

**EUROPEAN UNION**

**CONSOLIDATED  
REPORTS ON IMPLEMENTATION  
OF THE BUDGET AND  
EXPLANATORY NOTES**

**FINANCIAL YEAR 2011**

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# **Consolidated reports on the implementation of the budget\***

\* It should be noted that due to the rounding of figures into millions of euros, some financial data in these budgetary tables may appear not to add-up

# RESULT OF IMPLEMENTATION OF THE EU BUDGET

## 1: EU BUDGET OUTTURN

EUR millions

EUROPEAN UNION	2011	2010
Revenue for the financial year	130 000	127 795
Payments against current year appropriations	(128 043)	(121 213)
Payment appropriations carried over to year N+1	(1 019)	(2 797)
Cancellation of unused payment appropriations carried over from year N-1	457	741
Exchange differences for the year	97	23
Budget Outturn*	1 492	4 549

\* Of which EFTA amounts total EUR (5) million in 2011 and EUR 9 million in 2010.

The budget surplus for the European Union is returned to the Member States during the following year through deduction of their amounts due for that year.

## 2. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### REVENUE

*EUR millions*

Title	Original Budget	Final Budget	Entitlements established	Revenue	Difference Final-Actual	Receipts as % of budget	Outstanding
	1	2	3	4	5=2-4	6=4/2	7=3-4
1. Own resources	125 106	118 289	118 193	118 164	125	99.89%	29
3. Surpluses, balances and adjustments	0	6 354	6 472	6 370	(16)	100.25%	102
4. Revenue accruing from persons working with the institutions and with other Union bodies	1 182	1 182	1 213	1 207	(25)	102.12%	6
5. Revenue accruing from the administrative operation of the institutions	56	56	609	587	(531)	1 048.48%	22
6. Contributions and refunds in connection with Union/Community agreements and programmes	30	82	2 745	2 454	(2 372)	2 993.28%	291
7. Interest on late payments and fines	123	733	13 943	1 183	(450)	161.37%	12 761
8. Borrowing and lending operations	0	0	159	1	0		159
9. Miscellaneous revenue	30	30	44	34	(4)	111.86%	11
<b>Total</b>	<b>126 527</b>	<b>126 727</b>	<b>143 380</b>	<b>130 000</b>	<b>(3 273)</b>	<b>102.58%</b>	<b>13 380</b>

### EXPENDITURE – BY FINANCIAL FRAMEWORK HEADING

*EUR millions*

Financial Framework Heading	Original Budget	Final Budget (*)	Payments made	Difference Final-Actual	%	Appropriations carried over	Appropriations lapsing
	1	2	3	4=2-3	5=3/2	6	7=2-3-6
1. Sustainable growth	53 280	56 982	54 732	2 251	96.05%	2 051	199
2. Preservation & management of natural resources	56 379	58 887	57 374	1 513	97.43%	1 416	97
3. Citizenship, freedom, security and justice	1 459	2 008	1 827	181	91.00%	144	37
4. The EU as a global player	7 238	7 366	7 102	264	96.42%	145	118
5. Administration	8 172	9 716	8 359	1 357	86.03%	1 012	345
6. Compensations							
<b>Total</b>	<b>126 527</b>	<b>134 960</b>	<b>129 395</b>	<b>5 565</b>	<b>95.88%</b>	<b>4 768</b>	<b>797</b>

\* including appropriations carried over and assigned revenue

## 2. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AMOUNTS/EXPENDITURE BY POLICY AREA

EUR millions

Policy Area	Original Budget	Final Budget (*)	Payments made	Difference Final-Actual	%	Appropriations carried over	Appropriations lapsing
	1	2	3	4=2-3	5=3/2	6	7=2-3-6
01 Economic and financial affairs	341	443	389	54	87.76%	9	46
02 Enterprise	1 210	1 485	1 336	149	89.99%	123	25
03 Competition	93	104	94	10	90.73%	9	1
04 Employment and social affairs	9 163	10 498	10 392	106	98.99%	75	30
05 Agriculture and rural development	55 269	57 784	56 342	1 442	97.50%	1 406	35
06 Mobility and transport	1 142	1 217	1 114	103	91.53%	77	26
07 Environment and Climate action	390	379	332	47	87.54%	24	23
08 Research	4 117	5 476	4 604	872	84.08%	861	10
09 Information society and media	1 334	1 741	1 489	252	85.51%	250	2
10 Direct research	396	832	441	391	53.01%	384	6
11 Maritime affairs and Fisheries	771	812	772	40	95.08%	5	35
12 Internal market	93	104	95	9	91.52%	8	1
13 Regional policy	33 317	33 052	32 995	57	99.83%	51	5
14 Taxation and customs union	115	133	123	10	92.20%	9	1
15 Education and culture	1 996	2 725	2 414	310	88.62%	305	5
16 Communication	253	279	259	21	92.61%	17	4
17 Health and consumer protection	596	659	623	37	94.40%	27	10
18 Area of freedom, security and justice	885	1 014	944	70	93.10%	40	30
19 External relations	3 385	3 462	3 313	148	95.72%	66	82
20 Trade	104	113	104	8	92.51%	8	1
21 Development and relations with ACP States	1 480	1 583	1 513	71	95.54%	43	27
22 Enlargement	1 013	970	928	42	95.63%	38	4
23 Humanitarian aid	839	1 090	1 068	22	97.96%	10	12
24 Fight against fraud	75	83	71	12	85.96%	7	4
25 Commission's policy coordination & legal advice	191	221	197	24	89.07%	21	4
26 Commission's administration	1 017	1 274	1 063	211	83.45%	196	15
27 Budget	69	73	60	13	82.01%	12	1
28 Audit	11	13	12	1	91.58%	1	0
29 Statistics	124	159	134	25	84.26%	19	6
30 Pensions and related expenditure	1 278	1 273	1 257	16	98.75%	0	16
31 Language Services	393	501	442	60	88.11%	56	3
32 Energy	1 535	1 087	963	123	88.63%	44	79
40 Reserves	100	0	0	0	0.00%	0	0
90 Other Institutions	3 428	4 321	3 512	809	81.27%	565	245
<b>Total</b>	<b>126 527</b>	<b>134 960</b>	<b>129 395</b>	<b>5 565</b>	<b>95.88%</b>	<b>4 768</b>	<b>797</b>

\* including appropriations carried over and assigned revenue

### 3. SUMMARY OF THE IMPLEMENTATION OF BUDGET REVENUE

EUR millions

Title	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Outstanding
	Initial	Final	Current year	Carried over	Total	On entitlements current year	On entitlements carried over	Total		
1. Own resources	125 106	118 289	118 111	81	118 193	118 121	43	118 164	99.89%	29
3. Surpluses, balances and adjustments	0	6 354	6 308	164	6 472	6 308	62	6 370	100.25%	102
4. Revenue accruing from persons working with the institutions & with other EU bodies	1 182	1 182	1 206	7	1 213	1 201	6	1 207	102.12%	6
5. Revenue from administrative operations of institutions	56	56	591	18	609	573	14	587	1 048.48%	22
6. Contributions and refunds in connection with community agreements & programmes	30	82	2 470	275	2 745	2 313	141	2 454	2 993.28%	291
7. Interest on late payments and fines	123	733	50	13 893	13 943	(172)	1 355	1 183	161.37%	12 761
8. Borrowing and lending operations	0	0	37	122	159	1	0	1	195.64%	159
9. Miscellaneous revenue	30	30	34	10	44	30	4	34	111.86%	11
<b>Total</b>	<b>126 527</b>	<b>126 727</b>	<b>128 808</b>	<b>14 572</b>	<b>143 380</b>	<b>128 374</b>	<b>1 626</b>	<b>130 000</b>	<b>102.58%</b>	<b>13 380</b>

#### Detail Title 1: Own resources

Chapter	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Outstanding
	Initial	Final	Current year	Carried over	Total	On entitlements current year	On entitlements carried over	Total		
11. Sugar levies	123	123	132	0	132	132	0	132	106.75%	0
12. Customs duties	16 654	16 544	16 593	81	16 675	16 603	43	16 646	100.62%	29
13. VAT	13 787	14 126	14 077	0	14 077	14 077	0	14 077	99.65%	0
14. GNI	94 542	87 497	87 259	0	87 259	87 259	0	87 259	99.73%	0
15. Correction of budgetary imbalances	0	0	52	0	52	52	0	52		0
16. Reduction GNI-based contributions NL, S	0	0	(1)	0	(1)	(1)	0	(1)		0
<b>Total</b>	<b>125 106</b>	<b>118 289</b>	<b>118 111</b>	<b>81</b>	<b>118 193</b>	<b>118 121</b>	<b>43</b>	<b>118 164</b>	<b>99.89%</b>	<b>29</b>

#### Detail Title 3: Surpluses, balances and adjustments

Chapter	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Outstanding
	Initial	Final	Current year	Carried over	Total	On entitlements current year	On entitlements carried over	Total		
30. Surplus from previous year	0	4 539	4 539	0	4 539	4 539	0	4 539	100.00%	0
31. VAT balances	0	673	680	37	717	680	14	694	103.11%	23
32. GNI balances	0	1 142	1 135	128	1 263	1 135	48	1 183	103.64%	80
34. Adjustment for non-participation in JHAP	0	0	0	0	0	0	0	0		0
35. United Kingdom correction-adjustments	0	0	(46)	0	(46)	(46)	0	(46)		0
<b>Total</b>	<b>0</b>	<b>6 354</b>	<b>6 308</b>	<b>164</b>	<b>6 472</b>	<b>6 308</b>	<b>62</b>	<b>6 370</b>	<b>100.25%</b>	<b>102</b>

