	-4
26 Commission's administration	1 018,8	3 796	1 016,2	3 785	-0,3%	-11
27 Budget <sup>(5)</sup>	69,5	486	68,7	577	-1,1%	91
28 Audit	11,4	111	11,8	111	3,5%	
29 Statistics	145,2	803	134,6	801	-7,3%	-2
30 Pensions and related expenditure	1 278,0	0	1 324,1	0	3,6%	
31 Language services	393,1	3 923	397,6	3 896	1,1%	-27
32 Energy	701,7	576	695,1	663	-0,9%	87
33 Justice	213,9	348	213,0	350	-0,4%	2
40 Reserves	753,9	0	758,9	0	0,7%	
<b>Total</b>	<b>138 682,9</b>	<b>34 077</b>	<b>143 950,3</b>	<b>34 060</b>	<b>3,8%</b>	<b>-17</b>
<b>Other institutions (excluding pensions)</b>	<b>3 428,4</b>		<b>3 485,1</b>			
<b>Grand total</b>	<b>142 111,3</b>	<b>34 077</b>	<b>147 435,4</b>	<b>34 060</b>	<b>3,7%</b>	<b>-17</b>

(1) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

(2) Covers both establishment plan posts and all appropriations of external personnel expressed in estimates full time equivalent units.

(3) Includes Commission staff working in the Union delegations covered by the policy area concerned.

(4) Includes staff employed by the European Development Fund.

(5) Human resources figures for policy area 27 'Budget' include staff (102 in 2012) yet to be redeployed to a specific policy area and provisionally attributed for this technical reason to the policy area 'Budget', taking account of the fact that administrative appropriations would allow for up to 8 additional postings in delegations.

### 5.3.2. 2012 draft budget by policy area and financial framework headings

Policy area	Total	1. Sustainable growth		2. Preservation and management of natural resources	3. Citizenship, freedom, security and justice		4. The EU as a global player	5. Administration
		1a. Competitiveness	1b. Cohesion		3a. Freedom, security and justice	3b. Citizenship		
01 Economic and financial affairs	620,6	178,5					365,2	76,9
02 Enterprise	1 133,2	1 046,5						86,7
03 Competition	91,7							91,7
04 Employment and social affairs	11 574,0	198,3	11 186,8				115,7	73,3
05 Agriculture and rural development	58 794,9			58 430,4			244,1	120,4
06 Mobility and transport	1 663,9	1 622,1						41,8
07 Environment and Climate Action	478,4			398,3			3,4	76,6
08 Research	6 528,2	6 517,8						10,4
09 Information society and Media	1 673,8	1 626,0				1,0		46,8
10 Direct research	410,8	410,8						6,0
11 Maritime affairs and Fisheries	1 030,9			994,0				37,0
12 Internal market	99,7	39,7						60,0
13 Regional policy	42 032,9	p.m.	41 452,9			p.m.	511,7	68,3
14 Taxation and customs union	143,0	85,9					1,3	55,8
15 Education and culture	2 606,9	2 181,2				322,8	29,9	72,9
16 Communication	258,9					130,3		128,6
17 Health and consumer protection	682,4	29,3		335,8		210,8	0,4	106,0
18 Home Affairs	1 241,4				1 204,2			37,2
19 External relations	4 387,1		99,2				4 266,5	21,3
20 Trade	107,5						14,7	92,8
21 Development and relations with African, Caribbean and Pacific (ACP) States	1 515,0						1 300,0	215,1
22 Enlargement	1 084,0					0,0	1 038,1	45,9
23 Humanitarian aid	900,6			p.m.		18,5	856,6	25,5
24 Fight against fraud	78,8	21,4						57,4
25 Commission's policy coordination and legal advice	191,8							191,8
26 Commission's administration	1 016,2	40,9						975,3
27 Budget	68,7	p.m.						68,7
28 Audit	11,8							11,8
29 Statistics	134,6	56,9						77,7
30 Pensions and related expenditure	1 324,1							1 324,1
31 Language services	397,6							397,6
32 Energy	695,1	627,3		p.m.			2,7	65,1
33 Justice	213,0	41,0			136,2			35,8
40 Reserves	758,9	500,0				p.m.	258,9	p.m.
<b>Total</b>	<b>143 950,3</b>	<b>15 223,6</b>	<b>52 738,9</b>	<b>60 158,4</b>	<b>1 340,4</b>	<b>683,5</b>	<b>9 009,3</b>	<b>4 796,3</b>
Other institutions (excluding pensions)	3 485,1							3 485,1
<b>Grand Total</b>	<b>147 435,4</b>	<b>15 223,6</b>	<b>52 738,9</b>	<b>60 158,4</b>	<b>1 340,4</b>	<b>683,5</b>	<b>9 009,3</b>	<b>8 281,4</b>
Ceilings	148 196,0	14 853,0	52 761,0	60 810,0	1 406,0	699,0	8 997,0	8 670,0
Margin (*)	1 603,5	129,4	22,1	651,6	65,6	15,5	246,7	472,6

(\*) The margin for heading 1a does not take into account the appropriations related to the European Globalisation adjustment Fund (EUR 500 million).  
The margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million).  
For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 84 million for the staff contributions to the pension scheme.

## 5.4. Annex IV — Financing the Europe 2020 strategy

(Commitment appropriations(1), EUR million)

Flagship	Specific action	Activity	Heading	Budget nomenclature	Budget	Draft budget	Difference
					2011 <sup>(2)</sup>	2012	2012 / 2011
1	Complete European Research Area (ERA)	7 <sup>th</sup> research framework programme	1a	02 04, 06 06, 08, 10, 09 04, 09 05, 15 07, 32 06	8 608,7	10 119,7	+ 1 511,0
	Improve framework conditions for business to innovate	Competitiveness and innovation framework programme (CIP)	1a	01 04 04; 02 01 04 04; 02 01 04 30; 02 02 01; 09 01 04 03; 09 03 01; 32 01 04 06; 32 01 04 30; 32 04 06	568,7	599,4	+ 30,7
	Strengthen and develop EU instruments to support innovation	Axis 1 of rural development	2	Part of 05 04 based on estimation	4 852,9	4 913,2	+ 60,3
		Research and technological development and entrepreneurship	1b	Part of 13 03, 13 04 based on estimation	7 537,1	7 834,5	+ 297,3
	Promote knowledge partnerships and strengthen links between education, business, research and innovation	European Institute of Innovation and Technology	1a	15 02 11 01, 15 02 11 02	62,8	79,3	+16,5
<b>Flagship 1 — Innovation Union</b>				<b>Total Flagship 1</b>	<b>21 630,2</b>	<b>23 546,1</b>	<b>+ 1 915,9 (+ 8,9 %)</b>
2	To integrate and enhance the EU's mobility, university and researchers programme	Life Long Learning Programme and Erasmus Mundus	1a	15 02 22	1 155,6	1 193,3	+ 37,7
	Youth employment framework	Youth in action programme	3b	15 05 55	129,1	134,6	+ 5,5
		Your first EURES job	1a	04 03 13	4,0	3,0	- 1,0
<b>Flagship 2 — Youth on the move</b>				<b>Total Flagship 2</b>	<b>1 288,7</b>	<b>1 330,9</b>	<b>+42,2 (+ 3,3 %)</b>
3	Legal framework stimulating investments in high speed internet infrastructure	Regulatory framework for the Digital Agenda	1a	09 02	31,1	30,7	- 0,4
	Use structural funds for this agenda	Broadband and information and communication technology	1b	Part of 13 03, 13 04 based on estimation	2 229,7	2 317,6	+ 87,9
		Broadband under rural development	2	Part of 05 04 based on estimation	54,0	54,7	+ 0,7
	Create single market for online content and services	Consumer Policy	3b	17 02	20,6	21,1	+ 0,5
<b>Flagship 3 — A digital agenda for Europe</b>				<b>Total Flagship 3</b>	<b>2 335,5</b>	<b>2 424,2</b>	<b>+ 88,7 (+ 3,8 %)</b>
4	Mobilise EU financial instruments	Environment	1b	Part of 13 03, 13 04 based on estimation	6 868,2	7 139,2	+ 271,0
		Energy	1b	Part of 13 03, 13 04 based on estimation	1 596,6	1 659,6	+ 63,0
		Other transport (clean transport)	1b	Part of 13 03, 13 04 based on estimation	2 544,2	2 644,6	+ 100,4
		Rail	1b	Part of 13 03, 13 04 based on estimation	3 527,7	3 666,9	+ 139,2
	Present proposals to modernise and decarbonise the transport sector	Environmental performance of all modes of transport	1a	Part of 06 02 — objective 2 (06 02 06)	64,2	62,8	- 1,4
	Energy efficiency action plan	Environment and Climate Action	2	07 02, 07 03, 07 11, 07 12, 07 13	392,6	401,8	+ 9,2
	Disaster prevention and response	Axis 2 of rural development	2	Part of 05 04 based on estimation	6 414,3	6 494,1	+ 79,8
<b>Flagship 4 — Resource efficient Europe</b>				<b>Total Flagship 4</b>	<b>21 407,9</b>	<b>22 068,9</b>	<b>+ 661,1 (+ 3,1 %)</b>
5	Establish an industrial policy	TEN-E	1a	32 03	24,2	21,1	- 3,1



Flagship	Specific action	Activity	Heading	Budget nomenclature	Budget	Draft budget	Difference	
					2011 <sup>(2)</sup>	2012	2012 / 2011	
	Improve business environment	Internal market for goods and sectoral policies	1a	02 03	41,6	42,1	+ 0,5	
	Restructure sectors	European Globalisation adjustment Fund (EGF)	1a	04 05	p.m.	p.m.	0,0	
	Promote internationalisation of SME	Trade Policy	4	20 02	13,9	14,7	+ 0,8	
	Ensure transport and logistics networks enable industry	Complete and deepen the internal market in transport services	1a	Part of 06 02 — objective 1	5,7	21,8	+ 16,1	
		Improve transport safety and promote passenger rights	1a	Part of 06 02 — objective 3	124,6	121,5	- 3,1	
		Develop transport security	1a	Part of 06 02 — objective 4	2,2	2,3	+ 0,1	
		TEN-T	1a	06 03	1 228,2	1 325,4	+ 97,2	
	Effective space policy	European satellite navigation programmes (EGNOS and Galileo)	1a	02 05	200,1	176,9	- 23,2	
		Promote the operational use of the EU earth monitoring services (GMES)	1a	02 02 15 — objective 8	9,0	39,0	+ 30,0	
	<b>Flagship 5 — An industrial policy for the globalisation era</b>			<b>Total Flagship 5</b>	<b>1 649,5</b>	<b>1 764,8</b>	<b>+ 115,2 (+ 7,0 %)</b>	
6	Flexibility agenda	Social dialogue and agreements between the social partners	1a	Part of 04 03 — objective 2 (04 03 03 01, 04 03 03 02, 04 03 03 03)	41,5	41,5	0,0	
	Promote intra EU labour mobility	Geographical and professional mobility of the workers in Europe	1a	04 03 04, 04 03 05	26,7	25,8	- 0,9	
		Human Capital	1b	Part of 13 03, 13 04 based on estimation	115,5	120,0	+ 4,5	
		Labour market measures			147,3	153,1	+ 5,8	
		Increasing adaptability of the workforce			Part of 04 02 — objective 3	3 646,0	3 714,8	+ 68,8
		Enhancing human capital			Part of 04 02 — objective 2	1 946,5	1 983,2	+ 36,7
		Enhancing access to employment			Part of 04 02 — objective 1	3 090,6	3 149,0	+ 58,4
	Strengthen capacity of social partners	Strengthen institutional capacity			1b	Part of 04 02 — objective 5, output 3	295,2	300,8
	<b>Flagship 6 — An agenda for new skills and jobs</b>			<b>Total Flagship 6</b>	<b>9 309,3</b>	<b>9 488,3</b>	<b>+ 179 (+ 1,9 %)</b>	
7	Social inclusion	Promoting employment and labour market inclusiveness	1b	Part of 04 02 — objective 5, output 2	127,6	130,0	+ 2,4	
		Reinforcing social inclusion	1b	Part of 04 02 — objective 5	1 440,2	1 467,4	+ 27,2	
		Progress microfinance facility	1a	04 04 15	24,75	24,75	0,0	
		Employment, social solidarity and equality (PROGRESS)	1a	04 04 (except of 04 04 15), 33 06	132,3	133,5	+ 1,2	
		Social inclusion	1b	Part of 13 03, 13 04 based on estimation	35,8	37,2	+ 1,4	
	Social innovation	European Fund for the Integration of third country nationals	3a	Part of 18 03 — objective 1, output 1-6 (18 03 09)	131,5	162,5	+ 31,0	
	Social protection	Pilot projects on social integration	1a	04 03 12	1,0	p.m.	- 1,0	
	<b>Flagship 7 — European Platform against Poverty</b>			<b>Total Flagship 7</b>	<b>1 893,2</b>	<b>1 957,5</b>	<b>+ 62,2 (+ 3,3 %)</b>	

Flagship	Specific action	Activity	Heading	Budget nomenclature	Budget	Draft budget	Difference
					2011 <sup>(2)</sup>	2012	2012 / 2011
<b>Total Europe 2020</b>					<b>59 514,3</b>	<b>62 578,6</b>	<b>+ 3 064,3 (+ 5,1 %)</b>
<b>Total EU Budget (Commission – Section III)</b>					<b>138 682,9</b>	<b>143 950,3</b>	<b>+ 5 267,4 (+ 3,8 %)</b>
<b>Europe 2020 / EU Budget</b>					<b>42,9 %</b>	<b>43,5 %</b>	

(1) Expenditure (commitment appropriations) linked to the Europe 2020 strategy as defined in the Commission's Communication on the Europe 2020 strategy for smart, sustainable and inclusive growth (March 2010) and the Commission's Communications on the seven flagship initiatives (August 2010 – January 2011). For rural development and regional policy (ERDF + Cohesion Fund) the figures are yearly estimates based on the multiannual allocation 2007-2013.

