



European
Commission



The EU budget at a glance

May 2019

Budget



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May 2019

#EUBudget

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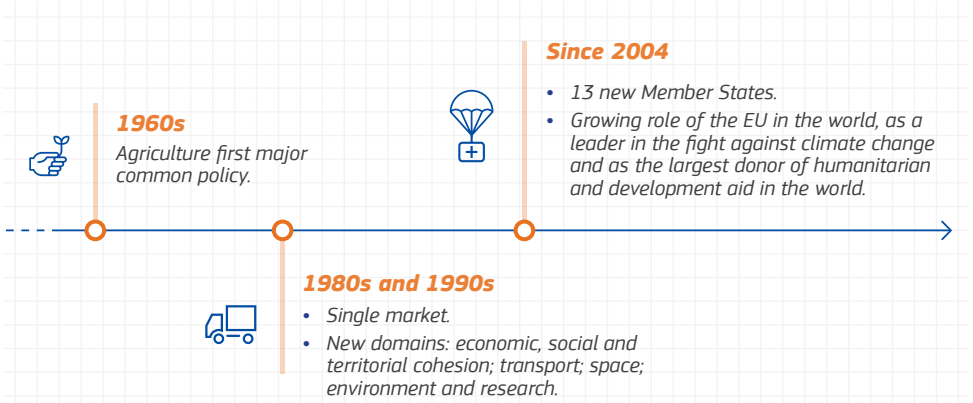


Why
do we
need an **EU**
budget?

The European Union budget helps to deliver on things that matter for Europeans. At the origin of the European project was the idea that pulling resources together would make Europe stronger and be the key to prosperity and peace. The EU budget continues to do that by financing projects that make a difference in the life of European citizens.

THE EVOLUTION OF THE EU BUDGET

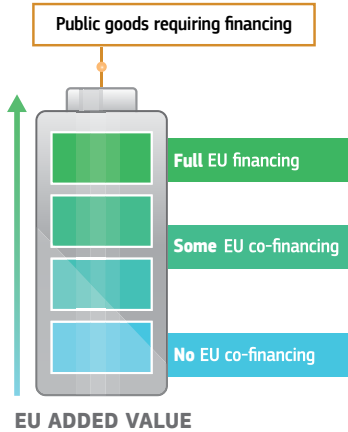
For the past 60 years, the EU budget has progressively changed with the building of the European Union.



The EU budget is the tool to ensure that Europe remains a democratic, peaceful, prosperous and competitive force. It provides the means to make Europe a global leader facing today's and tomorrow's challenges.

What makes the EU budget unique?

By pooling resources at the European level, Member States can achieve more than they could by acting alone.



IT BRINGS ADDED VALUE

Every euro invested under the EU budget should bring added value. Significant investments are needed at the European level to compete with other global players. They cannot be financed by one Member State alone because of their scale. For instance, the EU budget promotes infrastructure and research projects by creating economies of scale and leverage effect, and by avoiding duplication of efforts.

Criteria: Treaty objectives and obligations - Public goods of a European dimension - Economies of scale - Spillover effect - Subsidiarity - Benefits of EU integration - European values: peace, democracy, rule of law

IT IS DIFFERENT FROM NATIONAL BUDGETS

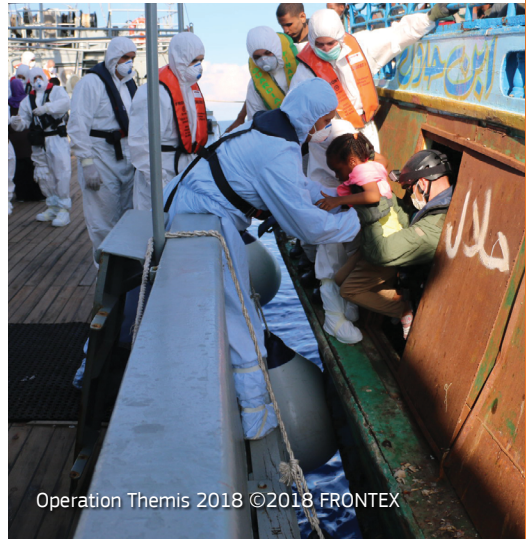
Unlike national budgets, the EU budget is an investment budget: it does not fund social protection, primary education or national defence, but rather the key areas that provide European added value by boosting growth and competitiveness. It intervenes only when it is more effective to spend money at the European level than at local, regional or national level.

An emergency at sea or during a road trip? The EU's Galileo satellites can help locate anyone in need of assistance and save many lives.



IT ENSURES EUROPE'S ROLE AS A GLOBAL ACTOR

The challenges we face are global. The EU budget provides the means for a global response to tackle transnational issues that affect all its citizens. Faced with the most severe refugee crisis the world has seen since the Second World War, the EU managed to bring about a profound change in migration management and border protection. The EU has offered protection and support to millions, saved lives, dismantled trafficking networks and brought irregular arrivals to Europe down to the lowest level recorded in five years at the end of 2018.