#### 4. BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS BY FINANCIAL FRAMEWORK HEADING

EUR millions

Financial Framework Heading	Commitment appropriations						Payment appropriations					
	Appropriations adopted	Modifications (Transfers & AB)	Carried over	Assigned revenue	Total additional	Total authorised	Appropriations adopted	Modifications (Transfers & AB)	Carried over	Assigned revenue	Total additional	Total authorised
	1	2	3	4	5=3+4	6=1+2+5	7	8	9	10	11=9+10	12=7+8+11
1 Sustainable growth	64 501	3	182	2 308	2 490	66 995	53 280	714	281	2 707	2 989	56 982
2 Preservation and management of natural resources	58 659	0	2	2 680	2 682	61 341	56 379	(585)	419	2 675	3 093	58 887
3 Citizenship, freedom, security and justice	1 822	276	24	169	193	2 291	1 459	255	98	196	294	2 008
4 The EU as global player	8 754	5	42	287	329	9 088	7 238	(184)	38	274	313	7 366
5 Administration	8 173	0	9	785	794	8 967	8 172	1	745	799	1 544	9 716
6 Compensations												
<b>Total</b>	<b>141 909</b>	<b>284</b>	<b>259</b>	<b>6 228</b>	<b>6 488</b>	<b>148 681</b>	<b>126 527</b>	<b>200</b>	<b>1 582</b>	<b>6 651</b>	<b>8 233</b>	<b>134 960</b>

#### 5. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS BY FINANCIAL FRAMEWORK HEADING

EUR millions

Financial Framework Heading	Commitment appropriations authorised	Commitments made					Appropriations carried over				Appropriations lapsing				
		From the year's appropriations	From carry-overs	From assigned revenue	Total	%	Assigned revenue	Carry-overs by decision	Total	%	From the year's budget appropriations	From carry-overs	Assigned revenue	Total	%
		2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10=9/1	11	12	13	14=11+12+13	15=14/1
1 Sustainable growth	66 995	64 065	182	991	65 238	97.38%	1 317	36	1 353	2.02%	403	0	0	404	0.60%
2 Preservation and management of natural resources	61 341	58 577	2	1 328	59 907	97.66%	1 352	23	1 375	2.24%	59	0	0	59	0.10%
3 Citizenship, freedom, security and justice	2 291	2 048	24	92	2 165	94.50%	76	41	117	5.12%	9	0	0	9	0.38%
4 The EU as a global player	9 088	8 572	42	194	8 808	96.91%	94	178	272	2.99%	8	0	0	8	0.09%
5 Administration	8 967	7 941	9	504	8 454	94.28%	281	22	303	3.38%	210	0	0	210	2.34%
6 Compensations															
<b>Total</b>	<b>148 681</b>	<b>141 204</b>	<b>259</b>	<b>3 108</b>	<b>144 572</b>	<b>97.24%</b>	<b>3 120</b>	<b>301</b>	<b>3 420</b>	<b>2.30%</b>	<b>689</b>	<b>0</b>	<b>0</b>	<b>689</b>	<b>0.46%</b>



## 6. IMPLEMENTATION OF PAYMENT APPROPRIATIONS BY FINANCIAL FRAMEWORK HEADING

EUR millions

Financial Framework Heading	Payment Appropriations authorised	Payments made					Appropriations carried over					Appropriations lapsing				
		From the year's appropriations	From carry-overs	From assigned revenue	Total	%	Automatic carry-overs	Carry-overs by decision	Assigned revenue	Total	%	From the year's appropriations	From carry overs	Assigned revenue	Total	%
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11=10/1	12	13	14	15=12+13+14	16=15/1
1 Sustainable growth	56 982	53 658	235	839	54 732	96.05%	131	53	1 868	2 051	3.60%	153	47	0	199	0.35%
2 Preservation & management of natural resources	58 887	55 646	391	1 337	57 374	97.43%	32	46	1 338	1 416	2.40%	70	27	0	97	0.16%
3 Citizenship, freedom, security & justice	2 008	1 636	92	99	1 827	91.00%	9	38	97	144	7.17%	31	6	0	37	1.83%
4 The EU as a global player	7 366	6 902	19	181	7 102	96.42%	27	25	93	145	1.97%	99	19	0	118	1.61%
5 Administration	9 716	7 304	614	442	8 359	86.03%	637	22	352	1 012	10.41%	209	131	5	345	3.55%
6 Compensations																
<b>Total</b>	<b>134 960</b>	<b>125 145</b>	<b>1 352</b>	<b>2 898</b>	<b>129 395</b>	<b>95.88%</b>	<b>835</b>	<b>185</b>	<b>3 748</b>	<b>4 768</b>	<b>3.53%</b>	<b>562</b>	<b>230</b>	<b>5</b>	<b>797</b>	<b>0.59%</b>

## 7. MOVEMENTS IN COMMITMENTS OUTSTANDING - BY FINANCIAL FRAMEWORK HEADING

EUR millions

Financial Framework Heading	Commitments outstanding at the end of the previous year				Commitments of the year				Total Commitments outstanding at year-end
	Commitments carried forward from previous year	Decommitments /Revaluations/ Cancellations	Payments	Commitments outstanding at year-end	Commitments made during the year	Payments	Cancellation of commitments which cannot be carried over	Commitments outstanding at year-end	
1 Sustainable growth	150 467	(1 262)	(48 945)	100 259	65 238	(5 786)	(3)	59 448	159 707
2 Preservation and management of natural resources	22 963	(193)	(11 687)	11 083	59 907	(45 687)	0	14 220	25 302
3 Citizenship, freedom, security and justice	1 911	(118)	(555)	1 237	2 165	(1 272)	0	893	2 130
4 The EU as a global player	18 332	(469)	(4 740)	13 123	8 808	(2 363)	(1)	6 444	19 567
5 Administration	722	(77)	(631)	14	8 454	(7 728)	(4)	722	737
6 Compensations									
<b>Total</b>	<b>194 395</b>	<b>(2 120)</b>	<b>(66 559)</b>	<b>125 717</b>	<b>144 572</b>	<b>(62 836)</b>	<b>(9)</b>	<b>81 727</b>	<b>207 443</b>

## 8. BREAKDOWN OF COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN - BY FINANCIAL FRAMEWORK HEADING

EUR millions

Financial Framework Heading	<2005	2005	2006	2007	2008	2009	2010	2011	Total
1 Sustainable growth	820	998	10 089	984	7 997	29 501	49 870	59 448	159 707
2 Preservation & management of natural resources	42	32	928	91	180	1 237	8 573	14 220	25 302
3 Citizenship, freedom, security and justice	16	14	21	80	172	401	534	893	2 130
4 The EU as a global player	783	357	986	1 093	2 097	3 180	4 627	6 444	19 567
5 Administration	0	0	0	0	0	0	14	722	737
<b>Total</b>	<b>1 661</b>	<b>1 401</b>	<b>12 024</b>	<b>2 247</b>	<b>10 446</b>	<b>34 319</b>	<b>63 618</b>	<b>81 727</b>	<b>207 443</b>

## 9. BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS BY POLICY AREA

EUR millions

Policy Area	Commitment appropriations						Payment appropriations					
	Approps adopted	Modifications (Transfer /AB)	Carried over	Assigned revenue	Total additional	Total authorised	Approps adopted	Modifications (Transfer /AB)	Carried over	Assigned revenue	Total additional	Total authorised
	1	2	3	4	5=3+4	6=1+2+5	7	8	9	10	11=9+10	12=7+8+11
01 Economic and financial affairs	524	(122)	0	13	13	416	341	26	54	22	76	443
02 Enterprise	1 056	(1)	0	119	119	1 174	1 210	95	33	146	180	1 485
03 Competition	93	(2)	0	5	5	96	93	(2)	8	5	13	104
04 Employment and social affairs	11 398	255	19	16	35	11 689	9 163	1 283	36	15	51	10 498
05 Agriculture and rural development	57 292	0	0	2 667	2 667	59 960	55 269	(510)	357	2 667	3 024	57 784
06 Mobility and transport	1 547	1	0	115	115	1 663	1 142	(110)	66	119	185	1 217
07 Environment and Climate action	471	0	0	21	21	492	390	(44)	17	16	33	379
08 Research	5 335	0	0	849	849	6 184	4 117	130	29	1 199	1 228	5 476
09 Information society and media	1 539	(3)	0	248	248	1 784	1 334	101	17	289	305	1 741
10 Direct research	395	0	0	484	484	879	396	(7)	39	403	443	832
11 Maritime affairs and Fisheries	1 001	23	2	2	4	1 028	771	0	38	2	40	812
12 Internal market	95	2	0	3	3	100	93	2	6	3	9	104
13 Regional policy	40 383	141	21	4	25	40 549	33 317	(346)	77	4	81	33 052
14 Taxation and customs union	142	(3)	0	4	4	143	115	6	8	4	12	133
15 Education and culture	2 429	(6)	0	514	514	2 937	1 996	145	20	563	583	2 725
16 Communication	273	1	0	6	6	280	253	8	13	5	18	279
17 Health and consumer protection	692	(23)	0	36	36	705	596	(8)	35	36	71	659
18 Area of freedom, security and justice	1 210	42	24	62	86	1 339	885	24	31	75	106	1 014
19 External relations	4 315	45	31	118	149	4 508	3 385	(75)	43	109	152	3 462
20 Trade	105	0	0	3	3	109	104	0	5	3	8	113
21 Development & relations ACP States	1 542	81	6	121	127	1 749	1 480	(47)	31	119	150	1 583
22 Enlargement	1 123	(5)	0	44	44	1 163	1 013	(94)	7	44	52	970
23 Humanitarian aid	878	256	0	14	14	1 149	839	234	5	12	17	1 090
24 Fight against fraud	82	0	0	0	0	81	75	1	7	0	7	83
25 Commission's policy coordination and legal advice	191	2	0	10	10	203	191	2	18	10	28	221
26 Commission's administration	1 019	4	0	108	108	1 131	1 017	10	134	112	246	1 274
27 Budget	69	(12)	0	6	6	64	69	(12)	8	6	15	73
28 Audit	11	0	0	1	1	12	11	0	1	1	2	13
29 Statistics	145	(5)	0	17	17	157	124	10	7	18	25	159
30 Pensions and related expenditure	1 278	(5)	0	0	0	1 273	1 278	(5)	0	0	0	1 273
31 Language Services	393	(2)	0	83	83	474	393	(2)	28	83	110	501
32 Energy	700	1	146	42	188	889	1 535	(518)	15	54	70	1 087
40 Reserves	754	(383)	0	0	0	371	100	(100)	0	0	0	0
90 Other Institutions	3 428	0	9	493	502	3 930	3 428	0	388	504	893	4 321
<b>Total</b>	<b>141 909</b>	<b>284</b>	<b>259</b>	<b>6 228</b>	<b>6 488</b>	<b>148 681</b>	<b>126 527</b>	<b>200</b>	<b>1 582</b>	<b>6 651</b>	<b>8 233</b>	<b>134 960</b>

