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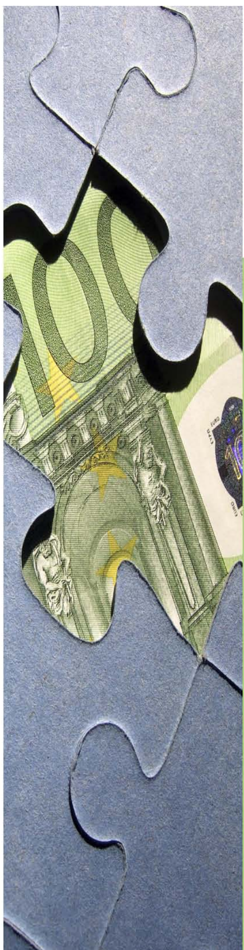

Creating greater synergy between European and national budgets

STUDY

EN

2010

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Abstract:

This study analysed spending at both EU and national levels in the following policy areas: education and training, social policy, research and development, humanitarian aid and common and foreign security policy. It also reviewed the mechanisms and processes aiming at ensuring budget coordination between the two levels.

While the policy priorities of the Member States under scrutiny are congruent with those of the EU, the overall synergy between strategic EU policy objectives and budgetary policies is weak. Recommendations are made that could enhance budgetary coordination between the two levels.

10/05/2010

PE 411.277

EN

This document was requested by the European Parliament's Committee on Budgets. It designated Mr Lamassoure, MEP, to follow the study.

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LINGUISTIC VERSIONS

Original: EN

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Manuscript completed in May 2010.

This document is available on the Internet at:
http://www.europarl.europa.eu/studies

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EXECUTIVE SUMMARY

This study analysed spending both at EU and national levels in a number of policy areas: education and training, social policy, research, development and humanitarian aid, common and foreign security policy. It also reviewed the mechanisms and processes aiming at ensuring budget coordination between the two levels. The analysis covered the guiding budgetary and policy objectives for the five areas based on research in four Member States - Belgium, France, Slovenia and Portugal. Based on a literature review and interviews with officials at both EU and Member State level, current mechanisms and procedures for coordinating EU and national expenditure were evaluated, as were the reasons for the general lack of synergy between the European and national levels.

The EU budget expenditure only accounts for approximately 2% of total public expenditure in the EU. The share of EU expenditure in total public expenditure is particularly modest, relative to national expenditure, in social policy, education, and foreign/security policy. It is relatively higher in development aid and R&D.

The overall synergy between strategic EU policy objectives and budgetary policies is weak. Only a modest part of the EU budget is spent on activities that contribute to the realisation of the Lisbon strategy. And at Member State level, apart from some exceptions – mainly found in regional policy - national budgets seldom refer to their contribution to achieving the objectives of the Lisbon or other EU strategies.

In general, the policy priorities of the four Member States in the five policy areas are congruent with those of the EU, particularly, in the areas of development aid and foreign/security policy. All Member States are committed to achieve UN Millennium Goals and support the European Consensus on Development. In education and social policy, lifelong learning and enhancing the flexibility and employability of workers are increasingly important, in line with EU policies, in all four Member States. Furthermore, with regard to R&D, Member States are increasingly aligning their R&D strategy and national funding methods with the objectives and functioning of the EU research programme. As might be expected, alignment of policy priorities is strong in policy areas – such as cohesion policy - where eligibility for EU funding is subject to co-financing requirements. This is particularly the case in Member States, where the relative share of EU expenditure in public spending is higher.

Interviewees agree that given the current economic and financial crises and scarcity of financial resources, there is a strong need for better coordination both between policy objectives at EU level (e.g. Lisbon and EU 2020 objectives, European Consensus on Development, etc.), but also between European and national policy objectives in many areas. Such coordination would lead to greater synergy between European and national level spending, while respecting and strengthening subsidiarity, additionality, European value added and the advantages of economies of scale.

While few examples of formal budgetary coordination mechanisms could be identified, this does not mean that there is no coordination at all. National governments cannot ignore EU public spending policy. National budgetary strategies increasingly seek EU funds to complement their own efforts.

In theory, the EU and the Member States coordinate their policies through a wide range of often implicit mechanisms, such as networks, benchmarking practices and peer reviews, the Broad Economic Policy Guidelines and the Open Method of Coordination. Although interviewees recognised the relevance of coordination mechanisms for creating budget synergies, they admit that they are rarely put into practice. The BEPG, and the Open Method of Coordination more generally, are regarded as instruments with limited coordination and convergence effects, as they lack sanction mechanisms.

Also disconnections between the budgetary procedures in the Member States and those at EU level are put forward as a reason for the current lack of budget synergy. Basic issues such as length and timing of budget cycles and the absence of an agreed Europe-wide standard budget structure, complicate the search for synergy.

Co-financing requirements, related to some types of EU funding lead to some extent to reorientation of national expenditures and a de facto reorientation of policy priorities of the Member States. This is particularly the case in Member States who depend more on EU budgetary transfers than others.

In social policy, co-financing requirements of the ESF and ERDF result in an increased alignment of policy priorities between both levels and affect national budgets. However, this positive leverage effect is limited and less visible in Member States who receive relatively little money, like France and Belgium.

Concerning R&D, there is evidence of increasing alignment between the national and EU budgets, since the financial resources of FP7 increased substantially, making it relatively more important as a part of total funding for research.

In education, Member States are not obliged to supplement EU expenditure. The leverage effect of EU funding is mainly limited to enhanced policy coordination, for example through benchmarking practices.

In development aid, several Member States transfer parts of their national development aid to the EU to be managed for EU purposes by the European Commission. This is an interesting example of Member States seeking to achieve greater impact by exploiting the economies of scale that pooling development aid funds creates.

In the field of foreign and security policy, there is limited evidence of budgetary coordination between the EU and national budgets. Foreign and security policy is still highly regarded as a policy area with a strong national dimension, despite the growing alignment of policy priorities at EU level. In both development and foreign/security policy, the creation of the European External Action Service will offer an excellent opportunity to create greater coordination.

The following recommendations could enhance budgetary coordination between the EU budget and national budgets:

First, the transparency and visibility of budgetary coordination between both levels could be enhanced by *aligning the categories of expenditure at national and EU budget level*. An aggregate analysis of European public finance –requiring high quality and comparable data on the functional breakdown of government expenditure - is currently lacking. As it does for the national budgets, Eurostat could also align the current categories of expenditure of the EU budget with the COFOG categories - without changing the EU budget structure - , in order to be able to compare national and EU public expenditure simultaneously within one analytical framework.

Second, Member State authorities could agree to include an overview of their financial commitments and efforts to the realisation of the EU objectives and strategies in their national budgets. This would provide an opportunity for governments and parliaments to relate national objectives to agreed commitments at EU level. It would also establish a framework within which EU and national expenditure could be set, and would provide an insight into the financial leverage effects of EU funding instruments.

Third, the national parliaments and the European Parliament should work together to enhance budgetary coordination between both levels. In addition to the existing forum at Council level, discussions between EU and national parliaments – which both have budgetary powers – could be an effective means to find ways forward with regard to enhanced budgetary coordination and to stimulate national authorities to consider EU expenditure at the level of national budgets with more attention. Such discussions could also focus on the weaknesses that were identified in this report and on the coordination that is needed for specific categories of expenditure.

RÉSUMÉ

Cette étude a analysé les dépenses aux niveaux Européen et nationaux dans un certain nombre de domaines politiques : éducation/formation, politique sociale, recherche, aide humanitaire et au développement, politique étrangère et de sécurité commune (PESC). Elle a également passé en revue les mécanismes et les processus visant à assurer la coordination budgétaire entre les deux niveaux. L'analyse a couvert les objectifs principaux en matière politique et budgétaire pour les cinq domaines sur base d'une recherche dans quatre Etats membres - Belgique, France, Slovénie et Portugal. Basé sur une revue de la littérature et des entrevues avec des fonctionnaires de l'UE et au niveau des États membres, les mécanismes et les procédures usuels mis en place pour coordonner les dépenses entre l'UE et les Etats membres ont été évalués, de même que les raisons du manque général de synergie entre les niveaux Européen et nationaux.

Les dépenses budgétaires de l'UE ne contribuent qu'à approximativement 2% des dépenses publiques totales au sein de l'UE. La part des dépenses de l'UE dans les dépenses publiques totales est particulièrement modeste, dans la politique sociale, l'éducation, et la politique étrangère et de sécurité. Elle est relativement plus élevée dans l'aide au développement et dans la R&D.

La synergie globale entre les objectifs stratégiques politiques de l'UE et les politiques budgétaires est faible. Une part modeste du budget de l'UE est dépensée en activités qui contribuent à la réalisation de la stratégie de Lisbonne. Et au niveau des États membres, hormis quelques exceptions - principalement trouvées dans la politique régionale - les budgets nationaux se réfèrent rarement à leur contribution à l'atteinte des objectifs de Lisbonne ou à d'autres stratégies de l'UE.

Généralement les priorités politiques des quatre Etats membres dans les cinq domaines analysés sont conformes à celles de l'UE, en particulier, dans les domaines de l'aide au développement et de la politique étrangère et de sécurité. Tous les Etats membres se sont engagés à atteindre les objectifs du millénaire de l'ONU et à soutenir le Consensus Européen pour le Développement. En matière d'éducation et de politique sociale, la formation permanente et l'amélioration de la flexibilité et de l'employabilité des travailleurs sont de plus en plus importantes, en conformité avec des politiques de l'UE, et ce pour chacun des quatre Etats membres. En outre, en ce qui concerne la R&D, les Etats membres alignent de plus en plus leur stratégie et méthodes de financement nationales avec les objectifs et le fonctionnement du programme de recherche de l'UE. Comme on aurait pu s'y attendre, l'alignement des priorités politiques est important dans des domaines - tels que la politique de cohésion - où l'éligibilité au financement de l'UE est sujette à des conditions de cofinancement. C'est en particulier le cas dans les Etats membres où la part relative de l'UE dans les dépenses publiques totales est la plus élevée.

Les personnes interviewées conviennent qu'étant donné la crise économique et financière actuelle et la pénurie de ressources financières, il existe un besoin fort pour une meilleure coordination à la fois entre les objectifs politiques au niveau communautaire (par exemple ceux de Lisbonne et de la Stratégie EU-2020, le Consensus Européen pour le Développement, etc.), mais également entre les objectifs politiques européens et nationaux dans de nombreux domaines. Une telle coordination mènerait à une plus grande synergie entre les dépenses européennes et nationales, tout en respectant et renforçant la subsidiarité, la complémentarité, la valeur ajoutée européenne et les avantages liés aux économies d'échelle.

Bien que peu d'exemples des mécanismes budgétaires formels de coordination aient pu être identifiés, ceci ne signifie pas qu'il n'y a pas de coordination du tout. Les gouvernements nationaux ne peuvent pas ignorer la politique de financement public de l'UE. Les stratégies budgétaires

nationales sont de plus en plus à la recherche de fonds Européens pour compléter leurs propres efforts.

En théorie, l'UE et les Etats membres coordonnent leurs politiques au travers d'un éventail de mécanismes souvent implicites, tels que les réseaux, le benchmarking des bonnes pratiques et des évaluations par les pairs, les Grandes Orientations de Politique Economique et la Méthode Ouverte de Coordination. Bien que les personnes interviewées reconnaissent la pertinence des mécanismes de coordination pour créer des synergies budgétaires, elles admettent qu'ils sont rarement mis en pratique. Les GOPE, et plus généralement la Méthode Ouverte de Coordination, sont considérés comme des instruments avec des effets limités en termes de coordination et de convergence, car ils manquent des mécanismes de sanction.

De plus, les déconnexions entre les procédures budgétaires dans les Etats membres et ceux au niveau communautaire sont pointés comme une source fréquente de manque de synergie budgétaire. Les questions fondamentales telles que la durée et la synchronisation des cycles budgétaires et l'absence de structure budgétaire standard Européenne rendent la recherche de synergie plus difficile.

Les conditions de cofinancement en vigueur pour certains domaines de dépenses de l'UE conduisent dans une certaine mesure à une réorientation des dépenses nationales et, de fait, des priorités politiques des Etats membres. C'est en particulier le cas dans les Etats membres qui dépendent davantage des transferts budgétaires de l'UE.

En matière de politique sociale, les conditions de cofinancement du FSE et de FEDER a pour effet un accroissement de l'alignement des priorités politiques entre les deux niveaux et ont un effet sur les budgets nationaux. Cependant, cet effet de levier positif est limité et moins visible dans les Etats membres qui reçoivent relativement peu d'argent, comme la France et la Belgique.

Pour ce qui concerne la R&D, il est certain que l'alignement entre les budgets nationaux et de l'UE va croissant depuis que les ressources financières du PC7 ont augmenté sensiblement, le rendant relativement plus important comme part du financement de la recherche.

En termes d'éducation, les Etats membres ne sont pas obligés de compléter les dépenses de l'UE. L'effet de levier du financement communautaire est principalement limité à une meilleure coordination des politiques, par exemple par des pratiques de benchmarking.

Pour l'aide au développement, plusieurs Etats membres transfèrent une part de leur aide nationale au développement vers l'UE en vue d'être gérée en fonction des objectifs de l'UE par la Commission européenne. C'est un exemple intéressant de cas où lesEtats membres cherchent à obtenir un plus grand impact en exploitant les économies d'échelle créées par la mise en commun des fonds d'aide au développement.

Dans le domaine de la politique étrangère et de sécurité, il y a peu d'élément qui démontrent une quelconque coordination budgétaire entre l'UE et les budgets nationaux. La politique étrangère et de sécurité est encore largement considérée comme un domaine politique avec une dimension nationale forte, en dépit de l'alignement croissant des priorités politiques au niveau communautaire. Dans le développement de ces politiques, la création du Service Européen d'Action Externe donnera une excellente opportunité de créer une plus grande coordination.

Les recommandations suivantes pourraient accroître la coordination budgétaire entre le budget d'UE et les budgets nationaux :

D'abord, la transparence et la visibilité de la coordination budgétaire entre les deux niveaux pourraient être augmentées en *alignant les catégories de dépense des budgets nationaux et de l'UE*. Une analyse agrégée des finances publiques européennes - exigeant des données de haute qualité et comparables sur l'analyse fonctionnelle des dépenses publiques - manque actuellement.. Comme il le fait pour les budgets nationaux, Eurostat pourrait également aligner les catégories usuelles de dépenses budgétaires de l'UE avec les catégories de COFOG - sans changer la structure budgétaire de l'UE-, afin de pouvoir comparer les dépenses publiques nationales et communautaire au travers d'un cadre analytique commun.