Operation Themis 2018 ©2018 FRONTEX

IT PROMOTES AMBITIOUS AND INNOVATIVE INVESTMENTS

The EU budget provides the guarantees needed for risky or long-term projects, which could never be financed by a single EU country by itself. It improves the business environment by unleashing the potential of European companies, and by removing regulatory barriers to investments both nationally and at the EU level.



Example

In 2014, the EU launched the [Investment Plan for Europe](#) to get Europe investing again. By 2020, it will have mobilised €500 billion of private and public investment to ensure Europe's competitiveness in key sectors such as artificial intelligence and digital and ecological transition.



**How does
the EU
budget
make a
difference?**

It increases shared prosperity and solidarity

The EU budget contributes to reducing disparities within Europe and between regions. Average gross domestic product per capita in the EU has almost doubled over the past twenty years. The increase has been over tenfold for some of the poorest members. It is estimated that the return on investment of regional spending by 2023 will be €2.74 for every €1 invested between 2007 and 2013 — that is a 274% return.


REGIONAL POLICY IN FIGURES

For 2014-20, the EU allocated over €460 billion to regional spending. This should result in:


broadband access for 
14 million additional households

better healthcare for 
44 million Europeans

flood and fire prevention for 
27 million people

nearly 
17 million people connected to sewage plants

over 
420,000 new jobs in companies

new, modern schools and childcare for 
6.9 million children

help for over 
1,100,000 companies

Figures from April 2018

Example

To bridge the digital divide, the EU is supporting access to broadband. This is vital for ensuring the balanced development of all EU regions and allowing citizens and businesses to benefit from new digital services. In France, the EU invested €600 million in the “Enhanced Broadband for All” project to bring very high speed broadband to the whole of the country by 2022.

It leads the fight against climate change

Almost one fifth of the EU budget is currently dedicated to climate actions, from sustainable agriculture to investments in energy efficiency in buildings and renewable energy. It represents €200 billion for the period 2014–2020.

EU TARGETS FOR REDUCING GREENHOUSE GAS EMISSIONS BY 2030



At least **40%** cuts in greenhouse gas emissions (from 1990 levels)



At least **32%** share of renewable energy



At least **32.5%** improvement in energy efficiency

2018 forecast

Example. New bioproducts from crop oil in Italy

First2Run aims to demonstrate the technical, economic and environmental sustainability of a biorefinery making bioproducts using oil from crops grown in arid or marginal zones. Oils are converted via chemical processes into plastics, lubricants, cosmetics and plasticisers. Integration of all phases, from crop cultivation to product synthesis, benefits the economy, the environment and the region. (EU contribution: €17 million).



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The EU budget empowers

The EU budget creates opportunities for millions of students, thousands of researchers, cities, businesses, regions and NGOs through its programmes.



Young people have the opportunity to study, volunteer and work abroad through the [Erasmus+](#) programme and the [European Solidarity Corps](#). The [Youth Employment Initiative](#) helps young jobseekers develop their skills and find the right opportunity.



Regions and cities have access to [European structural and investment funds](#), investing in job creation and a sustainable and healthy European economy and environment.



Researchers can benefit from partial financing through [Horizon 2020](#). Thanks to the EU budget, the European Union is a world leader in research and innovation. It is responsible for one quarter of global expenditure on research and one third of global patent applications.



Small and medium businesses benefit from grants, loans and in some cases guarantees, as well as better access to finance and markets under the [competitiveness of enterprises and SMEs \(COSME\) programme](#).



Farmers receive aid to bolster their income, as well as environmental funding from the [European Agricultural Fund for Rural Development](#) and [LIFE](#) programme to promote sustainable agriculture.



NGOs have access to EU funding if their area of activity relates to an EU policy.

EU membership benefits all European citizens by creating the conditions for personal and professional well-being.

- ▶ Peace
- ▶ Security and stability
- ▶ Freedom to live, travel, and study everywhere in the EU
- ▶ Improved consumer protection
- ▶ Single market
- ▶ More affordable air travel
- ▶ Healthy and safe food
- ▶ New and better roads
- ▶ Cleaner rivers, beaches, and air
- ▶ Lower mobile charges
- ▶ Better data protection

The EU budget protects

Terrorism, organised crime, climate change, natural disasters or epidemics do not have borders. The EU budget helps protect our safety, our health, our environment and our society against these global threats.

OUR SAFETY



From awareness to prevention:
the EU is combating radicalisation across Europe.



No man is an island:
the European Border and Coast Guard Agency is helping protect borders.



Safe surfing:
the EU protects us online.

OUR HEALTH



Hidden hazard:
a surprise toy put European countries on high alert.



Keeping cool:
Europe is using natural solutions to fight heatwaves.



A humanitarian crisis:
the EU helped contain Ebola in Africa.