# 10. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS BY POLICY AREA

EUR millions

Policy Area	Commitment appropriations authorised	Commitments made					Appropriations carried over				Appropriations lapsing				
		From the year's approps	From carry-overs	Assigned revenue	Total	%	Assigned revenue	Carry-overs: decision	Total	%	From year's budget approps	From carry-overs	Assigned revenue	Total	%
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10=9/1	11	12	13	14=11+12+13	15=14/1
01 Economic and financial affairs	416	403	0	11	414	99.55%	2	0	2	0.41%	0	0	0	0	0.05%
02 Enterprise	1 174	1 053	0	61	1 113	94.87%	58	0	58	4.94%	2	0	0	2	0.19%
03 Competition	96	91	0	3	94	97.65%	2	0	2	2.28%	0	0	0	0	0.07%
04 Employment and social affairs	11 689	11 612	19	7	11 638	99.57%	9	34	42	0.36%	8	0	0	8	0.07%
05 Agriculture and rural development	59 960	57 257	0	1 322	58 579	97.70%	1 345	0	1 345	2.24%	36	0	0	36	0.06%
06 Mobility and transport	1 663	1 545	0	64	1 609	96.79%	51	0	51	3.08%	2	0	0	2	0.12%
07 Environment & Climate action	492	466	0	11	478	97.08%	10	0	10	2.02%	4	0	0	4	0.90%
08 Research	6 184	5 334	0	396	5 730	92.67%	453	0	453	7.33%	0	0	0	0	0.01%
09 Information society and media	1 784	1 535	0	102	1 637	91.75%	146	0	146	8.21%	1	0	0	1	0.04%
10 Direct research	879	395	0	79	474	53.90%	405	0	405	46.09%	0	0	0	0	0.01%
11 Maritime affairs and Fisheries	1 028	996	2	1	999	97.13%	1	23	24	2.35%	5	0	0	5	0.51%
12 Internal market	100	96	0	2	98	98.21%	1	0	1	1.47%	0	0	0	0	0.32%
13 Regional policy	40 549	40 472	21	2	40 495	99.87%	2	40	41	0.10%	12	0	0	12	0.03%
14 Taxation and customs union	143	139	0	2	141	98.01%	3	0	3	1.78%	0	0	0	0	0.21%
15 Education and culture	2 937	2 422	0	297	2 720	92.58%	217	0	217	7.40%	0	0	0	0	0.02%
16 Communication	280	271	0	3	274	97.71%	3	0	3	0.96%	4	0	0	4	1.32%
17 Health & consumer protection	705	653	0	21	674	95.61%	15	0	15	2.12%	16	0	0	16	2.27%
18 Freedom, security and justice	1 339	1 244	24	40	1 308	97.74%	22	3	25	1.86%	5	0	0	5	0.40%
19 External relations	4 508	4 312	31	72	4 415	97.93%	46	44	90	2.00%	3	0	0	3	0.07%
20 Trade	109	105	0	2	106	98.01%	1	0	1	1.22%	1	0	0	1	0.77%
21 Development & relations ACP	1 749	1 495	6	111	1 612	92.16%	10	127	136	7.80%	1	0	0	1	0.04%
22 Enlargement	1 163	1 110	0	9	1 119	96.29%	35	8	43	3.70%	0	0	0	0	0.01%
23 Humanitarian aid	1 149	1 131	0	8	1 139	99.19%	6	0	6	0.55%	3	0	0	3	0.26%
24 Fight against fraud	81	77	0	0	77	95.16%	0	0	0	0.02%	4	0	0	4	4.82%
25 Policy coord and legal advice	203	193	0	5	198	97.72%	4	0	4	2.09%	0	0	0	0	0.20%
26 Commission's administration	1 131	1 020	0	61	1 081	95.61%	47	0	47	4.16%	3	0	0	3	0.23%
27 Budget	64	57	0	4	61	94.91%	3	0	3	4.17%	1	0	0	1	0.92%
28 Audit	12	11	0	0	12	96.94%	0	0	0	2.74%	0	0	0	0	0.32%
29 Statistics	157	137	0	9	146	93.06%	7	0	7	4.58%	4	0	0	4	2.37%
30 Pensions +related expenditure	1 273	1 257	0	0	1 257	98.75%	0	0	0	0.00%	16	0	0	16	1.25%
31 Language Services	474	390	0	50	440	92.98%	33	0	33	6.89%	1	0	0	1	0.13%
32 Energy	889	698	146	16	860	96.75%	26	0	26	2.96%	3	0	0	3	0.29%
40 Reserves	371	0	0	0	0	0.00%	0	0	0	0.00%	371	0	0	371	100.00%
90 Other Institutions	3 930	3 225	9	336	3 570	90.83%	156	22	178	4.53%	182	0	0	182	4.64%
<b>Total</b>	<b>148 681</b>	<b>141 204</b>	<b>259</b>	<b>3 108</b>	<b>144 572</b>	<b>97.24%</b>	<b>3 120</b>	<b>301</b>	<b>3 420</b>	<b>2.30%</b>	<b>689</b>	<b>0</b>	<b>0</b>	<b>689</b>	<b>0.46%</b>

## 11. IMPLEMENTATION OF PAYMENT APPROPRIATIONS BY BUDGET POLICY AREA

EUR millions

EUR millions

Policy Area	Payment Appropriations authorised	Payments made					Appropriations carried over					Appropriations lapsing				
		From the year's approps	From carry-overs	Assigned revenue	Total	%	Automatic carry-overs	Carry-overs by decision	Assigned revenue	Total	%	From the year's approps	From carry-overs	Assigned revenue	Total	%
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11=10/1	12	13	14	15=12+13+14
01 Economic and financial affairs	443	330	40	20	389	87.76%	6	0	2	9	1.92%	31	14	0	46	10.32%
02 Enterprise	1 485	1 271	22	43	1 336	89.99%	20	0	103	123	8.29%	14	12	0	25	1.71%
03 Competition	104	85	7	2	94	90.73%	6	0	3	9	8.53%	0	1	0	1	0.74%
04 Employment and social affairs	10 498	10 354	32	7	10 392	98.99%	17	50	8	75	0.72%	26	4	0	30	0.29%
05 Agriculture & rural development	57 784	54 663	349	1 330	56 342	97.50%	25	45	1 337	1 406	2.43%	27	8	0	35	0.06%
06 Mobility and transport	1 217	1 001	64	48	1 114	91.53%	6	0	71	77	6.33%	25	1	0	26	2.15%
07 Environment & Climate action	379	307	14	10	332	87.54%	18	0	6	24	6.33%	21	2	0	23	6.13%
08 Research	5 476	4 217	23	364	4 604	84.08%	26	0	835	861	15.73%	4	7	0	10	0.19%
09 Information society and media	1 741	1 422	15	52	1 489	85.51%	13	0	236	250	14.35%	1	2	0	2	0.14%
10 Direct research	832	343	35	63	441	53.01%	44	0	341	384	46.22%	2	4	0	6	0.77%
11 Maritime affairs and Fisheries	812	750	21	1	772	95.08%	3	1	1	5	0.64%	18	17	0	35	4.28%
12 Internal market	104	89	5	1	95	91.52%	6	0	2	8	7.56%	0	1	0	1	0.92%
13 Regional policy	33 052	32 917	76	2	32 995	99.83%	11	38	2	51	0.16%	4	1	0	5	0.02%
14 Taxation and customs union	133	114	7	1	123	92.20%	7	0	3	9	7.03%	0	1	0	1	0.77%
15 Education and culture	2 725	2 126	15	273	2 414	88.62%	15	0	290	305	11.21%	0	5	0	5	0.18%
16 Communication	279	246	11	2	259	92.61%	14	0	3	17	6.09%	2	2	0	4	1.30%
17 Health and consumer protection	659	572	31	20	623	94.40%	11	0	16	27	4.07%	5	5	0	10	1.53%
18 Freedom, security and justice	1 014	876	25	43	944	93.10%	8	0	31	40	3.95%	24	6	0	30	2.95%
19 External relations	3 462	3 243	12	59	3 313	95.72%	10	6	50	66	1.91%	51	32	0	82	2.37%
20 Trade	113	99	4	1	104	92.51%	4	2	2	8	6.69%	0	1	0	1	0.80%
21 Development and relations ACP	1 583	1 393	11	108	1 513	95.54%	16	17	11	43	2.73%	7	20	0	27	1.74%
22 Enlargement	970	914	3	10	928	95.63%	4	0	34	38	3.95%	0	4	0	4	0.43%
23 Humanitarian aid	1 090	1 054	5	9	1 068	97.96%	6	0	3	10	0.90%	12	0	0	12	1.14%
24 Fight against fraud	83	66	5	0	71	85.96%	6	1	0	7	8.93%	3	2	0	4	5.11%
25 Commission's policy coordination and legal advice	221	178	15	4	197	89.07%	15	0	5	21	9.28%	0	3	0	4	1.65%
26 Commission's administration	1 274	893	122	47	1 063	83.45%	130	2	65	196	15.37%	3	12	0	15	1.18%
27 Budget	73	49	8	3	60	82.01%	8	0	4	12	16.29%	1	1	0	1	1.71%
28 Audit	13	11	1	0	12	91.58%	1	0	0	1	7.29%	0	0	0	0	1.13%
29 Statistics	159	125	5	4	134	84.26%	5	0	14	19	12.19%	4	2	0	6	3.55%
30 Pensions and related expenses	1 273	1 257	0	0	1 257	98.75%	0	0	0	0	0.00%	16	0	0	16	1.25%
31 Language Services	501	373	25	43	442	88.11%	17	0	39	56	11.23%	1	3	0	3	0.67%
32 Energy	1 087	934	14	16	963	88.63%	6	0	39	44	4.08%	78	2	0	79	7.28%
40 Reserves	0	0	0	0	0	0.00%	0	0	0	0	0.00%	0	0	0	0	0.00%
90 Other Institutions	4 321	2 873	330	308	3 512	81.27%	351	22	192	565	13.07%	182	58	5	245	5.66%
Total	134 960	125 145	1 352	2 898	129 395	95.88%	835	185	3 748	4 768	3.53%	562	230	5	797	0.59%