En second lieu, les Etats membres pourraient accepter d'inclure une vue d'ensemble de leurs engagements financiers et efforts à la réalisation des objectifs et stratégies de l'UE dans leurs budgets nationaux. Cette démarche présenterait un moyen pour les gouvernements et les parlements de rapprocher leurs objectifs nationaux des engagements convenus au niveau communautaire. Cela permettrait aussi d'établir un cadre dans lequel pourraient être placées les dépenses nationales et communautaires, et fournirait un aperçu des effets de levier des instruments de financement de l'UE.

Troisièmement, les parlements nationaux et le Parlement européen devraient travailler ensemble pour augmenter la coordination budgétaire entre les deux niveaux. En plus du forum existant au niveau du Conseil, les discussions entre l'UE et les parlements nationaux - qui tous deux ont des pouvoirs budgétaires - pourraient constituer un moyen efficace pour trouver des modalités en vue d'augmenter la coordination budgétaire et pour stimuler les administrations nationales à prendre en considération, avec plus d'attention, les dépenses de l'UE au niveau des budgets nationaux. De telles discussions pourraient également se concentrer sur les faiblesses identifiées dans ce rapport et sur la coordination nécessaire pour des catégories de dépense spécifiques.

ZUSAMMENFASSUNG

In dieser Studie werden die Ausgaben bezüglich verschiedener politischer Bereiche sowohl auf EU-Ebene als auch auf nationaler Ebene analysiert: Aus- und Weiterbildung, Sozialpolitik, Forschung, Entwicklungshilfe und humanitäre Hilfe, Gemeinsame Außen- und Sicherheitspolitik (GASP). Außerdem hat sie Methoden und Verfahren mit dem Ziel, eine Budgetkoordinierung zwischen beiden Ebenen zu gewährleisten, überprüft. Die Analyse umfasst die führenden budgetären und politischen Ziele der fünf Bereiche, basiert auf Untersuchungen in vier Mitgliedstaaten – Belgien, Frankreich, Slowenien und Portugal. Beruhend auf Literaturdurchsichten und Befragungen von Beamten/Bediensteten sowohl auf EU-Ebene als auch auf der Ebene der Mitgliedsstaaten wurden die gängigen Methoden und Abläufe zur Koordination von EU- und nationalen Ausgaben ausgewertet, ebenso wie auch die Gründe des generellen Synergiemangels zwischen der europäischen und nationalen Ebene untersucht wurden.

Die EU-Haushaltsausgaben machen nur ca. 2% der gesamten öffentlichen Ausgaben in der EU aus. In der Sozialpolitik, der Bildung und der externen Sicherheitspolitik ist der EU-Ausgabenanteil an den gesamten öffentlichen Ausgaben besonders bescheiden. Er ist relativ gesehen in der Entwicklungshilfe und in Forschung & Entwicklung höher.

Die Gesamtsynergie zwischen strategischen EU-politischen Zielen und der Budgetpolitik ist schwach. Nur ein bescheidener Teil des EU-Budgets wird für Aktivitäten ausgegeben, die zur Realisierung der Lissabon-Strategie beitragen. Auf Ebene der Mitgliedsstaaten nehmen, abgesehen von einigen Ausnahmen – hauptsächlich festgestellt in der Regionalpolitik – die nationalen Budgets selten Bezug auf ihren Beitrag zur Verwirklichung der Zielsetzungen von Lissabon oder anderer EU-Strategien.

Generell stimmen die politischen Prioritäten der vier Mitgliedsstaaten mit jenen der EU überein, vor allem in dem Bereich der Entwicklungshilfe und der externen Sicherheitspolitik. Alle Mitgliedsstaaten sind engagiert, die Milleniums-Entwicklungsziele (MDG) zu erreichen und den Europäische Konsens über die Entwicklungspolitik zu unterstützen. Einhergehend mit der EU-Verfassung sind in allen vier Mitgliedsstaaten die Bildungs- und Sozialpolitik, sowie das lebenslange Lernen und die Verbesserung der Flexibilität und der Arbeitsvermittlung der Arbeitnehmer zunehmend wichtiger. In Hinblick auf Forschung und Entwicklung stimmen die Mitgliedsstaaten weiterhin ihre Forschungs- und Entwicklungsstrategie und nationale Finanzierungsmethoden verstärkt mit den Zielen und der Funktionsweise des EU-Forschungsprogramms ab. Wie zu erwarten, ist die Abstimmung von strategischen Prioritäten stark in Politikbereichen – wie z.B. in der Kohäsionspolitik – bei denen eine Teilnahmeberechtigung zur EU-Finanzierung von den Erfordernissen der Kofinanzierung abhängig ist. Dies ist vor allem in den Mitgliedsstaaten der Fall, bei denen der jeweilige Anteil der EU-Ausgaben für öffentliche Ausgaben höher ist.

Die in Interviews Befragten stimmen überein, dass in Zeiten der gegenwärtigen wirtschaftlichen und finanziellen Krisen und der Knappheit von Finanzmitteln ein starkes Bedürfnis sowohl für eine bessere Koordination der strategischen Ziele auf EU-Ebene (d.h. Lissabon- und EU-2020-Ziele, Europäischer Konsens über die Entwicklungspolitik, etc.) als auch der Europäischen und nationalen politischen Ziele auf verschiedenen Gebieten besteht. Eine solche Koordination würde zu einer größeren Synergie zwischen den Ausgaben auf europäischer und nationaler Ebene durch das Berücksichtigen und Intensivieren von Subsidiarität, Zusätzlichkeit, Europäischem Mehrwert und von Einsparungen aufgrund von Größenordnungseffekten führen.

Obwohl nur wenige Beispiele von formalen budgetären Koordinationsmethoden identifiziert werden konnten, bedeutet dies nicht, dass eine Koordination gänzlich fehlt. Nationale

Regierungen können die EU-Politik für öffentliche Ausgaben nicht ignorieren. Nationale budgetäre Strategien streben verstärkt EU-Finanzmittel an um ihre eigenen Leistungen zu vervollständigen. Theoretisch koordinieren die EU und die Mitgliedsstaaten ihre Haushaltspolitik durch eine breite Auswahl von oft impliziten Methoden, wie zum Beispiel durch Networking, Benchmark-Methoden, Peer Reviews, die Grundzüge der Wirtschaftspolitik und die Offene Methode der Koordinierung. Obwohl die Befragten die Bedeutung von Koordinierungsmethoden zur Erstellung von Synergien im Haushaltsbereich anerkannten, gaben sie zu, dass sie selten in die Tat umgesetzt werden. Die Grundzüge der Wirtschaftspolitik und die Offene Methode der Koordinierung im Allgemeinen werden als Instrumente mit begrenzten Koordinations- und Konvergenzwirkungen betrachtet, da sie keine Sanktionsmechanismen vorsehen.

Auch Abkopplung bzw. ein Mangel an Synchronisation zwischen Haushaltsverfahren in den Mitgliedsstaaten und auf EU-Ebene werden als Grund für das gegenwärtige Fehlen von Synergie im Haushaltsbereich vorgebracht. Zentrale Themen wie Länge und zeitliche Planung der Budgetzyklen und das Fehlen einer europaweit angenommenen standardisierten Haushaltsstruktur kompliziert die Suche nach Synergie.

Anforderungen zur Kofinanzierung in Zusammenhang mit einigen Arten von EU-Finanzierungen führten teilweise zu einer Neuorientierung der nationalen Ausgaben und einer de facto Neuorientierung von politischen Prioritäten der Mitgliedstaaten. Dies ist vor allem in Mitgliedstaaten der Fall, die mehr von EU-Budgetüberweisungen abhängig sind als andere.

In der Sozialpolitik resultieren Anforderungen zur Kofinanzierung beim ESF (Europäischer Sozialfond) und beim EFRE (Europäischer Fonds für regionale Entwicklung) in einer verstärkten Anpassung von politischen Prioritäten zwischen beiden Ebenen und beeinflussen die nationalen Budgets. Allerdings ist diese positive Hebelwirkung begrenzt und weniger in Mitgliedsstaaten sichtbar, die relativ wenig Geld erhalten, wie beispielsweise Frankreich und Belgien.

Im Bereich Forschung und Entwicklung gibt es eine zunehmende Anpassung von nationalen und EU-Budgets, da die Finanzmittel des 7. Rahmenprogramms (RP7) wesentlich gestiegen sind, so dass dieses einen relativ gewichtigeren Anteil an der Gesamtfinanzierung für Forschung bekam.

Im Bereich der Ausbildung sind die Mitgliedsstaaten nicht verpflichtet, die EU-Ausgaben zu ergänzen. Die Hebelwirkung der EU-Ausgaben ist hauptsächlich auf eine verbesserte strategische Koordination begrenzt, zum Beispiel durch Benchmark-Methoden.

Bei der Entwicklungshilfe transferieren verschiedene Mitgliedsstaaten Teile ihrer nationalen Entwicklungshilfe an die EU, damit sie für EU-Zwecke durch der Europäischen Kommission verwalten werden. Dies ist ein interessantes Beispiel dafür, dass Mitgliedsstaaten danach trachten, eine größere Wirkung durch Ausschöpfen von Größenordnungseffekten zu erreichen, wie sie durch die Bündelung von Entwicklungshilfemitteln erreicht werden.

Im Bereich der Außen- und Sicherheitspolitik bestehen nur geringe Anzeichen von Budgetkoordinierung zwischen der EU und nationalen Haushalten. Außen- und Sicherheitspolitik wird immer noch in hohem Maße als ein Politikfeld mit starker nationaler Dimension betrachtet, trotz der wachsenden Abstimmung von strategischen Prioritäten auf EU-Ebene. Sowohl bei der Entwicklungspolitik als auch bei der Außen- und Sicherheitspolitik wird die Errichtung des Europäischen Auswärtigen Dienstes eine ausgezeichnete Gelegenheit zur besseren Koordinierung bieten.

Die Koordination zwischen nationalen Haushalten und dem EU Budget könnte durch folgende Empfehlungen verbessert werden:

Erstens könnten die Transparenz und Sichtbarkeit der Haushaltskoordination zwischen beiden Ebenen durch eine *Anpassung der Budgetausgabenkategorien auf nationaler - und EU-Ebene* verstärkt werden. Es mangelt an einer konsolidierten Analyse öffentlicher Finanzen in Europa. Für diese werden qualitativ hochwertige und vergleichbare Datensätze zur funktionalen Aufteilung öffentlicher Ausgaben benötigt. Ein Vergleich öffentlicher Ausgaben der EU-Mitgliedstaaten ist mit Hilfe einer funktionalen Aufteilung mit der COFOG Methode (Classification of Functions of Government) möglich. Um die öffentlichen Staats- und EU-Ausgaben innerhalb *eines* analytischen Rahmens zu vergleichen, könnte Eurostat auch, wie es bereits für die nationalen Haushalte durchgeführt wird, die jetzigen Ausgabenfelder des EU-Haushalts an die COFOG Kategorien anpassen, ohne dabei die EU-Haushaltsstruktur zu verändern.

Zweitens könnten sich die Mitgliedstaaten darauf einigen, zukünftig ihren nationalen Budgets einen Überblick der finanziellen Verpflichtungen und Anstrengungen zur Erfüllung der EU-Ziele und – Strategien beizufügen. Diese Neuerung würde es den Regierungen und Parlamenten erlauben, einen Bezug von nationalen Zielen zu Verpflichtungen auf EU-Ebene zu herzustellen. Außerdem würde so ein Rahmen für die Ausgaben der EU und der Mitgliedstaaten geschaffen, der eine Einsicht in die "Leverage-Effekte" (Hebelwirkungen) europäischer Finanzinstrumente liefern würde.

Drittens sollten nationale Parlamente mit dem Europäischen Parlament zur Verbesserung der Budgetkoordination auf beiden Ebenen zusammenarbeiten. Neben dem existierenden Forum auf Ratsebene, könnten engere Gespräche zwischen EU- und nationalen Parlamenten, welche beide über budgetäre Kompetenzen verfügen, ein effizientes Mittel sein, um neue Wege zur verbesserten Budgetkoordination zu finden und Anreize für nationale Entscheidungsträger zur stärkeren Abstimmung der nationalen Ausgaben mit den Ausgaben der EU liefern. Solche Diskussionen könnten sich auch auf die in diesem Bericht ausgemachten Schwachstellen und die nötige Koordination in spezifischen Ausgabenfeldern konzentrieren.

1. OBJECTIVE OF THE STUDY

This study focuses on the budgetary interventions at EU and national level in specified policy areas, and on the mechanisms and processes designed to ensure budget coordination between the two levels. Deloitte has been mandated by the Services of the European Parliament to carry out this study. The focus is as follows:

- **At the level of the general policy objectives:**
  - Five EU policy objectives or categories of expenditure were selected for the study, based on their relevance and representativeness. The selected categories of expenditure are: research and development, humanitarian and development aid, education, social policy in the context of the Lisbon agenda[1], and foreign and security policy (CFSP);
  - An analysis of the guiding budgetary and policy objectives at European and national levels for these five areas, as well as the extent to which they are compatible, complementary or similar, based on research in four Member States (Belgium, France, Slovenia and Portugal);
- **Coordination and complementarities in spending patterns (in a sample of Member States):**

  For the specific policy objectives/areas defined above, we have completed:
  - Analysis of the relevant EU budget lines and their level of implementation between 2007 and 2009;
  - Identification of the corresponding budget lines in the national budgets, as well as their level of implementation between 2007 and 2009[2];
  - Analysis of the leverage effect of EU co-financing requirements on the mobilisation of national public resources;
  - Analysis of the expenditure at EU and Member State level respectively, and their degree of congruence;
- **Coordination processes (in a sample of Member States):**
  - Analysis of the current mechanisms and procedures designed to coordinate EU and national expenditure when aiming for the same objectives. This analysis covers both EU and national levels, including not only the stage of budgetary procedures but also the possible coordination mechanisms that apply when the budget is implemented;
  - Evaluation of the impact of the mechanism on synergy and possible overlaps/disconnects between the EU budget and the national budgets for the selected areas/objectives;
  - Analysis of the reasons for a lack of synergy between the European and national levels, and development of recommendations on how the EU objectives in the selected areas could best be accomplished and how more effective coordination could be achieved, e.g. through better integration of policy guidelines and budgetary allocations at both EU and

[1] The emphasis will be on labour market activation instead of social benefits.

