



14 February 2006

**WORKING DOCUMENT OF THE COMMISSION SERVICES**

**Subject: Indicative breakdown of expenditure within individual headings and sub-headings, based on the European Council conclusions of December 2005**

**1. THE FINANCIAL FRAMEWORK 2007-2013 IN THE EUROPEAN COUNCIL CONCLUSIONS**

The table enclosed in annex provides an indicative breakdown by expenditure heading over the period 2007-13, based on the European Council conclusions. The breakdown identifies the main multi-annual programmes, other programmes and recurrent annual actions, traditional agencies, and the available margins within each expenditure ceiling, with a format similar to the one provided in fiche no. 19 REV3 of April 2005.

The breakdown is provided as a contribution to the ongoing negotiations on the Inter-institutional agreement (IIA) on financial discipline and improvement of the budgetary procedure, in view of reaching an agreement between the European Parliament, Council and the Commission by the end of April.

**2. OVERALL APPROACH TO REVISED DIVISION OF RESOURCES**

The general methodology used to construct the enclosed breakdown consists of a sequence of successive steps as described below.

**2.1. Expenditure specifically earmarked in the European Council conclusions**

The European Council conclusions earmarked and gave specific indications for the financial envelopes of a number of programmes/actions, namely:

*Earmarked expenditure*

- (1) Funds for research in 2013 should be around 75% higher than in 2006 (§ 10 of the Council conclusions).
- (2) Specific amounts are earmarked for the decommissioning of nuclear plants in Lithuania and Slovakia (§ 11).

- (3) The breakdown of cohesion expenditure (§ 13 to 59) and the related transfers to heading 2 (see point 4 below).
- (4) The amounts to be transferred from the current structural funds to Rural development (EAGGF Guidance section) and to the European Fishery Fund (EFF) in heading 2 derive mechanically from the cohesion financial envelope. Specific amounts are earmarked for Rural development (EAGGF Guarantee section) (§63) and for the total amount of the EFF (§64).
- (5) The emergency aid reserve is set at €221 million per year (§71).

#### *Expenditure with specific indications*

- (6) Due account will also be taken of some priority projects within the Trans-European Networks (§ 10).
- (7) A call upon the Budgetary Authority to ensure a substantial increase in the Common Foreign and Security Policy from 2007 (§73).

### **2.2. Other pre-determined expenditure**

In addition to the expenditure specifically earmarked in the European Council conclusions mentioned in section 2.1 above, there are specific amounts included in the Accession Treaty of Bulgaria and Romania for the period 2007-2009 which have to be respected. They concern nuclear plant decommissioning (Bulgaria), institution building (2007 only) and budgetary compensations.

### **2.3. Ensuring minimum vital budgetary means for other planned actions**

After taking account of the pre-determined expenditure mentioned under section 2.1 and 2.2 above, estimates have been made of the minimum indispensable amounts necessary to carry out ongoing or already planned programmes/actions for which no new legal base is required at present, but which will have to be continued anyway after 2006. That may be because they do not require specific legal bases like those of multi-annual programmes (e.g. agencies already created or being set up), or because they are part of Commission autonomous actions (e.g. information policy), or for which there have been specific orientations already been undertaken (e.g. EIF capital increase for 2007-2010). Account has also been taken of the expiration of certain actions.

The enclosed table distinguishes the financial envelopes corresponding to the traditional agencies within each expenditure heading, as appropriate.

### **2.4. Other horizontal constraints**

Fourthly, to avoid awkward results and erratic time profiles, the following two constraints have also been introduced:

- No reduction is allowed between two successive years, unless that was already foreseen in the original Commission proposals.
- Where the Commission proposed reductions compared to the 2006 level, the proposed amounts are left unchanged.

## **2.5. Unallocated margin for each heading**

The next step has been to foresee, as far as possible, prudential margins within each expenditure heading (except heading 1B). Whenever possible, the evolution of margins is increasing over time to reflect the fact that the degree of uncertainty tends to be higher the further projections extend into the future.