## 12. MOVEMENTS IN COMMITMENTS OUTSTANDING BY POLICY AREA

EUR millions

	Commitments outstanding at end of the previous year				Commitments of the year				
Policy Area	Commitments carried forward from previous year	Decommitments / Revaluations / Cancellations	Payments	Commitments outstanding at year-end	Commitments made during the year	Payments	Cancellation commitments which cannot be carried over	Commitments outstanding at year-end	Total commitments outstanding at year-end
01 Economic & financial affairs	581	(24)	(175)	382	414	(214)	0	200	582
02 Enterprise	2 414	(36)	(963)	1 415	1 113	(373)	0	740	2 155
03 Competition	8	(1)	(7)	0	94	(87)	0	7	7
04 Employment & social affairs	28 673	(250)	(9 999)	18 424	11 638	(394)	0	11 245	29 669
05 Agriculture rural development	20 197	(76)	(10 833)	9 288	58 579	(45 509)	0	13 070	22 358
06 Mobility and transport	2 468	(154)	(894)	1 420	1 609	(220)	0	1 389	2 809
07 Environment & Climate action	783	(30)	(199)	554	478	(133)	0	344	898
08 Research	8 222	(147)	(2 910)	5 165	5 730	(1 694)	(2)	4 035	9 200
09 Information society & media	2 157	(35)	(767)	1 355	1 637	(722)	0	914	2 269
10 Direct research	163	(12)	(93)	58	474	(348)	0	125	184
11 Maritime affairs and Fisheries	1 877	(42)	(521)	1 314	999	(251)	0	748	2 062
12 Internal market	20	(1)	(16)	3	98	(80)	0	19	22
13 Regional policy	101 474	(561)	(31 994)	68 919	40 495	(1 001)	0	39 494	108 413
14 Taxation and customs union	76	(2)	(51)	22	141	(71)	0	69	92
15 Education and culture	1 698	(82)	(707)	909	2 720	(1 708)	0	1 012	1 921
16 Communication	123	(16)	(83)	24	274	(176)	0	98	122
17 Health and consumer protection	724	(58)	(312)	355	674	(311)	0	363	718
18 Freedom, security & justice	1 282	(51)	(267)	964	1 308	(678)	0	631	1 595
19 External relations	9 380	(249)	(2 229)	6 901	4 415	(1 085)	0	3 330	10 232
20 Trade	19	(1)	(12)	6	106	(93)	0	13	20
21 Development/relations ACP	3 276	(94)	(971)	2 211	1 612	(542)	0	1 070	3 281
22 Enlargement	2 766	(93)	(766)	1 907	1 119	(162)	0	957	2 864
23 Humanitarian aid	621	(24)	(369)	229	1 139	(699)	0	441	670
24 Fight against fraud	32	(4)	(16)	12	77	(56)	0	22	34
25 Commission's policy coordination & legal advice	20	(3)	(17)	1	198	(180)	0	18	19
26 Commission's administration	179	(14)	(156)	10	1 081	(907)	0	174	184
27 Budget	8	(1)	(8)	0	61	(52)	0	9	9
28 Audit	1	0	(1)	0	12	(11)	0	1	1
29 Statistics	108	(5)	(50)	53	146	(84)	0	62	115
30 Pensions & related expenditure	0	0	0	0	1 257	(1257)	0	0	0
31 Language Services	28	(3)	(25)	0	440	(417)	0	24	24
32 Energy	4 672	(47)	(820)	3 805	860	(143)	0	717	4 522
90 Other Institutions	344	(2)	(330)	12	3 570	(3 181)	(3)	385	397
<b>Total</b>	<b>194 395</b>	<b>(2 120)</b>	<b>(66 559)</b>	<b>125 717</b>	<b>144 572</b>	<b>(62 836)</b>	<b>(9)</b>	<b>81 727</b>	<b>207 443</b>

### 13. BREAKDOWN OF COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN BY POLICY AREA

EUR millions

Policy Area	<2005	2005	2006	2007	2008	2009	2010	2011	Total
01 Economic and financial affairs	0	11	43	10	5	113	200	200	582
02 Enterprise	9	9	10	27	179	222	959	740	2 155
03 Competition	0	0	0	0	0	0	0	7	7
04 Employment and social affairs	109	333	2 029	62	984	5 209	9 697	11 245	29 669
05 Agriculture and rural development	6	1	631	0	30	828	7 790	13 070	22 358
06 Mobility and transport	24	21	45	161	152	400	618	1 389	2 809
07 Environment & Climate action	3	13	23	78	111	156	172	344	898
08 Research	157	96	204	370	736	1 413	2 189	4 035	9 200
09 Information society and media	12	13	20	75	196	363	676	914	2 269
10 Direct research	0	1	5	2	11	15	24	125	184
11 Maritime affairs and Fisheries	33	18	275	10	28	302	649	748	2 062
12 Internal market	0	0	0	0	0	0	3	19	22
13 Regional policy	681	579	8 004	159	5 532	20 317	33 647	39 494	108 413
14 Taxation and customs union	0	0	0	0	2	5	16	69	92
15 Education and culture	4	3	4	78	177	238	405	1 012	1 921
16 Communication	0	0	0	0	1	3	20	98	122
17 Health and consumer protection	11	2	10	14	50	92	175	363	718
18 Area of freedom, security and justice	1	9	7	57	142	345	403	631	1 595
19 External relations	406	135	421	750	1 149	1 658	2 382	3 330	10 232
20 Trade	0	0	0	0	0	2	4	13	20
21 Development and relations ACP States	118	87	118	145	344	586	812	1 070	3 281
22 Enlargement	45	42	116	185	385	453	682	957	2 864
23 Humanitarian aid	0	0	1	2	12	41	172	441	670
24 Fight against fraud	0	0	0	1	1	3	6	22	34
25 Commission's policy coordination & legal advice	0	0	0	0	0	0	1	18	19
26 Commission's administration	0	0	0	0	1	0	9	174	184
27 Budget	0	0	0	0	0	0	0	9	9
28 Audit	0	0	0	0	0	0	0	1	1
29 Statistics	2	1	3	3	2	10	31	62	115
30 Pensions and related expenditure	0	0	0	0	0	0	0	0	0
31 Language Services	0	0	0	0	0	0	0	24	24
32 Energy	42	28	56	55	216	1 545	1 863	717	4 522
90 Other Institutions	0	0	0	0	0	0	12	385	397
<b>Total</b>	<b>1 661</b>	<b>1 401</b>	<b>12 024</b>	<b>2 247</b>	<b>10 446</b>	<b>34 319</b>	<b>63 618</b>	<b>81 727</b>	<b>207 443</b>

## 14. SUMMARY OF THE IMPLEMENTATION OF BUDGET REVENUE BY INSTITUTION

EUR millions

Institution	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Outstanding
	Initial	Final	Current year	Carried	Total	On entitlements of current year	On entitlements Carried	Total		
European Parliament	125	125	170	29	200	169	4	173	139.02%	26
European Council and Council	49	49	121	8	129	111	7	118	240.35%	11
Commission	126 236	126 436	128 119	14 535	142 654	127 697	1 615	129 312	102.27%	13 342
Court of Justice	44	44	45	0	45	44	0	44	102.26%	0
Court of Auditors	21	21	20	0	20	20	0	20	94.14%	0
Economic and Social Committee	11	11	16	0	16	16	0	16	138.47%	0
Committee of the Regions	8	8	21	0	21	21	0	21	262.06%	0
Ombudsman	1	1	1	0	1	1	0	1	99.52%	0
European Data Protection Supervisor	1	1	1	0	1	1	0	1	69.15%	0
European External Action Service	32	32	295	0	295	295	0	295	917.61%	0
<b>Total</b>	<b>126 527</b>	<b>126 727</b>	<b>128 808</b>	<b>14 572</b>	<b>143 380</b>	<b>128 374</b>	<b>1 626</b>	<b>130 000</b>	<b>102.58%</b>	<b>13 380</b>