(2) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

## 5.5. Annex V — Financing priority areas stemming from the Lisbon Treaty

(Commitment appropriations, EUR million)

EU Policy	EU Programme <sup>(1)</sup>	Budget nomenclature	Budget 2011 <sup>(2)</sup>	Draft budget 2012	Difference 2012 / 2011
<b>Common Foreign and Security Policy</b>	<b>Common Foreign and Security Policy (CFSP)</b>	19 03	<b>326,6</b>	<b>362,5</b>	<b>+ 35,9 (+ 11,0 %)</b>
<b>Competitiveness and Innovation</b>	Competitiveness and Innovation Framework Programme (CIP)	01 04 04; 02 01 04 30; 02 02 01; 09 01 04 03; 09 03 01; 32 01 04 06; 32 01 04 30; 32 04 06	568,7	599,4	+ 30,7
	European Institute of Innovation and Technology (EIT)	15 02 11	62,8	79,3	+ 16,5
	<b>Subtotal</b>		<b>631,5</b>	<b>678,7</b>	<b>+ 47,2 (+ 7,5 %)</b>
<b>Space</b>	European satellite navigation programmes (EGNOS and Galileo)	02 05 01	192,0	167,0	- 25,0
	European Earth Observation Programme (Global Monitoring for Environment and Security – GMES)	02 02 15	9,0	39,0	+ 30,0
	European GNSS Agency	02 05 02	8,2	9,9	+ 1,7
	Preparatory Action – GMES operational services	02 02 11	p.m.	p.m.	0,0
	Space research	02 04 01 01	233,0	250,3	+ 17,3
	Research related to transport	02 04 01 03	62,6	105,3	+ 42,7
	<b>Subtotal</b>		<b>504,8</b>	<b>569,0</b>	<b>+ 66,7 (+ 13,2 %)</b>
<b>Tourism</b> <sup>(3)</sup>	Preparatory Action – Sustainable Tourism	02 02 08 02	1,0	p.m.	- 1,0
	Preparatory Action – Social Tourism in Europe	02 02 08 03	1,5	p.m.	- 1,5
	Preparatory Action – European Destinations of Excellence	02 02 08 01	p.m.	p.m.	0,0
	<b>Subtotal</b>		<b>2,5</b>	<b>0,0</b>	<b>- 2,5 (- 100,0 %)</b>
<b>Actions against Climate Change</b> <sup>(4)</sup>	Distribution of Health Check and EERP funds across Rural Development priority areas «climate change» and «renewable energy» <sup>(5)</sup>	Part of 05 04 (estimate)	206,4	208,9	+ 2,5
	Preparatory Action — Mainstreaming climate action and adaptation	07 13 03	5,0	5,0	0,0
	Transport (improve environmental performance of all transport modes — Marco Polo II)	06 02 06	64,2	62,8	- 1,4
	To develop and demonstrate intelligent and sustainable transport systems	06 06 02; 08 07	475,9	543,8	+ 67,9
	Global climate action affairs	07 11	0,8	0,9	+ 0,1
	Implementation of EU policy and legislation on climate action	07 12	17,6	19,3	+ 1,7
	Research: Cooperation - Food agriculture and fisheries, and biotechnology	08 03	267,9	311,6	+ 43,7
	Research: Cooperation — Nanosciences, nanotechnologies, materials and new production technologies	08 04	452,4	509,1	+ 56,7
	Research: Cooperation — Environment including climate change	08 06	252,5	284,2	+ 31,7
	Regional Policy (climate change including energy efficiency and renewable energy) <sup>(6)</sup>	Part of 13 03; 13 04 (estimate)	5 693,7	5 918,3	+ 224,6
	External Actions: Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen) <sup>(7)</sup>	Part of 19 10 01 01; 19 10 02 (estimate)	59,0	103,0	+ 44
	Environment and sustainable management of natural resources, including energy <sup>(8)</sup>	21 04	199,2	200,7	+ 1,5

EU Policy	EU Programme <sup>(1)</sup>	Budget nomenclature	Budget 2011 <sup>(2)</sup>	Draft budget 2012	Difference 2012 / 2011
	<b>Subtotal</b>		<b>7 694,6</b>	<b>8 167,6</b>	<b>+ 473,0 (+ 6,1 %)</b>
<b>Social Policy</b>	European Social Fund	04 02	10 963,8	11 170,8	+ 207
	Working in Europe — Social dialogue and mobility	04 03	79,1	75,1	- 4,0
	Employment, social solidarity and gender equality	04 04	117,6	118,9	+ 1,3
	European Globalisation Adjustment Fund (EGF)	04 05	p.m.	p.m.	0,0
	<b>Subtotal</b>		<b>11 160,5</b>	<b>11 364,8</b>	<b>+ 204,3 (+ 1,8 %)</b>
<b>Energy Policy <sup>(9)</sup></b>	Trans European Networks (Energy)	32 03	24,2	21,1	- 3,1
	Nuclear Energy <sup>(10)</sup>	32 05	280,6	282,5	+ 1,9
	Research related to energy	08 05; 32 06	349,6	354,7	+ 5,1
	Conventional and renewable energy	32 04 (excl. 32 04 06)	13,2	14,0	+ 0,8
	<b>Subtotal</b>		<b>667,5</b>	<b>672,3</b>	<b>+ 4,8 (+ 0,7 %)</b>
<b>Justice and Home Affairs</b>	Solidarity — External borders, return, visa policy and free movement of people <sup>(11)</sup>	18 02	502,2	665,9	+ 163,7
	Migration flows — Common immigration and asylum policies	18 03	253,4	284,3	+ 30,9
	Security and safeguarding liberties <sup>(12)</sup>	18 05	239,7	247,5	+ 7,8
	Policy strategy and coordination	18 08	3,3	3,4	+ 0,1
	Fundamental rights and citizenship	33 02	55,8	53,2	- 2,6
	Justice in criminal and civil matters	33 03	73,0	75,1	+ 2,1
	Drugs prevention and information	33 04	4,0	3,0	- 1,0
	Policy strategy and coordination	33 05	3,3	3,4	+ 0,1
	Equality	33 06	39,5	39,4	- 0,1
	<b>Subtotal</b>		<b>1 174,2</b>	<b>1 375,2</b>	<b>+ 201,0 (+ 17,1 %)</b>
<b>Sport</b>	<b>Preparatory action in the field of sport</b>	15 05 11	<b>3,0</b>	<b>p.m.</b>	<b>- 3,0 (- 100 %)</b>
<b>Civil Protection</b>	Civil Protection Financial Instrument (Heading 3 b)	23 03 01	18,0	18,0	0,0
	Civil Protection Financial Instrument (Heading 4)	23 03 06	9,0	4,0	- 5,0
	Preparatory Action — European Voluntary Humanitarian Aid Corps	23 02 04	1,0	3,0	+ 2,0
	<b>Subtotal</b>		<b>28,0</b>	<b>25,0</b>	<b>- 3,0 (- 10,7 %)</b>
<b>TOTAL</b>			<b>22 192,9</b>	<b>23 217,6</b>	<b>+ 1 024,4 (+ 4,6 %)</b>
<b>TOTAL EU budget (Commission – Section III)</b>			<b>138 683,2</b>	<b>143 951,3</b>	<b>+ 5 268,4 (+ 3,8 %)</b>
<b>Share of Lisbon Treaty priority areas in the total EU budget</b>			<b>16,0 %</b>	<b>16,1 %</b>	

(1) The selection of EU programmes which finance priority areas stemming from the Lisbon Treaty follows the definition used by the European Parliament, in particular in its Resolution of 22 September 2010.

(2) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

(3) Tourism Knowledge Networks is part of the CIP and therefore included there.

EU Policy	EU Programme <sup>(1)</sup>	Budget nomenclature	Budget 2011 <sup>(2)</sup>	Draft budget 2012	Difference 2012 / 2011
<p>(4) Energy programmes including energy research related to climate change are not included as they are already included under energy; Eco-innovation is not included as it is already included under CIP. EDF is not included as it is outside the EU-budget.</p> <p>(5) Estimate based on the assumption that 1,43 % of the yearly rural development policy is targeted at priority areas «climate change» and «renewable energy».</p> <p>(6) Estimate based on the assumption that 1,43 % of the yearly structural policy is at targeted «climate change».</p> <p>(7) Working Document Part I, DB 2012: Estimate based on expenditure related outputs linked to 'environment and clean energy in Asia' and 'environment and clean energy'.</p> <p>(8) EUR 199,2 million in Budget 2011 includes EUR 65 million put in reserve for financial interventions.</p> <p>(9) Rural Development «renewable energy actions» and Regional Policy «energy themes» are included under «fight against climate change». «Intelligent energy programme» is included under CIP.</p> <p>(10) Not including Euratom actions or other actions linked to nuclear energy under 7th framework programme under policy area «Research».</p> <p>(11) Budget 2011 amount includes EUR 16,0 million in reserve for financial interventions.</p> <p>(12) Budget 2011 amount includes EUR 0,4 million in reserve for financial interventions.</p>					

## 5.6. Annex VI — Bodies set up by the European Union and having legal personality

### 5.6.1. Decentralised agencies

#### 5.6.1.1. Decentralised agencies of heading 1a – Competitiveness for growth and employment

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012	
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011		
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues				
<b>Chemicals Legislation and Chemicals Agency (ECHA)</b>	<b>02 03 03</b>	Helsinki	2006	99,800				102,666								Cruising speed
<i>Authorised establishment plan</i>				456	456			476	476	456			0			
<b>European GNSS Agency</b>	<b>02 05 02</b>	Brussels	2004	8,200	8,200	8,200		13,000	13,000	10,600	9,946	0,654	29,3%	21,3%		New tasks
<i>Authorised establishment plan</i>				29	29			47	47	44			15			
<b>European Foundation for the Improvement of Living and Working Conditions (EUROFOUND)</b>	<b>04 04 03</b>	Dublin	1975	20,450	20,210	20,210		20,750	20,590	20,590	20,495	0,095	1,9%	1,4%		Cruising speed
<i>Authorised establishment plan</i>				101	101			101	101	101			0			
<b>European Agency for Safety and Health at Work (EU-OSHA)</b>	<b>04 04 04</b>	Bilbao	1994	14,897	14,540	14,316	0,224	15,326	14,830	14,830	14,718	0,112	2,0%	2,8%		Cruising speed
<i>Authorised establishment plan</i>				44	44			44	44	44			0			
<b>European Aviation Safety Agency (EASA)</b>	<b>06 02 01</b>	Köln	2002	139,554	34,399	33,316	1,083	150,635	35,278	35,214	33,649	1,565	2,4%	1,0%		New tasks
<i>Authorised establishment plan</i>				574	574			636	636	634			60			
Out of the requested number of 634 posts for EASA, only 229 posts are financed by the EU contribution. This represents an increase of 2 posts compared to 2011. The other EASA posts are financed from revenue from industry.																
<b>European Maritime Safety Agency (EMSA)</b>	<b>06 02 02</b>	Lisbon	2002	56,143	54,936	50,696	4,240	57,016	55,595	53,565	53,565		-2,5%	5,7%		New tasks
<i>Of which anti-pollution measures</i>	<b>06 02 02 03</b>				23,000	23,000			20,000	20,000	20,000		-13,0%	-13,0%		
<i>Authorised establishment plan</i>				208	208			221	221	213			5			
<b>European Railway Agency (ERA)</b>	<b>06 02 08</b>	Lille Valenciennes	2004	25,989	25,304	24,375	0,929	26,000	25,260	25,260	24,740	0,520	-0,2%	1,5%		Cruising speed
<i>Authorised establishment plan</i>				144	144			144	144	144			0			
<b>European Network and Information Security Agency (ENISA)</b>	<b>09 02 03</b>	Heraklion	2004	8,103	7,872	7,188	0,684	8,618	8,420	8,420	8,328	0,092	7,0%	15,9%		New tasks