## **2.6. New legal bases not covered in the previous steps**

Finally, the financial envelopes of the remaining spending programmes, for which the Commission proposed new legal bases as part of the 3 batches of legislative packages (July and September 2004, and April 2005), have been adjusted within each heading to reflect, as far as possible and after taking into account the constraints mentioned above, the relative priorities implicit in the Commission proposals.

## **2.7. Administration**

The Commission administrative expenditure is included within heading 5 “Administration” which also covers the other institutions, pensions and the European schools, as in the current financial framework 2000-2006.

## ANNEX

## FINANCIAL FRAMEWORK\* 2007-2013 based on the EUROPEAN COUNCIL conclusions of December 2005

## Indicative breakdown of expenditure with adjusted financial envelopes

(2004 prices)	2006 (c)	2007	2008	2009	2010	2011	2012	2013	2007-2013 TOTAL	Change 2013/ 2006
<b>SUB-HEADING 1A Competitiveness for growth and employment</b>										
TEN (transport and energy)	548	804	898	952	963	975	1.002	1.109	6.703	102%
Marco Polo II	34	53	55	56	57	58	60	61	400	81%
Spatial infrastructure 'Galileo'	148	94	140	182	223	132	129		900	
Nuclear decommissioning	138	247	247	247	177	177	177	178	1.450	29%
Life Long Learning + Erasmus Mundus	676	732	780	820	860	890	920	950	5.952	40%
7 <sup>th</sup> Research framework programme	5.044	5.170	5.552	6.028	6.644	7.426	8.110	8.851	47.781	75%
Competitiveness and innovation (CIP)	339	356	373	390	413	433	450	469	2.884	38%
Progress (social policy agenda)	95	78	78	79	80	80	81	82	558	-14%
CUSTOMS 2012, FISCALIS & EMCS programmes	56	64	64	65	69	73	77	79	490	42%
<i>Other (other actions in transport &amp; energy safety, other social policy agenda, internal market, statistics, EIF capital increase, fight against fraud, traditional agencies &amp; margin)</i>	491	652	673	691	714	706	744	821	5.003	67%
<b>TOTAL SUB-HEADING 1A</b>	<b>7.570</b>	<b>8.250</b>	<b>8.860</b>	<b>9.510</b>	<b>10.200</b>	<b>10.950</b>	<b>11.750</b>	<b>12.600</b>	<b>72.120</b>	<b>66%</b>
<b>SUB-HEADING 1B Cohesion for growth and employment</b>										
Structural funds	31.682	36.129	35.760	35.406	34.757	34.459	34.629	34.962	246.101	10%
Cohesion Fund	5.904	6.711	7.529	8.414	9.044	9.536	10.005	10.279	61.518	74%
<b>TOTAL SUB-HEADING 1B</b>	<b>37.586</b>	<b>42.840</b>	<b>43.288</b>	<b>43.820</b>	<b>43.801</b>	<b>43.995</b>	<b>44.634</b>	<b>45.241</b>	<b>307.619</b>	<b>20%</b>
<b>HEADING 2 Preservation and management of natural resources</b>										
Agriculture: direct aids & market support	43.735	43.120	42.697	42.279	41.864	41.453	41.047	40.645	293.105	-7%
Rural development <sup>(a)</sup>	10.544	10.710	10.447	10.185	9.955	9.717	9.483	9.253	69.750	-12%
European fisheries fund <sup>(a)</sup>	630	539	544	551	551	553	554	556	3.849	-12%
Other fisheries programmes/actions	272	321	325	328	329	331	332	333	2.300	23%
Life+	199	220	234	248	259	271	283	296	1.811	49%
<i>Other (traditional agencies &amp; margin)</i>	31	61	61	61	61	61	61	61	429	96%
<b>TOTAL HEADING 2</b>	<b>55.411</b>	<b>54.972</b>	<b>54.308</b>	<b>53.652</b>	<b>53.021</b>	<b>52.386</b>	<b>51.761</b>	<b>51.145</b>	<b>371.244</b>	<b>-8%</b>