<https://europa.eu/euprotects/>

#EUprotects

OUR ENVIRONMENT



The distress signal:
Europe came together to fight forest fires in Italy.



The burning issue:
the EU is helping fight deadly air pollution in Poland.



A safety net for sea turtles:
the EU is helping protect our marine ecosystems.

OUR SOCIETY



From war-stricken Syria to safety:
the EU helped refugees build a new life in the Netherlands.



Building foundations:
the EU is helping to break the cycle of poverty.



Escaping energy poverty:
the EU is making sure families are not left out in the cold.

How does
the EU
budget
work?

Long-term budget versus annual budget

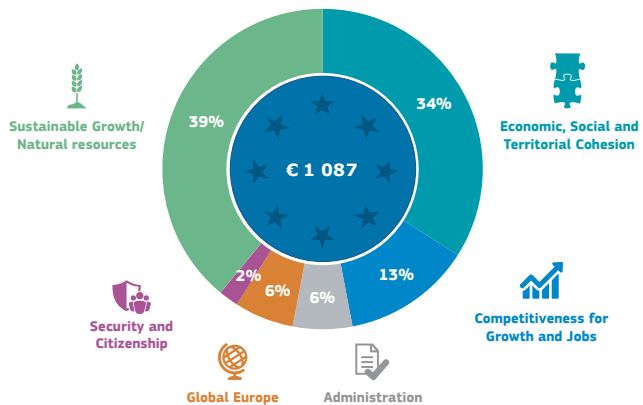
LONG-TERM BUDGET

As the EU budget is mainly an investment budget, it needs to be decided on a long-term basis to ensure stability. A long-term spending plan, called the Multiannual Financial Framework (MFF), is adopted for a period of at least five years (generally seven years). The MFF lays down the maximum annual amounts (ceilings) that the EU may spend in the different categories of expenditure (headings) for each of the five to seven years.



Multiannual Financial Framework 2014-2020

in billion, expressed in commitment appropriations



ANNUAL BUDGET

Each annual budget is adopted within the limits of the MFF and usually remains below the MFF expenditure ceilings to guarantee flexibility. MFF ceilings can be compared to credit card limits for the period of one year.

2019

2019

2020

Did you know?

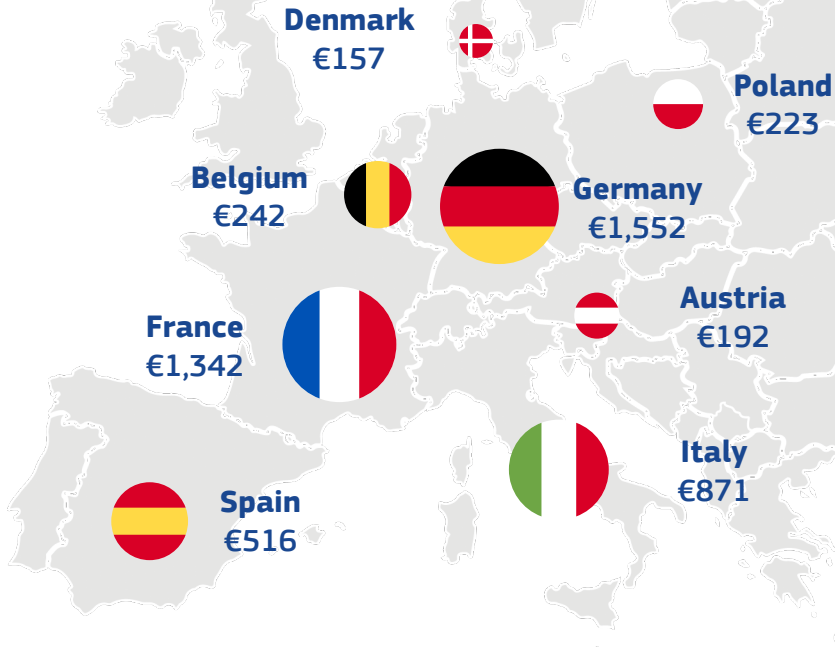
The EU budget is expressed in commitment and payment appropriations.

- Commitments are legal pledges to provide finances.
- Payments are cash or bank transfers to the beneficiaries to cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

How big is the EU budget?

The EU

€148



In billions, in 2019. Forecast from May 2019. The EU budget is expressed in payment appropriations.



The EU budget costs the average citizen less than **a cup of coffee per day**.

Did you know?

At some €148 billion (2019 figure), the annual EU budget is in fact smaller than the budgets of Austria or Belgium. The EU budget represents a small part of total public expenditure in the EU: around 1% of combined EU income and only around 2% of public spending in the EU.

What does the EU budget finance?

The EU budget is broken down into five headings, which represent spending areas. The lion's share of the EU budget (around 75%) goes to regional development, agriculture and fight against climate change (headings 1b and 2). Only 6% of the EU budget goes towards administrative costs.