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
<i>Authorised establishment plan</i>				44	44			47	47	47			3		
<b>Body of European Regulators for Electronic Communications (BEREC) — Office</b>	<b>09 02 04</b>	Riga	2009	3,779	3,579	3,579		4,640	4,336	4,336	4,336		21,2%	21,2%	Start-up phase
<i>Authorised establishment plan</i>				12	12			16	16	16			4		
<b>European Banking Authority (EBA)</b>	<b>12 04 02</b>	London	2011	12,683	5,073	5,073		20,747	8,975	8,299	8,299		63,6%	63,6%	Start-up phase
<i>Authorised establishment plan</i>				46	46			68	68	68	68		22		
<b>European Insurance and Occupational Pensions Authority (EIOPA)</b>	<b>12 04 03</b>	Frankfurt	2011	10,667	4,267	4,267		15,655	6,462	6,262	6,262		46,8%	46,8%	Start-up phase
<i>Authorised establishment plan</i>				46	46			69	69	69			23		
<b>European Securities and Markets Authority (ESMA)</b>	<b>12 04 04</b>	Paris	2011	16,962	6,785	6,785		20,279	10,359	7,120	7,120		4,9%	4,9%	Start-up phase
<i>Authorised establishment plan</i>				58	58			77	77	75			17		
<b>European Centre for the Development of Vocational Training (CEDEFOP)</b>	<b>15 02 25</b>	Thessaloniki	1975	17,764	17,270	15,742	1,528	18,090	17,615	17,610	17,185	0,425	2,0%	9,2%	Cruising speed
<i>Authorised establishment plan</i>				101	101			102	102	101			0		
<b>European Medicines Agency (EMA)</b>	<b>17 03 10</b>	London	1993	208,863	38,420	32,943	5,477	238,400	49,065	39,188	29,313	9,875	2,0%	-11,0%	New tasks
<i>Of which special contribution for orphan medicinal products</i>	<b>17 03 10 03</b>				4,901	4,901			6,000	4,488	4,488		-8,4%	-8,4%	
<i>Authorised establishment plan</i>				567	567			612	612	590			23		
<b>European Agency for the Cooperation of the Energy Regulators (ACER)</b>	<b>32 04 10</b>	Ljubljana	2009	5,119	5,000	5,000		7,599	7,418	7,315	7,315		46,3%	46,3%	Start-up phase
<i>Authorised establishment plan</i>				40	40			43	43	43			3		New tasks
<b>Institute for Gender Equality</b>	<b>33 06 03</b>	Vilnius	2006	7,530	7,530	7,530		7,820	7,820	7,820	5,979	1,841	3,9%	-20,6%	Start-up phase
<i>Authorised establishment plan</i>				27	27			30	30	30			3		
<b>Total decentralised agencies - heading 1a</b>				<b>656,503</b>	<b>253,385</b>	<b>239,220</b>	<b>14,165</b>	<b>727,241</b>	<b>285,023</b>	<b>266,429</b>	<b>251,250</b>	<b>15,179</b>	<b>5,1%</b>	<b>5,0%</b>	
Of which special contribution for orphan medicinal products and anti-pollution measures					27,901	27,901			26,000	24,488	24,488		-12,2%	-12,2%	

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
<i>Authorised establishment plan</i>				2 497	2 497			2 733	2 733	2 675			178		

#### 5.6.1.2. Decentralised agencies of heading 2 – Preservation and management of natural resources

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
<b>European Environment Agency (EEA)</b>	<b>07 03 09</b>	Copenhagen	1990	41,285	35,957	35,105	0,852	42,051	36,676	36,676	36,094	0,582	2,0%	2,8%	New tasks
<i>Authorised establishment plan</i>				134	134			140	140	136			2		
<b>Chemicals Legislation and Chemicals Agency (ECHA) - Biocides activities</b>	<b>07 03 60</b>	Helsinki	2011					5,385	5,266	1,023	1,023		100,0%	100,0%	To be created
<i>Authorised establishment plan</i>								30	30	2			2		
<b>Chemicals Legislation and Chemicals Agency (ECHA) - PIC activities</b>	<b>07 03 70</b>	Helsinki	2011					1,783	1,744	1,470	1,470		100,0%	100,0%	To be created
<i>Authorised establishment plan</i>								4	4	3			3		
<b>Community Fisheries Control Agency (CFCA)</b>	<b>11 08 05</b>	Vigo	2005	12,849	12,849	12,664	0,185	13,510	13,510	9,310	9,124	0,186	-27,5%	-28,0%	Cruising speed
<i>Authorised establishment plan</i>				53	53			54	54	54			1		
<b>Total decentralised agencies - heading 2</b>				<b>54,134</b>	<b>48,806</b>	<b>47,769</b>	<b>1,037</b>	<b>62,729</b>	<b>57,196</b>	<b>48,479</b>	<b>47,711</b>	<b>0,768</b>	<b>-0,7%</b>	<b>-0,1%</b>	
<i>Authorised establishment plan</i>				187	187			228	228	195			8		



## 5.6.1.3. Decentralised agencies of heading 3a – Freedom, security and justice

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX)	18 02 03	Warsaw	2004	86,384	81,000	78,000	3,000	84,960	79,500	79,500	79,500		-1,9%	1,9%	Cruising speed
<i>Authorised establishment plan</i>				143	143			143	143	143			0		
Agency for the operational management of large scale JLS IT systems	18 02 11	-	2011	5,450	5,450	5,450		20,000	20,000	20,000	20,000		267,0%	267,0%	To be created
<i>Authorised establishment plan</i>				75	75			75	75	75			0		
European Asylum Support Office (EASO)	18 03 14	Valletta	2010	8,000	8,000	8,000		12,000	12,000	10,000	10,000		25,0%	25,0%	Start-up phase
<i>Authorised establishment plan</i>				38	38			45	45	38			0		
European Police Office (EUROPOL)	18 05 02	The Hague	1995	83,949	83,469	83,469		84,500	84,500	84,500	83,350	1,150	1,2%	-0,1%	Cruising speed
<i>Authorised establishment plan</i>				457	457			460	460	457			0		
European Police College (CEPOL)	18 05 05	Bramshill	2005	8,641	8,341	8,000	0,341	8,536	8,536	8,536	8,536		2,3%	6,7%	New tasks
<i>Authorised establishment plan</i>				26	26			28	28	28			2		
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	18 05 11	Lisbon	1993	16,310	15,400	15,170	0,230	16,419	15,750	15,708	14,722	0,986	2,0%	-3,0%	Cruising speed
<i>Authorised establishment plan</i>				84	84			84	84	84			0		
European Union Agency for Fundamental Rights (FRA)	33 02 03	Vienna	2007	20,180	20,000	20,000		22,180	22,000	20,400	20,400		2,0%	2,0%	Start-up phase
<i>Authorised establishment plan</i>				72	72			78	78	75			3		
Eurojust	33 03 02	The Hague	2002	31,733	31,733	29,775	1,958	34,072	34,072	33,300	32,003	1,297	4,9%	7,5%	New tasks
<i>Authorised establishment plan</i>				186	186			213	213	213			27		
<b>Total decentralised agencies - heading 3a</b>				<b>260,647</b>	<b>253,393</b>	<b>247,864</b>	<b>5,529</b>	<b>282,667</b>	<b>276,358</b>	<b>271,944</b>	<b>268,511</b>	<b>3,433</b>	<b>7,3%</b>	<b>8,3%</b>	
<i>Authorised establishment plan</i>				1 081	1 081			1 126	1 126	1 113			32		

5.6.1.4. Decentralised agencies of heading 3b – Citizenship

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
European Centre for Disease Prevention and Control (ECDC)	17 03 03	Stockholm	2004	56,656	55,400	52,770	2,630	60,097	58,700	57,300	57,300		3,4%	8,6%	Cruising speed
<i>Authorised establishment plan</i>				200	200			200	200	200			0		
European Food Safety Authority (EFSA)	17 03 07	Parma	2002	76,958	75,610	72,333	3,277	77,000	76,230	77,122	75,851	1,271	2,0%	4,9%	Cruising speed
<i>Authorised establishment plan</i>				355	355			355	355	355			0		
<b>Total decentralised agencies - heading 3b</b>				<b>133,614</b>	<b>131,010</b>	<b>125,103</b>	<b>5,907</b>	<b>137,097</b>	<b>134,930</b>	<b>134,422</b>	<b>133,151</b>	<b>1,271</b>	<b>2,6%</b>	<b>6,4%</b>	
<i>Authorised establishment plan</i>				555	555			555	555	555			0		

5.6.1.5. Decentralised agency of heading 4 – EU as a global player

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
European Training Foundation (ETF)	15 02 27	Turin	1990	21,028	20,350	20,350		20,810	20,810	20,247	20,146	0,101	-0,5%	-1,0%	Cruising speed
<i>Authorised establishment plan</i>				96	96			96	96	96			0		
<b>Total decentralised agencies - heading 4</b>				<b>21,028</b>	<b>20,350</b>	<b>20,350</b>		<b>20,810</b>	<b>20,810</b>	<b>20,247</b>	<b>20,146</b>	<b>0,101</b>	<b>-0,5%</b>	<b>-1,0%</b>	
<i>Authorised establishment plan</i>				96	96			96	96	96			0		

5.6.1.6. Decentralised agency of heading 5 – Administration

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012	
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011		
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues				
Translation Centre for the bodies of the European Union	31 01 09	Luxembourg	1994	46,957				44,941								Cruising speed
<i>Authorised establishment plan</i>				225	225			220	220	220			-5			
<b>Total decentralised agencies - heading 5</b>				<b>46,957</b>				<b>44,941</b>								
<i>Authorised establishment plan</i>				225	225			220	220	220			-5			

5.6.1.7. Total of decentralised agencies

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011				Draft Budget (DB) 2012					Variation		Classification DB 2012
				Total revenues of the Agency	EU contribution			Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011	
					Total EU contribution	Of which Budget	Of which assigned revenues			Total EU contribution	Of which DB	Of which assigned revenues			
<b>Total decentralised agencies</b>				<b>1 172,883</b>	<b>706,944</b>	<b>680,306</b>	<b>26,639</b>	<b>1 275,485</b>	<b>774,317</b>	<b>741,521</b>	<b>720,769</b>	<b>20,752</b>	<b>4,9%</b>	<b>5,9%</b>	
<i>Authorised establishment plan</i>				4 641	4 641			4 958	4 958	4 854			213		
<b>Of which decentralised agencies 'to be created' and 'start-up phase'</b>				<b>90,370</b>	<b>65,684</b>	<b>65,684</b>		<b>138,088</b>	<b>106,380</b>	<b>94,045</b>	<b>92,204</b>	<b>1,841</b>	<b>43,2%</b>	<b>40,4%</b>	
<i>Authorised establishment plan</i>				414	414			535	535	494			80		
<b>Of which decentralised agencies 'new tasks'</b>				<b>502,522</b>	<b>219,858</b>	<b>205,223</b>	<b>14,635</b>	<b>552,328</b>	<b>240,642</b>	<b>225,499</b>	<b>211,434</b>	<b>14,065</b>	<b>2,6%</b>	<b>3,0%</b>	
<i>Authorised establishment plan</i>				1 768	1 768			1 944	1 944	1 905			137		

### 5.6.1.8. Self-financed decentralised agencies

(in million EUR)

Name of the decentralised agency	Budget line	Location	Year of creation	Budget 2011			Draft Budget (DB) 2012					Variation		Classification DB	
				Total revenues of the Agency	EU contribution		Revenues estimated by the Agency	Of which Agency contribution request	Foreseen EU contribution			EU contribution 2012/2011	DB / Budget 2012/2011		
					Total EU contribution	Of which Budget			Of which assigned revenues	Total EU contribution	Of which DB			Of which assigned revenues	
<b>Office for Harmonisation in the Internal Market (OHIM)</b>		Alicante	1993	165,578			162,785								Cruising speed
<i>Authorised establishment plan</i>				687			730					0			
<b>Community Plant Variety Office (CPVO)</b>		Angers	1994	12,851			12,972								Cruising speed
<i>Authorised establishment plan</i>				45			45					0			
<b>Total self-financed decentralised agencies</b>				<b>178,429</b>			<b>175,757</b>								
<i>Authorised establishment plan</i>				732			775								

### 5.6.2. Joint undertakings

(in million EUR)

Name of the joint undertaking	Budget line <sup>(1)</sup>	Location	Year of creation	Budget 2011 <sup>(1)</sup>		Draft Budget 2012			Variation EU contribution 2012 / 2011	
				Total revenues of the Joint Undertaking <sup>(2)</sup>	Of which EU contribution	Revenues <sup>(2)</sup> estimated by the Joint Undertaking	Of which Joint Undertaking contribution request	EU <sup>(3)</sup> contribution (DB 2012)		
<b>European Joint Undertaking for ITER – Fusion for Energy (F4E)</b>		Barcelona	2007							
European Joint Undertaking for ITER — Fusion for Energy (F4E) — Expenditure on administrative management	08 01 04 40					35,900	39,000	39,000	39,000	8,6%
Euratom — European Joint Undertaking for ITER — Fusion for Energy (F4E)	08 20 02					351,760	1 348,500	1 067,900	1 067,900	203,6%
<b>Total European Joint Undertaking for ITER – Fusion for Energy (F4E)</b>						<b>482,195</b>	<b>387,660</b>	<b>1 387,500</b>	<b>1 106,900</b>	<b>185,5%</b>
<i>Authorised establishment plan</i>						239	239	262	262	23
<b>Innovative Medicines Initiative (IMI) Joint Undertaking</b>		Brussels	2007							
Cooperation — Health — Innovative Medicines Initiative (IMI) Joint Undertaking	08 02 02					155,400		294,300	294,300	89,4%
Cooperation — Health — Support expenditure for Innovative Medicines Initiative (IMI) Joint Undertaking	08 02 03					4,600		5,700	5,700	23,9%
<b>Total Innovative Medicines Initiative Joint Undertaking (IMI)</b>						<b>285,730</b>	<b>160,000</b>	<b>312,890</b>	<b>300,000</b>	<b>87,5%</b>