[2] During the inception meeting, the Steering Committee agreed to search for the most recent data available.

national levels, and enhanced coordination between the European Parliament and national Parliaments;

- The obstacles and constraints to such changes are also presented, notably those related to the current processes and calendars of national budgetary procedures.

2. METHODOLOGY

In order to be able to formulate sound conclusions with regard to the level of existing coordination and congruence between the EU and national budgets, the following data collection activities took place:

- An in-depth analysis of available public expenditure data at EU and Member State level;
- A series of face-to-face interviews with officials at EU and Member State level.

Annex 1 contains a detailed explanation of the methodology that was used by the research team.

2.1. ANALYSIS OF AVAILABLE PUBLIC EXPENDITURE FIGURES

2.1.1. Public expenditure data at Member State level

In analysing public expenditure in the Member States, the research team initially favoured a functional breakdown of government expenditure based on COFOG (Classification of Functions of Government). COFOG is regarded as a unique classification that enables the national budgets of all EU-27 states to be presented consistently and to bridge the existing differences in the national budgetary frameworks.

Annex 2 of this final report provides an overview of the selected categories of expenditure and their associated COFOG categories[3].

The functional breakdown of public expenditure based on COFOG is highly relevant for two of the selected categories of expenditure - 'social policy' and 'education'. For the other categories, however, an analysis based on COFOG is less suitable because:

- 'Research and Development' is not a COFOG level I category, i.e. R&D expenditure is not collected under a single umbrella and needs to be allocated separately to all level I categories based on the purpose of specific expenditure. For example, R&D into environmental protection falls under the COFOG heading 'environmental protection'. Consequently, we have relied on data on R&D expenditure from the Member States which are based on a different classification system called *Government budget appropriations or outlays on R&D* (GBAORD).

- 'External relations', which for the EU is part of CFSP is a COFOG level III subcategory under category I 'General public services'. Member States seldom report level III COFOG data. Therefore, the research team has relied on other information sources.

- The same is true for Development and Humanitarian Aid (also level III), for which Eurostat data have been used, as well as data from the OECD-DAC (Development Assistance Committee) database.

2.1.2. Public expenditure data at EU level

The COFOG classification, however, may be more difficult to apply for the analysis of EU In analysing EU expenditure, the COFOG classification can be more difficult to apply, where specific budgetary categories such as F In order to be able to compare national with EU public expenditure

[3] As the categories of expenditure selected are not taken directly from COFOG due to the fact that they are based on the heading structure of the General Budget of the European Union.

through one analytical framework, the headings of the EU annual budget were broken down into smaller categories of expenditure to be reconciled with COFOG categories I and II.

The alignment of the EU budget breakdown by the selected categories of expenditure is relatively straightforward for two of the categories in scope: CFSP, and humanitarian and development aid. For all other categories of expenditure (research, social policy and education), the EU budget has been further broken down, based on the headings and chapters of the EU annual budgets.

This required the research team to take account of the following:

- Assigning expenditure to the different policy areas of Regional Policy (which covers the European Regional Development Fund and the Cohesion Fund), is rather complicated, as the ERDF invests in a wide range of activities: economic development, R&D, education, social protection, etc. However, the EU annual budgets do not contain detailed information about the purpose of the activities that are financed by the ERDF. Consequently, the European Parliament's services requested data from DG REGIO in order to identify the exact and final destination of the funds that have been granted. Based on these data, EU expenditure within the structural policies has been allocated to one of the selected categories of expenditure (education, R&D, social protection).

- The policy area 'Employment and Social Affairs' (including the European Social Fund) does not only relate to the 'social protection' category of expenditure, as ESF funding is also granted for 'economic affairs' and 'education' purposes.

- EU expenditure on 'education and culture' is a single policy area. However, as the scope of this study is limited to 'education' and does not include 'culture', the research team carefully scanned the EU annual budgets in order to identify the destination of expenditure in this policy area.

2.1.3. Overview of relevant budget lines and data availability

To summarise the methodological considerations in the section above, the table below gives an overview of the data sources and budget lines selected for the analysis.[4]

Table 1: Selection of budget lines and information sources with regards to public expenditure in the selected policy areas

	R&D	HUMANITARIAN AND DEVELOPMENT AID	EDUCATION AND TRAINING	SOCIAL POLICY	FOREIGN AND SECURITY POLICY
	Where to find data?				
EU	EU annual budget headings: • Chapter 02 04: Cooperation – Space and Security • Chapter 4 02 (European Social Fund) • Chapter 06 06 — Research related to energy and transport • Title 08 — Research • Chapter 09 05 — Capacities — Research infrastructures • Title 10 — Direct research Title 13 — Regional policy	EU annual budget headings: • Chapter 19 09 — Relations with Latin America • Chapter 19 10 — Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen) • Title 21 — Development and relations with ACP States • Title 23 — Humanitarian aid	EU annual budget headings: • Title 15 — Education and Culture • Chapter 04 02 — European Social Fund • Chapter 04 06 — Instrument for Pre-Accession Assistance (IPA)-Human resources development • Title 13 — Regional policy	EU annual budget headings: • Title 04 —Employment and Social Affair • Title 13 — Regional policy	EU annual budget headings: • Title 19 — External relations
Member States	Government budget appropriations or outlays on R&D (GBAORD). <u>Note: GBAORD represents budgetary forecasts and not actual spending.</u>	Data on Official Development Assistance, produced by the OECD-DAC and available at Eurostat (only applicable for EU DAC countries)	Public administration spending in support of Teaching following Classification of Functions of Governments (COFOG).	Public administration spending in support of 'Social Protection' following Classification of Functions of Governments (COFOG).	Public administration spending in support of Foreign and Security policy following Classification of Functions of Governments (COFOG).

Source: own analysis, reviewed by DG BUDG

[4] The selection of budget lines, as well as the figures on public expenditure that were used in this report, have been checked by DG BUDGET services with regard to consistency and accurateness.

2.2. FACE-TO-FACE INTERVIEWS

To complete the data analysis of public expenditure at EU and Member State level, a series of face-to-face interviews were conducted.

At EU level, the research team conducted interviews with European Commission officials (DGs ECFIN and BUDGET) and representatives of the Council of the EU. The interviews aimed to verify the research team's data analysis of EU public expenditure. Moreover, interviewees at EU level provided more insight into the existing spending patterns at EU level and their level of congruence with public spending in the Member States.

Secondly, we conducted interviews with multiple stakeholders in the four selected Member States. The interview phase in the Member States included officials of some or all of the following: the different national parliaments, the courts of audit, the national planning and statistical offices, and government officials – within the Ministries of Finance or Budget, and in the selected policy areas (R&D, social policy, education, development and humanitarian aid, foreign and security policy). The interviews aimed to provide a clear insight into the budgetary procedures and practices that are in place in these Member States and to assess the level of congruence between the policy and budget priorities at EU level, and the respective Member States. Additionally, they focused on the role and interactions with EU institutions and legislation when drafting national budgets.

Annex 1 (1.6) contains a list of interviewees for all selected Member States and at EU level. The table below provides an overview of the policy area and geographical coverage of the interview phase.

Table 2: Geographical and sector coverage of interview sample

	SLOVENIA	FRANCE	BELGIUM	PORTUGAL
Education	X		X	X
Research and development	X	X	X	
Social policy		X	X	X
Development and assistance aid	X	X	X	X
Security policy	X		X	
Ministry of Budget or Finance	X	X	X	X
Parliamentary Committee	X	X	X	X
Court of Audits	X			
Statistical Offices	X		X	

3. COORDINATION AND COMPLEMENTARITIES IN SPENDING PATTERNS

3.1. ANALYSIS OF THE EU BUDGET AND ITS LEVEL OF IMPLEMENTATION (2007-2009)

3.1.1. Overview

In the current Financial Framework, a large proportion goes on the Common Agricultural Policy, and in particular on direct payments. For the remainder, based on the solidarity principle, the emphasis has been laid on cohesion policy and economic development. According to Begg[5], about 60% of the EU budget is related to commitments that result from the Lisbon Strategy if cohesion policy is included. Approximately 10% of the EU budget furthers research objectives and activities. This is 0.1% of EU GNI (compared to the3% target of public and private spending which was set by the Lisbon Strategy).

One of the main governance challenges at EU level for post-2010 is the reconciliation of the different EU processes, such as the Lisbon Strategy and the Europe 2020 Strategy, the Sustainable Development and Energy Policy for Europe, and the Social Inclusion and Cohesion policies. The alignment of EU-wide strategies needs to be reflected in the EU budget. The shares of authentic EU-level public goods, distributive transfers (based on the solidarity principle) and new needs (climate change, knowledge economy, innovation, etc.) have to be rebalanced. Furthermore, EU observers refer to the growing need to integrate national and the EU budgets and to find a sustainable balance of power between the Member States, sub-national levels and the EU level.

The European Commission has recently presented the Europe 2020 Strategy. This is designed to tackle Europe's weaknesses and ensure the necessary structural reforms are implemented. The new strategy replaces the previous Lisbon Strategy, which covered 2000-2010. The Europe 2020 Strategy focuses on:

- Boosting EU competitiveness;
- Research and (dissemination of) innovation;
- Infrastructure enhancements;
- Knowledge economy;
- Digital Europe;
- New skills;
- Empowering people and Education;
  Social cohesion and employability, etc.

The data in the table indicate:

- A significant increase in actual spending by the EU on purposes related to 'education and training' and on 'research' during the period 2004-2009. The investments by the Commission following the launch of the FP7 research programme and the Lifelong Learning Programme (LLP) are important drivers behind the increase.
- A significant decrease in actual spending by the EU on 'Employment and Social Affairs', which can be explained by the finalisation of the ESF multiannual programme 2000-2006 and the launch of a new ESF programme for the period 2007-2013 .

[5] I. BEGG, Lisbon in the EU Budget, European Institute London School of Economics, 2009

The table below gives an overview of the outturn of EU expenditure in the selected categories of expenditure, based on the General Summary of Appropriations and Outturn (2004-2009) that is published annually in the Official Journal of the European Union.

Table 3: Appropriation and Outturn EU budget for the selected categories of expenditure, 2004-2009 (million euro)

Million EUR	2004		2005		2006		2007		2008		2009		Evolution 2004-2009 %
	Appr.	Outturn	Appr.	Outturn	Appr.	Outturn	Appr.	Outturn	Appr.	Outturn	Appr.	Outturn	Outturn
Education and culture	€ 958,68	€ 928,00	€ 1.034,64	€ 989,00	€ 1.267,21	€ 1.108,21	€ 1.449,79	€ 1.260,53	€ 1.595,75	€ 1.229,54	€ 1.648,01	€ 1.275,46	37,4%
Research	€ 3.475,54	€ 2.611,00	€ 3.614,45	€ 3.016,00	€ 3.998,33	€ 3.372,81	€ 3.311,76	€ 2.678,46	€ 5.059,42	€ 3.440,58	€ 5.902,85	€ 3.696,13	41,6%
Direct research	€ 328,77	€ 356,00	€ 392,74	€ 356,00	€ 625,44	€ 392,67	€ 656,04	€ 405,88	€ 653,59	€ 343,69	€ 706,34	€ 362,21	1,7%
Employment & Social affairs	€ 10.773,20	€ 9.295,00	€ 11.471,84	€ 9.736,00	€ 9.613,69	€ 9.563,81	€ 11.664,36	€ 11.547,43	€ 11.081,35	€ 6.969,73	€ 10.679,75	€ 6.059,62	-34,8%
Humanitarian aid	€ 536,45	€ 519,00	€ 833,91	€ 596,00	€ 634,97	€ 625,05	€ 764,29	€ 755,64	€ 901,65	€ 767,40	€ 858,05	€ 691,27	33,2%
Development & ACP relations	€ 1.197,45	€ 1.016,00	€ 1.050,22	€ 927,18	€ 1.310,68	€ 976,76	€ 1.343,70	€ 1.192,82	1 292,11	€ 868,79	€ 1.801,50	€ 1.237,98	21,8%

Source: Oficial Journal of the European Union, General Summary of appropriations and outturn (2004-2009), by policy area[6]

The chapters below aim to provide a more detailed breakdown of EU spending in these areas.

[6] The scope of the study is limited to the area of education and does not cover 'culture'. 'General summary of appropriations and outturn, by policy area', published by the European Commission, does not make the distinction between both areas. In the chapters below, expenditure in this area has been split up. Based on our own calculations and analysis of the European annual budget reports, about 78% of expenditure in 'education and culture' goes to 'education and training' activities. Methodological notes can be found in Annex 1.

3.1.2. Education

National governments are predominantly responsible for education and training, particularly with regard to primary and secondary education[7]. However, some challenges are common to all Member States: ageing societies, skills deficits of the workforce and global competition. This justifies joint responses and exchanges of lessons learned.

EU education and training policy has been given added impetus since the adoption of the Lisbon Strategy in 2000, the EU's overarching programme focusing on growth and jobs. Knowledge, and the innovation it sparks, is considered by the Lisbon Strategy as the EU's most valuable assets, particularly as global competition becomes more intense in all sectors.

The European Commission established a single umbrella for education and training activities, called the Lifelong Learning Programme (LLP) since the new Financial Perspective 2007-2013. The programme, established under the current Financial Framework 2007-2013, replaces previous education, vocational training and e-learning programmes that came to an end in 2006.

The Member States and the European Commission strengthened their policy cooperation, with the launch of the Education and Training 2010 work programme in 2001 and its follow-up, the strategic framework for European cooperation in education and training ("ET 2020") adopted by the Council in May 2009.

The new strategic framework identifies four long term strategic objectives:

1. Making lifelong learning and mobility a reality;
2. Improving the quality and efficiency of education and training;
3. Promoting equity, social cohesion and active citizenship;
4. Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training.

Based on these four strategic objectives, a number of priority areas were identified for concrete follow-up activities – for example expanding opportunities for mobility of students or enhancing partnerships between education and training institutions, and broader society. In addition, EU-level benchmarks have been set for 2010 and 2020.

The benchmarks for 2010 are:

- the share of 15-year olds underachieving in reading should decrease by at least 20%;
- the average rate of early school leavers should be no more than 10%;
- at least 85% of 22-year olds should have completed upper secondary education;
- the total number of graduates in mathematics, science and technology should increase by at least 15%, while the gender imbalance in these subjects should be reduced
- the average participation of the working adult population in lifelong learning (age group 25-64) should reach at least 12.5%.

The benchmarks to be achieved by 2020 are:

- at least 95% of children between the age of four and the age for starting compulsory primary education should participate in early childhood education;
- the share of 15-year olds with insufficient abilities in reading, mathematics and science should be less than 15%;
- the share of early leavers from education and training should be less than 10%;
- the share of 30-34 year olds with tertiary educational attainment should be at least 40%;

[7] The bulk of EU funding in the area of education flows to tertiary education and lifelong learning programmes.