Smart and inclusive growth



a. **Competitiveness for growth and jobs.** The EU invests in research and innovation, education and training, trans-European networks in energy, transport and telecommunications, development of enterprises, etc.



b. **Economic, social, and territorial cohesion.** The EU finances regional policy to help the least developed EU Member States and regions catch up with the rest, strengthening all regions' competitiveness and developing inter-regional cooperation.



Sustainable growth: natural resources. The EU budget finances agriculture – including rural development, fisheries, and environmental and climate action.



Security and citizenship. It invests in justice and home affairs, border protection, immigration and asylum policy, public health, consumer protection, culture, youth, civil protection and dialogue with citizens.

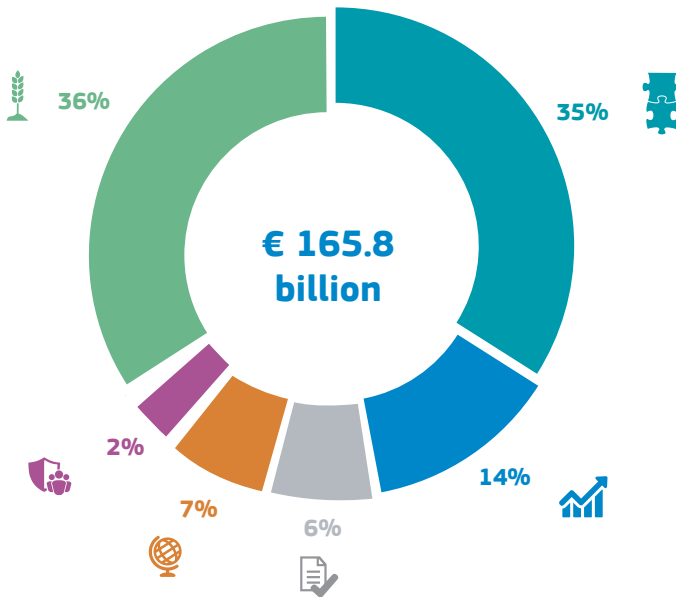


Global Europe. It covers all external action (foreign policy) by the EU such as development assistance and humanitarian aid.



Administration. The EU budget covers the administrative expenditure of all the European institutions. It includes staff salaries, pensions, buildings, information technology, trainings, translation and European schools.

EU BUDGET IN 2019



Adopted budget for 2019 expressed in commitment appropriations.



Competitiveness for Growth and Jobs



Security and Citizenship



Economic, Social and Territorial Cohesion



Global Europe



Sustainable Growth: natural resources



Administration

Too much money for agriculture?

In 2017, the share of EU spending on farming was 41%. In 1985, 70% was spent on farming. Over the past decade, 13 countries – most of them with large farming sectors – have joined the EU. However, the common agricultural policy budget has not risen. In fact, spending continues to fall. For 2021-2027, the Commission proposed to dedicate less than 30% of the EU budget to agriculture. Its relatively large share of the EU budget is justified: it is the only policy funded almost entirely from the EU budget. This means that EU spending replaces national expenditure to a large extent.

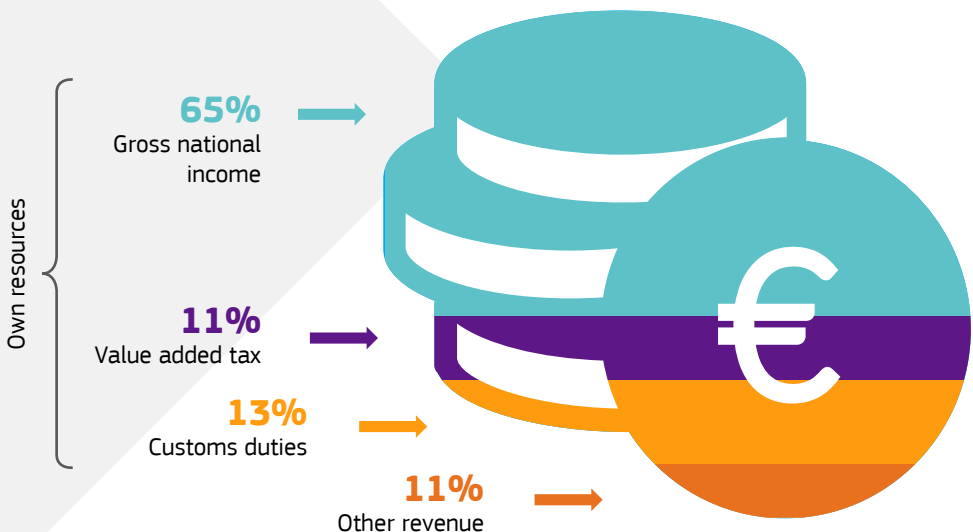
How is the EU budget financed?

