

# **Active Monitoring and Forecast of Budget Implementation – Summer Information Note**

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## **1. SUMMARY AND CONCLUSIONS**

By 15 June 2017 implementation of payment appropriations amounted to EUR 61,5 billion (46,8% of available appropriations), very close to the level of June 2016 (47,4% of available appropriations implemented).

In comparison with last year implementation is faster under heading 1A and heading 2 but it is slower under headings 3, 4 and in particular Heading 1b: contrary to last year, most of the annual pre-financing payments for the European Structural and Investment Funds have not yet been paid at the time of this report. These will be paid out before the end of June, following the completion of the annual examination and acceptance of accounts.

In 2017, the Commission expects the available payment appropriations to be more than sufficient to cover needs. The surplus of payment appropriations is expected to concern especially heading 3 (Security and Citizenship), for an overall amount of over EUR 700 million. This is due to the Asylum, Migration and Integration Fund (AMIF) and the Internal security Fund (ISF) where some delays in the start-up of the programmes were encountered and the pace of implementation of relocation has been slower than expected.

Under-implementation is also forecast for heading 1b for an overall amount of up to EUR 1.3 billion and is linked to the lower than expected demands for reimbursement received for the 2007-2013 programmes before closure. This amount will be used to finance the European Solidarity Fund for Italy and will therefore not constitute under-execution at the end of the year.

The developing situation across all MFF headings will be monitored closely and the adjustments to available appropriations will be proposed as necessary in the Global Transfer exercise of September 2017, if need be complemented by an amending budget.

The amount paid on invoices received in previous years continues to decrease sharply and the interest on late payments also decreases further. Both elements are a clear indication of the complete phasing-out of the abnormal backlog, in line with the 'payment plan' agreed by the European Parliament, the Council and the Commission, and a return to normalisation.

## 2. INTRODUCTION

The European Commission, according to the commitment taken at the Interinstitutional meeting on payments of 26 May 2015<sup>1</sup>, continues to monitor the implementation of the budget, both as compared to the monthly forecast for the year and to implementation in the previous year to date.

This Active Monitoring and Forecast of Budget Implementation – Summer Information Note compares the actual implementation of payment appropriations on 15 June 2017 to the forecasts prepared in March as well as implementation at the same point in time last year. The implementation rates are calculated against the available appropriations at the same date a year earlier.

The report analyses the main programmes (with budget appropriations of at least EUR 200 million) and provides more detailed analysis when implementation deviates by more than 10% from the forecast and/or last year's implementation.

This note does not cover the special instruments (Emergency Aid Reserve, European Globalisation Adjustment Fund, EU Solidarity Fund) which are mobilised as needed and for which the mobilisation and thus full implementation cannot be anticipated and is not a goal in itself.

It also presents the information on the payments on the previous years' invoices and on the late payments interests.

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<sup>1</sup> "Joint statement on a payment plan 2015-2016" agreed by the European Parliament, the Council and the Commission on 19 May 2015.

### 3. IMPLEMENTATION OF THE BUDGET 2017

#### 3.1. Implementation at 15 June 2017

This section compares the implementation on 15 June with the monthly forecasts, and with the level of implementation at the same point in 2016.

The analysis focuses on payment appropriations by heading. Furthermore, for those programmes having a significant impact on the budget<sup>2</sup>, it provides more detailed analysis in section 3.3, for those cases where the implementation on 15 June deviates by more than 10 percentage points from the implementation forecast or from the implementation at the same time last year.

The following table shows the available payment appropriations excluding the assigned revenue, the implementation by heading on 15 June, the forecast for the same date, and the implementation a year earlier.

In € million

MFF HEADING	Available appropriations* (15 Jun 2017)	Implementation (15 Jun 2017)	Implementation forecast (mid-Jun 2017)	Implementation (15 Jun 2016)
1a. Competitiveness for growth and jobs	19.434,7	8.999,0	8.374,7	7.190,2
1b. Economic, social and territorial cohesion	37.204,0	9.011,2	12.877,3	20.445,7
2. Sustainable growth: Natural Resources (EAGF)	43.192,6	30.548,8		24.511,4
2. Sustainable growth: Natural Resources (other)	12.339,4	6.109,4	5.832,1	6.413,9
3. Security and Citizenship	3.769,8	983,7	945,4	1.257,4
4. Global Europe	9.686,5	3.234,9	4.220,4	4.591,5
5. Administration	5.761,5	2.576,2	2.395,3	2.399,9
<b>Total**</b>	<b>131.388,5</b>	<b>61.463,1</b>		<b>66.809,9</b>
<b>Total without EAGF and heading 5</b>	<b>82.434,4</b>	<b>28.338,1</b>	<b>32.249,9</b>	<b>39.898,6</b>

\* excluding assigned revenue

\*\* excluding appropriations and implementation of the special instruments

The implementation of payment appropriations reached EUR 61,5 billion (46,8% of available appropriations) on 15 June 2017. In comparison with the implementation at the same time in 2016, implementation this year is slightly lower in both absolute (EUR 5,3 billion) and relative terms (0,6 percentage points).

Excluding the European Agricultural Guarantee Fund (EAGF) and administrative expenditure (heading 5), which are non-differentiated appropriations, the implementation reached EUR 28,3 billion (34,4% of available appropriations), EUR 4 billion less than forecast. This difference is mainly explained by the lower payments for heading 1b: most of the 2017 annual pre-financing for ESI Funds has not yet been paid to the Member States at the time of the report because the annual examination and acceptance of accounts was not completed by 15 June. The remaining pre-financing of EUR 8,6 billion will be paid before 1 July. Taking this amount into account the implementation would be at a similar level as last year.