<b>SUB-HEADING 3A Freedom, security and justice</b>										
Solidarity and the management of migration flows	393	275	343	407	440	531	671	852	3.517	117%
Fundamental Rights and Justice	35	67	69	71	68	68	69	69	482	96%
Security and Safeguarding Liberties	12	55	62	82	95	116	121	123	654	967%
<i>Other (SIS, VIS, Eurodac, European Migration Monitoring Observatory, traditional agencies &amp; margin)</i>	88	204	216	230	307	335	339	346	1.977	294%
<b>TOTAL SUB-HEADING 3A</b>	<b>528</b>	<b>600</b>	<b>690</b>	<b>790</b>	<b>910</b>	<b>1.050</b>	<b>1.200</b>	<b>1.390</b>	<b>6.630</b>	<b>163%</b>
<b>SUB-HEADING 3B Citizenship</b>										
Health and consumer protection	78	57	79	80	80	80	80	80	538	2%
European Culture and Citizenship (Culture, Youth, Citizens for Europe)	176	149	177	179	179	179	179	179	1.220	1%
Media	91	77	91	92	92	92	92	92	631	1%
Rapid response and prep. Instrument for major emergencies	17	15	17	17	17	17	17	17	119	1%
Institution building (Bulgaria and Romania)	66	82							82	-100%
<i>Other ('Prince', Eur. Year intercultural dialogue, pilot projects citizenship, EU visitors, traditional agencies &amp; margin)</i>	165	140	156	151	151	151	151	152	1.051	-8%
<b>TOTAL SUB-HEADING 3B</b>	<b>591</b>	<b>520</b>	<b>520</b>	<b>520</b>	<b>520</b>	<b>520</b>	<b>520</b>	<b>520</b>	<b>3.640</b>	<b>-12%</b>
<b>HEADING 4 The EU as a global partner</b>										
Instrument for Pre-Accession (IPA) <sup>(b)</sup>	1.121	1.193	1.290	1.353	1.452	1.565	1.660	1.700	10.213	52%
Eur. neighborhood & Partnership Instr. (ENPI)	1.274	1.300	1.330	1.397	1.470	1.530	1.640	1.720	10.387	35%
Development Coop & Ec. Coop Instr. (DCEC)	1.862	2.000	2.060	2.116	2.167	2.190	2.246	2.324	15.103	25%
Instrument for Stability	531	232	268	338	363	400	430	500	2.531	-6%
<i>Common foreign and security policy</i>	99	100	115	130	140	145	150	160	940	62%
Provisioning of Loan Guarantee Fund	220	188	185	181	178	174	171	167	1.244	-24%
Emergency aid reserve	221	221	221	221	221	221	221	221	1.547	
<i>Other (humanitarian aid, macro-financial assistance, ad-hoc envelopes, traditional agencies &amp; margin)</i>	894	1.046	1.081	1.095	1.129	1.195	1.222	1.278	8.046	43%
<b>TOTAL HEADING 4 <sup>(b)</sup></b>	<b>6.222</b>	<b>6.280</b>	<b>6.550</b>	<b>6.830</b>	<b>7.120</b>	<b>7.420</b>	<b>7.740</b>	<b>8.070</b>	<b>50.010</b>	<b>30%</b>
<b>HEADING 5 Administration</b>	<b>6.499</b>	<b>6.720</b>	<b>6.900</b>	<b>7.050</b>	<b>7.180</b>	<b>7.320</b>	<b>7.450</b>	<b>7.680</b>	<b>50.300</b>	<b>18%</b>
<b>HEADING 6 Compensation</b>	<b>1.041</b>	<b>419</b>	<b>191</b>	<b>190</b>					<b>800</b>	
<b>TOTAL</b>	<b>115.448</b>	<b>120.600</b>	<b>121.307</b>	<b>122.363</b>	<b>122.752</b>	<b>123.641</b>	<b>125.054</b>	<b>126.646</b>	<b>862.363</b>	<b>10%</b>

NB: All figures have been calculated using a 2% annual deflator between 2004 and 2013.

\* The European Development Fund and the EU Solidarity Fund are not included in the financial framework.

(a) The 2006 level excludes the 2001 technical adjustment to the ceilings of structural actions heading whereby € 1026 million were shifted to the year 2006 to take account of the implementation conditions of structural funds. This affects all the transfers from the current structural actions to the new Heading 2.