RESOURCES COME MAINLY FROM MEMBER STATES

The EU budget is always balanced: it can never run a deficit. The EU budget is financed from the following sources:

- **customs duties** on imports from outside the EU;
- a small proportion of the **value added tax** collected by each Member State;
- a proportion of Member States' **gross national income** in line with how wealthy they are;
- other revenue, notably including tax and other deductions from EU staff remuneration, contribution from non-EU countries to certain programmes, interest on late payments and fines, as well as surplus from the previous year.

EU REVENUE IN 2018

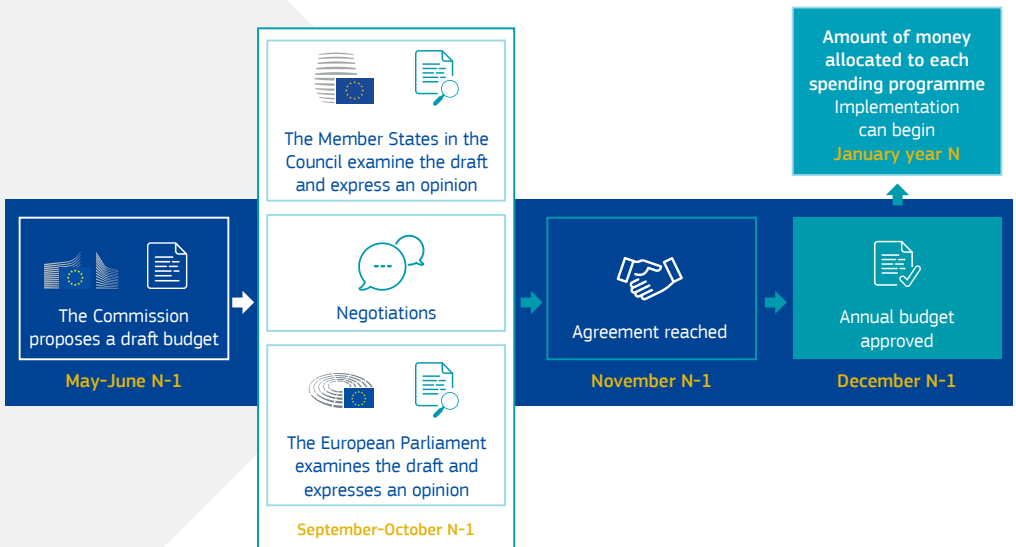


The EU
budget is
spent in a
democratic
and
responsible
way

The EU budget is decided democratically

Every year, the European Parliament and the EU Member States agree on what part of the seven-year budget will be spent over the following 12 months. They also decide on where the money will go. This procedure takes into account the positions of the institutions that represent EU citizens and Member States, and involves the following steps.

1. The European Commission proposes a draft annual budget.
2. The draft budget must be approved by the national governments in the Council of the EU and by the European Parliament, which is elected by European citizens.
3. Both the Council and the Parliament can amend the draft.
4. The Council and the Parliament approve the final version.



Did you know?

When the European Parliament and the Council do not agree on a common text, they engage in a negotiation process known as the “conciliation procedure” which can last up to 21 days.

The EU budget is implemented mainly by the Commission and the Member States

- Only **18%** of the EU budget is **directly** managed by the Commission.
- **8%** the EU budget is managed **indirectly** by international organisations, decentralised agencies, third countries, etc.
- The lion's share of the EU funds (**74%**) is spent together with Member States under what is known as **shared management**. The authorities in the Member States (for instance the ministries for regional development), rather than the Commission itself, manage the expenditure under the supervision of the Commission. The ultimate responsibility for the implementation of the budget lies with the European Commission.



DIRECT MANAGEMENT

European Commission, including its delegations and executive agencies

SHARED MANAGEMENT

Member States

INDIRECT MANAGEMENT

International organisations, decentralised agencies and joint undertakings, national agencies, specialised union bodies, third countries

EU's central online database

If you want to know who receives EU money and how much, you can use the [EU's central online database](https://europa.eu/xK97cQ). For EU funds distributed by national authorities, the information is available on national websites.

SHARED MANAGEMENT

A big part of EU budget expenditure is managed by Member States under so-called shared management in areas such as **agriculture and regional development**.

Benefits of shared management



EU funding under shared management has been a major and stable source of public investment in many Member States.



It acts as a catalyst for further public and private investment. Member States or private partners are more likely to finance projects if they can share the funding and the associated risks with the EU.



It encourages Member States to implement necessary structural reforms to make efficient and effective use of the European funds. All these measures benefit the economy as a whole, creating a more favourable business environment.



Territorial cooperation between neighbouring countries is a way to strengthen the internal market and reduce barriers between Member States.

Example.

EU funds help renovate one of Catalonia's most densely populated areas

EU funding and private investment have enabled the council of Santa Coloma de Gramenet, Catalonia to renovate neighbourhoods in the Serra d'en Mena area. Upgrades include construction of a multi-purpose building with a market, a library and a crèche. This is an example of how neighbourhoods can be made more welcoming and economically and environmentally sustainable. EU funding covered more than half of the total investment (€7.3 million out of €14 million).