## 15. IMPLEMENTATION OF COMMITMENT AND PAYMENT APPROPRIATIONS BY INSTITUTION

### Commitment appropriations

EUR millions

Institution	Commitment appropriations authorised	Commitments made					Appropriations carried over				Appropriations lapsing				
		From the year's approps	From carry-overs	From assigned revenue	Total	%	From assigned revenue	Carry-overs by decision	Total	%	From the year's budget approps	from carry-overs	Assigned revenue	Total	%
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10=9/1	11	12	13	14=11+12+13	15=14/1
European Parliament	1 820	1 570	9	24	1 603	88.11%	101	22	123	6.74%	94	0	0	94	5.15%
European Council and Council	647	507	0	47	554	85.51%	37	0	37	5.77%	56	0	0	56	8.71%
Commission	144 751	137 979	250	2 772	141 002	97.41%	2 964	279	3 242	2.24%	507	0	0	507	0.35%
Court of Justice	344	336	0	2	338	98.11%	1	0	1	0.34%	5	0	0	5	1.55%
Court of Auditors	145	134	0	0	135	92.81%	0	0	0	0.30%	10	0	0	10	6.89%
Economic & Social Committee	132	123	0	3	125	95.20%	0	0	0	0.30%	6	0	0	6	4.50%
Committee of the Regions	96	82	0	12	94	97.76%	0	0	0	0.02%	2	0	0	2	2.22%
Ombudsman	9	9	0	0	9	92.54%	0	0	0	0.00%	1	0	0	1	7.46%
European Data Protection Supervisor	8	7	0	0	7	89.31%	0	0	0	0.00%	1	0	0	1	10.69%
European External Action Service	729	457	0	249	706	96.82%	16	0	16	2.19%	7	0	0	7	0.99%
<b>Total</b>	<b>148 681</b>	<b>141 204</b>	<b>259</b>	<b>3 108</b>	<b>144 572</b>	<b>97.24%</b>	<b>3 120</b>	<b>301</b>	<b>3 420</b>	<b>2.30%</b>	<b>689</b>	<b>0</b>	<b>0</b>	<b>689</b>	<b>0.46%</b>

### Payment appropriations

EUR millions

Institution	Payment appropriations authorised	Payments made					Appropriations carried over					Appropriations lapsing				
		From year's approps	From carry-overs	From assigned revenue	Total	%	Automatic carry-overs	Carry-overs by decision	From assigned revenue	Total	%	From year's approps	From carry-overs	Assigned revenue	Total	%
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11=10/1	12	13	14	15=12+13+14	16=15/1
European Parliament	2 060	1 348	207	25	1 580	76.72%	223	22	109	353	17.14%	94	33	0	126	6.14%
European Council and Council	699	465	40	41	547	78.26%	41	0	44	86	12.29%	56	10	0	66	9.45%
Commission	130 639	122 272	1 021	2 590	125 883	96.36%	484	163	3 557	4 203	3.22%	380	172	0	552	0.42%
Court of Justice	361	318	15	2	334	92.62%	18	0	1	19	5.36%	5	2	0	7	2.02%
Court of Auditors	161	121	15	0	137	84.64%	13	0	0	14	8.41%	10	1	0	11	6.95%
Economic & Social Committee	142	115	7	3	126	88.83%	7	0	1	8	5.71%	6	2	0	8	5.46%
Committee of the Regions	103	73	6	12	91	88.39%	9	0	0	9	8.51%	2	1	0	3	3.10%
Ombudsman	10	8	0	0	9	85.89%	1	0	0	1	6.55%	1	0	0	1	7.56%
European Data protection Supervisor	9	6	1	0	7	74.86%	1	0	0	1	10.49%	1	1	0	1	14.65%
European External Action Service	777	419	38	225	682	87.80%	38	0	36	74	9.56%	7	9	5	21	2.65%
<b>Total</b>	<b>134 960</b>	<b>125 145</b>	<b>1 352</b>	<b>2 898</b>	<b>129 395</b>	<b>95.88%</b>	<b>835</b>	<b>185</b>	<b>3 748</b>	<b>4 768</b>	<b>3.53%</b>	<b>562</b>	<b>230</b>	<b>5</b>	<b>797</b>	<b>0.59%</b>

## 16. AGENCIES INCOME: BUDGET FORECASTS, ENTITLEMENTS AND AMOUNTS RECEIVED

EUR millions

Agency	Forecasted income budget	Entitlements established	Amounts received	Outstanding	Funding Commission Policy Area
European Agency for the Cooperation of Energy Regulators	4	4	4	0	06
European Aviation Safety Agency	139	111	111	0	06
Frontex	118	119	119	0	18
European Centre for the Development of Vocational Training	19	19	18	1	15
European Police College	8	9	9	0	18
European Chemicals Agency	35	38	38	0	02
European Centre for Disease prevention and control	57	57	57	0	17
European Monitoring Centre for Drugs and Drug Addiction	16	16	16	0	18
European Banking Authority	13	13	13	0	12
European Insurance and Occupational Pensions Authority	11	9	9	0	12
European Environment Agency	62	45	44	0	07
European Police office	85	85	85	0	18
European Securities and Markets Authority	17	17	17	0	12
Community Fisheries Control Agency	12	12	12	0	11
European Food Safety Authority	76	76	76	0	17
European Institute for Gender Equality	8	8	8	0	04
European GNSS supervisory authority	8	39	39	0	06
Fusion for Energy	242	279	243	36	08
Eurojust	32	31	31	0	18
European Maritime Safety Agency	57	53	53	0	06
Office For Harmonisation in the Internal Market	166	176	176	0	12
European Medicines Agency	209	220	199	21	17
European Network and Information Security Agency	8	8	8	0	09
European Regulators for Electronic Communications office	1	1	1	0	09
European Union Agency for Fundamental Rights	22	22	22	0	18
European Railway Agency	26	25	25	0	06
European Agency for Safety and Health at Work	15	15	15	0	04
European Institute of Innovation and Technology	16	10	10	0	15
Translation Centre for the Bodies of the EU	51	47	43	4	15
European Training Foundation	20	20	20	0	15
Community Plant Variety Office	13	13	13	0	17
European Foundation for the Improvement of Living and Working Conditions	21	21	21	0	04
Education, Audiovisual & Culture Executive Agency	50	50	50	0	15
Executive Agency for Competitiveness and Innovation	16	16	16	0	06
European Research Council Executive Agency	36	36	36	0	08
Research Executive Agency	39	39	39	0	08
Executive Agency for Health and Consumers	7	7	7	0	17
Trans-European Transport Network Executive Agency	10	10	10	0	06
<b>Total</b>	<b>1 744</b>	<b>1 773</b>	<b>1 710</b>	<b>63</b>	

EUR millions

Type of revenue	Forecasted income budget	Entitlements established	Amounts received	Outstanding
Commission Subsidy	1 119	1 137	1 137	0
Fee income	441	457	437	19
Other income	184	180	136	44
<b>Total</b>	<b>1 744</b>	<b>1 773</b>	<b>1 710</b>	<b>63</b>

## 17. COMMITMENT & PAYMENT APPROPRIATIONS BY AGENCY

EUR millions

Agency	Commitment appropriations			Payment appropriations		
	Appropriations	Commitments made	Carried over	Appropriations	Payments made	Carried over
European Agency for the Cooperation of Energy Regulators	5	3	0	6	4	1
European Aviation Safety Agency	150	122	26	162	103	55
Frontex	121	119	0	145	100	39
European Centre for the Development of Vocational Training	21	21	0	21	18	2
European Police College	10	10	0	11	8	2
European Chemicals Agency	93	89	0	105	85	15
European Centre for Disease prevention and control	57	55	0	72	58	11
European Monitoring Centre for Drugs and Drug Addiction	17	16	0	17	16	1
European Banking Authority	13	9	0	13	7	2
European Insurance and Occupational Pensions Authority	11	7	0	11	6	0
European Environment Agency	71	46	25	75	43	31
European Police Office	87	82	0	107	84	17
European Securities & Markets Authority	17	13	0	17	11	2
Community Fisheries Control Agency	13	13	0	13	12	1
European Food Safety Authority	78	77	0	87	72	13
European Institute for Gender Equality	8	7	0	10	5	3
European GNSS supervisory authority	77	33	44	56	21	34
Fusion for Energy	649	647	1	298	255	40
Eurojust	35	31	2	41	31	7
European Maritime Safety Agency	58	55	1	59	50	2
Office For Harmonisation in the Internal Market	387	151	0	422	149	32
European Medicines Agency	212	202	3	254	205	39
European Network and Information Security Agency	8	8	0	10	9	1
European Regulators for Electronic Communications Office	1	1	0	1	1	0
European Union Agency for Fundamental Rights	21	20	1	28	21	7
European Railway Agency	26	25	0	32	26	4
European Agency for Safety & Health at Work	16	14	1	20	14	4
European Institute of Innovation and Technology	26	24	0	16	7	5
Translation Centre for the Bodies of the EU	51	42	0	55	43	4
European Training Foundation	21	20	0	21	20	1
Community Plant Variety Office	14	13	0	14	12	0
European Foundation for the Improvement of Living and Working Conditions	21	20	0	24	20	4
Education, Audiovisual & Culture Executive Agency	50	50	0	56	50	6
Executive Agency for Competitiveness and Innovation	16	15	0	18	15	1
European Research Council Executive Agency	36	35	0	37	34	2
Research Executive Agency	39	38	0	43	37	3
Executive Agency for Health and Consumers	7	7	0	8	7	1
Trans-European Transport Network Executive Agency	10	10	0	11	10	1
<b>Total</b>	<b>2 553</b>	<b>2 149</b>	<b>107</b>	<b>2 397</b>	<b>1 670</b>	<b>394</b>