(b) The 2006 figure does not include appropriations for BG/ROM nor the amount (€ 134 mn) proposed for 2006 by the Commission for the northern part of Cyprus.

(c) The breakdown for the year 2006 is based on the 2006 budget.

**FINANCIAL FRAMEWORK\* 2007-2013 based on the EUROPEAN COUNCIL conclusions of December 2005**  
**Indicative breakdown of items other than legislative proposals**

(2004 prices)	2006 (a)	2007	2008	2009	2010	2011	2012	2013	2007-2013 TOTAL	Change 2013/ 2006
<b>SUB-HEADING 1A Competitiveness for growth and employment</b>										
<i>Other (other actions in transport &amp; energy safety, other social policy agenda, internal market, statistics, EIF capital increase &amp; fight against fraud)</i>	313	357	353	358	352	327	342	343	2.433	9%
Traditional agencies	177	180	185	175	176	179	182	188	1.264	6%
Unallocated margin		115	135	158	186	200	220	290	1.306	
<b>SUB-TOTAL SUB-HEADING 1A</b>	<b>491</b>	<b>652</b>	<b>673</b>	<b>691</b>	<b>714</b>	<b>706</b>	<b>744</b>	<b>821</b>	<b>5.003</b>	<b>67%</b>
<b>SUB-HEADING 1B Cohesion for growth and employment</b>										
<b>SUB-TOTAL SUB-HEADING 1B</b>										
<b>HEADING 2 Preservation and management of natural resources</b>										
Traditional agencies	31	31	31	31	31	31	31	31	219	0%
Unallocated margin		30	30	30	30	30	30	30	210	
<b>SUB-TOTAL HEADING 2</b>	<b>31</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>429</b>	<b>96%</b>
<b>SUB-HEADING 3A Freedom, security and justice</b>										
<i>Other programmes/actions (SIS, VIS, Eurodac, European Migration Monitoring Observatory)</i>	38	75	111	111	106	110	106	98	716	159%
Traditional agencies	50	69	75	82	159	172	173	170	900	241%
Unallocated margin		60	30	38	42	53	60	78	361	
<b>SUB-TOTAL SUB-HEADING 3A</b>	<b>88</b>	<b>204</b>	<b>216</b>	<b>230</b>	<b>307</b>	<b>335</b>	<b>339</b>	<b>346</b>	<b>1.977</b>	<b>294%</b>
<b>SUB-HEADING 3B Citizenship</b>										
<i>Other actions ('Prince', Eur. Year intercultural dialogue, pilot projects citizenship, EU visitors)</i>	105	74	90	85	85	85	85	86	589	-18%
Traditional agencies	61	61	61	61	61	61	61	61	427	
Unallocated margin		5	5	5	5	5	5	5	35	
<b>SUB-TOTAL SUB-HEADING 3B</b>	<b>163</b>	<b>140</b>	<b>156</b>	<b>151</b>	<b>151</b>	<b>151</b>	<b>151</b>	<b>152</b>	<b>1.051</b>	<b>-7%</b>
<b>HEADING 4 The EU as a global partner</b>										
<i>Other programmes/actions (humanitarian aid, macro-financial assistance, ad-hoc envelopes)</i>	876	897	917	907	921	963	965	993	6.563	13%
Traditional agencies	18	18	18	18	18	17	17	17	123	
Unallocated margin	0	131	146	170	190	215	240	268	1.360	
<b>SUB-TOTAL HEADING 4</b>	<b>893</b>	<b>1.046</b>	<b>1.081</b>	<b>1.095</b>	<b>1.129</b>	<b>1.195</b>	<b>1.222</b>	<b>1.278</b>	<b>8.046</b>	<b>43%</b>
<b>HEADING 5 Administration</b>										
<b>HEADING 6 Compensation</b>										
<b>TOTAL - OTHER ITEMS</b>	<b>1.666</b>	<b>2.103</b>	<b>2.187</b>	<b>2.228</b>	<b>2.363</b>	<b>2.449</b>	<b>2.517</b>	<b>2.658</b>	<b>16.505</b>	<b>60%</b>

NB: All figures have been calculated using a 2% annual deflator between 2004 and 2013.

(a) The breakdown for the year 2006 is based on the 2006 budget.