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The EU budget is one of the most controlled in the world



TRANSPARENT REPORTING

The EU is one of the most transparent institutions in the world as far as accountability reporting is concerned. Every euro the EU spends is recorded in the books and accounted for. The Commission presents in a transparent manner the results of controls and audits carried out by the Commission, the Member States and other organisations, as well as the actions taken to address any weaknesses found. The European Court of Auditors is the external auditor for the EU budget.

The Commission and the Member States work together to make sure that taxpayers' money is spent well and in an appropriate manner. There are different types of safeguards in place: preventive and corrective measures.

Errors versus fraud

Errors do not mean that EU money is lost, wasted or affected by fraud. In fact, fraud affects approximately 0.2% of the total EU budget. Errors mainly stem from misinterpretations of public procurement rules or from administrative mistakes in applications submitted by beneficiaries, for example when documents are missing.

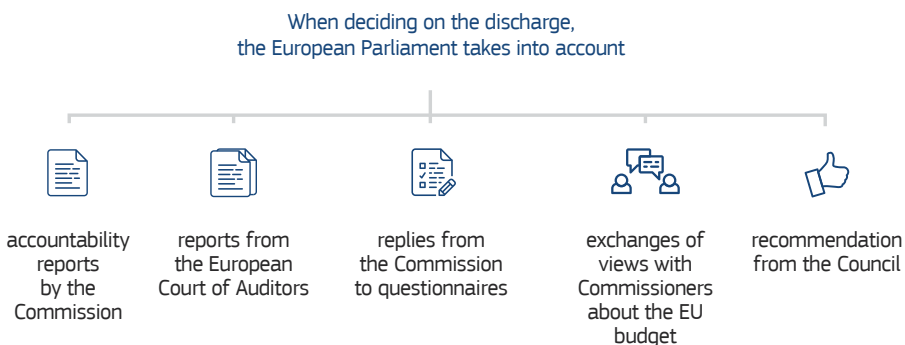
Preventive measures. The Commission puts much emphasis on preventive measures, such as sharing good practices, providing guidance and training, mandatory control and audit structures in Member States as well as interruption and suspension of payments.

Corrective measures. The Commission applies corrective mechanisms as a last resort where preventive mechanisms were not effective. They typically include financial corrections and the recovery of irregular expenditure declared by Member States or beneficiaries.

DISCHARGE PROCEDURE

The European Parliament decides on the discharge to the Commission. By granting discharge, the European Parliament approves how the Commission has implemented the EU budget.

This procedure ensures that the management of European taxpayers' money is under democratic control, and that the Commission is always held accountable.



EU's financial regulation

The rules governing the actual spending of EU funds are contained in the [EU's financial regulation](#). They are regularly reviewed and simplified to make life easier particularly for small beneficiaries.

<https://europa.eu/kF47JM>

The EU
budget
contributes
to **defining**
Europe
for the next
decade

The challenges the EU is facing are huge



Security and safety for the citizens of the Union



Economic strength, sustainability and solidarity



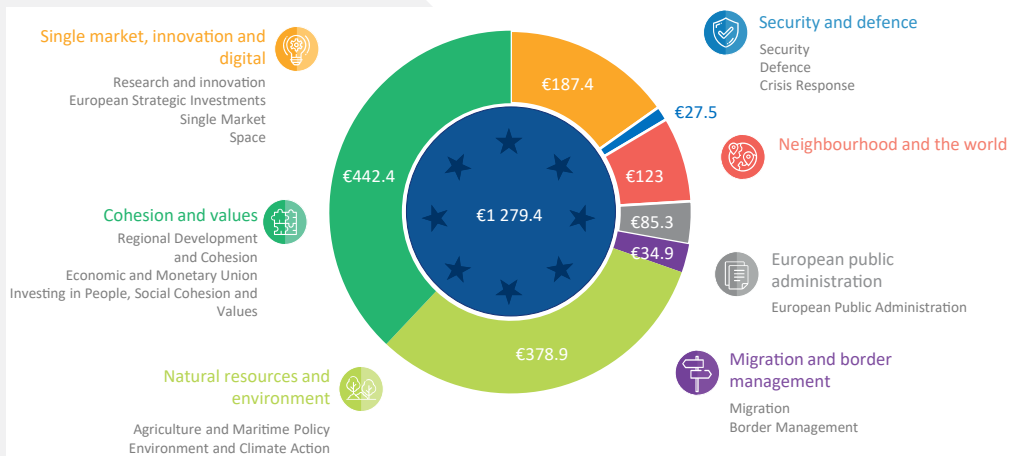
Migration management



External challenges, humanitarian aid & development

The EU budget will serve Europe for the next decade and beyond. The next long-term EU budget will run until 2027, and it is designed to ensure a Europe that empowers, protects and defends. In May 2018, the European Commission made its proposal for the next long-term EU budget.