It is already clear at this stage that the full implementation will not be reached for some headings in 2017. A surplus of payment appropriations is expected in particular in heading 3 and 1b. As regards heading 1b, the surplus expected at this

<sup>2</sup> Defined as the programmes having at least EUR 200 million of payment appropriations in 2017.

stage at the end of the year, will be used to finance the EU Solidarity Fund (EUSF) for Italy.

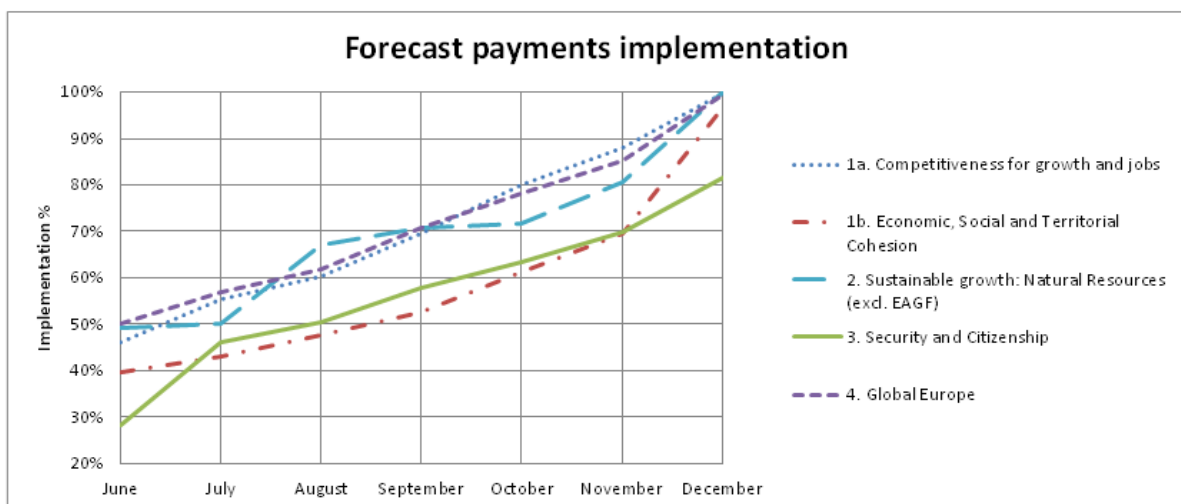
The situation for individual headings is the following:

- For sub-heading 1a (Competitiveness for growth and jobs), implementation is higher in both absolute (EUR 1,8 billion) and relative (5,2 percentage points) terms than in 2016. It is also ahead of the forecasts (almost EUR 624,3 million)., A reinforcement of payments will be needed soon for ITER.
- For sub-heading 1b (Economic, Social and Territorial Cohesion), the implementation is significantly lower - in both absolute and percentage terms - than in 2016. The lower implementation can be explained by (a) the fact that contrary to last year, the annual pre-financing has not yet been paid to the Member States implementing the European structural and investment funds (EUR 8,6 billion) and (b) the lower payments for the 2007-2013 programmes. The implementation is also lower than the forecast (over EUR 3,9 billion) since the forecast had assumed payment of all the annual pre-financing by 15 June. The annual pre-financing will be paid out after the completion of the annual examination and acceptance of accounts and before the regulatory deadline of 1st of July. In addition the level of interim claims submission is still not very significant. This continues to be linked to the delayed process for the designation of national authorities with 20% (84 out 419) of the programme authorities for H1b funds still not notified to the Commission. Moreover, the lack of regulatory incentive to submit payment applications in 2017 could be another factor contributing to the slow take-off. The 'N+3' automatic de-commitment rule coupled with the significant reprogramming exercise done in 2014 means that the automatic de-commitment risk will apply to most operational programmes only as from 2018. Financial implementation is expected to accelerate in the coming weeks, as a number of Member States will complete the designation process and may start to submit interim claims. It should reach a cruising speed in 2018 when the de-commitment rule finally applies to all programmes and when all the authorities will be up and running. As regards the implementation of the 2017 budget, the Commission will take stock of the Member States' forecasts - to be submitted by the 31st of July - and will reassess, as appropriate, the implementation forecasts in the framework of the global transfer exercise in the autumn.
- The implementation the European Agricultural Guarantee Fund under heading 2 is higher than at the same time last year and marks a return to the more normal implementation pattern of the years preceding 2016. The implementation of the remaining part of heading 2 follows the pattern established in the forecast and is comparable to last year's implementation
- The implementation of the payment appropriations in heading 3 (Security and Citizenship) is lower in absolute terms by EUR 274 million than last year. Overall it is foreseen that more than EUR 700 million will not be spent this year. This is linked mainly to the slower pace of implementation of the two relocation schemes. A second reason for the slower than expected implementation is the delayed programming of the national programmes caused by the late adoption of the AMIF and ISF legal bases.

- The implementation of payment appropriations of heading 4 (Global Europe) is lower in comparison with 2016 in absolute terms (EUR 1,4 billion) and in terms of percentage (13 percentage points). In addition, it is also EUR 1 billion lower than the forecasts. The slow implementation at this stage of the year is mainly concentrated in European Neighbourhood Instrument (ENI), the Development Cooperation Instrument (DCI) and the Instrument for Pre-Accession Assistance (IPA) and is due to a combination of delays in contracting, suspended payments and delays in implementation of specific activities linked to underperformance of some contractors. However, most of the delay is expected to be caught up before the end of the year and some appropriations forecast to be unused within ENI and IPA will be absorbed by other programmes of the heading. The humanitarian aid will need to be reinforced from the Emergency Aid reserve to respond to all emergencies and needs.