- an average of at least 15 % of adults (age group 25-64) should participate in lifelong learning.

The data in the table[8] below tells us that[9]:

- More than 4% of total actual spending by the EU goes to education and training;
- Lifelong learning is the most important pillar of education policy at EU level;
- Approximately 32.9% of funding from the European Social Fund is allocated to projects with educational and training purposes, particularly vocational training.

[8] The analysis for this and all policy areas took into account not only the operational expenditure, but the administrative expenditure that is directly and indirectly related to the policy area.

[9] The commitments appropriations could not be identified for a range of subcategories of the EU budget (hatched). This does not imply that no commitments were made for these subcategories of expenditure.

Table 4: Breakdown of total Community expenditure in the field of education and training, by heading (1)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
Code	**Title 15 — Education and Culture**									
15 01	Administrative expenditure of Education and culture policy area* (indirectly allocated based on defined key)		€ 83.158.407		€ 76.823.735		€ 78.529.461			
15 01 04 14	Erasmus Mundus — Expenditure on administrative management		€ 770.000		€ 2.536.000		€ 1.373.450		€ 1.184.443	-35,0%
15 01 04 17	Cooperation with non-member countries on education and vocational training — Expenditure on administrative management		€ 65.000		€ 115.000		€ 92.049		€ 199.988	-67,5%
15 01 04 22	Lifelong learning — Expenditure on administrative management		€ 8.843.000		€ 7.743.000		€ 11.582.223		€ 10.546.176	-16,1%
15 02	Lifelong learning, including multilingualism	€ 1.152.378.500	€ 1.115.302.000	€ 1.075.137.000	€ 1.051.292.000	€ 1.092.844.025	€ 1.060.338.044	€ 1.014.160.364	€ 971.188.015	14,8%
	Chapter 04 02 — European Social Fund	€ 10.827.964.982	€ 8.216.400.000	€ 10.793.147.498	€ 10.846.400.000	€ 10.622.597.077	€ 8.788.527.447	€ 10.503.063.164	€ 11.297.512.235	
	Indirectly allocation of ESF activities to education (32,9%)	€ 3.562.400.479	€ 2.703.195.600	€ 3.550.945.527	€ 3.568.465.600	€ 3.494.834.438	€ 2.891.425.530	€ 3.455.507.781	€ 3.716.881.525	-27,3%
	Developing educational and vocational training (32,3%)	€ 3.497.432.689	€ 2.653.897.200	€ 3.486.186.642	€ 3.503.387.200	€ 3.431.098.856	€ 2.838.694.366	€ 3.392.489.402	€ 3.649.096.452	
	Human Resources (0,6%)	€ 64.967.790	€ 49.298.400	€ 64.758.885	€ 65.078.400	€ 63.735.582	€ 52.731.165	€ 63.018.379	€ 67.785.073	
04 01 04 01	European Social Fund (ESF) and non-operational technical assistance — Expenditure on administrative management		€ 16.500.000		€ 16.500.000		€ 15.930.146		€ 13.230.199	
	Indirectly allocation to education (32,9%)		€ 5.428.500		€ 5.428.500		€ 5.241.018		€ 4.352.736	24,7%
	Chapter 04 06 — Instrument for Pre-Accession Assistance (IPA)-Human resources development									
04 06 01	Instrument for Pre-Accession Assistance (IPA)-Human resources development	€ 87.500.000	€ 29.835.000	€ 76.900.000	€ 66.890.250	€ 71.600.000	€ 0	€ 64.777.000	€ 0	

Table 5: Breakdown of total Community expenditure in the field of education and training, by heading (2)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Title 13 — Regional policy									
13 03	European Regional Development Fund and other regional operations	€ 28.215.511.094	€ 21.231.700.000	€ 28.184.036.173	€ 16.753.663.196	€ 28.436.561.007	€ 21.455.207.089	€ 27.264.244.792	€ 21.399.931.660	
	Indirectly allocation of ERDF activities to education (0,8%)	€ 225.724.089	€ 169.853.600	€ 225.472.289	€ 134.029.306	€ 227.492.488	€ 171.641.657	€ 218.113.958	€ 171.199.453	-0,8%
13 01 04 01	European Regional Development Fund (ERDF) — Expenditure on administrative management		€ 11.135.000		€ 13.100.000		€ 10.152.222		€ 9.629.212	
	Allocation of admin. ERDF costs to Education (0,8%)		€ 89.080		€ 104.800		€ 81.218		€ 77.034	15,6%
Subtotal	Total of general administrative overhead costs regional Policy		€ 66.861.131		€ 64.328.903		€ 65.216.319		€ 56.826.349	
	Allocation of total administrative overhead costs regional policy to ERDF (73,20%)		€ 48.942.348		€ 47.088.757		€ 47.738.346		€ 41.596.888	
	Allocation of admin. ERDF costs to Education (0,8%)		€ 391.539		€ 376.710		€ 381.907		€ 332.775	17,7%
	Total Community expenditure on 'Education'		**€ 4.116.931.726**	**€ 4.928.454.816**	**€ 4.913.804.901**	**€ 4.886.770.951**	**€ 4.220.686.556**	**€ 4.752.559.103**	**€ 4.875.962.144**	
	Total approp. - outturn EU Community budget			**€ 124.132.790.000**	**€ 101.882.620.000**	**€ 126.979.000.000**	**€ 104.294.090.000**	**€ 116.974.800.000**	**€ 111.506.490.000**	
	% of total EU Community budget outturn			**4,0%**	**4,8%**	**3,8%**	**4,0%**	**4,1%**	**4,4%**	

Source: Own calculations, based on the EU annual budget report 2009 and EU Budget Online[10]
Legend: - Hatched pattern: data not provided by EU budget online

[10] EU Budget Online only provides outturn data until the year 2008, not for 2009 and 2010.

As the annual EU budget reports do not provide detailed insight into the expenditure for the Lifelong Learning Programme, the research team analysed the annual programmes of DG Education and Culture to indicate the share of the different education funds in the total EU expenditure under the lifelong learning programme[11]. This is illustrated in the table below.

The table demonstrates that the bulk of funding is allocated to the Erasmus Programme (43.7%), which funds periods of study outside a student's home country, followed by the Leonardo da Vinci Programme for vocational training purposes (26.1%). This distribution of financial resources shows where the emphasis of the EU is in education and training.

[11] As the general budget of the European Union does not detail the destinations of funds under the lifelong learning programme, we relied on the annual work programme 2009 of the lifelong learning programme of DG Education and Culture, which gives a detailed overview of the budget of the Lifelong Learning Programme. Please note that these data do not reflect actual spending, but budgetary appropriations.

Table 6: Funds Lifelong learning Programme (indication of budgets)

Lifelearning programme	Budget 2009	% in total LLP budget	Source: Website DG Education - Annual Work Programme 2009
Programme Comenius	**€ 181.304.819,00**	**17,25%**	Target groups: Schools 1. Increase the mobility of pupils and educational staff (all levels - primary, secondary, etc.); 2. Enhance and increase partnerships between schools in different M.S.; 3. enhance language training: 4. Encourage participation in sports
Programme Erasmus	**€ 459.193.780,00**	**43,70%**	Target groups: Higher Education: EU's education and training programme for mobility and cooperation in higher education across Europe. Its different actions not only address students wishing to study and work abroad, but also higher education teachers and enterprise staff intending to teach abroad and to higher education staff seeking training abroad. In addition, Erasmus supports higher education institutions to work together through intensive programmes, networks and multilateral projects.
Programme Leonardo da Vinci	**€ 274.377.507,00**	**26,11%**	Target groups: vocational training: The Leonardo da Vinci programme links policy to practice in the field of vocational education and training (VET). Projects range from those giving individuals the chance to improve their competences, knowledge and skills through a period abroad, to Europe-wide co-operation between VET stakeholders in order to enhance the attractiveness, quality and performance of VET systems and practices.
Programme Grundtvig	**€ 60.750.074,00**	**5,78%**	Target groups: adult learning: Addresses the teaching and learning needs relating to all forms of adult learning which are not of a predominantly vocational nature, as well as the institutions and organisations providing or facilitating any form of such learning opportunities for adults – whether of a formal, non-formal or informal nature – including those involved in the initial and in-service training of staff.
Programme transversal	**€ 51.854.277,00**	**4,93%**	Target groups: transversal for all four sectoral programmes
1.Policy Cooperation and Innovation	€ 25.604.277,00	2,44%	Policy co-operation and innovation actions: supports study visits for education and vocational training specialists, as well as studies and comparative research in these fields at European level. The main objectives are to support policy development and co-operation in lifelong learning and to ensure an adequate supply of comparable data, statistics and analyses.
2. Language Learning	€ 12.650.000,00	1,20%	Linguistic diversity is a fact of life in Europe and it can encourage economic growth, personal development and inter-cultural dialogue. EU actions aim to promote language learning and the linguistic diversity in Europe.
3. ICT	€ 9.000.000,00	0,86%	EU actions aim to harness the power of Information and Communications Technologies (ICT) to develop innovative education and training practices, improve access to lifelong learning and help develop advanced management systems.
4. Dissemination and Exploitation of Results	€ 4.600.000,00	0,44%	In order to maximise their impact, activities and projects funded by the Lifelong Learning Programme, or previous programmes, should be made as widely known as possible to potential users. Therefore, it is necessary that each EU-funded project disseminates and exploits its own results.
Programme Jean Monnet	**€ 24.119.500,00**	**2,30%**	
1. Jean Monnet Action	€ 4.523.500,00	0,43%	The Jean Monnet programme stimulates teaching, research and reflection on European integration at higher education institutions throughout the world. With projects across the five continents, the programme reaches up to 250 000 students every year.
2. operating grants to specified institutions	€ 17.896.000,00	1,70%	Grants are awarded to support certain operational and administrative costs of the following named institutions pursuing an aim of European interest: - the College of Europe, the European University Institute - the European Institute of Public Administration etc.
3.operating grants to support other institutions	€ 1.700.000,00	0,16%	Grants may be awarded to support certain operational and administrative costs of European institutions or associations active in the field of education and training.
Others	€ 900.000,00	0,09%	
Total	**€ 1.050.799.957,00**	**100,0%**	

Source: Website DG Education, Annual Work Programme 2009, http://ec.europa.eu/dgs/education_culture/calls/docs/c_2009_6560.pdf. New data will be available as from 01-05. Specific figures for each programme will be available in the Education and Culture Activity Statement.

3.1.3. Research and Development (R&D)

Focusing on specific sectors through the provisions of the Treaties establishing the European Coal and Steel Community (ECSC) and the European Atomic Energy Community, the policy area of research was originally not very developed in the Community Treaties. It was the Single European Act (1986) and the Maastricht Treaty (1993) that reinforced EU research policy. Today, EU research policy coordinates the national research policies of the Member States and defines projects of interest to the EU in a wide range of science and technology domains. The overall key objective of EU research policy is to strengthen the scientific and technological basis of industry in the EU and to increase public and private R&D expenditure. The European Commission acknowledges that there is a direct link between the level of R&D expenditure and GDP growth[12].

The table below demonstrates some of the EU's weaknesses in the field of R&D - compared to countries, such as the United States and Japan. This spurred the Commission to seek to increase the financial resources within the Financial Framework for R&D activities. The low levels of private and public expenditure, the so-called R&D intensity, and the number of researchers in the labour force need to be tackled.

Table 7: Current R&D weaknesses in the EU

	EU-25	US	Japan
R&D intensity (% of GDP) (2004)	1.86	2.66	3.18
Share of R&D financed by industry (%) [(1)]	54.8	63.7	74.8
Researchers (FTE) per thousand labour force [(2)]	5.5	9.1	10.1
Share of world scientific publications (%) (2003)	38.3	31.1	9.6
Scientific publications per million population (2003)	639	809	569
Share of world triadic patents (%) (2000)	31.5	34.3	26.9
Triadic patents per million population (2000)	30.5	53.1	92.6
High-tech exports as a share of total manufacturing exports (%) (2003)	19.7	28.5	26.5
Share of world high-tech exports (%) (2003)	16.7	19.5	10.6

Source: DG Research website, based on Eurostat & OECD data

EU research programmes are implemented through both 'direct' and 'indirect' actions:

- The *direct* actions are R&D activities carried out by the European Commission in its so-called Joint Research Centre (JRCs) - 7 science and technology reference centres for the EU covering a variety of scientific areas - and fully financed by the EU budget;
- *Indirect* activities are research projects carried out by research centres, universities or enterprises with financial assistance (by means of a grant) from the EU under FP7. A grant can cover between 50% and 100% of total research costs. In addition, the Structural Funds, which require co-financing from the Member States' governments, enable the funding of R&D activities in Member States, as R&D often relates to social, economic and regional development.

The funding that is granted by the EU to research under FP7 comes from the EU budget. The 2007-2013 Financial Framework includes a reinforced envelope of EUR 50 521 million for FP7 and EUR 2.751 million for the Euratom respectively for the 2007-2013 and 2007-2011 periods. For FP7, this represents an increase compared with the previous FP6 of 41% (at 2004 prices). The investment efforts made by the European Union underline the importance of FP7 as a key instrument to

[12] DG Research, Building networks of knowledge. FP7. Tomorrow's answers start today, 2009

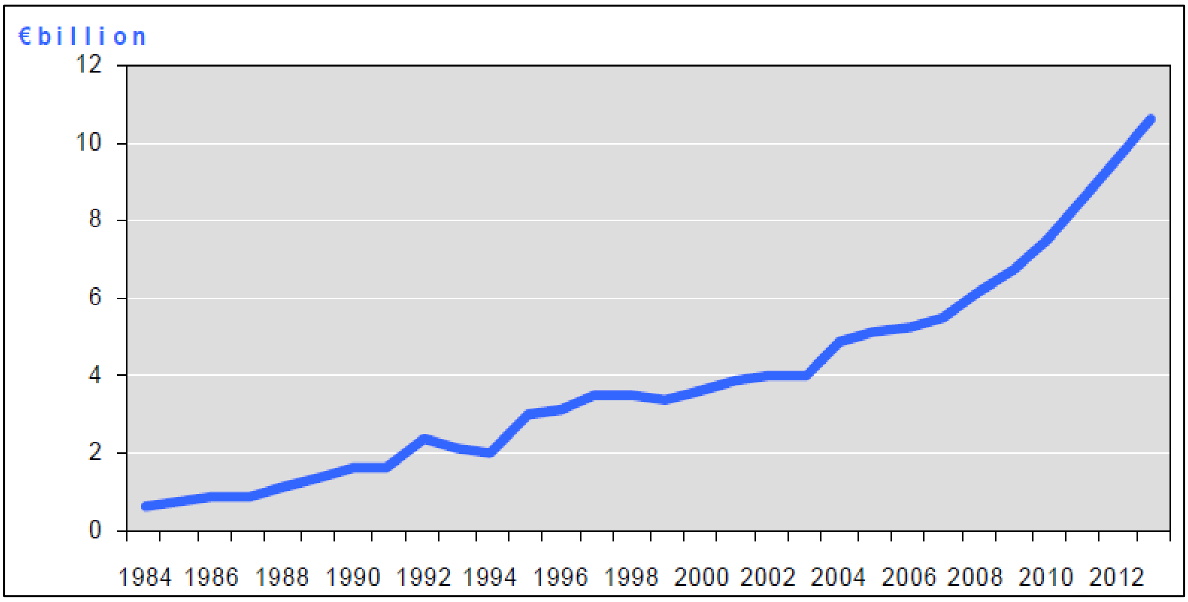
increase competitiveness of the European industry. Compared to FP6, FP7 is considered to be a more flexible research programme with simplified procedures and a more comprehensive scope[13].