PROPOSED NEXT LONG-TERM BUDGET 2021 - 2027 IN FIGURES

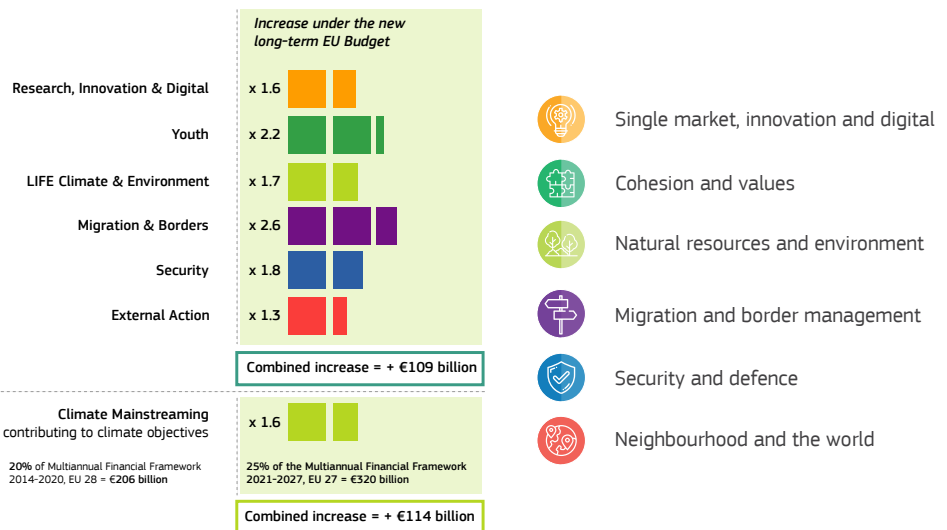


In billions, commitment appropriations expressed in current prices.

How can the next EU budget help?

MORE FUNDING FOR PRIORITY AREAS

To tackle known and unforeseen global challenges, the EU budget needs to have the means commensurate to its ambitions. In May 2018, the Commission proposed to increase the funding for research, youth, climate action, migration and borders, security and external action. These areas are key to helping Europe remain a global leader for a sustainable and green future, and contribute to making the world safer through development assistance and humanitarian aid.



A MODERN, SIMPLE AND FLEXIBLE BUDGET

Modern. The Commission proposes to further cut red tape for beneficiaries and managing authorities.

Simple. The structure of the budget will be clearer and more closely aligned with the EU's priorities. The Commission proposes to streamline the number of programmes by more than a third (from 58 currently to 37 in the future).

Flexible. The Commission's proposal includes increased flexibility within and between programmes, to better manage crises, tackle unforeseen events, and respond to emergencies in areas such as security and migration.

PROTECTING THE RULE OF LAW

At the heart of the European project is the protection of fundamental freedoms, human rights and the rule of law. Now, the EU needs the resources to protect and build on this legacy. Therefore, the Commission proposed a **new mechanism** to protect the EU budget from financial risks linked to generalised deficiencies regarding the rule of law in the Member States. It would allow the EU to suspend, reduce or restrict access to EU funding in a manner proportionate to the nature, gravity and scope of the rule-of-law deficiencies.

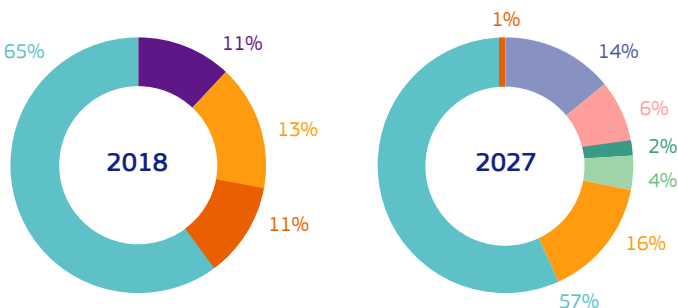
SIMPLIFYING AND DIVERSIFYING FINANCING FOR A MODERN BUDGET

To reduce the weight of the gross national income contribution for the Member States and to reflect the EU's policy priorities, the Commission proposes to introduce a basket of new own resources consisting of:

- 20% of the revenues from the emissions trading system;
- a 3% call rate applied to the new common consolidated corporate tax base;
- a national contribution calculated from the amount of non-recycled plastic packaging waste in each Member State (€0.80 per kg).

The Commission proposes the elimination of rebates that were granted to some Member States to re-balance their excessive contributions to the EU budget.

These new own resources will represent about 12% of the total EU budget, and could contribute up to €22 billion per year to funding the new priorities.