### 3.2. Implementation forecasts 2017

The following graph shows the expected evolution of payments according to the forecasts.



All the headings, with the exception of heading 2 without EAGF, have a similar forecast profile of payment implementation, with payments quite evenly distributed between June and November.

Significant payments are expected to be made in December: 17% of all appropriations for heading 1b, 14% for heading 4 and 12% for heading 1a and 3. As for heading 2 without EAGF, the increases in July and between October and December are related to the specific pattern of payments for the EAFRD (rural development).

Implementation under headings 1B and 3 is not expected to reach 100% by year-end: around 97% and 80% respectively. As regards heading 1b, the corresponding payment appropriations are proposed to be redeployed to finance the mobilisation of the Solidarity Fund for Italy (Draft Amending Budget 4/2017) and will thus not constitute a surplus at the end of the year.

### **3.3. Programmes with significant deviation from forecasts or implementation in previous year**

Annex I identifies 22 programmes having a significant impact on the budget (i.e. programmes with budgeted appropriations of at least EUR 200 million) for which the difference with the implementation forecasts or 2016 implementation at the same date is larger than 10 percentage points.

Annex 2 gives reference information for all the programmes.

#### 4. PAYMENTS ON PREVIOUS YEARS' INVOICES

This section analyses the figures for payment claims that arrived by 31 December of the previous year, but were not paid in the same year for reasons such as:

1. Interruptions/ suspensions
2. Arrival of the claim too late in the year to be paid (before the payment is made, some necessary checks have to be done by the Commission e.g. general validity, deducting part of the invoice already covered by the pre-financing etc)
3. Lack of payment appropriations.

Since the abnormal backlog (resulting from non-payment of an invoice for lack of appropriations) has been fully phased-out, payments in 2017 of invoices coming from previous years now constitute the so-called normal backlog of unpaid claims and relate to points 1 and 2 above.

As the table below illustrates, the amount paid on invoices received in previous years over the period 1 January - 15 June continues to decrease significantly. In 2015, more than EUR 20 billion was paid on the invoices received in 2014 and pre-2014 invoices. In 2016 this figure was reduced to EUR 8,6 billion and this trend has continued in 2017 to reach EUR 3,5 billion.

This evolution clearly illustrates that the objective established in the 'payments plan' of May 2015<sup>3</sup>, to phase out the 'abnormal' backlog of outstanding payment claims (as indicated in the Active Monitoring and Forecast of Budget Implementation – 2016 Information Note<sup>4</sup>) has been fully achieved.

In € million

	2017 (Jan-Jun)			2016 (Jan-Jun)			2015 (Jan-Jun)		
	On 2016 invoices	On pre-2016 invoices	Total	On 2015 invoices	On pre-2015 invoices	Total	On 2014 invoices	On pre-2014 invoices	Total
Heading 1a	1.233,5	16,7	1.250,2	1.190,4	15,3	1.205,6	1.598,9	22,1	1.621,0
Heading 1b	1.371,7	179,7	1.551,4	4.752,1	568,8	5.320,9	15.002,9	2.244,6	17.247,5
Heading 2	88,6	0,3	88,8	880,4	7,2	887,6	254,9	5,6	260,5
Heading 3	67,6	17,8	85,4	82,1	6,7	88,8	78,4	31,2	109,6
Heading 4	545,5	10,6	556,1	1.093,5	12,9	1.106,4	1.100,4	14,6	1.115,1
<b>Total</b>	<b>3.307,0</b>	<b>225,0</b>	<b>3.531,9</b>	<b>7.998,5</b>	<b>610,8</b>	<b>8.609,3</b>	<b>18.035,5</b>	<b>2.318,1</b>	<b>20.353,6</b>

<sup>3</sup> Joint Statement on payment plan 2015-2016 agreed on 19 May 2015.

<sup>4</sup> Active Monitoring and Forecast of Budget Implementation – 2016 Information Note (INFO(2017)17) of 22 March 2017



## 5. LATE INTEREST PAYMENTS

The following table shows the late interests paid by June 2017 in comparison with the levels in June 2016 and June 2015. Payments of late interests by the middle of June 2017 were almost 78% lower than by the same point of 2015 and almost 16% lower than in 2016. The significant reduction of the level of late interests, which was already very apparent in 2016, thus continues in 2017.

Within this context of a significant overall reduction, heading 4 continues to have the highest share of all the interests paid (87,2 % in 2017).

Significantly lower late interests paid along with decreased payments on previous years invoices are indicative of an improvement of the situation of payment appropriations at the end of 2015 and in 2016 and 2017.

*In €*

	Heading	15/06/2015	15/06/2016	15/06/2017
1a	Competitiveness for growth and jobs	728.735	46.243	36.405
1b	Economic, Social and Territorial Cohesion	0	11.906	1.009
2	Sustainable growth: Natural Resources	16.301	981	2.485
3	Security and Citizenship	1.493	9.776	12.649
4	Global Europe	1.203.650	450.795	381.756
	Other	7.823	718	3.387
	<b>Total</b>	<b>1.958.002</b>	<b>520.418</b>	<b>437.691</b>

**ANNEX I: PROGRAMMES WITH SIGNIFICANT DEVIATION FOR FORECAST OR IMPLEMENTATION IN PREVIOUS YEAR**

**Heading 1.1: COMPETITIVENESS FOR GROWTH AND JOBS**

***1.1.12 International Thermonuclear Experimental Reactor (ITER)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
426,5	331,2	77,7%	331,7	77,8%	323,9	56,4%

The implementation on 15 June 2016 and 15 June 2017 is similar in absolute number. The difference in percentage comes from the fact that available appropriations are lower in budget 2017 for they were revised downwards as compared to budget 2016 due to significant under-implementation of 2014 and 2015 payment appropriations.