FP7 is built upon five pillars:

- Cooperation: accounts for two thirds 3 of the overall budget and aims to foster collaborative research across Europe and its partner countries, through projects by transnational consortia of industry and academia;
- Ideas: supports 'frontier research' without any obligations for cross-border partnerships;
- People: supports researcher mobility and career development for researchers (inside and outside the EU) through so-called Marie Curie actions, or fellowships;
- Capacities: enforces the research capacities of the EU, covering research infrastructures, regions of knowledge, research potential, etc., science in society, etc.;
- Nuclear research:

The table below shows the positive trend in of annual budgets of the EU research framework programmes between 1984 and 2013.

Table 8: EU research framework programmes - annual budgets between 1984 and 2013[14]



Source: DG Research, 2009, http:// iftm2005.sabanciuniv.edu/eng/L.%20Karapiperis%20.ppt

[13] Website of the European Commission - FP7: http://cordis.europa.eu/fp7/dc/index.cfm

[14] DG Research, Building Knowledge. FP7. Tomorrow's answers start today. 2009

Table 9: Breakdown of total Community expenditure in the field of R&D, by heading (1)

	Million EUR	Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
Code		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Chapter 02 04 - Space and Security	€ 427.906.000	€ 343.156.000	€ 251.503.600	€ 207.262.500	€ 218.715.113	€ 130.852.231	€ 171.306.881	€ 120.985.686	
04 02	**Chapter 04 02 — European Social Fund**	€ 10.827.964.982	€ 8.216.400.000	€ 10.793.147.498	€ 10.846.400.000	€ 10.622.597.077	€ 8.788.527.447	€ 10.503.063.164	€ 11.297.512.235	
	Indirectly allocation to R&D (0,6%)	€ 64.967.790	€ 49.298.400	€ 64.758.885	€ 65.078.400	€ 63.735.582	€ 52.731.165	€ 63.018.379	€ 67.785.073	-27,3%
04 01 04 01	European Social Fund (ESF) and non-operational technical assistance — Expenditure on administrative management		€ 16.500.000		€ 16.500.000		€ 15.930.146		€ 13.230.199	
	Indirectly allocation to R&D (0,6%)		€ 99.000		€ 99.000		€ 95.581		€ 79.381	24,7%
	Chapter 06 06 — Research related to energy and transport									
06 06 01 01	Research related to energy	€ 123.292.000	€ 86.000.000	€ 128.685.000	€ 102.760.413	€ 153.087.312	€ 37.377.404	€ 118.864.068	€ 1.102.677	7699,2%
06 06 01 02	Research related to energy — Fuel Cells and Hydrogen (FCH) Joint Undertaking	€ 19.200.000	€ 11.520.000	€ 20.160.000	p.m.					
06 06 02 01	Research related to transport (including aeronautics)	€ 66.060.000	€ 35.000.000	€ 61.550.000	€ 58.639.200	€ 122.407.245	€ 62.062.013	€ 115.919.401	€ 30.967.251	13,0%
06 06 02 02	Research related to transport (including Aeronautics) — FCH Joint Undertaking	€ 2.900.000	€ 1.740.000	€ 2.900.000	€ 2.900.000					
06 06 02 03	SESAR Joint Undertaking	€ 53.700.000	€ 40.000.000	€ 51.500.000	€ 13.000.000					
06 06 04	Appropriations accruing from contributions from third parties to R&D development	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	€ 16.539.961	€ 7.814.527	
06 06 05	Completion of previous programmes									
06 06 05 01	Completion of programmes (prior to 2003)	—	€ 2.600.000	—	€ 5.500.000	€ 53.974	€ 9.112.204	€ 597.357	€ 37.398.215	-93,0%
06 06 05 02	Completion of the 6th EC framework programme (2003 to 2006)	—	€ 50.000.000	—	€ 59.000.000	€ 18.172	€ 83.234.802	€ 694	€ 137.500.279	-63,6%
	Chapter 06 06 — Total	**€ 265.152.000**	**€ 226.860.000**	**€ 264.795.000**	**€ 241.799.613**	**€ 284.261.827**	**€ 200.152.840**	**€ 251.921.480**	**€ 214.782.949**	**5,6%**

Table 10: Breakdown of total Community expenditure in the field of R&D, by heading (2)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
Code		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Title 08 — Research									
08 01	Administrative expenditure of Research policy area	€ 308.190.404	€ 308.910.404	€ 296.494.368	€ 296.494.368	€ 261.521.595	€ 261.521.595	€ 224.025.812	€ 224.025.812	37,9%
08 02	Cooperation — Health	€ 766.304.000	€ 532.714.000	€ 681.120.000	€ 438.000.000	€ 711.554.282	€ 397.387.794	€ 670.298.534	€ 61.344.663	768,4%
08 03	Cooperation — Food, agriculture and fisheries, and biotechnology	€ 213.848.000	€ 154.114.000	€ 203.784.000	€ 109.019.000	€ 214.080.084	€ 113.415.984	€ 199.475.661	€ 3.224.525	4679,4%
08 04	Cooperation — Nanosciences, nanotechnologies, materials and new production technologies	€ 413.278.000	€ 280.411.000	€ 420.845.000	€ 304.066.097	€ 399.740.799	€ 233.699.866	€ 380.709.684	€ 5.283.939	5206,9%
08 05	Cooperation — Energy	€ 150.436.000	€ 119.534.000	€ 148.721.000	€ 139.787.750	€ 130.836.184	€ 64.024.193	€ 117.952.364	€ 29.912.693	299,6%
08 06	Cooperation — Environment (including climate change)	€ 224.506.000	€ 187.690.000	€ 219.203.000	€ 178.992.500	€ 224.373.227	€ 129.898.181	€ 208.878.368	€ 4.053.558	4530,3%
08 07	Cooperation — Transport (including aeronautics)	€ 358.780.000	€ 328.222.000	€ 342.139.000	€ 321.617.000	€ 357.237.665	€ 215.273.017	€ 331.478.214	€ 8.077.559	3963,4%
08 08	Cooperation — Socioeconomic sciences and the humanities	€ 74.444.000	€ 59.152.000	€ 71.878.000	€ 49.202.000	€ 86.310.674	€ 53.293.413	€ 70.181.468	€ 2.805.246	2008,6%
08 09	Cooperation — Risk-sharing finance facility (EIB)	€ 50.000.000	€ 50.000.000	€ 120.000.000	€ 120.000.000	€ 0	€ 72.136.038	€ 163.648.000	€ 91.511.962	-45,4%
08 10	Ideas	€ 1.098.000.000	€ 536.009.000	€ 775.000.000	€ 215.861.000	€ 528.393.665	€ 229.609.159	€ 266.762.612	€ 1.360.400	39300,8%
08 11	People	€ 534.190.000	€ 284.000.000	€ 503.034.000	€ 393.004.000	€ 483.099.603	€ 280.714.563	€ 439.962.425	€ 11.915.070	2283,5%
08 12	Capacities — Research infrastructures	€ 212.392.000	€ 95.000.000	€ 187.666.000	€ 155.000.000	€ 147.479.484	€ 76.792.500	€ 106.572.692	€ 0	
08 13	Capacities — Research for the benefit of small and medium-sized enterprises (SMEs)	€ 153.354.000	€ 97.791.000	€ 123.613.000	€ 120.937.700	€ 151.424.571	€ 123.146.563	€ 123.314.905	€ 2.999.379	3160,4%
08 14	Capacities — Regions of knowledge	€ 16.957.000	€ 13.835.000	€ 16.078.000	€ 19.680.000	€ 10.332.000	€ 6.000.000	€ 10.173.792	€ 4.497.252	207,6%
08 15	Capacities — Research potential	€ 31.287.000	€ 23.888.000	€ 29.845.000	€ 46.960.650	€ 30.515.292	€ 16.894.350	€ 25.403.284	€ 0	
08 16	Capacities — Science in society	€ 50.203.000	€ 29.000.000	€ 33.732.000	€ 31.000.000	€ 40.989.168	€ 17.835.571	€ 30.432.332	€ 2.532.000	1045,3%
08 17	Capacities — International cooperation activities	€ 18.035.000	€ 16.969.000	€ 17.160.000	€ 14.952.000	€ 17.496.630	€ 11.211.705	€ 17.464.310	€ 5.216.280	225,3%
08 18	Capacities — Risk-sharing finance facility (EIB)	€ 30.000.000	€ 30.000.000	€ 31.500.000	€ 30.000.000	€ 0	€ 4.091.200	€ 40.912.000	€ 36.820.800	-18,5%
08 19	Capacities — Support for coherent development of research policies	€ 2.600.000	€ 7.476.000	€ 9.764.000	€ 9.265.000	€ 9.883.735	€ 2.672.435	€ 7.310.621	€ 2.143.354	248,8%
08 20	Euratom — Fusion energy	€ 384.274.000	€ 231.700.000	€ 378.888.000	€ 245.000.000	€ 280.250.000	€ 248.000.000	€ 227.221.000	€ 81.340.000	184,9%
08 21	Euratom — Nuclear fission and radiation protection	€ 50.259.000	€ 22.235.000	€ 49.255.000	€ 21.500.000	€ 46.410.000	€ 23.000.000	€ 49.000.000	€ 9.900.761	124,6%
08 22	Completion of previous framework programmes and other activities	p.m.	€ 729.601.000	p.m.	€ 1.254.196.000	€ 172.959.604	€ 1.842.161.516	€ 72.557.290	€ 2.063.765.456	-64,6%
08 23	Research programme of the research fund for coal and steel	p.m.	p.m.	p.m.	p.m.	€ 51.328.523	€ 41.935.165	€ 55.068.823	€ 42.509.415	
08 24	European Institute of Innovation and Technology	p.m.	p.m.	€ 5.800.000	€ 5.800.000	p.m.	p.m.			
	Title 08 — Total	**€ 5.142.057.404**	**€ 4.138.251.404**	**€ 4.659.719.368**	**€ 4.514.535.065**	**€ 4.356.463.719**	**€ 4.464.858.209**	**3 838 804 190,47**	**€ 2.695.240.125**	**53,5%**

Table 11: Breakdown of total Community expenditure in the field of R&D, by heading (3)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
Code		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Title 13 — Regional policy									
13 01 04 01	European Regional Development Fund (ERDF) — Expenditure on administrative management		€ 11.135.000		€ 13.100.000		€ 10.152.222		€ 9.629.212	
	Allocation of admin. ERDF costs to R&D (6,6%)		€ 734.910		€ 864.600		€ 670.047		€ 635.528	15,6%
Subtotal	Allocation of total administrative overhead costs REGIO		€ 66.861.131		€ 64.328.903		€ 65.216.319		€ 56.826.349	
	Allocation of total administrative overhead costs REGIO to ERDF (73,20%)		€ 48.942.348		€ 47.088.757		€ 47.738.346		€ 41.596.888	
	Allocation of admin. ERDF costs to R&D (6,6%)		€ 3.230.195		€ 3.107.858		€ 3.150.731		€ 2.745.395	17,7%
13 03	European Regional Development Fund and other regional operations	€ 28.215.511.094	€ 21.231.700.000	€ 28.184.036.173	€ 16.753.663.196	€ 28.436.561.007	€ 21.455.207.089	€ 27.264.244.792	€ 21.399.931.660	
	Indirectly allocated ERDF activities to R&D (6,6%)	€ 1.862.223.732	€ 1.401.292.200	€ 1.860.146.387	€ 1.105.741.771	€ 1.876.813.026	€ 1.416.043.668	€ 1.799.440.156	€ 1.412.395.490	-0,8%
	Chapter 09 05 — Capacities — Research infrastructures									
09 05 01	Capacities — Research infrastructures	€ 108.473.000	€ 70.000.000	€ 96.806.000	€ 66.869.000	€ 81.036.565	€ 58.439.966	€ 54.975.500	€ 24.386.166	187,0%
	Title 10 — Direct research									
10 01	Administrative expenditure of Direct research policy area	€ 316.450.000	€ 316.450.000	€ 300.040.000	€ 300.040.000	€ 318.006.755	€ 318.006.755	€ 307.822.621	€ 307.822.621	2,8%
10 02	Directly financed research operational appropriations — Seventh framework programme (2007 to 2013) — EC	€ 30.613.000	€ 32.000.000	€ 30.000.000	€ 29.120.000	€ 32.118.541	€ 29.268.134	€ 30.587.251	€ 20.141.077	58,9%
10 03	Directly financed research operational appropriations — Seventh framework programme (2007 to 2011) — Euratom	€ 9.358.000	€ 9.300.000	€ 8.200.000	€ 9.060.000	€ 10.088.397	€ 8.650.221	€ 10.462.206	€ 5.010.046	85,6%
10 04	Completion of previous framework programmes and other activities	p.m.	€ 797.000	p.m.	€ 1.300.000	€ 20.427.089	€ 22.389.104	€ 25.933.164	€ 42.663.973	-98,1%
10 05	Historical liabilities resulting from nuclear activities carried out by the Joint Research Centre pursuant to the Euratom Treaty	€ 26.900.000	€ 33.000.000	€ 32.600.000	€ 26.200.000	€ 22.587.465	€ 22.845.641	€ 26.928.119	€ 31.656.859	4,2%
	Title 10 — Total	**€ 383.321.000**	**€ 391.547.000**	**€ 370.840.000**	**€ 365.720.000**	**€ 403.228.247**	**€ 401.159.856**	**€ 401.733.361**	**€ 407.294.575**	**-3,9%**