Name of the joint undertaking	Budget line	Location	Year of creation	Budget 2011 <sup>(1)</sup>		Draft Budget 2012			Variation EU contribution 2012 / 2011
				Total revenues <sup>(2)</sup> of the Joint Undertaking	Of which EU contribution	Revenues <sup>(2)</sup> estimated by the Joint Undertaking	Of which Joint Undertaking contribution request	EU <sup>(3)</sup> contribution (DB 2012)	
<i>Authorised establishment plan</i>				29	29	29	29	29	0
<b>Clean Sky Joint Undertaking</b>		Brussels	2007						
Cooperation — Transport — Clean Sky Joint Undertaking	08 07 02				149,991		137,460	137,460	-8,4%
Cooperation — Transport — Support expenditure for Clean Sky Joint Undertaking	08 07 03				2,517		2,540	2,540	0,9%
<b>Total Clean Sky Joint Undertaking</b>				<b>175,025</b>	<b>152,508</b>	<b>168,630</b>	<b>140,000</b>	<b>140,000</b>	<b>-8,2%</b>
<i>Authorised establishment plan</i>				18	18	18	18	18	0
<b>ARTEMIS Joint Undertaking</b>		Brussels	2007						
Cooperation — Information and communication technologies — ARTEMIS Joint Undertaking	09 04 01 02				43,000		53,721	53,721	24,9%
Cooperation — Information and communication technologies — Support expenditure for ARTEMIS Joint Undertaking	09 04 01 03				1,500		1,758	1,758	17,2%
<b>Total ARTEMIS Joint Undertaking</b>				<b>46,909</b>	<b>44,500</b>	<b>57,800</b>	<b>55,480</b>	<b>55,480</b>	<b>24,7%</b>
<i>Authorised establishment plan</i>				8	8	8	8	8	0
<b>ENIAC Joint Undertaking</b>		Brussels	2007						
Cooperation — Information and communication technologies — ENIAC Joint Undertaking	09 04 01 04				43,000		53,721	53,721	24,9%
Cooperation — Information and communication technologies — Support expenditure for ENIAC Joint Undertaking	09 04 01 05				1,496		1,299	1,299	-13,2%
<b>Total ENIAC Joint Undertaking</b>				<b>46,855</b>	<b>44,496</b>	<b>57,727</b>	<b>55,020</b>	<b>55,020</b>	<b>23,7%</b>
<i>Authorised establishment plan</i>				6	6	8	8	8	2
<b>Fuel Cells and Hydrogen (FCH) Joint Undertaking</b>		Brussels	2008						
Research related to transport (including Aeronautics) — Fuel Cells and Hydrogen (FCH) Joint Undertaking	06 06 02 02				2,960		2,980	2,980	0,7%
Support expenditure for Fuel Cells and Hydrogen (FCH) Joint Undertaking	08 05 03				2,000		1,239	1,239	-87,9%
Cooperation — Nanosciences, nanotechnologies, materials and new production technologies — Fuel Cells and Hydrogen (FCH) Joint Undertaking	08 04 02				10,210		9,866	9,866	-81,8%
Cooperation — Energy — Fuels Cells and Hydrogen (FCH) Joint Undertaking	08 05 02				54,200		10,374	10,374	418,7%
Cooperation — Environment — Fuel Cells and Hydrogen (FCH) Joint Undertaking	08 06 02				3,925		4,433	4,433	12,9%
Cooperation — Transport — Fuel Cells and Hydrogen (FCH) Joint Undertaking	08 07 04				14,710		19,666	19,666	33,7%
Research related to energy — Fuel Cells and Hydrogen (FCH) Joint	32 06 02				24,510		29,455	29,455	20,2%

Name of the joint undertaking	Budget line	Location	Year of creation	Budget 2011 <sup>(1)</sup>		Draft Budget 2012			Variation EU contribution 2012 / 2011
				Total revenues of the Joint Undertaking <sup>(2)</sup>	Of which EU contribution	Revenues <sup>(2)</sup> estimated by the Joint Undertaking	Of which Joint Undertaking contribution request	EU <sup>(3)</sup> contribution (DB 2012)	
Undertaking									
<b>Total Fuel Cells and Hydrogen (FCH) Joint Undertaking</b>				<b>117,218</b>	<b>112,515</b>	<b>83,141</b>	<b>78,013</b>	<b>78,013</b>	<b>-30,7%</b>
<i>Authorised establishment plan</i>				<i>18</i>	<i>18</i>	<i>18</i>	<i>18</i>	<i>18</i>	<i>0</i>
<b>SESAR Joint Undertaking</b>		Brussels	2007						
<b>SESAR Joint Undertaking – Financial support from projects of common interest from the Trans-European Transport Network - TEN</b>	06 03 05				50,000		50,000	50,000	0,0%
<b>SESAR Joint Undertaking – Financial support from Research related to Transport (including Aeronautics) – FP7</b>	06 06 02 03				58,600		58,600	58,600	0,0%
<b>Total SESAR Joint Undertaking</b>				<b>148,953</b>	<b>108,600</b>	<b>133,891</b>	<b>108,600</b>	<b>108,600</b>	<b>0,0%</b>
<i>Authorised establishment plan</i>				<i>39</i>	<i>39</i>	<i>39</i>	<i>39</i>	<i>39</i>	<i>0</i>
<b>Total joint undertakings</b>				<b>1 302,885</b>	<b>1 010,279</b>	<b>2 201,579</b>	<b>1 844,013</b>	<b>1 844,013</b>	<b>82,5%</b>
<i>Authorised establishment plan</i>				<i>357</i>	<i>357</i>	<i>382</i>	<i>382</i>	<i>382</i>	<i>25</i>

(1) Budget 2011 includes amending budget 1 and draft amending budgets 2 to 3.

(2) This amount may be increased by third party contributions and by the contributions from the private sector.

(3) The EFTA contribution included for 2012 is calculated on the basis of the 2011 contribution, i.e. 2,38 %.

### 5.6.3. European institute of innovation and technology

(in million EUR)

European Institute of Innovation and Technology (EIT)	Budget line	Location	Year of creation	Budget		2012			Variation
				2011		2012			EU contribution
				Total revenues of the EIT	Of which EU contribution	Revenues estimated by the EIT	Of which EIT contribution request	EU contribution (DB 2012)	EU contribution 2012 / 2011
<b>European Institute of Innovation and Technology</b>	<b>15 02 11</b>	Budapest	2008	<b>65,855</b>	<b>62,800</b>	<b>82,711</b>	<b>79,974</b>	<b>79,324</b>	<b>26,3%</b>
<i>Authorised establishment plan</i>				<i>28</i>	<i>28</i>	<i>28</i>		<i>28</i>	<i>0</i>

### 5.6.4. Executive agencies

(in million EUR)

Name of the executive agency	Operating budget line	Location	Year of creation	EU contribution to the Agency's operating budget		Variation in %	Staffing of the executive agency												
				Budget	DB		Authorised establishment plan		Contract agents*		Seconded national experts*		Total staff*						
				Budget 2011	DB 2012	DB 2012 / 2011	Budget 2011	DB 2012	Budget 2011	DB 2012	Budget 2011	DB 2012	Budget 2011	DB 2012					
<b>Executive agency for competitiveness and</b>		Brussels	2004																

Name of the executive agency	Operating budget line	Location	Year of creation	EU contribution to the Agency's operating budget		Variation in %	Staffing of the executive agency								
				Budget 2011	DB 2012	DB 2012 / 2011	Authorised establishment plan		Contract agents*		Seconded national experts*		Total staff*		
							Budget 2011	DB 2012	Budget 2011	DB 2012	Budget 2011	DB 2012	Budget 2011	DB 2012	
<b>innovation (EACI)</b>															
Contribution from the Competitiveness and Innovation Framework programme – 'Entrepreneurship and Innovation' Programme	02 01 04 30			7,544	7,583	0,5%									
Contribution from the Marco Polo II Programme	06 01 04 32			1555	1,575	1,3%									
Contribution from the Competitiveness and Innovation Framework programme – 'Intelligent Energy – Europe' Programme	32 01 04 30			6,601	6,542	-0,9%									
<b>Total EACI</b>				<b>15,700</b>	<b>15,700</b>	<b>0,0%</b>	<b>37</b>	<b>37</b>	<b>119</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>156</b>	<b>158</b>	
<b>Education, Audiovisual and Culture Executive Agency (EACEA)</b>		Brussels	2005												
Contribution from programmes of Heading 1a	15 01 04 30			21,444	21,444	0,0%									
Contribution from programmes of Heading 3b	15 01 04 31			15,644	15,572	-0,5%									
Contribution from programmes of Heading 4	15 01 04 32			0,600	0,600	0,0%									
Contribution from programmes of Heading 3b	16 01 04 30			3,370	3,370	0,0%									
Contribution from External Relations programmes	19 01 04 30			4,621	4,579	-0,9%									
Contribution from programmes of Heading 4 in the enlargement policy area	22 01 04 30			1,219	1,133	-7,1%									
<b>Total EACEA</b>				<b>46,898</b>	<b>46,698</b>	<b>-0,4%</b>	<b>102</b>	<b>103</b>	<b>314</b>	<b>313</b>	<b>0</b>	<b>0</b>	<b>416</b>	<b>416</b>	
<b>Executive agency for Health and Consumers (EAHC)</b>		Luxemburg	2005												
Contribution from programmes of Heading 3b	17 01 04 30			5,800	5,900	1,7%									
Contribution from programmes of Heading 2	17 01 04 31			1,100	1,170	6,4%									
<b>Total EAHC</b>				<b>6,900</b>	<b>7,070</b>	<b>2,5%</b>	<b>12</b>	<b>12</b>	<b>38</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>50</b>	
<b>Trans-European Transport Network Executive Agency (TEN-T EA)</b>		Brussels	2006												
Contribution from programmes of Heading 4	06 01 04 31			9,900	9,805	-1,0%									
<b>Total TEN-T EA</b>				<b>9,900</b>	<b>9,850</b>	<b>-1,0%</b>	<b>33</b>	<b>33</b>	<b>66</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>99</b>	<b>99</b>	
<b>European Research Council Executive Agency (ERCEA)</b>		Brussels	2007												
Contribution from programmes of Heading 4	08 01 04 30			35,115	39,000	11,1%									
<b>Total ERCEA</b>				<b>35,115</b>	<b>39,000</b>	<b>11,1%</b>	<b>100</b>	<b>100</b>	<b>253</b>	<b>281</b>	<b>7</b>	<b>8</b>	<b>360</b>	<b>389</b>	
<b>Research Executive Agency (REA)</b>		Brussels	2007												
Contribution from programmes of Heading 4	08 01 04 31			37,602	47,339	25,9%									
<b>Total REA</b>				<b>37,602</b>	<b>47,339</b>	<b>25,9%</b>	<b>117</b>	<b>128</b>	<b>351</b>	<b>385</b>	<b>0</b>	<b>0</b>	<b>468</b>	<b>513</b>	
<b>Total Executive agencies</b>				<b>152,115</b>	<b>165,612</b>	<b>8,9%</b>	<b>401</b>	<b>413</b>	<b>1 141</b>	<b>1 204</b>	<b>7</b>	<b>8</b>	<b>1 549</b>	<b>1 625</b>	

\* Estimate (full-time equivalents), on the basis of average costs.

## 5.7. Annex VII — Seventh research framework programme

### 5.7.1. Introduction

The *Seventh Framework Programme* for research, technological development and demonstration activities<sup>58</sup> (FP7) is the European Union's main instrument for funding research in Europe. The purpose of the FP7 programme, which covers the period between 2007 and 2013, is to pursue the objectives laid down in Article 179 TFEU by contributing to a knowledge-based society based on a European Research Area, i.e. supporting international cooperation at all levels throughout the EU, enhancing the dynamism, creativity and excellence of European research at the frontier of knowledge, boosting both the quantity and quality of human research and technology potential in Europe as well as research and innovation capacity throughout Europe, and ensuring optimal use is made of this.

The FP7 programme contributes significantly to the Europe 2020 priorities, especially with regard to the smart and sustainable growth, and innovation. Where appropriate and within the existing legal framework, the FP7 work programmes will support the implementation of the Innovation Union initiative, one of the seven flagships announced in the Europe 2020 strategy.

The TFEU Research Framework Programme is organised in specific programmes, corresponding to the four major objectives of European research policy: trans-national cooperation based around themes defined in relation to policies (Cooperation), research proposed by researchers themselves (Ideas), support for individual researchers (People), and support for research capacities (Capacities).

The Seventh Framework Programme of the European Atomic Energy Community for nuclear research and training activities (2007-2013)<sup>59,60</sup>, is set out in two specific programmes:

- fusion energy research, with the objective of developing the technology for a safe, sustainable, environmentally responsible and economically viable energy;
- nuclear fission and radiation protection, with the objectives of enhancing in particular the safety performances, resource efficiency and cost effectiveness of nuclear fission and other uses of radiation in industry and medicine.

Direct actions are foreseen under both Framework Programmes.

The Seventh Framework Programmes are both built on the achievements of its predecessors toward the creation of the European Research Area and carrying them further towards the development of a knowledge-based economy and society in Europe.

The TFEU FP7 has, for 2012, an operational budget of **EUR 8 108,4 million** for indirect actions, implementing four objectives, each supported by its own programme:

#### *Cooperation (EUR 5 178,6 million)*

This part of the programme contributes to meeting the overarching objective of EU research policy to develop an open and competitive European Research Area (ERA), an essential element of the Innovation Union flagship initiative, characterized by research excellence and the free circulation of researchers, knowledge and

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<sup>58</sup> Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 (OJ L 412, 30.12.2006, p. 1).