The updated outlook for the rest of the year shows that the needs for ITER in 2017 will exceed the availabilities. Therefore a reinforcement of payments will be proposed soon.

***1.1.13 European Earth Observation Programme (COPERNICUS)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
698,6	179,5	25,7%	171,6	24,6%	249,7	43,3%

The up-to-date implementation in 2017 is as foreseen, the difference compared to 2016 implementation can be mainly explained by the fact that the first pre-financing to the European Space Agency (ESA) is lower in 2017 than in 2016 (EUR 146 million in 2017 vs. EUR 222 million in 2016). The amount of the first pre-financing is based on ESA's revised forecast and schedule of activities.

***1.1.4 Competitiveness of enterprises and small and medium-sized enterprises (COSME)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
371,4	122,7	33,0%	137,2	36,9%	171,8	73,1%

The difference in the pattern of implementation in 2016 and 2017 is entirely linked to the payments to the European Investment Fund (EIF) for the completion of the predecessor programme - Competitiveness and Innovation Framework Programme (CIP). In 2016, nearly the total payment allocation to the EIF was executed in the first half of the year, whereas in 2017, the first tranche of payments is expected to be disbursed in July.

Instead, the implementation of payment appropriations for the current COSME programme is fully in line with the forecasts.

### 1.1.82 Connecting Europe Facility (CEF) - Transport

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
967,2	695,1	71,9%	457,7	47,3%	269,0	27,8%

The implementation is much faster both compared to the forecast for this date and to the same date last year. The difference compared to 2016 is mainly due to the fact that a large majority of the final payment claims for the TEN-T 2007-2013 actions were received between November 2016 and January 2017 which resulted in significant payments made between February and June 2017 (time to pay is 90 days). In addition, in comparison with 2016, in 2017 more actions were entitled to claim a further pre-financing payment following the submission of an Action Status Report (ASR).

The variation between the implementation and the forecast is linked to (1) an advanced payment plan for the CEF Transport where the majority of the actions have submitted their ASR on time and the resulting payment of the further pre-financings and (2) the good progress of the final payments under TEN-T where initially a more prudent payment planning was envisaged due to the closure phase and the completion of several complex projects.

## Heading 1.2: ECONOMIC, SOCIAL and TERRITORIAL COHESION

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
<b>1.2.11 Regional convergence (Less developed regions)</b>						
19.455,2	4.472,4	23%	6.993,8	35,9%	10.972,7	46,2%
<b>1.2.12 Transition regions</b>						
3.313,7	901,2	27%	1.206,4	36,4%	1.149,1	60,9%
<b>1.2.13 Competitiveness (More developed regions)</b>						
5.705,5	1.288,7	23%	1.961,1	34,4%	3.061,1	53,8%
<b>1.2.14 Outermost and sparsely populated regions</b>						
139,9	79,4	57%	54,3	38,8%	43,8	44,7%
<b>1.2.15 Cohesion fund</b>						
5.979,9	1702,7	28%	2.039,5	34,1%	4.386,4	59,2%
<b>1.2.2 European territorial cooperation</b>						
968,9	279,5	29%	307,6	31,7%	576,2	79,6%

Unlike the previous year, most of the 2017 annual pre-financing has not yet been paid to the Member States. The annual pre-financing will be paid out after the completion of the annual examination and acceptance of accounts and before the regulatory deadline of 1st of July.

While the level of interim payment claims submission is higher than in the previous years, it is still lower than initially forecast. The reason might be the lack of any regulatory incentive to submit payment applications: the 'N+3' automatic de-commitment rule coupled with the significant reprogramming exercise done in 2014 means that the

automatic de-commitment risk will apply to most operational programmes only as from 2018. This however means that the payments should accelerate significantly in 2018 (as foreseen in the DB2018) as the de-commitment risk proved to be the most effective incentive in the past.

The Commission will take stock of the Member States forecast to be submitted by the 31st of July and will reassess the implementation as part of the global transfer exercise.

#### **1.2.4 European Aid to the Most Deprived (FEAD)**

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
441,7	84,3	19%	43,3	9,8%	4,7	1,0%

In comparison with the past two years, implementation in 2017 is accelerating and exceeds both the forecast and the 2016 level.

#### **1.2.5 Youth employment initiative (specific allocation)**

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
600,0	58,0	10%	178,0	29,7%	203,6	19,4%

The level of interim payments made in the first half of 2016 was higher than the one observed in the first half of 2017 as Member States had to submit payment claims by 23 May 2016 in order to cover the additional initial pre-financing received in 2015 and avoid having to reimburse it to the Commission in line with the provisions of Regulation EU 2015/779. The current implementation level is also only at 30% of the forecast amount for mid-June. At the same time implementation on the ground has significantly progressed. So far more than 60% of the available funding has been allocated to selected projects by Member States' managing authorities. This is followed by the signature of the grant agreements and the payment of pre-financing to beneficiaries. The level of payment applications submitted by the Member States is expected to increase also in view of the fact that almost all national authorities for the YEI have been designated (only 2 out of 34 operational programmes containing YEI allocation have not yet completed the designation process). The submission of interim payment claims is expected to accelerate in the second half of this year.