- Traditional own resources (mainly customs duties)
- Statistical value added tax-based own resource
- Other (surplus, fines,...)
- Own resource based on gross national income

- Own resource based on the common consolidated corporate tax base
- Own resource based on the auctioning revenue of the EU emissions trading system
- Own resource based on non-recycled plastic packaging waste
- Simplified value added tax-based own resource



**The results
of the EU
budget
are all
around you**

Whether you are aware of it or not, the EU budget has a huge impact on your life. The following are just a few examples among many.



Your education

Ten million people have been able to study, train, volunteer or gain professional experience abroad since the start of [Erasmus+](#). [Boris Kuzmanov](#), a young Bulgarian from Kozloduy, has achieved his dream of becoming a highly qualified nuclear engineer thanks to a loan granted under an EU master's degree programme. (EU funding under the MicroBank programme under Erasmus+: €12,000 a year for a master's degree and up to €18,000 for a two-year course)



Your personal and professional development

The [European Solidarity Corps](#) creates opportunities for young people to volunteer or work in projects in their own country or abroad that benefit communities and people around Europe. (EU funding: €143.3 million in 2019)



Your job

Are you a Spanish nurse? A Lithuanian software developer? Or a Dutch interior designer? You are ready to work anywhere in Europe. The [EURES portal](#) helps jobseekers to find jobs and employers to recruit from all over Europe.



Your health

[Health-i-care](#) is a project in which Dutch and German experts from healthcare, science and business are developing innovative products and technologies to protect the population against infections and prevent antibiotic resistance. (EU funding: €3.5 million)



Your well-being

The new [EU school fruit, vegetables and milk scheme](#) promotes healthy eating habits among children. It includes the distribution of fruit, vegetables and milk products, as well as programmes to teach pupils about the importance of good nutrition. (EU funding: €250 million agreed for 2017-2018)



Energy security

The Baltic connector will be the first gas pipeline to connect Estonia and Finland and will significantly increase energy security in the eastern Baltic Sea region. It will be able to transport gas in both directions and – together with the gas interconnection Poland-Lithuania – will help finalise the ‘Baltic gas ring’ and end the isolation of the Finnish gas market. (EU funding: €192.8 million)



Your travels

In 2018, a [pilot project](#) from the European Commission enabled 15,000 young people turning 18 to travel around Europe by train between July and the end of September. (EU funding: €12 million for 2018)



Your free time

The EU’s [Creative Europe MEDIA programme](#) supports the development of around 430 films and the distribution of some 500 films every year. In 2019, five EU-supported films were nominated for the Oscars. “The Favourite” by Greek director Yorgos Lanthimos won the award for best actress. (EU funding for the whole MEDIA programme: €120 million a year)



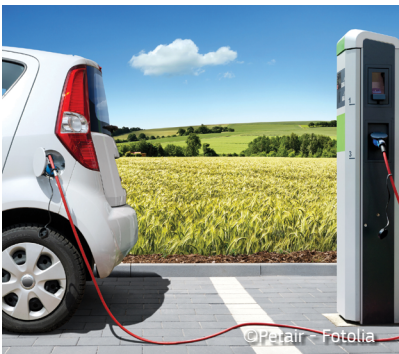
Your peace of mind

With the single digital gateway, citizens and firms will gain access to information and administrative procedures online, for example to apply for study loans or register a car. This European single entry point will be integrated into the 'Your Europe' portal, available in all languages.



Your region

A project in Greece's Attica region foresees the building of 24 high-quality state schools and the maintenance of the buildings by the construction company for 25 years. (EU funding: €71.6 million)



Your planet

Under the EU-funded [Central European Green Corridors project](#), 115 fast-charging stations for electric cars have opened in Germany, Austria, Slovenia, Slovakia and Croatia – allowing cross-border electromobility with your e-car between Munich and Zagreb. (EU funding: €6.3 million)



Your world

The EU provided €475 million to the Global Fund to fight AIDS, Tuberculosis and Malaria for 2017-2019. The EU supports the Global Fund's objective to help save 8 million lives during 2017-2019 and reach the Sustainable Development Goals target of ending the epidemics of AIDS, tuberculosis and malaria by 2030.

FIND OTHER EXAMPLES OF THE CONTRIBUTION OF THE EU BUDGET TO YOUR EVERYDAY LIFE

<https://what-europe-does-for-me.eu/en/>

THE EU BUDGET FOCUSES ON RESULTS

Today, demand for EU funding is rising and in many Member States the EU budget is a key source of investments. The pressure is greater than ever to make sure EU money is well spent. The Commission ensures that the EU budget is focused on priorities. Projects are selected, depending on the case, either directly by the Commission or by national and regional authorities in EU countries, third countries, international organisations, etc. They are chosen to meet local needs, in line with strategies and priorities that have been agreed in advance with the Commission.



Find out more about the EU budget here

Find out more about the EU's financial programming and budget by visiting our website regularly:

https://ec.europa.eu/info/about-european-commission/eu-budget_en

Fact check on the EU budget, <https://europa.eu/!Gg36rf>

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