Table 12: Breakdown of total Community expenditure in the field of R&D, by heading (4)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
	Chapter 11 05 — Fisheries research									
11 05 01	Appropriations accruing from contributions from (non-European Economic Area) third parties to research and technological development	—	—	p.m.	p.m.	p.m.	p.m.	€ 93.220	€ 963.755	
11 05 02	Completion of previous programmes									
11 05 02 01	Completion of previous programmes (prior to 2003)	—	—	—	p.m.	—	€ 1.500.000	€ 0	€ 4.386.313	
11 05 02 02	Completion of the sixth EC framework programme (2003 to 2006)	—	—	—	€ 7.000.000	—	€ 7.000.000	€ 0	€ 6.326.883	
	Chapter 11 05 — Total	**—**	**—**	**p.m.**	**€ 7.000.000**	**p.m.**	**€ 8.500.000**	**€ 93.220**	**€ 11.676.951**	
	Total Community expenditure on R&D		**€ 6.624.469.109**	**€ 7.578.341.698**	**€ 6.583.877.807**	**€ 7.279.228.381**	**€ 6.728.144.476**	**€ 6.983.636.131**	**€ 5.580.084.842**	**18,7%**
	Total approp. - outturn EU Community budget			**€ 124.132.790.000**	**€ 101.882.620.000**	**€ 126.979.000.000**	**€ 104.294.090.000**	**€ 116.974.800.000**	**€ 111.506.490.000**	
	% of total EU Community budget			**6,1%**	**6,5%**	**5,7%**	**6,5%**	**6,0%**	**5,0%**	

Source: Own calculations, based on the EU Annual Budget report 2007, 2008, 2009

Legend:
- hatched pattern: data are not provided by the EU annual budget reports
- p.m. (pro memoria): token entry / figures not available yet

3.1.4. Social policy

The EU's strategy for Growth and Jobs, better known as the Lisbon Strategy, targets improving the lives of EU citizens by giving them better job prospects and skills. The European Employment Strategy (EES) is based on employment guidelines that are drawn from the Lisbon Strategy and that set out common priorities for Member States' employment policies, which are agreed at EU level. Each Member State then draws up a programme describing how it will implement the guidelines nationally. The European Commission reviews progress on the implementation of the national programmes.

The European Social Fund is the EU's main financial instrument for investing in people, helping them enhance their education and skills, and improving their job prospects. Among other things, it assists EU citizens by providing financial support for actions such as training and enhancing skills. For that purpose, the ESF invests €10 billion a year in all Member States. During 2007-2013 some €75 billion will be distributed to the Member States. Funding is spread across the EU Member States, according to the level of socio-economic development (eligibility areas)[15].

The emphasis of the current ESF programming period lies on increasing the adaptability of workers, enterprises and entrepreneurs by improving their ability to anticipate economic change and globalisation. The ESF supports the modernisation of labour market institutions, activation measures (skills enhancement of workers, support for jobseekers, etc.) and lifelong learning actions. Ensuring accessibility to the labour market, social inclusion and promoting labour market participation are also part of the scope of the European Social Fund.

In 2008, the European Commission launched a renewed social agenda for improving the well-being and quality of life of European citizens, while respecting the principles of subsidiarity and proportionality. The priorities are:

- Improving the life chances of young people (by empowering and equipping them);
- Promoting new skills for new jobs, fulfilling careers and better employment;
- Fostering longer and healthier lives;
- Combating poverty and social exclusion;
- Promoting gender equality and equal opportunities;
- Shaping the international agenda to promote European values;
- Ensuring the appropriate policy mix and increasing the effectiveness of EU instruments.

[15] Website European Social Fund: http://ec.europa.eu/employment_social/esf/

Table 13: Breakdown of total Community expenditure in the field of social policy by heading (1)

		Appropriations 2010		**Appropriations 2009**		**Outturn 2008**		**Outturn 2007**		**Evolution 2007-2010 (%)**
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Titre 04 —Employment and Social Affairs									
04 01	Administrative expenditure of Employment and social affairs policy area (min. 04 01 04 01)	€ 85.169.984	€ 85.169.984	€ 83.342.839	€ 83.342.839	€ 83.198.158	€ 83.198.157	€ 77.150.536	€ 77.150.536	10,4%
04 01 04 01	European Social Fund (ESF) — Expenditure on administrative management	*€ 16.500.000*	€ 16.500.000	*€ 16.500.000*	€ 16.500.000	*€ 15.346.086*	€ 15.346.086	*€ 13.230.199*	€ 13.230.199	
	Indirectly allocation to Social policy domain (62,8%)	*€ 10.362.000*	€ 10.362.000	*€ 10.362.000*	€ 10.362.000	*€ 9.637.342*	€ 9.637.342	*€ 8.308.565*	€ 8.308.565	24,7%
04 02	European Social Fund	€ 10.827.964.982	€ 8.216.400.000	€ 10.793.147.498	€ 10.846.400.000	€ 10.622.597.077	€ 8.788.527.447	€ 10.503.063.164	€ 11.297.512.235	
	Indirectly allocation to Social policy domain (62,8%)	€ 6.799.962.009	€ 5.159.899.200	€ 6.778.096.629	€ 6.811.539.200	€ 6.670.990.965	€ 5.519.195.237	€ 6.595.923.667	€ 7.094.837.684	-27,3%
	Labour market policy (25,9%)	€ 2.804.442.930	€ 2.128.047.600	€ 2.795.425.202	€ 2.809.217.600	€ 2.751.252.643	€ 2.276.228.609	€ 2.720.293.360	€ 2.926.055.669	-27,3%
	Social inclusion (14,2%)	€ 1.537.571.027	€ 1.166.728.800	€ 1.532.626.945	€ 1.540.188.800	€ 1.508.408.785	€ 1.247.970.898	€ 1.491.434.969	€ 1.604.246.737	-27,3%
	Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies (17,8%)	€ 1.927.377.767	€ 1.462.519.200	€ 1.921.180.255	€ 1.930.659.200	€ 1.890.822.280	€ 1.564.357.886	€ 1.869.545.243	€ 2.010.957.178	-27,3%
	Positive labour market actions for woman (4,94%)	€ 534.901.470	€ 405.890.160	€ 533.181.486	€ 535.812.160	€ 524.756.296	€ 434.153.256	€ 518.851.320	€ 558.097.104	-27,3%
04 03	Working in europe — Social dialogue and mobility	€ 72.500.000	€ 62.700.000	€ 67.426.000	€ 61.884.125	€ 65.292.494	€ 56.629.426	€ 66.647.708	€ 52.490.745	19,4%
04 04	Employment, social solidarity and gender equality	€ 158.690.593	€ 135.500.593	€ 147.220.000	€ 124.304.000	€ 120.232.154	€ 105.137.112	€ 117.452.232	€ 97.031.265	39,6%
04 05	European Globalisation Adjustment Fund (EGF)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	€ 18.610.968	€ 18.610.968	
04 06	Instrument for Pre-Accession Assistance (IPA) — Human resources development	€ 87.500.000	€ 29.835.000	€ 76.900.000	€ 66.890.250	€ 71.600.000	€ 0	€ 64.777.000	€ 0	
	*IPA- Employment and Social Affairs**			€ 68.790.250		€ 18.900.000				

Table 14: Breakdown of total Community expenditure in the field of social policy by heading (2)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Titre 13 — Regional policy									
13 03	European Regional Development Fund and other regional operations	€ 28.215.511.094	€ 21.231.700.000	€ 28.184.036.173	€ 16.753.663.196	€ 28.436.561.007	€ 21.455.207.089	€ 27.264.244.792	€ 21.399.931.660	
	Indirectly allocation of ERDF activities to social policy (2,0%)	€ 564.310.222	€ 424.634.000	€ 563.680.723	€ 335.073.264	€ 568.731.220	€ 429.104.142	€ 545.284.896	€ 427.998.633	-0,8%
13 01 04 01	European Regional Development Fund (ERDF) — Expenditure on administrative management	*€ 11.135.000*	€ 11.135.000	*€ 13.100.000*	€ 13.100.000	*€ 11.135.000*	€ 11.135.000	*€ 9.629.212*	€ 9.629.212	
	Allocation of admin. ERDF costs to Social policy (2,0%)	*€ 222.700*	€ 222.700	*€ 262.000*	€ 262.000	*€ 222.700*	€ 222.700	*€ 192.584*	€ 192.584	15,6%
Subtotal	Total of general administrative overhead costs REGIONAL Policy	*€ 66.861.131*	€ 66.861.131	*€ 64.328.903*	€ 64.328.903	*€ 65.216.319*	€ 65.216.319	*€ 56.826.349*	€ 56.826.349	
	Allocation of total administrative overhead costs REGIO to ERDF (73,20%)	*€ 48.942.348*	€ 48.942.348	*€ 47.088.757*	€ 47.088.757	*€ 47.738.346*	€ 47.738.346	*€ 41.596.888*	€ 41.596.888	
	Allocation of admin. ERDF costs to Social policy (2,0%)	*€ 978.847*	€ 978.847	*€ 941.775*	€ 941.775	*€ 954.767*	€ 954.767	*€ 831.938*	€ 831.938	17,7%
	Total Community expenditure on 'social policy'	**€ 7.692.196.355**	**€ 5.879.467.324**	**€ 7.651.331.966**	**€ 7.427.709.203**	**€ 7.519.259.800**	**€ 6.204.078.882**	**€ 7.430.403.095**	**€ 7.777.452.919**	**-24,4%**
	Total approp. - outturn EU Community budget			**€ 124.132.790.000**	**€ 101.882.620.000**	**€ 126.979.000.000**	**€ 104.294.090.000**	**€ 116.974.800.000**	**€ 111.506.490.000**	
	% of total EU Community budget			**6,2%**	**7,3%**	**5,9%**	**5,9%**	**6,4%**	**7,0%**	

Source: own calculations, based on the EU annual budget reports 2007, 2008, 2009 - Budget Online

Legend:

- *hatched pattern: data are not provided by the EU annual budget reports*
- *p.m. (pro memoria): token entry / figures not available yet*

3.1.5. Humanitarian and Development aid

EU action in the field of development is based on the European Consensus on Development[16], signed in 2005, whereby all EU Member States and the EU institutions agreed to a common EU vision of development. The EU's contribution is focused on certain areas of intervention, responding to the needs of partner countries, and identifies a number of shared values, goals and principles which all actors in Europe implement in their development policies. The EU is committed to increasing its official development assistance to 0.56% of its gross national income by 2010, on the way to achieving the UN target of 0.7% by 2015. It has also been agreed that half of the additional aid will go to Africa, and that the EU and its Member States are committed to making aid more effective through better coordination and complementarity.

Desk research and interviews with stakeholders reveal that (humanitarian and) development aid is a policy area with a relatively high level of budgetary coordination, both among Member States as well as between the EU level and the Member States. The influence of United Nations strategies in this domain on the development strategies in Europe should not be underestimated. As an illustration, the EU has agreed in the European Consensus on Development to increase its official development assistance by 2015 and imposes coordination. Moreover, achieving the Millennium Development Goals established within the UN framework is regarded as a fundamental underpinning of EU policy.

DG Development and Relations with African, Caribbean and Pacific (ACP) countries is responsible for the Commission's input to EU external relations with about half the countries in the world and for drawing up development policy overall. It aims to underline the added value of a Europe working together to tackle common challenges. Consequently, DG Development drafts cooperation strategies with ACP countries and overseas countries, and coordinates and monitors all the funding that is provided through the European Development Fund (EDF) and the Development Cooperation Instrument (DCI) – the two main EU financial instruments for development policy.

Other DGs of the Commission are also involved in shaping the humanitarian and development strategies of the EU:

- DG Trade helps developing countries expand their external trade via improved access to the EU market;
- DG External Relations is accountable for the Commission relations with the outside world in general (whereas DG Development works through predefined programmes for specific countries);
- Europe Aid: is responsible for the implementation of the EU's external aid programmes, based on the policies of DG Development and DG External Relations;
- DG ECHO (the European Commission Humanitarian Office) provides direct emergency relief to victims of disaster and war outside the EU;
- DG Enlargement monitors financial assistance to potential and future EU countries.