#### **1.2.6 Contribution to the Connecting Europe Facility (CEF)**

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
382,7	110,8	29%	45,4	11,9%	4,1	0,5%

The financial implementation of programmes financed by the contribution from the Cohesion Fund to the Connecting Europe Facility is moving towards cruising speed and

while in the past years only pre-financing payments were made (towards the end of the year), now interim payments are also made.

The Commission will reassess the sufficiency of the 2017 budget availabilities as part of the global transfer exercise and if needed transfer any availabilities to support this programme.

## Heading 2: SUSTAINABLE GROWTH: NATURAL RESOURCES

### 2.0.10 European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments

In € million

Appropriations 2017	Implementation 15/6/2017	Forecast 15/6/2017	Implementation 15/6/2016
43.192,6	30.548,8	70,7%	24.511,4
			57,5%

Implementation of the EAGF in 2016 was affected by the difficulties many Member States experienced in the first year of full application of the new schemes for direct payments under Regulation (EU) No 1307/2013. In contrast to previous years, in which the bulk of EAGF expenditure was made in the very first months of the budget year, 2016 was characterised by delays in implementation with significant amounts declared by Member States in the second half of the budget year only. While not yet back to the pattern observed before 2016, 2017 execution observed so far is faster than in 2016 with most Member States showing accelerated implementation of direct payment schemes in their second year of application

### 2.0.31 European Maritime and Fisheries Fund (EMFF)

In € million

Appropriations 2017	Implementation 15/6/2017	Forecast 15/6/2017	Implementation 15/6/2016
577,8	55,5	9,6%	301,5
			69,7%

The implementation of the EMFF operational programmes is significantly lower compared with last year. Contrary to 2016, the 2017 annual pre-financing has not been processed at the time of this report, but will be completed following the examination of the annual accounts before 1st July in line with the regulatory deadline.

Moreover, the interim claims submission from EMFF operational programmes is lower than initially forecasted. This is mainly due to the delayed process for the designation of authorities, as the notification is completed only for 17 of the 27 Member States. Financial implementation is expected to accelerate in the coming weeks, as a number of Member States will complete the designation process and may start to submit interim claims. The Commission will take stock of the Member States forecast to be submitted by the 31st of July and will reassess the implementation as part of the global transfer exercise.

### Heading 3: SECURITY AND CITIZENSHIP

#### 3.0.1 Asylum, Migration and Integration Fund (AMIF)

In € million

Appropriations 2017	Implementation 15/6/2017	Forecast 15/6/2017	Implementation 15/6/2016
1.184,1	205,3   17,3%	191,5   16,2%	527,1   52,3%

The significantly slower rate of implementation in 2017 is explained by the payment in 2016 of the initial pre-financing at the rate of 50% for the temporary relocation scheme, whereas no payments of this type were made in 2017. In addition, substantially higher payments for AMIF emergency assistance grants were made during the second quarter of 2016 as compared to 2017 (EUR 104 million in 2016 versus EUR 27 million in 2017).

Measures related to the top-ups in Budget 2017 (ranging from integration, and return, to Union actions and emergency assistance) are under preparation or have been launched recently. The recast of the Dublin regulation is still under discussion by the legislators and it is unlikely that the available payment appropriations will be fully used by the end of the year.

A year-end surplus of payment appropriations is expected under the AMIF for an overall amount of some EUR 460 million.

The expected surplus is explained as follows:

- At the end of 2016, the Commission managed to make important closure payments for the 2007-2013 programmes, which were initially foreseen for 2017. Consequently, these payments appropriations will no longer be necessary in 2017.
- Some delays in the start-up of the 2014-2020 AMIF programmes, due to the late adoption of the legal bases and the subsequent programming and designation of national authorities, have had knock-on effects on the declaration of expenditure in the annual accounts of the Member States at the end of March 2017. While the implementation of projects on the ground is ongoing, payments to beneficiaries are made at the end of the projects, once the necessary controls have been completed.
- Finally, the pace of implementation of the two relocation schemes under AMIF is slower than expected, leading to a lower declaration of expenditure in the annual accounts of the Member States at the end of March 2017. A higher number of relocations had been expected when the budget 2017 was established, given the urgency of the situation.

#### 3.0.2 Internal Security Fund (ISF)

In € million

Appropriations 2017	Implementation 15/6/2017	Forecast 15/6/2017	Implementation 15/6/2016
721,6	187,5   26,0%	183,6   25,4%	180,3   37,5%

In absolute terms implementation in 2016 and 2017 are almost identical. In percentage terms implementation is lower in 2017, but in line with the forecast.

Similar to AMIF, a year-end surplus of payments appropriations of around EUR 240 million is expected for the ISF for the following reasons:

- The first two bullet points mentioned under AMIF are also valid for ISF.
- In case of new funding instruments such as ISF-Police, where the beneficiaries are new to the process and are still in a capacity building stage, delays in implementation might be expected. Moreover, some Member States have experienced difficulties with providing the necessary co-financing, whereas some other Member States appear to have given priority to the implementation of national funds.