<sup>59</sup> Council Decision No 2006/970/Euratom of 18 December 2006 (OJ L 400, 30.12.2006, p. 60).

<sup>60</sup> Proposal for a Council Decision, concerning the Framework Programme of the European Atomic Energy Community for nuclear research and training activities (2012 - 2013) (COM(2011)72 final, 07/03/2011).



technology at the heart of a single EU market for research and innovation. It also emphasizes the innovation potential of research, including, where relevant, a focus on helping to solve major societal challenges as highlighted in the Europe 2020 strategy. The ever increasing importance of harnessing the innovation-driven growth and jobs potential of research in building a knowledge-intensive economy takes on a special significance in the economic crisis as a means of mitigating its effects and ensuring a rapid recovery in the next economic upswing.

The Cooperation programme will cover the whole range of research activities performed in trans-national cooperation, from collaborative projects and networks to the coordination of national research programmes. In 2012 the budget requested under this part of the programme will be devoted to the financing of collaborative research on health, food, agriculture and biotechnology, information and communication technologies, nano-sciences, nano-technologies, materials and new production technologies, energy, environment (including climate change), transport (including aeronautics) as well as research on socio-economic sciences and the humanities. Moreover, technological initiatives and actions focused on space and security will be implemented.

In particular, research activities funded under the Environment (including Climate Change) as well as Food, Agriculture and Fisheries, and Biotechnology themes (Bio-energy Europe initiative) will contribute to developing ways and means to mitigate or adapt to climate change. Moreover, climate as a security threat will be tackled by linking the socio-economic (with focus on conflicts), environmental and external relations aspects.

In the field of transport, the research initiatives aim at the development of the innovative systems for all the modes of surface transport (rail, roads and inland waterways) environmentally friendly and competitive and better integration of the various modes of transport. Priorities include the support of the European industry in the aeronautical (technologies relating to the implementation of the single sky) and space field (GALILEO: research and continuous efforts of demonstration, in parallel with the Galileo programme financing the deployment phases directly).

In the field of energy, the research activities aim at supporting the current energy policy objectives, in particular those of the European Strategic Energy Technology Plan (SET-Plan), through development and demonstration of selected technology areas (including large scale demonstration programmes) which should produce significant improvements in terms of potential market share for renewable energies (in particular through cost reductions and service improvements), reduction of energy emissions (including greenhouse gas emissions), with a focus on 'clean coal' aiming at 'zero emission power generation' using CO<sub>2</sub> capture and storage technologies as well as increase of energy efficiency and savings, to develop smart energy networks.

The Cooperation Programme of FP7 foresees support for long-term public-private partnerships in the form of Joint Technology Initiatives (JTIs). The JTIs will cover fields of major European public interest, focused on subjects identified through dialogue with industry, in particular with the European Technology Platforms. They will combine private sector investment and national and European public funding, including grant funding from the framework. For the first time ever, these JTIs will pool industry, Member States and Commission resources into targeted research programmes. They will create critical mass for European research and innovation, consolidate the European research community in key strategic areas and streamline project funding to bring research results on-stream quicker.

In 2007-2008 the Commission proposed the setting up of 5 Joint Technology Initiatives (JTI) under Article 171 of the EC Treaty:

- Clean Sky - will seek to increase the competitiveness of the European aeronautics industry while reducing the environmental burden of air transport, by reducing emissions and noise and improving the fuel economy of aircrafts;

- Innovative Medicines (IMI) - improving the efficiency and effectiveness of the drug development process with the long-term aim that the pharmaceutical sector will produce more effective and safer innovative medicines;
- ARTEMIS (Embedded Computing Systems) - development of key technologies for Embedded Computing Systems across different application areas in order to strengthen European competitiveness and sustainability and allow the emergence of new markets and societal applications;
- ENIAC (European Technology Platform on Nanoelectronics) - development of key competences for nanoelectronics across different application areas in order to strengthen European competitiveness and sustainability and allow for the emergence of new markets and societal applications;
- Fuel Cells and Hydrogen (FCH) - will pursue market breakthrough of fuel cell and hydrogen technologies and aim at placing Europe at the forefront of fuel cell and hydrogen technologies worldwide, encouraging increased public and private research investment in fuel cells and hydrogen technologies in the Members States and Associated countries;

The IMI, Clean Sky, ARTEMIS, and ENIAC JTIs were adopted by the Council in December 2007, whereas the Commission proposal for the FCH JTI was adopted in May 2008. At the end of 2009 the ARTEMIS, Clean Sky and IMI JTIs became autonomous. The ENIAC and FCH JTIs became autonomous in 2010 (in May and November respectively).

The SESAR Joint Undertaking, which has become a Community body as from 1 January 2009, is responsible for the SESAR (Single European Sky - Air Traffic Management Research) development phase ensuring the modernisation of the European air traffic management system by rationalising and concentrating public and private research and development efforts in air traffic management in the Community.

#### *Ideas (EUR 1 547,5 million)*

The operational budget requested by the Commission under this part of the programme will be devoted to introducing a new dynamic in research, by putting a premium on excellence through competition and attracting the best. This part of the programme complements existing funding schemes at the national and European levels. By establishing world class benchmarks of excellence in its evaluation and in the research it funds the European Research Council (ERC) will raise the status, visibility and attractiveness of European frontier research and provide a powerful dynamic for driving up the quality of the overall European research system. In this way the ERC supports research excellence across the whole of the European Union and associated countries.

The ERC will be sustained to fund investigator-driven projects in all scientific and technological fields, including engineering, socio-economic sciences and the humanities. The implementation of the Ideas Programme is externalised to the ERC Executive Agency, which aims at designing and setting up ways to manage the ERC grants efficiently and effectively in a transparent and accountable way, building on existing good practice and simplifying practices where appropriate.

#### *People (EUR 886,4 million)*

Within the existing Framework Programme legislation, this work programme fully supports the researchers-related ERA-initiatives as proposed by the Commission in 2008. These initiatives seek to make Europe more attractive for researchers and establish a balanced 'brain circulation' within the EU as well as with third countries. Also by promoting researcher's geographical and intersectoral mobility as a key driver of European innovation, the 'People' work programme actively supports the Commission Europe 2020 Strategy, and in particular 3 flagship initiatives: Innovation Union, Youth on the Move and An Agenda for new skills and jobs.

This part of the programme aims to strengthen, quantitatively and qualitatively, the human potential in research and technology in Europe, by stimulating people to take up the profession of a researcher, encouraging European researchers to stay in Europe, and attracting to Europe the best researchers from the entire world. It is implemented by systematic investments in people, mainly through a coherent set of Marie Curie Actions, particularly taking into account the European added value in terms of their structuring effect on the European Research Area. The mobility dimension of the actions, enhancing international cooperation and transfer of knowledge between research organisations and enterprises of different countries is another key characteristic of the programme. These actions address researchers at all stages of their careers, in the public and private sectors, as well as knowledge transfer between sectors, and with the rest of the world.

By outsourcing the management of the activities of the People Programme, as well as actions relating to SMEs under the Capacities Programme to the Research Executive Agency, the Commission services are able to concentrate on policy development. The management of the programmes is entrusted to a dedicated service, which can focus on and develop specific management and technical skills to improve the FP administration. This results in increased effectiveness and flexibility in programme implementation, simplification of the procedures used, and increased proximity of the externalised action to the final beneficiaries by providing better responses to any information that (potential) beneficiaries might seek.

#### *Capacities (EUR 495,9 million)*

This part of the programme contributes to meeting the overarching objective of EU research policy to develop an open and competitive European Research Area (ERA), an essential element of the Innovation Union flagship initiative, characterized by research excellence and the free circulation of researchers, knowledge and technology at the heart of a single EU market for research and innovation. By funding excellent state-of-the-art research in key priority areas and pooling research resources, this programme helps to boost R&D and innovation investments in Europe, fosters better integration of European R&D, and raises research excellence. This would be achieved by supporting a wide range of initiatives: to optimize new and existing research infrastructures in Europe; to strengthen the innovation capacity of SMEs; to enhance the research potential of European regions and research-driven clusters; to unlock the research potential of the EU's convergence and outermost regions; to stimulate the harmonious integration of scientific and technological endeavour into European society; to improve the coherence of national and European Union research policies; and to build strategic R&D partnerships with non-EU countries. Through their combined impact, these programmes will allow for the emergence and reinforcement of European poles of excellence in various fields.

#### *Euratom (Indirect Actions)*

For 2012, an amount of **EUR 1 183,4 million** is proposed for the operational expenditure related to indirect actions financed by the **Euratom 7<sup>th</sup> Framework Programme** of which **EUR 1 129,3 million** for the fusion energy programme. The foreseen increase of the fusion energy programme is related with the additional needs for funding of ITER project in 2012. Fusion offers the prospect of an almost limitless supply of clean energy, with ITER being the crucial next step in the progress towards this ultimate goal.

#### *Joint Research Centre (Direct actions)*

During the 7<sup>th</sup> Research Framework Programmes, the **Joint Research Centre (JRC)** will continue to balance its activities between research and support to the policies of the European Union. The year 2012 will present a continuation and consolidation of the activities initiated in 2007 and implemented during 2008-2011. A total amount of **EUR 381,4 million** is proposed for the JRC in 2012.

For the European Community **non-nuclear activities (EUR 266,8 million)** the JRC will continue to serve the objectives of growth, sustainable development and security through a series of actions dedicated to the development and provision of scientific and technical support to the relevant policy items. For the **Euratom**

activities (EUR 114,5 million), the JRC will continue and expand its activities in three main areas: the management of nuclear waste and its impact on the environment, nuclear safety and nuclear security.

The budgetary proposals for 2012 for the specific programmes topics and research activities are listed in the table below:

5.7.2. Summary table – Seventh research framework programme – 2012 Draft Budget by policy area

(in million EUR, at current prices)

Draft Budget 2012								
Heading	Policy Area							Total
	JRC	RTD	EAC	INFSO	MOVE	ENER	ENTR	
Direct actions EC	266,831							266,831
Direct actions Euratom (***)	114,543							114,543
<b>Total Direct actions</b>	<b>381,374</b>							<b>381,374</b>
Health		(*)937,177						937,177
Food, Agriculture and Fisheries, and Biotechnology		311,629						311,629
Information and Communication Technologies (ICT)				(*)1.350,868				1.350,868
Nanosciences, Nanotechnologies, Materials and new Production Technologies		(*)509,056						509,056
Energy		(*)177,641				(*)177,062		354,703
Environment (including Climate Change)		(*)284,236						284,236
Transport (including Aeronautics)		(*)482,291			(*)61,580			543,871
Socio-economic sciences and the humanities		92,054						92,054
Space Research							250,343	250,343
Security Research							242,057	242,057
Galileo							105,300	105,300
Risk Sharing Finance Facility		197,276						197,276
<i>Subtotal Cooperation</i>		<b>2.991,360</b>		<b>1.350,868</b>	<b>61,580</b>	<b>177,062</b>	<b>597,700</b>	<b>5.178,570</b>
<i>Subtotal Ideas</i>		<b>1.547,535</b>						<b>1.547,535</b>
<i>Subtotal People</i>			<b>886,369</b>					<b>886,369</b>
Research Infrastructures		50,046		31,234				81,280
Research for the benefit of SMEs		238,617						238,617
Regions of Knowledge		20,004						20,004
Research Potential		66,363						66,363
Science in Society		44,644						44,644
Activities of International Co-operation		31,984						31,984
Risk Sharing Finance Facility		0,000						0,000
Support for Coherent Development of research policies		13,054						13,054
<i>Subtotal Capacities</i>		<b>464,712</b>		<b>31,234</b>				<b>495,946</b>
<i>Indirect actions operational expenditure EC</i>		<b>5.003,607</b>	<b>886,369</b>	<b>1.382,102</b>	<b>61,580</b>	<b>177,062</b>	<b>597,700</b>	<b>8.108,420</b>
<i>Indirect actions administrative expenditure EC</i>		<b>(**)256,791</b>	<b>3,000</b>	<b>78,930</b>	<b>10,345</b>	<b>3,410</b>	<b>20,005</b>	<b>372,481</b>
<b>Total Indirect actions EC</b>		<b>5.260,398</b>	<b>889,369</b>	<b>1.461,032</b>	<b>71,925</b>	<b>180,472</b>	<b>617,705</b>	<b>8.480,901</b>
Fusion energy		61,374						61,374
Joint Undertaking ITER		1.067,900						1.067,900
Nuclear Fission and radiation protection		54,105						54,105
<i>Indirect actions operational expenditure Euratom (***)</i>		<b>1.183,379</b>						<b>1.183,379</b>
<i>Indirect actions administrative expenditure Euratom (***)</i>		<b>(*)74,054</b>						<b>74,054</b>
<i>Indirect actions Euratom (***)</i>		<b>1.257,433</b>						<b>1.257,433</b>
<b>Total Indirect actions</b>		<b>6.517,831</b>	<b>889,369</b>	<b>1.461,032</b>	<b>71,925</b>	<b>180,472</b>	<b>617,705</b>	<b>9.738,334</b>
<b>GRAND TOTAL</b>	<b>381,374</b>	<b>6.517,831</b>	<b>889,369</b>	<b>1.461,032</b>	<b>71,925</b>	<b>180,472</b>	<b>617,705</b>	<b>10.119,708</b>
(*) including joint undertaking / joint technology initiative								
(**) including executive agencies								
(***) FP7 Euratom amounts are subject to the adoption of the legal basis for 2012-2013 (COM(2011)72, COM(2011)73 and COM(2011)74)								