[16] Official Journal of the European Union, The European Consensus on Development, (2006/C 46/01), 24/2/2006

Table 15: Breakdown of EU expenditure in humanitarian and development aid, by heading (1)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Chapter 19 09 — Relations with Latin America									
19 09 01	Cooperation with developing countries in Latin America	€ 356.268.000	€ 306.484.268	€ 353.681.000	€ 329.810.000	€ 346.327.000	€ 310.085.282	€ 339.764.080	€ 341.001.717	-10,1%
	Chapter 19 09 — Total	**€ 356.268.000**	**€ 309.484.268**	**€ 355.681.000**	**€ 332.810.000**	**€ 347.827.000**	**€ 310.085.282**	**€ 339.764.080**	**€ 341.001.717**	-9,2%
	Chapter 19 10 — Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen)									
19 10 01 01	Cooperation with developing countries in Asia	€ 523.450.000	€ 483.097.103	€ 517.156.000	€ 464.690.000	€ 521.729.936	€ 476.818.026	€ 490.787.095	€ 496.063.262	-2,6%
19 10 01 02	Aid for the rehabilitation and reconstruction of Afghanistan	€ 160.000.000	€ 145.000.000	€ 144.000.000	€ 150.000.000	€ 144.000.000	€ 121.365.827	€ 162.100.000	€ 180.995.316	-19,9%
19 10 02	Cooperation with developing countries in Central Asia	€ 124.478.000	€ 70.000.000	€ 104.714.000	€ 69.667.000	€ 63.357.009	€ 52.719.913	€ 61.009.860	€ 40.096.620	74,6%
19 10 03	Cooperation with Iraq, Iran and Yemen	€ 46.970.000	€ 60.000.000	€ 49.630.400	€ 60.000.000	98 449 000	€ 18.000.000	€ 108.680.000	€ 73.997.963	-18,9%
	Chapter 19 10 — Total	**€ 854.898.000**	**€ 769.397.103**	**€ 827.500.400**	**€ 755.357.000**	**€ 839.535.945**	**€ 672.602.480**	**€ 836.576.955**	**€ 791.153.159**	-2,7%
	Title 21 — Development and relations with ACP States									
21 01	Administrative expenditure of Development and relations with ACP States policy area	€ 306.661.077	€ 306.661.077	€ 300.144.538	€ 300.144.538	€ 340.081.543	€ 340.081.543	€ 319.778.083	€ 319.778.083	-4,1%
21 02	Food security	€ 402.466.452	€ 548.700.000	€ 715.185.000	€ 662.000.000	€ 216.955.668	€ 258.209.564	€ 201.277.345	€ 301.378.700	82,1%
21 03	Non-State actors in development	€ 218.263.951	€ 170.000.000	€ 216.987.000	€ 160.000.000	€ 215.306.765	€ 173.534.877	€ 210.854.099	€ 168.548.269	0,9%
21 04	Environment and sustainable management of natural resources, including energy	€ 203.345.000	€ 154.300.000	€ 143.409.150	€ 142.569.050	€ 100.984.220	€ 77.365.680	€ 84.384.556	€ 80.711.055	91,2%
21 05	Human and social development	€ 156.411.491	€ 148.471.430	€ 140.882.500	€ 147.200.000	€ 154.303.937	€ 126.749.518	€ 95.286.940	€ 128.951.934	15,1%
21 06	Geographical cooperation with ACP States	€ 307.109.045	€ 230.000.000	€ 301.239.000	€ 215.200.000	€ 326.962.429	€ 228.161.245	€ 346.663.948	€ 161.863.492	42,1%
21 07	Development cooperation actions and ad hoc programmes	€ 32.779.000	€ 29.900.000	€ 32.579.000	€ 32.579.000	€ 29.769.429	€ 24.060.331	€ 29.275.273	€ 29.252.242	2,2%
21 08	Policy strategy and coordination for Development and relations with ACP States policy area	€ 19.373.000	€ 19.577.000	€ 17.677.000	€ 18.222.000	€ 18.466.527	€ 13.187.644	€ 17.157.155	€ 20.004.196	-2,1%
21 49	Expenditure on administrative management of programmes committed in accordance with the former Financial Regulation			—	p.m.	—	€ 3.413	€ 0	€ 22.299	
	Title 21 — Total	**€ 1.646.409.016**	**€ 1.607.609.507**	**€ 1.868.103.188**	**€ 1.677.914.588**	**€ 1.402.830.518**	**€ 1.241.353.813**	**€ 1.304.677.398**	**€ 1.210.510.271**	**32,8%**

Table 16: Breakdown of EU expenditure in humanitarian and development aid, by heading (2)

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Title 23 — Humanitarian aid									
23 01	Administrative expenditure of Humanitarian aid policy area	€ 29.045.155	€ 29.045.155	€ 28.509.197	€ 28.509.197	€ 26.933.863	€ 26.933.863	€ 26.553.204	€ 26.553.204	9,4%
23 02	Humanitarian aid including aid to uprooted people, food aid and disaster preparedness	€ 791.318.000	€ 791.318.000	€ 767.851.000	€ 767.851.000	€ 928.829.614	€ 868.799.352	€ 731.429.572	€ 731.302.504	8,2%
	Title 23 — Total	**€ 820.363.155**	**€ 820.363.155**	**€ 796.360.197**	**€ 796.360.197**	**€ 955.763.478**	**€ 895.733.215**	**€ 757.982.776**	**€ 757.855.707**	**8,2%**
	Total Community expenditure on 'Human. & developm. aid'	**€ 3.677.938.171**	**€ 3.506.854.033**	**€ 3.847.644.785**	**€ 3.562.441.785**	**€ 3.545.956.940**	**€ 3.119.774.790**	**€ 3.239.001.208**	**€ 3.100.520.855**	
	Total approp. - outturn EU Community budget			**€ 124.132.790.000**	**€ 101.882.620.000**	**€ 126.979.000.000**	**€ 104.294.090.000**	**€ 116.974.800.000**	**€ 111.506.490.000**	
	% of total EU Community budget			**3,1%**	**3,5%**	**2,8%**	**3,0%**	**2,8%**	**2,8%**	

Source: own calculations, based on the EU annual budget reports 2007, 2008, 2009 - Budget Online
Legend:

- *Hatched pattern: data are not provided by the EU annual budget reports*
- *p.m. (pro memoria): token entry, figures not available yet*

3.1.6. Common foreign and security policy (CFSP)

The Maastricht Treaty reflected, among other things, a desire among EU Member States to strengthen foreign policy, with the introduction of a second pillar for CFSP based on intergovernmentalism (meaning that the unanimity is required among the Members of the Council of Ministers)[17]. The "intergovernmentalism" approach limits the influence of EU institutions, other than the Council of Ministers. Subsequently, the Amsterdam Treaty introduced the position of High Representative for CFSP to coordinate and represent the EU's foreign policy, a position strengthened by the Treaty of Lisbon with the creation of the High Representative of the Union for Foreign Affairs and Security Policy within the European Commission.

The objectives of the foreign and security policy are to:

- Safeguard common values, fundamental interests, independence and integrity of the EU;
- Strengthen the security of the EU in all ways;
- Preserve peace and strengthen international l security;
- Promote international cooperation;
- Develop and consolidate democracy, rule of law and respect for human rights.

CFSP expenditure is charged to the general budget of the European Union, with the exception of expenditure arising from operations having military or defence implications. In addition, the EU treaty enables rapid access to budget appropriations for urgent financing of initiatives in the framework of the common foreign and security policy, and in particular for preparatory activities for the Petersberg tasks (humanitarian tasks and rescue of nationals, peace-keeping tasks, tasks of combat forces in crisis management, including peacemaking, etc.). A start-up fund consisting of contributions from the Member States is also created to fund preparatory activities for the Petersberg tasks, which are not covered by the general budget of the EU.

[17] The second CFSP pillar was later removed by the Treaty of Lisbon in 2009.

Table 17: Breakdown of EU expenditure in CFSP, by heading

		Appropriations 2010		Appropriations 2009		Outturn 2008		Outturn 2007		Evolution 2007-2010 (%)
		Commitments	Payments	Committments	Payments	Committments	Payments	Committments	Payments	
	Title 19 — External relations									
19 01	Administrative expenditure of External relations policy area	€ 435.309.871	€ 435.309.871	€ 417.287.070	€ 417.287.070	€ 387.207.238	€ 387.207.238	€ 374.994.049	€ 374.994.049	16,1%
19 02	Multilateral relations, cooperation with third countries in the areas of migration and asylum, and general external relations matters	€ 52.959.000	€ 50.000.000	€ 51.309.000	€ 35.000.000	€ 52.154.313	€ 54.157.619	€ 47.955.438	€ 18.786.506	166,1%
19 03	Common foreign and security policy (CFSP)	€ 280.891.000	€ 225.000.000	€ 242.750.000	€ 234.000.000	€ 289.154.619	€ 194.816.148	€ 159.470.690	€ 89.892.247	150,3%
19 04	European Instrument for Democracy and Human Rights (EIDHR)	€ 154.224.200	€ 148.400.000	€ 148.354.000	€ 139.902.000	€ 142.837.332	€ 112.160.840	€ 133.542.917	€ 123.900.833	19,8%
19 05	Relations and cooperation with industrialised non-member countries	€ 23.640.000	€ 17.713.000	€ 28.207.000	€ 21.297.000	€ 24.863.146	€ 15.932.293	€ 24.482.337	€ 11.595.512	52,8%
19 06	Crisis response and global threats to security	€ 295.711.882	€ 256.305.160	€ 261.252.000	€ 253.786.269	€ 246.909.666	€ 202.612.949	€ 212.053.754	€ 104.593.751	145,0%
19 08	European Neighbourhood Policy and relations with Russia	€ 1.722.667.073	€ 1.384.200.000	€ 1.645.182.039	€ 1.357.973.000	€ 1.735.317.847	€ 1.493.695.509	€ 1.628.876.011	€ 1.400.819.735	-1,2%
19 09 02	Preparatory action — Cooperation with middle income group countries in Latin America	p.m	€ 3.000.000	€ 2.000.000	€ 3.000.000	€ 1.500.000	€ 0			
19 10 01 02	Aid for the rehabilitation and reconstruction of Afghanistan	€ 160.000.000	€ 145.000.000	€ 144.000.000	€ 150.000.000	€ 150.000.000	€ 150.000.000	€ 162.100.000	€ 180.995.316	
19 10 01 03	Preparatory action — Business and scientific exchanges with India	—	€ 4.500.000	€ 5.000.000	€ 5.000.000	€ 5.000.000	€ 3.000.000	€ 7.000.000	€ 0	
19 10 01 04	Preparatory action — Business and scientific exchanges with China	—	€ 1.300.000	€ 5.000.000	€ 4.000.000	€ 5.000.000	€ 3.000.000	€ 7.000.000	€ 0	
19 10 01 05	Preparatory action — Cooperation with middle income group countries in Asia	p.m		€ 2.000.000	€ 2.000.000	€ 2.000.000	€ 2.000.000			
19 11	Policy strategy and coordination for External relations policy area	€ 31.500.000	€ 32.400.000	€ 33.350.000	€ 25.806.000	€ 24.617.520	€ 21.712.324	€ 24.984.636	€ 22.129.365	46,4%
19 49	Expenditure on administrative management of programmes committed in accordance with the former Financial Regulation	—	p.m.	—	p.m.	—	€ 808	€ 0	€ 828.124	
	Total Community expenditure on 'CFSP'	**€ 3.156.903.026**	**€ 2.703.128.031**	**€ 2.985.691.109**	**€ 2.649.051.339**	**€ 3.066.561.681**	**€ 2.640.295.728**	**€ 2.782.459.833**	**€ 2.328.535.438**	**16,1%**
	Total approp. - outturn EU Community budget			**€ 124.132.790.000**	**€ 101.882.620.000**	**€ 126.979.000.000**	**€ 104.294.090.000**	**€ 116.974.800.000**	**€ 111.506.490.000**	
	% of total EU Community budget			**2,4%**	**2,6%**	**2,4%**	**2,5%**	**2,4%**	**2,1%**	

Source: own calculations, based on the EU annual budget reports 2007, 2008, 2009 - Budget Online / Legend: hatched pattern: data are not provided by the EU annual budget reports p.m. (pro memoria): token entry / figures not available yet

3.2. ANALYSIS OF NATIONAL BUDGETS AND THEIR LEVEL OF IMPLEMENTATION

This chapter aims to analyse the policy priorities of four Member States (Slovenia, Belgium, France and Portugal) for the five selected policy areas: education, R&D, social policy, development and humanitarian aid, and foreign and security policy. The analysis is based on information obtained from interviews with national government stakeholders, as well as from desk research (official government document, policy strategies, etc.). Moreover, the analyses focus on the level of compatibility of the national objectives with the policy priorities at EU level.

3.2.1. Education

3.2.1.1. Overall analysis (EU-27)

In all 27 Member States, a significant share of public expenditure is spent on education, of which staff accounts for the largest amounts of expenditure[18]. Primary and secondary education is predominantly a responsibility of the national governments. The EU primarily focuses on tertiary education and lifelong learning programmes.

The table below provides an overview of public expenditure in the Member States regarding education. It should be noted that the analysis only covers public expenditure and does not include private funding to educational purposes (through school fees, materials, boarding fees, meals, etc.)[19]. The data in the table indicate that[20]:

- In 2006, public expenditure on education in the Member States was equivalent to 5.04 % of GDP. Since 2003, public expenditure in the Member States is decreasing from 5.14% of EU-27 in 2003 to 5.04% in 2005 and 2006.
- The highest public spending on education is to be found in Denmark (7.98 % of GDP in 2006), followed by Cyprus (7.02 %), Sweden (6.85 %), and Finland (6.14%). Also Malta is generally recognised as a Member State with a high level of public spending on education. The proportion of public expenditure on education is below 4% of GDP in Slovakia and Luxemburg[21]. However, it should be taken into consideration that the tertiary education system in Luxemburg is undersized and that the majority of tertiary students attend courses in surrounding Member States (Belgium, Germany and France).
- GDP growth could mask the efforts that Member States have been made in education spending. In absolute terms, the majority of the Member States recorded a significant increase in education spending.
- The cost of teaching increases substantially with each step forward within the education system. This means that the expenditure per pupil/student is higher for universities than for primary schools. Nevertheless, the secondary level accounts for the highest proportion of total education spending, as a larger share of the total number of pupils are present at the level. Austria, Denmark and the Netherlands, have the highest expenditure per student (combined for all levels of education).

[18] Based on interviews with education government officials in the Member States.

[19] Within this respect, it should be noted that at the tertiary level, spending on R&D can be significant and is included in the data.

[20] Eurostat database, most recent 'Public expenditure on education in the EU', 2009 (15/03/2010)

[21] Although data for 2006 are not available for these countries, Greece and Romania reported figures below 3% in earlier years.

Table 18: Public expenditure on education, 2006, % of GDP, allocations of expenditure to levels of education

Country	% of GDP 2006	Expenditure per pupil/student (all levels)*	pre-primary level, % GDP (all levels)	primary level, % GDP (all levels)	Secondary level, % of GDP (all levels)	Tertiary level, % of GDP (all levels)
European Union (27)	5,04	€ 5.940,90	0,50	1,18	2,23	1,13
Euro area (16 countries)			0,50	1,06	2,22	1,12
Belgium	6,00	€ 7.012,90	0,71	1,41	2,55	1,32
Bulgaria	4,24	€ 2.138,90	0,77	0,84	1,90	0,73
Czech Republic	4,61	€ 4.441,90	0,54	0,62	2,22	1,23
Denmark	7,98	€ 8.329,50	0,87	1,89	2,95	2,27
Germany	4,40	€ 6.461,60	0,46	0,65	2,18	1,11
Estonia	4,80	€ 3.216,60	0,36	1,19	2,33	0,92
Ireland	4,74	€ 6.578,10	0,00	1,61	2,00	1,14
Greece						
Spain	4,28	€ 6.141,30	0,55	1,10	1,68	0,95
France	5,58	€ 6.509,90	0,63	1,12	2,63	1,19
Italy	4,73	€ 6.464,70	0,50	1,19	2,24	0,80
Cyprus	7,02	€ 7.100,90	0,34	1,95	3,08	1,65
Latvia	5,07	€ 3.126,10	0,66	1,29	2,21	0,91
Lithuania	4,84	€ 2.761,40	0,59	0,73	2,52	1,00
Luxembourg	3,41			1,83	1,58	
Hungary	5,41	€ 4.008,10	1,00	1,06	2,33	1,04
Malta						
Netherlands	5,46	€ 7.477,20	0,41	1,37	2,18	1,50
Austria	5,44	€ 8.583,10	0,40	1,01	2,55	1,48
Poland	5,25	€ 3.061,70	0,53	1,71	2,05	0,96
Portugal	5,25	€ 5.006,70	0,54	1,58	2,12	1,00
Romania						
Slovenia	5,72	€ 6.323,40	0,51	2,56	1,42	1,24
Slovakia	3,79	€ 2.940,00	0,47	0,67	1,76	0,90
Finland	6,14	€ 6.388,90	0,34	1,27	2,59	1,94
Sweden	6,85	€ 7.411,00	0,60	1,71	2,68	1,84
United Kingdom	5,48	€ 7.937,40	0,39	1,61	2,37	1,10

Source: Eurostat
Shaded=data are not available on Eurostat.org

3.2.1.2. Slovenia

Policy priorities

The table below briefly explains the current main policy priorities in the field of education in Slovenia.