### ***3.0.12 Instrument for Emergency Support within the Union (IES)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
219,2	42,0	19,2%	38,9	17,7%	53,5	66,7%

The Instrument for Emergency Support within the Union (IES) was established in March 2016 with the objective to provide fund emergency humanitarian support for people in need within the EU territory. On 16 March 2016, the Council activated the emergency support for the influx of refugees and migrants into the Union for a period of three years. The high implementation registered in June 2016 is linked to a first set of projects launched immediately after the establishment of the regulation. The 2017 implementation is based on established contracting planning according to identified needs in the field, whereby over half of commitments appropriations are to be contracted before July for which the subsequent payments claims will follow in the successive months.

## **Heading 4: GLOBAL EUROPE**

### ***4.0.1 Instrument for Pre-Accession Assistance (IPA)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
1.698,0	375,1	22,1%	632,2	37,2%	965,4	56,5%

The lower implementation registered on 15 June 2017 as compared to the forecast and to the execution of previous year (15 June 2016) is mostly due to delays in contracting, suspended payments and delays in implementation of projects. It is foreseen that the implementation will catch up in the coming months. A full analysis of the impact of the delays in implementation will be done in the framework of the Global Transfer exercise in September.

### ***4.0.2 European Neighbourhood Instrument (ENI)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
2.363,0	586,1	24,8%	964,4	40,8%	807,3	34,6%

The lower implementation registered on 15 June 2017 as compared to the forecast and to the execution of previous year (15 June 2016) is mostly due to delays in contracting, suspended payments and delays in implementation of projects. When comparing to the

implementation in 2016 on the same cut-off date, the implementation in the first half of 2016 is higher than in 2017 because it includes payments of backlog bills from 2015.

It is foreseen that the implementation will catch up in the coming months. Full analysis of the impact of the delays in implementation will be done in the framework of the Global Transfer exercise in September.

#### ***4.0.6 Instrument contributing to Stability and Peace (IcSP)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
296,9	103,6	34,9%	143,0	48,2%	180,2	51,7%

The IcSP is mainly a crisis response instrument, which implies that its resources are mobilised according to non-programmable variables.

For the 'Crisis response' part, new actions for EUR 99 million have been adopted or are in the pipeline for 2017. It can therefore be expected that the implementation in payments will significantly increase in the coming months.

#### ***4.0.8 Common Foreign and Security Policy (CFSP)***

In € million

Appropriations 2017	Implementation 15/6/2017		Forecast 15/6/2017		Implementation 15/6/2016	
294,4	60,4	20,5%	99,3	33,7%	46,5	20,2%

CFSP is a crisis response policy and therefore the level of implementation varies each year.



In € million

## ANNEX 2: IMPLEMENTATION AND FORECAST – PAYMENTS

EXCLUDING ASSIGNED REVENUES  
BY HEADING OF MULTIANNUAL FINANCIAL FRAMEWORK  
PROVISIONAL DATA

Description	Available Appropriations 15 June 2017	Implementation 15 June 2017		Forecast Mid-June			Forecast End-December	Implementation 15 June 2016	
		Amount	%	Amount	%	Variation Implementation - forecast	%	Amount	%
<b>1. SMART AND INCLUSIVE GROWTH</b>									
<b>1.1 Competitiveness for growth and jobs</b>									
1.1.1X Large infrastructure projects									
1.1.10 European Fund for Strategic Investments	2.316,8	1320,2	57,0%	1.142,2	49,3%	178,0	100,0%	500,5	48,8%
1.1.11 European Satellite Navigation Systems (EGNOS & GALILEO)	690,6	302,3	43,8%	303,7	44,0%	-1,4	99,8%	180,7	33,2%
1.1.12 International Thermonuclear Experimental Reactor (ITER)	426,5	331,2	77,7%	331,7	77,8%	-0,5	99,7%	323,9	56,4%
1.1.13 European Earth Observation Programme (COPERNICUS)	698,6	179,5	25,7%	171,6	24,6%	7,9	99,7%	249,7	43,3%
1.1.2 Nuclear Safety and Decommissioning	150,1	27,5	18,3%	0,4	0,3%	27,1	100,0%	0,0	0,0%
1.1.3X Common Strategic Framework (CSF) Research & Innovation									
1.1.31 Horizon 2020	10.272,1	4143,6	40,3%	3.979,2	38,7%	164,3	99,4%	3.773,3	37,7%
1.1.32 Euratom Research and Training Programme	367,3	145,8	39,7%	132,6	36,1%	13,3	94,1%	104,0	36,1%
1.1.4 Competitiveness of enterprises and small and medium-sized enterprises (COSME)	371,4	122,7	33,0%	137,2	36,9%	-14,5	84,1%	171,8	73,1%
1.1.5 Education, Training, Youth and Sport (Erasmus+)	1.899,5	1282,9	67,5%	1.276,1	67,2%	6,8	99,6%	1.163,4	63,0%
1.1.6 Employment and Social Innovation (EaSI)	99,3	30,7	31,0%	24,5	24,6%	6,3	97,0%	57,8	41,2%
1.1.7 Customs, Fiscalis and Anti-Fraud	122,3	46,4	38,0%	45,8	37,5%	0,6	100,0%	49,9	39,5%
1.1.8X Connecting Europe Facility (CEF)									
1.1.81 Energy	125,0	29,6	23,7%	12,9	10,3%	16,7	102,8%	27,5	19,1%
1.1.82 Transport	967,2	695,1	71,9%	457,7	47,3%	237,5	115,2%	269,0	27,8%
1.1.83 Information and Communication Technology (ICT)	118,1	27,9	23,6%	21,7	18,3%	6,2	71,7%	8,3	18,6%
1.1.9 Energy projects to aid economic recovery (EERP)	110,0	35,7	32,5%	84,4	76,7%	-48,7	100,0%	46,1	26,5%
1.1.OTH Other actions and programmes	194,1	61,8	31,8%	42,6	22,0%	19,2	98,8%	70,3	36,5%
1.1.SPEC Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	125,3	50,2	40,1%	49,4	39,5%	0,8	97,9%	48,8	39,3%
1.1.PPPA Pilot projects and preparatory actions	44,7	14,7	32,8%	9,2	20,6%	5,5	79,9%	4,6	25,0%
1.1.DAG Decentralised agencies	335,7	151,0	45,0%	151,9	45,2%	-0,9	100,0%	140,7	45,0%
<b>SUB-TOTAL</b>	<b>19.434,7</b>	<b>8999,0</b>	<b>46,3%</b>	<b>8.374,7</b>	<b>43,1%</b>	<b>624,3</b>	<b>99,7%</b>	<b>7.190,2</b>	<b>41,1%</b>