Type of expenditure	Commitment appropriations			Payment appropriations		
	Appropriations	Commitments made	Carried over	Appropriations	Payments made	Carried over
Staff	757	727	4	773	720	21
Administrative expenses	274	260	4	361	265	76
Operational expenses	1 522	1 162	99	1 263	684	297
<b>Total</b>	<b>2 553</b>	<b>2 149</b>	<b>107</b>	<b>2 397</b>	<b>1 670</b>	<b>394</b>

## 18. BUDGET OUTTURN INCLUDING AGENCIES

EUR millions

	EUROPEAN UNION	AGENCIES	Elimination of subsidies to agencies	TOTAL
Revenue for the financial year	130 000	1 710	(1 137)	<b>130 573</b>
Payments against current year appropriations	(128 043)	(1 451)	1 137	<b>(128 357)</b>
Payment appropriations carried over to year N+1	(1 020)	(394)	0	<b>(1 413)</b>
Cancellation of unused appropriations carried over from year N-1	457	167	0	<b>624</b>
Exchange differences for the year	97	(2)	0	<b>96</b>
<b>Budget Outturn</b>	<b>1 492</b>	<b>31</b>	<b>0</b>	<b>1 523</b>

# **Explanatory notes to the consolidated reports on the implementation of the budget**

- 1. BUDGETARY PRINCIPLES, STRUCTURE & APPROPRIATIONS**
- 2. EXPLANATION OF THE CONSOLIDATED REPORTS ON THE IMPLEMENTATION OF THE BUDGET**

# 1. BUDGETARY PRINCIPLES, STRUCTURE & APPROPRIATIONS

## 1.1 LEGAL BASIS AND THE FINANCIAL REGULATION

The budgetary accounts are kept in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 (OJ L 248 of 16 September 2002) on the Financial Regulation applicable to the general budget of the European Union and Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of this Financial Regulation. The general budget, the main instrument of the Union's financial policy, is the instrument which provides for and authorises the Union's revenue and expenditure every year.

Every year, the Commission estimates all the Institutions' revenue and expenditure for the year and draws up a draft budget which it sends to the budgetary authority. On the basis of this draft budget, the Council draws its position which is then the subject of negotiations between the two arms of the budgetary authority. The President of Parliament declares that the joint draft has been finally adopted making the budget enforceable. The task of executing the budget is mainly the responsibility of the Commission.

## 1.2 BUDGETARY PRINCIPLES

The general budget of the European Union is governed by a number of basic principles:

- **Unity and budget accuracy:** all expenditure and revenue must be in a single budget, booked on a budget line and expenditure may not exceed authorised appropriations;
- **universality:** this principle comprises two rules:
  - the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
  - the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;
- **annuality:** appropriations are authorised for a single year so must be used during that year;
- **equilibrium:** the revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- **specification:** each appropriation is assigned to a specific purpose and a specific objective;
- **unit of account:** the budget is drawn up and implemented in euros, as are the accounts;
- **sound financial management:** budget appropriations are used in accordance with the principle of sound financial management, i.e. economy, efficiency and effectiveness;
- **transparency:** the budget and amending budgets and final accounts are published in the Official Journal of the European Union.

## 1.3 BUDGET STRUCTURE

The budget consists of:

- (a) a general statement of revenue;
- (b) separate sections giving the statements of revenue and expenditure of each Institution: Section I: Parliament; Section II: Council; Section III: Commission; Section IV: Court of Justice; Section V: Court of Auditors; Section VI: Economic and Social Committee; Section VII: Committee of the Regions; Section VIII: Ombudsman; Section IX : European Data Protection Supervisor; Section X: European External Action Service.

Each Institution's items of revenue and expenditure are classified according to their type or the use to which they are assigned under titles, chapters, articles and items.

## 1.4 STRUCTURE OF THE BUDGETARY ACCOUNTS

### 1.4.1 General overview

Only the Commission budget contains administrative appropriations and operating appropriations. The other Institutions have only administrative appropriations. Furthermore, the budget distinguishes between two types of appropriation: non-differentiated appropriations and differentiated appropriations.

Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality). They cover all the administrative chapters of the budget of the Commission Section and the whole of every other section, EAGF appropriations of an annual nature and certain technical appropriations (repayments, borrowing and lending guarantees, etc.) In the case of non-differentiated appropriations, the amount of commitment appropriations is the same as that of payment appropriations.

Differentiated appropriations were introduced in order to reconcile the principle of annuality with the need to manage multi-annual operations. They are intended to cover multi-annual operations and comprise all the other appropriations in all Chapters except Chapter 1 of the Commission Section. Differentiated appropriations are split into commitment and payment appropriations:

- **commitment appropriations:** cover the total cost of the legal obligations entered into for the current financial year for operations extending over a number of years. However, budgetary commitments for actions extending over more than one financial year may, in accordance with Article 76(3) of the Financial Regulation, be broken down over several years into annual instalments where the basic act so provides.
- **payment appropriations:** cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.

### 1.4.2 Origin of Appropriations

The main source of appropriations is the Union's budget for the current year. However, there are other types of appropriations resulting from the provisions of the Financial Regulation. They come from previous financial years or outside sources:

- **Initial budget appropriations** adopted for the current year can be supplemented with **transfers** between lines in accordance with the rules laid down in Articles 22 to 24 of the Financial Regulation (No 1605/2002 of 25 June 2002) and by amending budgets (covered by Articles 37 and 38 of the Financial Regulation).
- **Appropriations carried over** from previous year or made available again also supplement the current budget. These are (i) non-differentiated payment appropriations which may be carried over automatically for one financial year only in accordance with Article 9(4) of the Financial Regulation; (ii) appropriations carried over by decision of the Institutions in one of two cases: if the preparatory stages have been completed (Article 9(2)(a) of the Financial Regulation) or if the legal base is adopted late (Article 9(2)(b)). Both commitment and payment appropriations may be carried over (Article 9(3)) and (iii) appropriations made available again as a result of decommitments: This involves the re-entry of commitment appropriations concerning structural funds which have been decommitted. Amounts can be re-entered by way of exception in the event of error by the Commission or if they are indispensable for completion of the programme (Article 157 of the Financial Regulation).
- **Assigned revenue** which is made up of (i) refunds where the amounts are assigned revenue on the budget line which incurred the initial expenditure and may be carried over without limit; (ii) EFTA appropriations: The agreement on the European Economic Area provides for financial contribution by its members to certain activities in the EU budget. The budget lines concerned and the amounts projected are published in Annex III of the EU budget. The lines concerned are increased by the EFTA contribution. Appropriations not used at the year-end are cancelled and returned to the EEA countries; (iii) Revenue from third parties/ other countries that have concluded agreements with the European Union involving a financial contribution to EU activities. The amounts received are considered to be revenue from third parties which is allocated to the budget lines concerned (often in the field of research) and may be carried over without limit (Article 10 and Article 18(1)(a) and (d) of the Financial Regulation); (iv) Work for third parties: As part of their research activities, the EU research centres may work for outside bodies, (Article 161(2) of the Financial Regulation). Like the revenue from third parties, the work for third parties is assigned to specific budget lines and may be carried over without limit (Article 10 and Article 18(1)(d) of the Financial Regulation); and (v) Appropriations made available again as a result of repayment of payments on account: These are EU funds which have been repaid by the beneficiaries and may be carried over without limit. In the area of Structural Funds the re-inscription is based on a Commission Decision (Article 18(2) of the Financial Regulation and Article 228 of its Implementing Rules).

### **1.4.3 Composition of Appropriations Available**

- *Final budget appropriations* = initial budget appropriations adopted + amending budget appropriations + transfers;
- *Additional appropriations* = assigned revenue (see above) + appropriations carried over from the previous financial year or made available again following decommitments;
- *Total appropriations authorised* = final budget appropriations + additional appropriations;
- *Appropriations for the year* (as used to calculate the budgetary result) = final budget appropriations + assigned revenue.

## **1.5 BUDGET IMPLEMENTATION**

The implementation of the budget is governed by the Financial Regulation, Article 48(1) of which states: "The Commission shall implement ... the budget in accordance with this Regulation, on its own responsibility and within the limits of the appropriations authorised." Article 50 states that the Commission shall confer on the Institutions the requisite powers for the implementation of the sections of the budget relating to them.

## **1.6 OUTSTANDING COMMITMENTS (RAL)**

With the introduction of differentiated appropriations, a gap developed between commitments entered into and payments made: this gap, corresponding to outstanding commitments, represents the time-lag between when the commitments are entered into and when the corresponding payments are made.