5.7.3. Summary table – Seventh research framework programme – Operational and administrative expenditure

Heading	Commitment appropriations 2012						Payment appropriations 2012					
	Operational expenditure	'Research' staff	External personnel	Other management expenditure	Other administrative expenditure	Total	Operational expenditure	'Research' staff	External personnel	Other management expenditure	Other administrative expenditure	Total
<b>Direct actions</b>												
EC specific programme	31,415	141,697	32,400	61,319		266,831	32,000	141,697	32,400	61,319		267,416
Euratom specific programme <sup>(1)</sup>	9,895	57,444	10,577	36,627		114,543	10,000	57,444	10,577	36,627		114,648
Completion of previous actions							0,062					0,062
<b>Direct actions — Total</b>	<b>41,310</b>	<b>199,141</b>	<b>42,977</b>	<b>97,946</b>		<b>381,374</b>	<b>42,062</b>	<b>199,141</b>	<b>42,977</b>	<b>97,946</b>		<b>382,126</b>
<b>Indirect actions</b>												
<i>EC programme</i>												
Specific programme 'Cooperation'	5 178,570	155,953	41,460	64,377	15,423	5 455,783	4 062,792	155,953	41,460	64,377	15,423	4 340,005
Specific programme 'Ideas'	1 547,535	0,505	0,124	0,226	39,000	1 587,389	901,716	0,505	0,124	0,226	39,000	941,570
Specific programme 'People'	886,369	2,285	0,781	0,497	24,834	914,766	649,000	2,285	0,781	0,497	24,834	677,397
Specific programme 'Capacities'	495,946	11,502	3,260	5,172	7,082	522,963	559,411	11,502	3,260	5,172	7,082	586,428
<i>EC programme, indirect actions — Total</i>	<b>8 108,420</b>	<b>170,245</b>	<b>45,625</b>	<b>70,272</b>	<b>86,339</b>	<b>8 480,901</b>	<b>6 172,919</b>	<b>170,245</b>	<b>45,625</b>	<b>70,272</b>	<b>86,339</b>	<b>6 545,400</b>
Euratom programme <sup>(1)</sup>	1 183,379	23,456	1,637	9,961	39,000	1 257,433	464,864	23,456	1,637	9,961	39,000	538,918
Completion of previous actions							172,571					172,571
<b>Indirect actions — Total</b>	<b>9 291,799</b>	<b>193,701</b>	<b>47,262</b>	<b>80,233</b>	<b>125,339</b>	<b>9 738,334</b>	<b>6 810,354</b>	<b>193,701</b>	<b>47,262</b>	<b>80,233</b>	<b>125,339</b>	<b>7 256,889</b>
<b>Research — Grand total EU-27</b>	<b>9 333,109</b>	<b>392,842</b>	<b>90,239</b>	<b>178,179</b>	<b>125,339</b>	<b>10 119,708</b>	<b>6 852,416</b>	<b>392,842</b>	<b>90,239</b>	<b>178,179</b>	<b>125,339</b>	<b>7 639,015</b>

(1) FP7 Euratom amounts are subject to the adoption of the legal basis for 2012-2013 (COM(2011)72 final and COM(2011) 74 final).

Heading	Commitment appropriations								Payment appropriations							
	2007	2008	2009	2010	2011	2012	2013	Total	2007	2008	2009	2010	2011	2012	2013 + post 2013	Total
<b>Direct actions</b>																
<i>EC specific programme</i>																
Appropriations for staff and resources	196,183	203,481	207,714	218,882	227,001	235,416	244,114	<b>1 532,791</b>	196,183	203,481	207,714	218,882	227,001	235,416	244,114	<b>1 532,791</b>
Operating appropriations	28,847	29,425	30,000	30,613	31,226	31,415	31,461	<b>212,987</b>	11,539	26,828	29,120	32,000	30,470	32,000	51,030	<b>212,987</b>
<i>EC specific programme — Total</i>	<b>225,030</b>	<b>232,906</b>	<b>237,714</b>	<b>249,495</b>	<b>258,227</b>	<b>266,831</b>	<b>275,575</b>	<b>1 745,778</b>	<b>207,722</b>	<b>230,309</b>	<b>236,834</b>	<b>250,882</b>	<b>257,471</b>	<b>267,416</b>	<b>295,144</b>	<b>1 745,778</b>
<i>Euratom specific programme <sup>(1)</sup></i>																
Appropriations for staff and resources	87,624	90,822	92,326	97,568	100,937	104,648	108,421	<b>682,346</b>	87,624	90,822	92,326	97,568	100,937	104,648	108,421	<b>682,346</b>
Operating appropriations	8,818	8,994	8,200	9,358	9,544	9,895	10,252	<b>65,061</b>	4,409	8,924	9,060	9,300	9,046	10,000	14,322	<b>65,061</b>
<i>Euratom specific programme — Total</i>	<b>96,442</b>	<b>99,816</b>	<b>100,526</b>	<b>106,926</b>	<b>110,481</b>	<b>114,543</b>	<b>118,673</b>	<b>747,407</b>	<b>92,033</b>	<b>99,746</b>	<b>101,386</b>	<b>106,868</b>	<b>109,983</b>	<b>114,648</b>	<b>122,743</b>	<b>747,407</b>
<b>Direct actions — Total</b>	<b>321,472</b>	<b>332,722</b>	<b>338,240</b>	<b>356,421</b>	<b>368,708</b>	<b>381,374</b>	<b>394,248</b>	<b>2 493,185</b>	<b>299,755</b>	<b>330,055</b>	<b>338,220</b>	<b>357,750</b>	<b>367,453</b>	<b>382,064</b>	<b>417,887</b>	<b>2 493,185</b>
<b>Indirect actions</b>																
<i>EC specific programme</i>																
<i>Administrative appropriations</i>																
Specific programme 'Cooperation'	194,211	203,514	233,598	241,646	270,828	277,213	296,568	<b>1 717,578</b>	194,211	203,514	233,598	241,646	270,828	277,213	296,568	<b>1 717,578</b>
Specific programme 'Ideas'	39,479	30,703	29,744	35,626	36,565	39,854	48,022	<b>259,993</b>	39,479	30,703	29,744	35,626	36,565	39,854	48,022	<b>259,993</b>
Specific programme 'People'	24,217	23,830	22,450	27,232	26,996	28,397	34,902	<b>188,024</b>	24,217	23,830	22,450	27,232	26,996	28,397	34,902	<b>188,024</b>
Specific programme 'Capacities'	23,884	22,986	30,419	32,307	30,609	27,017	29,833	<b>197,055</b>	23,884	22,986	30,419	32,307	30,609	27,017	29,833	<b>197,055</b>
<i>Administrative appropriations — EC specific programme — Subtotal</i>	<b>281,791</b>	<b>281,033</b>	<b>316,211</b>	<b>336,811</b>	<b>364,998</b>	<b>372,481</b>	<b>409,325</b>	<b>2 362,650</b>	<b>281,791</b>	<b>281,033</b>	<b>316,211</b>	<b>336,811</b>	<b>364,998</b>	<b>372,481</b>	<b>409,325</b>	<b>2 362,650</b>
<i>Operational appropriations</i>																
Specific programme 'Cooperation'	3 476,434	3 613,837	3 770,544	4 087,509	4 605,041	5 178,570	5 708,020	<b>30 439,955</b>	499,631	2 292,631	2 630,619	3 207,400	3 407,344	4 062,792	14 339,538	<b>30 439,955</b>
Specific programme 'Ideas'	260,843	516,123	778,926	1 101,632	1 298,731	1 547,535	1 632,597	<b>7 136,387</b>	2,000	318,308	219,787	514,641	714,134	901,716	4 465,801	<b>7 136,387</b>
Specific programme 'People'	430,179	471,887	503,034	534,190	764,407	886,369	922,137	<b>4 512,203</b>	6,000	232,731	393,004	309,866	485,611	649,000	2 435,991	<b>4 512,203</b>
Specific programme 'Capacities'	407,730	478,490	546,164	623,301	685,898	495,946	621,363	<b>3 858,892</b>	99,697	340,860	488,020	459,125	638,137	559,411	1 273,642	<b>3 858,892</b>
<i>Operational appropriations — EC specific programme — Subtotal</i>	<b>4 575,186</b>	<b>5 080,337</b>	<b>5 598,668</b>	<b>6 346,632</b>	<b>7 354,077</b>	<b>8 108,420</b>	<b>8 884,117</b>	<b>45 947,437</b>	<b>607,328</b>	<b>3 184,530</b>	<b>3 731,430</b>	<b>4 491,032</b>	<b>5 245,227</b>	<b>6 172,919</b>	<b>22 514,971</b>	<b>45 947,437</b>
<i>EC specific programmes — Total</i>	<b>4 856,977</b>	<b>5 361,370</b>	<b>5 914,879</b>	<b>6 683,443</b>	<b>7 719,075</b>	<b>8 480,901</b>	<b>9 293,442</b>	<b>48 310,086</b>	<b>889,119</b>	<b>3 465,563</b>	<b>4 047,641</b>	<b>4 827,843</b>	<b>5 610,225</b>	<b>6 545,400</b>	<b>22 924,296</b>	<b>48 310,086</b>
<i>Euratom programme <sup>(1)</sup></i>																
Administrative appropriations	44,870	69,510	70,621	68,028	72,794	74,054	76,817	<b>476,694</b>	44,870	69,510	70,621	68,028	72,794	74,054	76,817	<b>476,694</b>
Operational appropriations	262,881	326,660	428,143	434,533	448,090	1 183,379	992,804	<b>4 076,490</b>	78,000	271,000	266,500	300,735	259,374	464,864	2 436,017	<b>4 076,490</b>
<i>Euratom programme — Total</i>	<b>307,751</b>	<b>396,170</b>	<b>498,764</b>	<b>502,561</b>	<b>520,884</b>	<b>1 257,433</b>	<b>1 069,621</b>	<b>4 553,184</b>	<b>122,870</b>	<b>340,510</b>	<b>337,121</b>	<b>368,763</b>	<b>332,168</b>	<b>538,918</b>	<b>2 512,834</b>	<b>4 553,184</b>
<b>Indirect actions — Total</b>	<b>5 164,728</b>	<b>5 757,540</b>	<b>6 413,643</b>	<b>7 186,004</b>	<b>8 239,959</b>	<b>9 738,334</b>	<b>10 363,063</b>	<b>52 863,270</b>	<b>1 011,989</b>	<b>3 806,073</b>	<b>4 384,762</b>	<b>5 196,606</b>	<b>5 942,392</b>	<b>7 084,318</b>	<b>25 437,130</b>	<b>52 863,270</b>
<b>Research — Grand total</b>	<b>5 486,200</b>	<b>6 090,262</b>	<b>6 751,883</b>	<b>7 542,425</b>	<b>8 608,667</b>	<b>10 119,708</b>	<b>10 757,311</b>	<b>55 356,455</b>	<b>1 311,744</b>	<b>4 136,128</b>	<b>4 722,982</b>	<b>5 554,356</b>	<b>6 309,846</b>	<b>7 466,382</b>	<b>25 855,017</b>	<b>55 356,455</b>

(1) FP7 Euratom amounts are subject to the adoption of the legal basis for 2012-2013 (COM(2011)72 final and COM(2011) 74 final).