<b>1.2 Economic, Social and Territorial Cohesion</b>										
1.2.11	Regional convergence (Less developed regions)	19.455,2	4472,4	23%	6.993,8	35,9%	-2.521,4	95,6%	10.972,7	46,2%
1.2.12	Transition regions	3.313,7	901,2	27%	1.206,4	36,4%	-305,2	100,0%	1.149,1	60,9%
1.2.13	Competitiveness (More developed regions)	5.705,5	1288,7	23%	1.961,1	34,4%	-672,4	98,7%	3.061,1	53,8%
1.2.14	Outermost and sparsely populated regions	139,9	79,4	57%	54,3	38,8%	25,1	100,0%	43,8	44,7%
1.2.15	Cohesion fund	5.979,9	1702,7	28%	2.039,5	34,1%	-336,8	95,7%	4.386,4	59,2%
1.2.2	European territorial cooperation	968,9	279,5	29%	307,6	31,7%	-28,0	94,0%	576,2	79,6%
1.2.31	Technical assistance and innovative actions	202,2	32,9	16%	47,1	23,3%	-14,3	96,0%	41,7	20,2%
1.2.4	European Aid to the Most Deprived (FEAD)	441,7	84,3	19%	43,3	9,8%	41,0	100,0%	4,7	1,0%
1.2.5	Youth employment initiative (specific top-up allocation)	600,0	58,0	10%	178,0	29,7%	-120,0	100,0%	203,6	19,4%
1.2.6	Contribution to the Connecting Europe Facility (CEF)	382,7	110,8	29%	45,4	11,9%	65,4	100,2%	4,1	0,5%
1.2.PPPA	Pilot projects and preparatory actions	14,3	1,2	9%	1,0	6,7%	0,3	79,3%	2,1	25,4%
<b>SUB-TOTAL</b>		<b>37.204,0</b>	<b>9.011,2</b>	<b>24,2%</b>	<b>12.877,3</b>	<b>34,6%</b>	<b>-3.866,1</b>	<b>96,6%</b>	<b>20.445,7</b>	<b>48,6%</b>
<b>TOTAL SMART AND INCLUSIVE GROWTH</b>		<b>56.638,7</b>	<b>18.010,1</b>	<b>31,8%</b>	<b>21.252,0</b>	<b>37,5%</b>	<b>-3.241,9</b>	<b>97,7%</b>	<b>27.635,9</b>	<b>46,4%</b>
<b>2. SUSTAINABLE GROWTH: NATURAL RESOURCES</b>										
2.0.10	European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	43.192,6	30548,8	70,7%				100,0%	24.511,4	57,5%
2.0.2	European Agricultural Fund for Rural Development (EAFRD)	11.206,9	5878,7	52,5%	5.534,8	49,4%	343,9	100,0%	5.959,4	49,6%
2.0.31	European Maritime and Fisheries Fund (EMFF)	577,8	55,5	9,6%	121,0	20,9%	-65,5	100,5%	301,5	69,7%
2.0.32	Regional Fisheries Management Organisations (RFMOs) and Sustainable Fisheries Agreements (SFAs)	118,6	29,4	24,8%	31,2	26,3%	-1,8	99,2%	11,4	8,6%
2.0.4	Environment and climate action (LIFE)	367,7	113,2	30,8%	109,5	29,8%	3,7	96,2%	89,0	25,6%
2.0.OTH	Other Actions and Measures	0,2					0,0	0,0%	24,0	100,0%
2.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission								0,1	14,4%
2.0.PPPA	Pilot projects and preparatory actions	13,5	3,8	28,2%	4,4	32,2%	-0,5	71,5%	5,1	37,5%
2.0.DAG	Decentralised agencies	54,8	28,7	52,4%	31,3	57,1%	-2,6	100,0%	23,3	50,5%
<b>TOTAL SUSTAINABLE GROWTH: NATURAL RESOURCES</b>		<b>55.532,0</b>	<b>36.658,2</b>	<b>66,0%</b>	<b>5.832,1</b>	<b>47,3%</b>	<b>30.822,3</b>	<b>100,0%</b>	<b>30.925,3</b>	<b>55,6%</b>