## 2. EXPLANATION OF THE CONSOLIDATED REPORTS ON THE IMPLEMENTATION OF THE BUDGET

### 2.1 BUDGET OUTTURN FOR THE YEAR (*Table 1*)

#### 2.1.1 General

The amounts of own resources entered in the accounts are those credited in the course of the year to the accounts opened in the Commission's name by the governments of the Member States. Revenue comprises also, in the case of a surplus, the budget outturn for the previous financial year. The other revenue entered in the accounts is the amount actually received in the course of the year.

For the purposes of calculating the budget outturn for the year, expenditure comprises payments made against the year's appropriations for payments plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations for payments means payments that are made by the accounting officer by 31 December of the financial year. In the case of the European Agricultural Guarantee Fund, the payments are those effected by the Member States between 16 October N-1 and 15 October N, provided that the accounting officer was notified of the commitment and authorisation by 31 January N+1. EAGF expenditure may be subject to a conformity decision following controls in the Member States.

The budget outturn comprises two elements: the result of the European Union and the result of the participation of the EFTA countries belonging to the EEA. In accordance with Article 15 of Regulation No 1150/2000 on own resources, this outturn represents the difference between:

- total revenue received for that year;
- and total payments made against that year's appropriations plus the total amount of that year's appropriations carried over to the following year.

The following are added to or deducted from the resulting figure:

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year;
- the balance of exchange-rate gains and losses recorded during the year.

**The budget outturn is returned to the Member States the following year through deduction of their amounts due for that financial year.**

Appropriations carried over from the previous financial year in respect of contributions by and work for third parties, which by definition never lapse, are included with the additional appropriations for the financial year. This explains the difference between carryovers from the previous year in the 2011 budget implementation statements and those carried over to the following year in the 2010 budget implementation statements. The payment appropriations for re-use and appropriations made available again following the repayment of payments on account are disregarded when calculating the outturn for the year.

The payment appropriations carried over include: automatic carryovers and carryovers by decision. The cancellation of unused payment appropriations carried over from the previous year shows the cancellations on appropriations carried over automatically and by decision. It also includes the decrease in assigned revenue appropriations carried over to the next year in comparison with 2010.

#### 2.1.2 Reconciliation of the budget outturn with the economic outturn

The economic outturn for the year is calculated on the basis of accrual accounting principles. The budget outturn is however based on modified cash accounting rules, in accordance with the Financial Regulation. As both are the result of the same underlying transactions, it is a useful control to ensure that they are reconcilable. The table below shows this reconciliation, highlighting the key reconciling amounts, split between revenue and expenditure items.

## RECONCILIATION: ECONOMIC OUTTURN – BUDGET OUTTURN

*EUR millions*

	2011	2010
<b>ECONOMIC OUTTURN FOR THE YEAR</b>	<b>(1 789)</b>	<b>17 232</b>
<b><u>Revenues</u></b>		
Entitlements established in current year but not yet collected	(371)	(3 132)
Entitlements established in previous years and collected in current year	2 072	1 346
Accrued revenue (net)	(236)	(371)
<b><u>Expenditure</u></b>		
Accrued expenses (net)	3 410	(7 426)
Expenses prior year paid in current year	(936)	(386)
Net-effect pre-financing	1 131	(678)
Payment appropriations carried over to next year	(1 211)	(2 798)
Payments made from carry-overs & cancellation of unused payment appropriations	2 000	1 760
Movement in provisions	(2 109)	(323)
Other	(378)	(257)
<b><u>Economic outturn Agencies &amp; ECSC</u></b>	<b><u>(91)</u></b>	<b><u>(418)</u></b>
<b>BUDGET OUTTURN FOR THE YEAR</b>	<b><u>1 492</u></b>	<b><u>4 549</u></b>

### Reconciling items - Revenue

The actual budgetary revenue for a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. Therefore the **entitlements established in the current year but not yet collected** are to be deducted from the economic outturn for reconciliation purposes as they do not form part of budgetary revenue. On the contrary the **entitlements established in previous years and collected in current year** must be added to the economic outturn for reconciliation purposes.

The **net accrued revenue** mainly consists of accrued revenue for agricultural levies, own resources and interests and dividends. Only the net-effect, i.e. accrued revenue for current year minus reversal accrued revenue from previous year, is taken into consideration.

### Reconciling items - Expenditure

The **net accrued expenses** mainly consist of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by beneficiaries of Community funds but not yet reported to the Commission.

While accrued expenses are not considered as budgetary expenditure, the payments made in the **current year relating to invoices registered in prior years** are part of current year's budgetary expenditure.

The **net effect of pre-financing** is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the pre-financing paid in current year or previous years through the acceptance of eligible costs. The latter represent an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

Besides the payments made against the year's appropriations, the appropriations for that year that are **carried to the next year** also need to be taken into account in calculating the budget outturn for the year (in accordance with Article 15 of Regulation No 1150/2000). The same applies for the budgetary payments made in the current year from **carry-overs and the cancellation of unused payment appropriations**.

The **movement in provisions** relate to year-end estimates made in the accrual accounts (employee benefits mainly) that do not impact the budgetary accounts. **Other reconciling amounts** comprise different elements such as asset depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

## 2.2 COMPARISON OF BUDGET AND ACTUAL AMOUNTS (*Table 2*)

In the initial adopted budget, signed by the President of the European Parliament on 15 December 2010, the amount of payment appropriations was EUR 126 527 million and the amount to be financed by own resources totalled EUR 125 106 million. The revenue and expenditure estimates in the initial budget are typically adjusted during the budgetary year, such modifications being presented in amending budgets. Adjustments in the GNI-based own resources ensure that budgeted revenue matches exactly budgeted expenditure. In accordance with the principle of equilibrium, budget revenue and expenditure (payment appropriations) must be in balance.

### Revenue:

During 2011 seven amending budgets were adopted. Taking them into account, the total final revenue in the 2011 budget amounted to EUR 126 727 million. This was financed by own resources totalling EUR 118 289 million (thus EUR 6 816 million less than initially forecasted) and the remainder by other revenue. The reduced need for own resources stemmed mainly from the inclusion of EUR 4 539 million relating to the surplus of the previous year. Finally the changes in the revenue forecast in the Amending Budget no. 6/2011 resulted in a supplementary reduction.

As far as the own resources outturn is concerned, the collection of traditional own resources matched almost the forecasted amounts. Namely because the budget estimates that were modified at the time the Amending Budget No. 4/2011 was established (they were increased by EUR 1 090 million according to the new macroeconomic forecasts of spring 2011), were once again amended in the Amending Budget No. 6/2011 to take into account the actual rhythm of collection. Thus they were decreased by EUR 1 200 re-establishing almost the original amount.

The final Member States' VAT and GNI payments also correspond closely to the final budgetary estimate. The differences between the forecasted amounts and the amounts actually paid are due to the differences between the euro rates used for budgetary purposes and the rates in force at the time when the Member States outside the EMU actually made their payments.

### Expenditure:

The year 2011 was the fifth year of the current programming period, with many major programmes seeing an acceleration in the implementation of payments. Given the general context of fiscal consolidation in the Member States, however, the increase of payment appropriations in the budget had been limited, and proved insufficient to meet the payment needs during the course of the year. It was also below a level, which would have had an affect on reducing the volume of outstanding commitments (RAL = *reste à liquider*).

For commitments, the authorised budget, and hence the political targets set, were fully implemented (99.6%). Adjustments during the year concerned EUR 240 million for the European Solidarity Fund, unforeseeable expenditure by its very nature, and EUR 41 million for Title 18 Area of freedom, security and justice (mainly for FRONTEX). The total implementation of EUR 141 204 million left EUR 617 million unused. After the carryover to 2012, an amount of EUR 316 million lapses, as well as the un-mobilised reserve for European Globalisation fund of EUR 371 million and unused provisional appropriations of EUR 2 million.

The total implementation of payment appropriations, EUR 125 145 million, represents an implementation rate of 98.8%. The total appropriations were amended in course of the year, with an additional EUR 200 million authorised in Amending Budget 6/2011 for the European Social Fund (ESF). A further amount of EUR 253 million was redeployed from Rural Development to the ESF in this amending budget, and the budgetary authority transfer DEC 52/2011 provided another EUR 601 million for this Fund. Despite these measures, a surge in payment requests in the last three weeks of the year, and an absence of the necessary payment appropriations, meant that some EUR 11 billion in claims will only be met in 2012.

The unused voted appropriations excluding the reserves amounted to EUR 1 580 million (2010: EUR 3 243 million) and after the carryover to 2012, a total of EUR 560 million (2010: EUR 1 730 million) lapses, mainly in Headings 2 and 4. EUR 2 million of provisional payment appropriations remained unused.

A more detailed analysis of budgetary adjustments, their relevant context, their justification and their impact is presented in Commission's Report on Budgetary and Financial Management 2011, Part A "Overview at budget level" and Part B dealing with each heading of the multi-annual financial framework.

## 2.3 REVENUE (*Table 3*)

The revenue of the general budget of the European Union can be divided into two main categories: own resources and other revenue. This is laid down in Article 311 of the Treaty on the Functioning of the European Union, which states that: "Without prejudice to other revenue, the budget shall be financed wholly from own resources." The main bulk of budgetary expenditure is financed by own resources. Other revenue represents only a minor part of total financing.

There are three categories of own resources: traditional own resources, the VAT resource and the GNI resource. Traditional own resources, in turn, comprise sugar levies and customs duties. A correction mechanism in favour of the United Kingdom as well as a gross reduction in the annual GNI-based contribution of Netherlands and Sweden are also part of the own resources system.

The allocation of own resources is made in accordance with the rules laid down in the Council Decision No. 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources (ORD 2007). On 1 March 2009 the ORD 2007 entered into force. However it took effect on 1 January 2007. Consequently the retroactive effects have been taken in account in the budgetary year 2009.