Heading	Outturn 2010	Budget 2011	Draft Budget 2012	Difference 2012 / 2011	Description of expenditure
<b>FP7 EC</b>					
<b>Remuneration and allowances related to staff in active employment</b>					
<b>FP7 EC Indirect actions XX 01 05 01</b>	<b>157 376 688</b>	<b>168 650 000</b>	<b>170 245 000</b>	<b>0,95%</b>	This item is intended to cover expenses of staff of specific programmes of the 7th Research Framework Programme: 'Cooperation', 'Ideas', 'People', 'Capacities' and 'Nuclear energy' contained in the establishment plan and allocated to policy areas 'Enterprise and industry' (title 02), 'Mobility and Transport' (title 06), 'Research' (title 08), 'Information society and Media' (title 09), 'Education and Culture' (title 15) and 'Energy' (title 32).
DG ENTR (02 01 05 01)	8 482 960	11 700 000	11 730 000	0,26%	
DG MOVE (06 01 05 01)	5 109 367	5 200 000	6 000 000	15,38%	
DG RTD (08 01 05 01)	94 927 400	100 848 000	100 763 000	-0,08%	
DG INFSO (09 01 05 01)	45 926 243	46 400 000	48 100 000	3,66%	
DG EAC (15 01 05 01)	1 208 885	1 952 000	1 952 000	0,00%	
DG ENER (32 01 05 01)	1 721 833	2 550 000	1 700 000	-33,33%	
<b>FP7 EC Direct actions 10 01 05 01 JRC</b>	<b>127 976 000</b>	<b>136 906 000</b>	<b>141 697 000</b>	<b>3,50%</b>	For the details, please see the description of the expenditure presented below the table for Article 10 01 05.
<b>External staff</b>					
<b>FP7 EC Indirect actions XX 01 05 02</b>	<b>43 589 730</b>	<b>47 062 000</b>	<b>45 625 000</b>	<b>-3,05%</b>	This item is intended to cover expenses of external staff of specific programmes of the 7th Research Framework Programme: 'Cooperation', 'Ideas', 'People', 'Capacities' and 'Nuclear energy' contained in the establishment plan and allocated to policy areas 'Enterprise and industry' (title 02), 'Mobility and Transport' (title 06), 'Research' (title 08), 'Information society and Media' (title 09), 'Education and Culture' (title 15) and 'Energy' (title 32).
DG ENTR (02 01 05 02)	3 118 460	3 330 000	3 650 000	9,61%	
DG MOVE (06 01 05 02)	2 733 707	2 900 000	2 900 000	0,00%	
DG RTD (08 01 05 02)	25 251 441	25 672 000	24 650 000	-3,98%	
DG INFSO (09 01 05 02)	11 514 407	13 460 000	12 875 000	-4,35%	
DG EAC (15 01 05 02)	250 000	700 000	700 000	0,00%	
DG ENER (32 01 05 02)	721 715	1 000 000	850 000	-15,00%	
<b>FP7 EC Direct actions 10 01 05 02 JRC</b>	<b>34 716 405</b>	<b>31 396 000</b>	<b>32 400 000</b>	<b>3,20%</b>	For the details, please see the description of the expenditure presented below the table for Article 10 01 05.
<b>Other management expenditure</b>					
<b>FP7 EC Indirect actions XX 01 05 03</b>	<b>72 422 038</b>	<b>76 569 000</b>	<b>70 272 000</b>	<b>-8,22%</b>	This item is intended to cover other management expenditure of specific programmes of the 7th Research Framework Programme: 'Cooperation', 'Ideas', 'People', 'Capacities' and 'Nuclear energy' contained in the establishment plan and allocated to policy areas 'Enterprise and industry' (title 02), 'Mobility and Transport' (title 06), 'Research' (title 08), 'Information society and Media' (title 09), 'Education and Culture' (title 15) and 'Energy' (title 32). These expenditure are related with: <ul style="list-style-type: none"> <li>- Maintenance and development (including software and hardware) of the IT systems directly related with the FP7 projects' submission, evaluation and monitoring (including FP7 Evaluation platform, ESSP, URF and other),</li> <li>- External audits,</li> <li>- Costs of experts meetings, conferences, workshops and seminars,</li> <li>- Information and communication on the FP7,</li> <li>- Missions (to follow up the projects and to inform the potential participants about the calls for proposal), training and representation costs.</li> </ul>
DG ENTR (02 01 05 03)	5 857 622	4 625 000	4 625 000	0,00%	
DG MOVE (06 01 05 03)	1 541 679	845 000	1 445 000	71,01%	
DG RTD (08 01 05 03)	43 972 235	50 721 000	45 039 000	-11,20%	
DG INFSO (09 01 05 03)	19 994 954	19 070 000	17 955 000	-5,85%	
DG EAC (15 01 05 03)	553 115	348 000	348 000	0,00%	
DG ENER (32 01 05 03)	502 433	960 000	860 000	-10,42%	
<b>FP7 EC Direct actions 10 01 05 03 JRC</b>	<b>56 139 484</b>	<b>58 699 000</b>	<b>61 319 000</b>	<b>4,46%</b>	For the details, please see the description of the expenditure presented below the table for Article 10 01 05.
<b>Total administrative expenditures</b>					
<b>FP7 EC Indirect actions XX 01 05</b>	<b>273 388 455</b>	<b>292 281 000</b>	<b>286 142 000</b>	<b>-2,10%</b>	
DG ENTR (02 01 05)	17 459 042	19 655 000	20 005 000	1,78%	

Heading	Outturn 2010	Budget 2011	Draft Budget 2012	Difference 2012 / 2011	Description of expenditure
DG MOVE (06 01 05)	9 384 753	8 945 000	10 345 000	15,65%	
DG RTD (08 01 05)	164 151 076	177 241 000	170 452 000	-3,83%	
DG INFSO (09 01 05)	77 435 603	78 930 000	78 930 000	0,00%	
DG EAC (15 01 05)	2 012 000	3 000 000	3 000 000	0,00%	
DG ENER (32 01 05)	2 945 981	4 510 000	3 410 000	-24,39%	
<b>FP7 EC Direct actions 10 01 05 JRC</b>	<b>218 831 889</b>	<b>227 001 000</b>	<b>235 416 000</b>	<b>3,71%</b>	
<b>Total FP7 EC</b>	<b>492 220 344</b>	<b>519 282 000</b>	<b>521 558 000</b>	<b>0,44%</b>	
<b>FP7 EURATOM <sup>(1)</sup></b>					
<b>FP7 Euratom Indirect actions</b>	<b>37 057 265</b>	<b>36 894 000</b>	<b>35 054 000</b>	<b>-4,99%</b>	
Remuneration and allowances related to staff in active employment for indirect research DG RTD (08 01 05 01)	27 281 600	24 250 000	23 456 000	-3,27%	Please see the description of the expenditure presented above in the table for XX 01 05 01 FP7 EC
External staff for indirect research DG RTD (08 01 05 02)	78 662	1 495 000	1 637 000	9,50%	Please see the description of the expenditure presented above in the table for XX 01 05 02 FP7 EC
Other management expenditure for indirect research DG RTD (08 01 05 03)	9 697 003	11 149 000	9 961 000	-10,66%	Please see the description of the expenditure presented above in the table for XX 01 05 03 FP7 EC
<b>FP7 Euratom Direct actions</b>	<b>97 540 037</b>	<b>100 937 000</b>	<b>104 648 100</b>	<b>3,68%</b>	
Remuneration and allowances related to staff in active employment for direct research JRC (10 01 05 01)	52 014 000	55 407 000	57 444 100	3,68%	For the details, please see the description of the expenditure presented below the table for Article 10 01 05
External staff for direct research JRC (10 01 05 02)	11 596 129	10 202 000	10 577 100	3,68%	
Other management expenditure for direct research JRC (10 01 05 03)	33 929 908	35 328 000	36 626 900	3,68%	
<b>Total FP7 EURATOM</b>	<b>134 597 302</b>	<b>137 831 000</b>	<b>139 702 100</b>	<b>1,36%</b>	
<b>Grand Total FP7 EC + EURATOM</b>	<b>626 817 646</b>	<b>657 113 000</b>	<b>661 260 100</b>	<b>0,63%</b>	

(1) FP7 Euratom amounts are subject to the adoption of the legal basis for 2012-2013 (COM(2011)72 final and COM(2011) 74 final).



## **Article 10 01 05 - Support expenditure for operations of ‘Direct Research’ policy area**

This article covers expenditure relating to the EC (FP7, 2007-2013) and Euratom (FP7+2, 2012-2013) framework programmes for research and technological development.

Item 10 01 05 01 — Expenditure related to research staff (EUR 199,1 million)

These appropriations are intended to finance expenditure relating to permanent staff covered by the Staff Regulations occupying posts on the authorised JRC establishment plan. Permanent staff carries out scientific and technical activities in support of the EU policy making process in the various JRC sites: Ispra (IT), Geel (BE), Karlsruhe (DE), Petten (NL), and Seville (ES).

The present proposal does not include any staff reinforcement for 2012. The staff costs include the basic salary, allowances, miscellaneous indemnities and contributions based on the statutory provisions.

The budget increase (3,6 %) primarily reflects the expected changes in the cost of living in the various JRC sites combined with the impact of the evolution of the career of civil servants. Indeed, given the present age pyramid of the JRC population, the relatively low level of retirements foreseen in the next two years will not offset the cost of the advancement of JRC officials in their careers.

Item 10 01 05 02 — External staff for research (EUR 43,0 million)

These appropriations cover expenditure relating to external staff funded by the institutional budget, not occupying a post on the authorised JRC establishment plan. This includes contract agents, grant-holders, visiting scientists and national detached experts working on the basis of temporary contracts.

This scientific personnel provides the JRC the flexibility to meet the specific needs related to its mission and enables it to remain at the forefront of research through a continuous exchange of knowledge with the scientific world community.

The requested budget increase (3,3 %) reflects the expected evolution in the cost of living in the various JRC sites combined with the impact of the average career advancement. This increase is lower than the one required for permanent staff given the limited career path (steps and promotions) of temporary staff as a consequence of the finite nature of their contracts. This effect is impacted by the replacement of contract agents by grant-holders (pre-doc., post-doc.). These grant-holders' contracts mirror the ‘Marie Curie’ action and are slightly more expensive than the contract agents they replace. As soon as EPSO has developed a specific selection procedure, the JRC will again be able to recruit contract agents for scientific and technical activities.

It is observed that the cost of administrative and financial staff represent only 15 % of the appropriations of lines 10 01 05 01 (permanent staff) and 10 01 05 02 (external personnel). This includes staff working in Management Support Units, Corporate Administrative Units, and Internal Audit.

Item 10 01 05 03 — Other management expenditure for research (EUR 97,9 million)

The requested appropriations, representing a 4.2% increase, are needed to finance the following expenditures:

- 1) Staff expenses not covered by Items 10 01 05 01 and 10 01 05 02 (EUR 14,9 million). These expenses are detailed as follows: missions (EUR 9 million), training (EUR 2,5 million), medical and social expenses (EUR 2 million), expenses related to competitions and recruitment (EUR 1,2 million), representation costs (EUR 0,15 million), and early retirement as authorised by Council on 30/09/2002 (EUR 0,05 million).
- 2) Expenditure in respect of the resources needed for the implementation of JRC activities (EUR 83,0 million). It includes the following:

- Running costs to ensure the normal functioning of the institutes. These are recurrent annual expenses that account for about 63 % of this budget:
  - Expenses of scientific and technical support for the JRC institutes: regular maintenance of buildings and of the technical infrastructure, utilities and fluids, maintenance of scientific and technical equipment, etc.
  - Expenditure for the administrative support of the institutes: furniture, telecommunications, transport, miscellaneous supplies, etc.
  - Expenses related to the safety & security of the sites (radioprotection, fire-brigade, etc.).
  - IT related expenditure (i.e. computer rooms, servers, etc.).
- Expenses for maintenance, renovation, rehabilitation and construction works. This item, accounting for 37 % of this budget, covers non-recurring expenses of the JRC such as exceptional maintenance costs, renovation works, adaptation to new standards, etc. This post also includes the financing of major investments, in particular the construction of new buildings, the complete renovation of existing buildings and the purchase of important equipment related to the technical infrastructure of the sites. Most of the JRC sites have scheduled in 2012 a number of major investments aimed at upgrading the physical integrity of its buildings in order to ensure compliance with safety standards and sanitation (rehabilitation of roofs, networks, air conditioning, heating, electrical installations, etc.). Indeed, the JRC basic and scientific infrastructure dates from the 60s and is now subject to a significant renovation effort.

In summary, the budget requested for 2012 is consistent with the announced evolution of the financial framework established for the specific non-nuclear (2007-2013) and nuclear programmes (2012-2013)<sup>61</sup>, this last one currently in the process of adoption. The breakdown of 2012 direct research appropriations is as presented in the table above (excluding EFTA contributions that exclusively relate to the participation in the non-nuclear activities of the framework programme).

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<sup>61</sup> Subject to the adoption of the legal basis for 2012-2013 (COM(2011)72 final and COM(2011) 74 final ).

## 5.8. Annex VIII – Competitiveness and innovation framework programme (CIP)

(in million EUR, rounded)

Summary table – Competitiveness and innovation framework programme (CIP)					
Draft Budget 2012					
CIP specific programmes	Policy area				
	ECFIN (*)	ENTR (*)	ENER	INFSO	Total
Entrepreneurship and innovation programme (*) including Eco-innovation (ENV)	173,0	162,2			335,2
ICT policy support programme				134,3	134,3
Intelligent energy – Europe II programme			129,9		129,9
<b>Total</b>	<b>173,0</b>	<b>162,2</b>	<b>129,9</b>	<b>134,3</b>	<b>599,4</b>

The Competitiveness and Innovation Framework Programme (CIP)<sup>62</sup> contributes to the enhancement of competitiveness and innovation capacity throughout the European Union, the advancement of the knowledge society and sustainable development based on balanced economic growth.

The CIP has an envelope of around EUR 3,6 billion for the period 2007-2013 and, in an effort to take due account of its multiple objectives, it is organised around three multi-annual specific programmes:

- 1) The Entrepreneurship and Innovation Programme (EIP);
- 2) The Information and Communication Technologies Policy Support Programme (ICT-PSP);
- 3) The Intelligent Energy Europe II Programme (IEE II)

### 5.8.1. The entrepreneurship and innovation programme (EIP)

The specific Entrepreneurship and Innovation Programme (EIP) aims at supporting enterprises, particularly small and medium-sized enterprises, innovation (including eco-innovation) and industrial competitiveness.

The EIP facilitates access to finance for the start-up and growth of SMEs and investment in innovation activities, provides business services such as information on EU legislation, supports an environment suitable for business and innovation by promoting the exchange of best practices between Member States and strives for the optimisation of environmental technologies.

It has been allocated with around 60 % of the programme's overall envelope (around EUR 2,17 billion), one fifth of which (EUR 430 million) is devoted to the promotion of eco-innovation.

### 5.8.2. The information and communication technologies policy support programme (ICT-PSP)

The Information and Communication Technologies Policy Support Programme (ICT PSP) aims to stimulate innovation and competitiveness through the wider uptake and best use of ICT by citizens, governments and businesses, in particular SMEs.

The ICT PSP programme has been allocated with a total budget of EUR 730 million for the period from 2007 to 2013.

The programme contributes to a better environment for developing ICT based services and helps overcome hurdles such as the lack of interoperability and market fragmentation.