<b>3. SECURITY AND CITIZENSHIP</b>											
3.0.1	Asylum, Migration and Integration Fund (AMIF)	1.184,1	205,3	17,3%	191,5	16,2%	13,8	58,0%	527,1	52,3%	
3.0.2	Internal Security Fund (ISF)	721,6	187,5	26,0%	183,6	25,4%	3,9	67,5%	180,3	37,5%	
3.0.3	IT Systems	16,9	9,6	56,8%	7,1	41,7%	2,5	114,2%	5,3	19,3%	
3.0.4	Justice	42,3	10,9	25,8%	11,6	27,5%	-0,7	94,1%	10,5	25,7%	
3.0.5	Rights and Citizenship	47,4	28,5	60,1%	24,6	51,8%	3,9	98,7%	25,3	52,4%	
3.0.6	Civil protection	30,9	5,5	17,9%	8,1	26,0%	-2,5	100,6%	3,2	11,5%	
3.0.7	Europe for Citizens	26,6	13,3	50,0%	13,2	49,8%	0,1	100,1%	13,9	52,6%	
3.0.8	Food and Feed	235,6	30,5	13,0%	33,1	14,0%	-2,6	100,3%	42,8	17,9%	
3.0.9	Health	58,8	22,4	38,1%	18,2	31,0%	4,2	99,5%	24,9	44,7%	
3.0.10	Consumer protection	21,5	7,4	34,2%	4,4	20,5%	3,0	94,8%	12,8	50,7%	
3.0.11	Creative Europe	178,7	55,1	30,8%	51,8	29,0%	3,3	98,6%	40,7	22,7%	
3.0.12	Instrument for Emergency Support within the Union (IES)	219,2	42,0	19,2%	38,9	17,7%	3,1	99,5%	53,5	66,7%	
3.0.OTH	Other actions and programmes										
3.0.SPEC	Actions financed under the prerogatives of the Commission and specific competencies conferred to the Commission	102,9	43,5	42,3%	33,2	32,2%	10,4	96,8%	39,2	44,1%	
3.0.PPPA	Pilot projects and preparatory actions	19,2	5,2	27,2%	6,5	33,9%	-1,3	84,9%	5,0	50,0%	
3.0.DAG	Decentralised agencies	864,1	316,9	36,7%	319,7	37,0%	-2,8	103,8%	273,0	40,1%	
<b>TOTAL SECURITY AND CITIZENSHIP</b>		<b>3.769,8</b>	<b>983,7</b>	<b>26,1%</b>	<b>945,4</b>	<b>25,1%</b>	<b>38,3</b>	<b>81,1%</b>	<b>1.257,4</b>	<b>42,8%</b>	
<b>4. GLOBAL EUROPE</b>											
4.0.1	Instrument for Pre-Accession Assistance (IPA)	1.698,0	375,1	22,1%	632,2	37,2%	-257,1	100,3%	965,4	56,5%	
4.0.2	European Neighbourhood Instrument (ENI)	2.363,0	586,1	24,8%	964,4	40,8%	-378,3	101,3%	807,3	34,6%	
4.0.3	Development Cooperation Instrument (DCI)	2.777,8	1020,6	36,7%	1.173,3	42,2%	-152,7	99,9%	1.261,8	45,6%	
4.0.4	Partnership Instrument (PI)	136,5	46,4	34,0%	48,6	35,6%	-2,2	96,4%	40,3	41,3%	
4.0.5	European Instrument for Democracy and Human Rights (EIDHR)	171,6	73,0	42,5%	81,7	47,6%	-8,7	103,3%	81,4	49,4%	
4.0.6	Instrument contributing to Stability and Peace (IcSP)	296,9	103,6	34,9%	143,0	48,2%	-39,4	100,9%	180,2	51,7%	
4.0.7	Humanitarian aid	1.341,4	631,5	47,1%	722,0	53,8%	-90,5	110,7%	817,0	49,0%	
4.0.8	Common Foreign and Security Policy (CFSP)	294,4	60,4	20,5%	99,3	33,7%	-38,8	88,4%	46,5	20,2%	
4.0.9	Instrument for Nuclear Safety Cooperation (INSC)	81,7	27,2	33,4%	30,7	37,6%	-3,5	80,5%	54,5	47,9%	
4.0.10	Macro-financial assistance (MFA)	45,8	10,0	21,8%	5,1	11,0%	5,0	99,9%	5,1	33,3%	
4.0.11	EU guarantees for lending operations	240,5	240,5	100,0%	240,5	100,0%	0,0	100,0%	257,1	100,0%	
4.0.12	Civil protection and European Emergency Response Centre (ERC)	19,6	4,0	20,3%	6,7	34,2%	-2,7	100,1%	1,3	10,2%	
4.0.13	European Voluntary Humanitarian Aid Corps (EVHAC)	23,7	4,7	19,7%	4,8	20,0%	-0,1	93,2%	3,1	39,4%	
4.0.OTH	Other actions and programmes	95,7	12,8	13,3%	19,6	20,4%	-6,8	90,3%	27,2	36,5%	
4.0.SPEC	Actions financed under the prerogatives of the Commission and specific competencies conferred to the Commission	67,3	26,2	39,0%	30,3	45,0%	-4,1	100,9%	28,5	44,8%	

4.0.PPPA	Pilot projects and preparatory actions	12,9	3,1	23,9%	7,7	59,4%	-4,6	95,4%	5,4	37,8%
4.0.DAG	Decentralised agencies	19,8	9,7	49,2%	10,9	55,1%	-1,2	100,1%	9,5	47,7%
<b>TOTAL GLOBAL EUROPE</b>		<b>9.686,5</b>	<b>3.234,9</b>	<b>33,4%</b>	<b>4.220,4</b>	<b>43,6%</b>	<b>-985,5</b>	<b>101,2%</b>	<b>4.591,5</b>	<b>46,4%</b>