### **2.3.1 Traditional own resources**

Traditional own resources: All established amounts of traditional own resources must be entered in one or other of the accounts kept by the competent authorities.

- In the ordinary account provided for in Article 6(3)(a) of Regulation No 1150/2000: all amounts recovered or guaranteed.
- In the separate account provided for in Article 6(3)(b) of Regulation No 1150/2000: all amounts not yet recovered and/or not guaranteed; amounts guaranteed but challenged may also be entered in this account.

For the separate account, the Member States quarterly statement to the Commission includes:

- the balance to be recovered during the previous quarter,
- the established entitlements during the quarter in question,
- rectifications of the base (corrections/cancellations) during the quarter in question,
- amounts written off (which cannot be made available according to Article 17(2) of Regulation 1150/2000),
- the amounts recovered during the quarter in question,
- the balance to be recovered at the end of the quarter in question.

Traditional own resources must be entered in the Commission's account with the Treasury or the body appointed by the Member State at the latest on the first working day following the 19th day of the second month following the month during which the entitlement was established (or recovered in the case of the separate account). Member States retain, by way of collection costs, 25% of traditional own resources. The contingent own resources entitlements are adjusted on the basis of the likelihood of their recovery.

### **2.3.2 VAT-based resources and GNI-based resources**

VAT-based own resource derive from the application of a uniform rate, for all Member States, to the harmonised VAT base determined in accordance with the rules of Article 2(1)(b) of the ORD 2007. The uniform rate is fixed at 0.30% except for the period 2007-2013 in which the rate of call for Austria is fixed at 0.225, for Germany at 0.15% and for Netherlands and Sweden at 0.10%. The VAT base is capped at 50% of GNI for all Member States.

The GNI-based resource is a variable resource intended to supply the revenue required, in any given year, to cover expenditure exceeding the amount collected from traditional own resources, VAT resources and miscellaneous revenue. The revenue derives from the application of a uniform rate to the aggregate GNI of all the Member States. VAT and GNI-based resources are determined on the basis of forecasts of VAT and GNI bases made when the preliminary draft budget is being prepared. These forecasts are subsequently revised; the figures are updated during the budget year in question by means of an amending budget.

The actual figures for the VAT and GNI bases are available in the course of the year following the budget year in question. The Commission calculates the differences between the amounts due by the Member States by reference to the actual bases and the sums actually paid on the basis of the (revised) forecasts. These VAT and GNI balances, either positive or negative, are called in by the Commission from the Member States for the first working day of December of the year following the budget year in question. Corrections may still be made to the actual VAT and GNI bases during the subsequent four years, unless a reservation is issued. The balances calculated earlier are adjusted and the difference is called in at the same time as the VAT and GNI balances for the previous budget year.

When conducting controls of VAT statements and GNI data, the Commission may notify reservations to the Member States regarding certain points which may have consequences to their own resources

contributions. These points, for example, may result from an absence of acceptable data, or a need to develop a suitable methodology. These reservations have to be seen as potential claims on the Member States for uncertain amounts as their financial impact cannot be estimated with accuracy. When the exact amount can be determined, the corresponding VAT and GNI-based resources are called either in connection with VAT and GNI balances or by individual calls for funds.

### 2.3.3 UK correction

This mechanism reduces the own resources payments of the UK in proportion to what is known as its "budgetary imbalance" and increases the own resources payments of the other Member States correspondingly. The budgetary imbalance correction mechanism in favour of the United Kingdom was instituted by the European Council in Fontainebleau (June 1984) and the resulting Own Resources Decision of 7 May 1985. The purpose of the mechanism was to reduce the budgetary imbalance of the UK through a reduction in its payments to the EU. Germany, Austria, Sweden and Netherlands benefit from a reduced financing of the correction (restricted to one fourth of their normal share).

### 2.3.4 Gross reduction

The European Council of 15 and 16 December 2005 concluded that the Netherlands and Sweden shall benefit from gross reductions in their annual GNI-based contributions during the period 2007-2013. Thus this mechanism of compensation stipulates that the Netherlands shall benefit from a gross reduction in its annual GNI contribution of EUR 605 million and Sweden from a gross reduction in its annual GNI contribution of EUR 150 million, measured in 2004 prices.

## 2.4 EXPENDITURE (Tables 4 to 13)

### 2.4.1 Financial Framework 2007-2013

EUR millions

	2007	2008	2009	2010	2011	2012	2013
1. Sustainable Growth	53 979	57 653	61 696	63 555	63 974	67 614	70 147
2. Preservation & management of natural resources	55 143	59 193	56 333	59 955	59 888	60 810	61 289
3. Citizenship, freedom, security & justice	1 273	1 362	1 518	1 693	1 889	2 105	2 376
4. EU as a global player	6 578	7 002	7 440	7 893	8 430	8 997	9 595
5. Administration	7 039	7 380	7 525	7 882	8 091	8 523	9 095
6. Compensations	445	207	210	0	0	0	0
<b>Commitment appropriations:</b>	<b>124 457</b>	<b>132 797</b>	<b>134 722</b>	<b>140 978</b>	<b>142 272</b>	<b>148 049</b>	<b>152 502</b>
<b>Total payment appropriations:</b>	<b>122 190</b>	<b>129 681</b>	<b>120 445</b>	<b>134 289</b>	<b>133 700</b>	<b>141 360</b>	<b>143 911</b>

This section describes the main categories of EU expenditure, classified by heading of the financial framework 2007-2013. The 2011 financial year was the fifth covered by the financial framework 2007-2013. The overall ceiling on commitments appropriations for 2011 comes to EUR 142 272 million, equivalent to 1.15% of GNI. The corresponding ceiling on the appropriations for payments comes to EUR 133 700 million, i.e. 1.08 % of GNI. The above table shows the financial framework at current prices.

#### Heading 1 – Sustainable growth

This Heading divided into two separate, but interlinked components:

- 1a. Competitiveness for growth and employment, encompassing expenditure on research and innovation, education and training, trans-European networks, social policy, the internal market and accompanying policies.
- 1b. Cohesion for growth and employment, designed to enhance convergence of the least developed Member States and regions, to complement the EU strategy for sustainable development outside the less prosperous regions and to support inter regional cooperation..

#### Heading 2 – Preservation and management of natural resources

Heading 2 includes the common agricultural and fisheries policies, rural development and environmental measures, in particular Natura 2000. The amount earmarked for the common agricultural policy reflects the agreement reached at the European Council in October 2002.

### **Heading 3 – Citizenship, freedom, security and justice**

The new heading 3 (Citizenship, freedom, security and justice) reflects the growing importance attached to certain fields where the EU has been assigned new tasks – justice and home affairs, border protection, immigration and asylum policy, public health and consumer protection, culture, youth, information and dialogue with citizens. It is split in two components:

- 3a. Freedom, Security and Justice
- 3b. Citizenship

### **Heading 4 – The EU as a global player**

Heading 4 covers all external action, including pre-accession instruments. Whereas the Commission had proposed to integrate the European Development Fund (EDF) into the financial framework, the European Council and the European Parliament agreed to leave it outside.

### **Heading 5 - Administration**

This heading covers administrative expenditure for all institutions, pensions and the European Schools. For the Institutions other than the Commission, these costs make up the total of their expenditure, but the Agencies and other bodies make both administrative and operational expenditure.

### **Heading 6 - Compensations**

In accordance with the political agreement that the new Member States should not become net-contributors to the budget at the very beginning of their membership, compensation was foreseen under this heading. This amount was available as transfers to them to balance their budgetary receipts and contributions.

#### **2.4.2 Policy areas**

As part of its use of Activity Based Management (ABM) the Commission implements Activity Based Budgeting (ABB) in its planning and management processes. ABB involves a budget structure where budget titles correspond to policy areas and budget chapters to activities. ABB aims to provide a clear framework for translating the Commission's policy objectives into action, either through legislative, financial or any other public policy means. By structuring the Commission's work in terms of activities, a clear picture is obtained of the Commission's undertakings and simultaneously a common framework is established for priority setting. Resources are allocated to priorities during the budget procedure, using the activities as the building blocks for budgeting purposes. By establishing such a link between activities and the resources allocated to them, ABB aims to increase efficiency and effectiveness in the use of resources in the Commission.

A policy area may be defined as a homogeneous grouping of Activities constituting parts of the Commission's work, which are relevant for the decision-making process. Each policy area corresponds, in general, to a DG, and encompassing an average of about 6 or 7 individual activities. Policy areas are mainly operational, since their core activities aim at benefiting a third-party beneficiary within their respective domains of activity. The operational budget is completed with the necessary administrative expenditure for each policy area.

## **2.5 INSTITUTIONS AND AGENCIES (Tables 14 to 18)**

The consolidated reports on the implementation of the general budget of the European Union include, as in previous years, the budget implementation of all Institutions since within the EU budget a separate budget for each Institution is established. Agencies do not have a separate budget inside the EU budget and they are partially financed by a Commission budget subsidy.

Concerning the EEAS, it should be noted that, in addition to its own budget, it also receives contributions from the Commission (EUR 202 million) and the EDF (EUR 50 million). These budget credits are put at the disposal of the EEAS (as assigned revenue) so as to cover primarily the costs of Commission staff working in the EU delegations, these delegations being administratively managed by the EEAS.

In order to provide all relevant budgetary data for the Agencies, the budgetary part of the consolidated annual accounts include separate reports on the implementation of the individual budgets of the traditional agencies consolidated.