Focus is placed on driving this uptake in areas of public interest while addressing EU challenges such as moving towards a low carbon economy or coping with an ageing society.

<sup>62</sup> Established by Decision 1639/2006/EC of the European Parliament and of the Council of 24 October 2006.

The ICT-PSP programme supports among others:

- pilot actions, involving both public and private organisations, for validating in real settings, innovative and interoperable ICT based services in areas such as health, ageing and inclusion, Digital Libraries, improved public services, energy efficiency and smart mobility;
- Multilingual web and Internet evolution;
- Networking actions for sharing experiences and preparing the deployment of innovative ICT based solutions in such areas are also supported, as well as the monitoring of the Information Society through benchmarking, analyses and awareness raising actions.

### 5.8.3. *Intelligent energy – Europe II programme (IEE II)*

The ‘Intelligent Energy – Europe II’ Programme contributes to achieving the objectives of the EU energy policy and meeting the target of clean and efficient energy.

With about EUR 730 million of funds available between 2007 and 2013, the IEE II Programme helps deliver on the ambitious climate change and energy targets that the EU has set for itself.

The European Union has committed itself to the ‘20-20-20’ initiative:

- reducing greenhouse gas emissions by 20 % (up to 30 % if the conditions are right),
- increasing the use of renewable energy sources to 20 %, and
- improving energy efficiency by 20 %, all by 2020.

The objective of the programme is to contribute to secure, sustainable and competitively priced energy for Europe, by providing for action:

- to foster energy efficiency and the rational use of energy resources;
- to promote new and renewable energy sources and to support energy diversification;
- to promote energy efficiency and the use of new and renewable energy sources in transport.

The programme also supports the implementation of energy-specific legislation.

## 5.9. Annex IX — Structural funds and cohesion fund

### 5.9.1. Commitment appropriations for the 2012 draft budget

(in EUR)

Policy Area	EMPL	REGIO		DEVCO	TOTAL
Fund	ESF	ERDF	CF	ERDF	
<i>Convergence Objective</i>	7 904 534 226	24 398 779 141	11 770 374 491		<b>44 073 687 858</b>
<i>Regional Competitiveness Objective</i>	3 256 259 513	3 946 682 563			<b>7 202 942 076</b>
<i>Territorial Cooperation Objective</i>					<b>1 352 006 120</b>
- European Territorial Cooperation		1 168 910 427			
- PEACE programme		33 392 292			
- IPA CBC contribution		50 481 765			
- ENPI contribution				99 221 636	
<i>Technical Assistance</i>					
- Operational TA	10 000 000	50 000 000	18 440 087		<b>78 440 087</b>
- Administrative management	16 000 000	11 600 000	4 200 000		<b>31 800 000</b>
<b>Total</b>	<b>11 186 793 739</b>	<b>29 659 846 188</b>	<b>11 793 014 578</b>	<b>99 221 636</b>	<b>52 738 876 141</b>
ESF - European Social Fund					
ERDF - European Regional Development Fund					
CF - Cohesion Fund					
IPA - Instrument for Pre-Accession Assistance					
ENPI - European Neighbourhood and Partnership Instrument					
CBC - Cross border cooperation					

All figures for the Structural and the Cohesion Funds are derived from the envelopes decided in the legal basis and are fully consistent with the ceilings of the Inter-institutional Agreement (IIA) of 17 May 2006 between the Parliament, the Council and the Commission, taking into consideration the impact of point 17 of this IIA.

Annual allocations in current prices for the Structural and Cohesion Funds are obtained by indexing the amounts defined in 2004 prices at a flat rate of 2 % per year. Technical Assistance represents 0,25 % of the overall total for each fund.

The technical adjustment of the financial framework for 2012 includes the adjustment of amounts allocated from funds supporting cohesion to the Member States concerned by divergence between estimated and actual GDP for the period 2007-2009 (point 17 of the IIA). This adjustment involves additional commitment appropriations, in 2012, totalling EUR 335,7 million. Of this amount, EUR 331,2 million have been allocated to the Convergence objective (of which EUR 70,3 million under the Cohesion Fund) and EUR 4,5 million to the Regional Competitiveness and Employment objective.

Typically, the Structural and Cohesion Funds entirely exhaust the resources available within the Heading, and there will therefore be no margin available within sub-heading 1b, save for some EUR 22 million from the non programmable envelope (technical assistance).

The Cohesion Fund does not have a separate line for Operational Technical Assistance. The amount of EUR 18,4 million is part of the global Technical Assistance envelope of EUR 29,3 million for the Cohesion Fund of which another EUR 4,2 million is allocated to Administrative expenditure. This leaves a margin of EUR 6,7 million.

Only one budget line of Heading 1b falls outside the policy areas ‘Regional policy’ and ‘Employment and social affairs’. This is the budget line for the European Neighbourhood and Partnership Instrument (ENPI), ‘Cross-border cooperation (CBC), contribution from heading 1b’, which is in the policy area ‘External Relations’.

## 5.9.2. Payment appropriations for the 2012 draft budget

(in million EUR)

Policy Area	EMPL	REGIO		DEVCO	TOTAL
Fund	ESF	ERDF	CF	ERDF	
<b>2007-13 programming period</b>					
<i>Convergence Objective</i>	5 889,0	20 603,0	7 807,0		34 299,0
<i>Regional Competitiveness Objective</i>	2 707,0	3 971,0			6 678,0
<i>Territorial Cooperation Objective</i>					968,0
- European Territorial Cooperation		800,0			
- PEACE programme		40,0			
- IPA CBC contribution		50,0			
- ENPI contribution				78,0	
<i>Technical Assistance</i>					
- Operational TA	6,5	37,5			44,0
- Administrative management	16,0	11,6	4,2		31,8
<i>Pilot Projects / Preparatory Actions</i>		4,0			4,0
<b>Sub-total (2007-13)</b>	<b>8 618,5</b>	<b>25 517,1</b>	<b>7 811,2</b>	<b>78,0</b>	<b>42 024,8</b>
<b>Pre-2007 programming period</b>					
<i>Cohesion Fund</i>			1 150,0		1 150,0
<i>Objective 1</i>					1 630,0
- Main programme	430,0	1 200,0			
- PEACE programme	0,0	0,0			
<i>Objective 2</i>	0,0	170,0			170,0
<i>Objective 3</i>	50,0				50,0
<i>Community Initiatives</i>					110,0
- EQUAL	10,0				
- URBAN		10,0			
- INTERREG III		90,0			
<i>Technical Assistance</i>	0,0	0,0			0,0
<b>Sub-total (Pre-2007)</b>	<b>490,0</b>	<b>1 470,0</b>	<b>1 150,0</b>	<b>0,0</b>	<b>3 110,0</b>
<b>Grand total</b>	<b>9 108,5</b>	<b>26 987,1</b>	<b>8 961,2</b>	<b>78,0</b>	<b>45 134,8</b>

The overall payments budget is largely comprised of two components:

- Interim payments for the 2007-2013 programmes, which is the largest component,
- and reimbursements to clear the outstanding commitments of 2000-2006 programmes and projects.

### 2007-13 programmes

Payment appropriations relating to the Structural Funds (ERDF and ESF) have been calculated on the basis of the historical payment rates against the corresponding commitment tranches of the 2000-2006 programming period. This is based on the assumption that the share of an equivalent commitment tranche paid in a given year does not change significantly between two programming periods.

For the ERDF and ESF, this involves examining the payment rates of the 2000-06 commitment tranches for the EU-15 (as this gives the longest time series). By subtracting any pre-payments made in both periods, a series of percentages can be obtained showing how each commitment tranche was paid out over the succeeding years.

Typically, because of the 'n+2' constraint, almost all payments made are over a range of three years. For example, the ERDF commitment tranche of 2005 was paid out as follows:

2005 (year n):	3 %
2006 (n+1):	14 %
2007 (n+2):	42 %
2008 (n+3):	36 %

The data from the 2000-2006 period can then be extracted and applied to the relevant year in the 2007-2013 data. Hence, in order to forecast payments for 2012, a series of percentages are applied to the 2007, 2008, 2009, 2010, 2011 and 2012 commitment tranches, the percentages relating to the corresponding commitment tranches in the previous period (2000 for 2007, 2001 and 2008, and so on).

For the n+2 countries, this means applying the following percentages for the ERDF and ESF in order to arrive at estimated payments for 2012:

	<b>ESF</b>	<b>ERDF</b>
CA tranche (n+2 MSs)	% to be applied to CA tranche	% to be applied to CA tranche
2007	0 %	0 %
2008	2 %	0 %
2009	23 %	22 %
2010	34 %	40 %
2011	28 %	23 %
2012	7 %	3 %

For the new programming period, the ‘n+2’ rule is replaced by ‘n+3’ for a number of Member States. Therefore, two models are built for each Fund to take into account the fact that the likeliest effect of the extra year will be spreading out the rate of payments over time. This is built into the model by simply elongating the percentages used for the ‘n+2’ countries and distributing them proportionally to take account of the extra year.

	<b>ESF</b>	<b>ERDF</b>
CA tranche (n+3 MSs)	% to be applied to CA tranche	% to be applied to CA tranche
2007	0 %	0 %
2008	12 %	14 %
2009	24 %	31 %
2010	23 %	24 %
2011	15 %	13 %
2012	5 %	2 %

The 2011, 2012 and 2013 commitment tranches are subject to an n+2 rule for all Member States, thus restricting to three years the period over which most payments are made. However, for the n+3 countries the model foresees a gradual shift to the n+2 rule.

For the Cohesion Fund, there is no comparable data from the previous programming period as the ‘n+2’ / ‘n+3’ rule is a new feature for the Cohesion Fund in 2007-2013 (previous Cohesion Fund projects were subject to separate rules and regulations). Therefore, for the new programming period, it was decided to apply the same percentage figures used for the ERDF to the Cohesion Fund commitments. As with the ERDF and ESF, there is also a separation between ‘n+2’ and ‘n+3’ Member States to take into account the fact that Spain is the only country eligible for the Cohesion Fund not in the ‘n+3’ group.

An additional factor to take into account is the amount that has not been paid due to the slower than expected implementation of the new programmes, due to the need for prior approval of Management and Control Systems in order to receive interim payments. Given therefore that a certain amount of payments expected between 2008 and 2010 have not materialised, this results in a shortfall in the model as total payments throughout the programming period will not be completely accounted for. This shortfall is therefore distributed throughout the forthcoming years, as a ratio of expected payments in future years.

An adjustment was thereafter made to the figures, where the resulting initial estimates have been adjusted to take into account the potential impact of large projects on the ERDF and CF, with the possible effect that this may have on interim payments, as well as the slower than expected implementation of ESF programmes. In order to factor in the effect of these, the forecast for the ESF has been reduced by 15%, while for the ERDF and the CF a 5% correction has been applied. Finally, a rebalancing of some EUR 300 million between the ESF and the CF was carried out to better reflect the differences in recent implementation rates. The table below shows the results for the ERDF.

Commitment year		Initial amount (in EUR million)	Amount less advance payments	Percentages (based on 2000- 2006)	Estimated payments needs	Shortfall of 2008-2010	Estimated payments with shortfall	Reduction for large projects
2007	N+2	11 963	5 854	0%	0			
	N+3	15 260	5 741	0%	0			
2008	N+2	12 144	12 025	0,4%	46			
	N+3	16 306	15 760	14%	2 226			
2009	N+2	11 851	11 850	22%	2 605			
	N+3	16 324	16 323	31%	5 063			
2010	N+2	11 701	11 701	40%	4 698			
	N+3	16 509	16 489	24%	3 987			
2011	N+2	11 755	11 755	23%	2 650			
	N+3	16 830	16 830	13%	2 104			
2012	N+2	11 892	11 892	3%	330			5%
	N+3	17 644	17 644	2%	367			5%
Total	N+2	71 306	65 077		10 328	2 382	12 711	12 075
	N+3	98 872	88 787		13 747	347	14 094	13 389
	<b>All MS</b>				24 075	2 729	26 804	<b>25 464</b>

When the amounts for the Technical Assistance and the contribution to Cross-border Cooperation ENPI are added, the total amounts for ERDF expenditure for 2007-2013 are obtained, as can be seen in the following table. A similar logic to that outlined above for the ERDF has also been applied to the ESF and Cohesion Fund.

	<b>ERDF</b>
ERDF from model	25 464,08
Administrative management	11,60
Operational technical assistance	37,50
CBC ENPI	78,00
Total ERDF	25 591,18
<i>Of which</i>	
DEVCO	78,00
REGIO	25 513,18

### *2000-2006 programmes*

As all programmes are coming towards closure, forecasts are no longer based on the model used in previous years and as described above, but rather by considering the outstanding commitments in more detail, and expected closure patterns.

For the Structural Funds, the 2000-2006 programmes for the principal budget lines have basically reached the 95 % threshold for advance and interim payments by the beginning of 2011. As far as the remaining 5 % is concerned, payment of the final balance can only be made after the Member States send to the Commission the closure documents required for each programme, and once the Commission has carried out the necessary evaluations and audit controls. Payments for 2012 have been estimated taking into account a 50 % closure rate and on the basis of full execution of the 2011 budget lines concerned.

As far as the Cohesion Fund is concerned, the RAL at the end of 2011 is estimated to be approximately EUR 3,4 billion. The assumption made is that the equivalent of approximately one third of the expected remaining RAL would be paid in 2012, amounting to some EUR 1,15 billion.