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
General education and development of adult education and learning	Enhancing skills and competence levels during the various stages of life, improving the life quality of each individual and equal opportunities for more social inclusion, are considered as necessary conditions for successful economic development and promotion of democracy. • Increase general-educational and cultural level, personal development and social inclusion; • Active citizenship; • Focus on health education; • Preservation of cultural traditions and national identity; • Developing writing skills; • Reducing social disparities; • Reducing the number of early school leavers; • Lifelong learning.
Raising the level of education	Adults will be provided with various forms of and opportunities to acquire or complete: • Elementary education; • Lower vocational, secondary vocational, technical or general education; • Higher professional education.
Connecting education to labor market needs	• Investing in programmes that aims to enhance writing skill, to increase knowledge as well as others skills to obtain better employment opportunities; and • Establishing a national professional qualifications certificate system.

Source: Uradni list Republike Slovenije (Official Gazette of the Republic of Slovenia); Resolution on the National Programme on Adult Education in the Republic of Slovenia to 2010; http://www.uradni-list.si/1/objava.jsp?urlid=200470&stevilka=3149

Compatibility with EU strategic objectives

The Slovenian priorities in the field of education are mentioned in the Single Programming Document (hereafter SPD) submitted by Slovenia to the European Community for financial assistance. The Resolution on the 'National Programme on Adult Education to 2010' followed the guidelines and recommendations of the Commission put forward in the 'Memorandum of Lifelong Learning', 'Targets for the Future of Education and Training', and 'Standards in Education and Training until 2010'. Based on this, as the table below demonstrates, we can conclude that Slovenia's strategic objectives in the field of education are in line with EU strategic objectives.

- The table below includes the five main policy priorities of the European Commission in the field of education. Based on the information available, the table indicates the extent to which Slovenia focuses on these objectives.

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
• Lifelong learning	Yes
• Mobility (learning abroad)	Not specified in the resolution
• Promotion of active citizenship	Yes
• Promoting equity and social cohesion	Yes
• Promoting entrepreneurship & culture of innovation	Not specified in the resolution.
Source: DG Education and Culture, Strategic Framework for European Cooperation in Education and Training ('ET 2020')	*Source: Resolution on the National Program on adult education in the Republic of Slovenia until 2010*

The table below shows the relative amounts and percentages of EU, public and private expenditure for the period from 2005 to 2007. Data for 2004 was not available and for 2008-2010 has yet to be published.

Table 19: Weight of EU funds in the area of education, Slovenia, 2005-2006

TYPE OF EXPENSES	2005	% OF TOTAL EXPENDITURE IN 2005	2006	% OF TOTAL EXPENDITURE IN 2006	2007	% OF TOTAL EXPENDITURE IN 2007
EU funds	21.190.119	1%	12.714.906	1%	17.172.000	1%
Public expenditure	1.499.344.851	76%	1.623.539.476	86%	1.638.660.000	86%
Private expenditure	457.607.244	23%	242.542.981	13%	253.626.000	13%
Total	**1.978.142.213**	**100%**	**1.878.797.363**	**100%**	**1.909.458.000**	**100%**

Source: Statistical Office of the Republic of Slovenia, http://www.stat.si/novica_prikazi.aspx?id=1303 ;

The data indicates that EU funds, at 1% of total expenditure for this three-year period, are of relatively little importance/weight in total expenditure in education. The data presented suggest limited dependence on EU funding, and a limited leverage effect of EU funding, for the three years presented. This is also demonstrated by the figure regarding the distribution of public expenditure between national budgets and the EU budget at the end of this chapter.

3.2.1.3. France

Policy priorities

STRATEGIC OBJECTIVE/POLICY PRIORITY	SHORT DESCRIPTION
Focus on lifelong learning	• Developing new competences and skills, irrespective of age and employment status. • Lifelong-learning, including of teachers. • Establishment of GRETAs, or clusters of organised training and education programme for adults. These rely on secondary schools resources and venues. Their aim is to provide a wide educational offer at local level.
Reduce early school leaving	• Every year almost 100,000 students leave secondary school without a diploma, of whom 42,000 (2008) have no of any qualification. The priorities are better coordinated action by the public administration and information info sharing on young people at risk of dropping out.
Improve the orientation process for secondary school students	• The improvement of the guidance process is a key factor in making sure that the chosen professional path corresponds to students' expectations. This has to be included in the reform of the secondary schools (*lycées*). • Orientation should be at the core of secondary school education. Promotion of insertion into professional life of students of technical high schools and offices to foster is a priority.

Source: Website French Ministry of Education - www.education.gouv.fr / Ministry of Higher Education: http://www.enseignementsup-recherche.gouv.fr/pid20006/innovation-recherche-et-developpement-economique.html

Compatibility with EU strategic objectives

EU strategic objective/policy priority	Congruent/compatible/similar
Lifelong learning	Yes
Mobility (learning abroad)	Not specified in the strategy
Promoting active citizenship	Not specified in the strategy
Promoting equity and social cohesion	Yes
Promoting entrepreneurship & culture of innovation	Not specified in the strategy.
Source: DG Education and Culture, Strategic Framework for European Cooperation in Education and Training ('ET 2020')	*Source: Website French Ministry of Education -* www.education.gouv.fr

3.2.1.4. Belgium

Policy priorities

In Belgium, education is a competence of the three language communities (Flemish, French-speaking and German-speaking). The Flemish government strongly focuses on enhancing the alignment between the education system and the needs of the labour market, as the Region suffers from a high number of skill shortages. The reinforcement of the education system in the bigger cities is another Flemish priority, as well as promotion of learning of the Flemish language by immigrants. The French Community puts the emphasis on improving technical education and stimulating multilingualism.

The table below provides an overview of the education policy priorities of the Flemish government and the French Community government[22].

STRATEGY OBJECTIVE	BRIEF EXPLANATION
Flanders	
Create open, polyvalent and strong personalities	• Active citizenship • Peace education • Sustainable development education
Create opportunities for every talent	• Promotion of social inclusion • Reforming the secondary school system • Increasing lifelong learning • Closing the digital gap
Promote learning Dutch and stimulating multilingualism	• Promoting Dutch as a second language for immigrants
Prepare students for entrance in the labour market	• Creating first work experience and stimulating internships in companies • Increasing attractiveness of scientific and technological professions
Recognise teaching staff as a key asset	• Enhanced recruiting of highly educated teachers • Training and skills development for teachers after school • Professionalising Human R policy for teaching staff
Build bridges between education and the local, regional and international community	• Enforcing education in the biggest cities • Shaping the international dimension of education (policy)
Investing in durable and modern infrastructure	
Source: Flemish Minister of Education, Policy strategy Education 2009-2014 (Beleidsnota Minister van Onderwijs)	
French Community	
Harmonise of education and training and improvement of cooperation between actors in the field	• Creation of 'Pôle de formations' (training clusters)
Improve the image of technical and vocational education, as well increasing the attractiveness of scientific and technical studies	• Reinforcing the image of technical and vocational education • Expanding the offer of scholarships, first work experiences, etc. (also internationally) • Lifelong learning
Increase investments in infrastructure	
Stimulate multilingualism	
Improve alignment between the objectives of education and the realities of the labour	

[22] In agreement with the European Parliament, it was decided to limit the scope of the Belgian case to Flanders, the French Community Government and the Walloon region. The study does not cover the Brussels Region, nor the German-speaking Community in Belgium.

market	
Source: Walloon government, Marshallplan 2.0, 2009	

Compatibility with EU strategic objectives

In all three communities, particular attention is paid to lifelong learning and vocational training.

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR	
	Flemish government	*French Community*
Lifelong learning	Yes	Yes
Mobility (learning abroad)	Not specified in the strategy	Yes
Promote active citizenship	Yes	Not specified in the strategy
Promote equity and social cohesion	Yes	Yes
Promote entrepreneurship & culture of innovation	Not specified in the strategy.	Yes
Source: DG Education and Culture, Strategic Framework for European Cooperation in Education and Training ('ET 2020')	*Source: Flemish Minister of Education, Policy strategy Education 2009-2014*	*Source: Walloon government, Marshall plan 2.0, 2009*

The current economic and financial crisis has acted as a stimulus to the Community governments in Belgium to speed up their investments in education infrastructure, particularly in the bigger cities where there is a lack of capacity. Although this is necessary given the low levels of investments in infrastructure during the last two decades, investments in schools and educational infrastructure are above all regarded as a measure to stimulate economic recovery.

The growing emphasis on lifelong learning and a tighter connection between the education system and the labour market institutions fits into the broader objective of the Communities of ensuring employability, rather than concentrating on job security.

Overall, the leverage effect of these EU funds on the mobilisation of national resources is relatively limited, as in most cases co-financing is not compulsory. However, EU funds are being valuable in a number of areas – particularly, mobility of students and vocational training programmes. Additional funding depends on the willingness of governments. The Flemish government, for example, provides limited additional funding to the EU funds, as the table below demonstrates[23].

[23] Statistics obtained from Vzw Epos – National Education contact point for EU Programmes. The figure excludes the costs related to the implementation of the EU funds in Flanders (implementation agencies), which are primarily carried by the Flemish Education budget. No figures could be obtained for the Walloon region and French Community.

Table 20: The relative weight of EU funds in education, Belgium (FL), 2007-2008

	2007	2008
European Commission		
Comenius	€ 1.676.685	€ 1.859.191
Erasmus	€ 5.180.076	€ 5.716.237
Leonardo Da Vinci	€ 2.898.085	€ 3.120.411
Grundtvig	€ 378.928	€ 344.422
Transversaal Programma	€ 43.653	€ 58.085
Europass	€ 35.000	€ 35.000
Bologna Experts	€ 18.453	€ 15.403
	€ 10.230.880	**€ 11.142.751**
Flemish Ministry of Education		
Comenius	€ 47.500	€ 40.000
Erasmus	€ 605.000	€ 2.055.000
Leonardo Da Vinci	€ 0	€ 0
Grundtvig	€ 13.500	€ 21.000
Transversaal Programma	€ 0	€ 0
Europass	€ 75.000	€ 75.000
Bologna Experts	€ 13.417	€ 15.770
	€ 754.417	**€ 2.206.770**

Source: Yearbook 2007-2008, Epos vzw. National Agency responsible for the implementation of the European Life Long Learning Programme in Flanders

3.2.1.5. Portugal

Policy priorities

Based on information from the Portuguese Ministry of Education, the level of training and qualifications of the Portuguese population is below EU-average. This implies that the government needs to make considerable and long-term investments to tackle the challenges of school underachievement, school dropouts and low levels of qualification. The current education policy of Portugal continues to tackle these long-standing challenges.

STRATEGY OBJECTIVE	BRIEF EXPLANATION
Significantly reduce school underachievement	• Promote of learning of the Portuguese language and mathematics; • Increase widespread access and use of ICT as an essential tool for integration into the knowledge society
Promote social inclusion	
Improve teaching and learning conditions	
Raise literacy levels	• Invest in enhancing reading and writing skills
Encourage students to attend school until they reach the age of 18	
Consolidate vocational-type training provision	• Expand network of Centres for the Recognition, Validation and Certification of Competencies, under the name "New Opportunities Centres"; • Extend the Recognition, Validation and Certification of Competencies System to the 12th year of schooling;
Increase the number of Adult Education and Training courses for adults with limited schooling	
Improve quality and performance of higher education institutions	• Encourage student mobility; • Promote the internationalisation of education and training; • Invest in institutions that are more open to society and the economy.
Source: Portuguese Ministry of Education, current policy strategy (info received from the Ministry of Education)	

Compatibility with EU strategic objectives

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
Lifelong learning	Yes
Mobility (learning abroad)	Yes
Promotion of active citizenship	Not specified in the strategy
Promoting equity and social cohesion	Yes
Promoting entrepreneurship & culture of innovation	Yes
Source: DG Education and Culture, Strategic Framework for European Cooperation in Education and Training ('ET 2020')	*Source: Portuguese Ministry of Education, current policy strategy*

During recent years, there has been an increase in Portuguese public expenditure in this field. In 2009, the increase was used for:

- €300 million spent on the 'Investment & Employment Initiative', which aims to invest in school infrastructure and equipment;
- €300 million EUR more, as a result of changes in budget accounting rules;
- €170 million for investments in widespread use of ICT in schools. Following a decision by the Government, personal laptops were provided at no cost and the Government subsidized access to broadband internet in an amount of €12/student
- €155 million spent on a 2.9% rise in the salaries of the employees of public administrations.

Although public expenditure in education remained constant, the Portuguese government also made substantial efforts in the years before 2007, enabled by a series if savings that took place (increase of teacher's working hours, an increase of minimum retirement age for teachers, rationalisation of the number of primary schools). For the future, an increase in public expenditure is expected.

The Portuguese government also made substantial efforts in the years before 2007 by redeploying funds saved by increasing teacher's working hours, increasing the minimum retirement age for teachers and rationalising the number of primary schools). For the future, a further increase in public expenditure is expected.

In Portugal, the proportion of pupils pursuing education or training beyond the minimum school-leaving age has long been below the European average. The PRODEP programme, Portugal's Educational Development Programme, which is 60-70% co-financed by the EU within the context of the Structural Funds, was established in 1989 to radically reverse this situation. It has now been running for more than 20 years and has generally led to major improvements in Portuguese education (for example, drop in fall-out of scholars).

3.2.2. Research and development

3.2.2.1. Overall analysis (EU-27)

Annex 3 gives a high-level overview of public expenditure in the EU Member States on R&D, in absolute and relative terms, based on the so-called GBOARD classification. The GBOARD classification does not cover data on actual public spending, but on budgeted public spending. However, it is assumed that GBOARD-based data are more complete and consistent than COFOG data.

This shows that the highest R&D intensity in 2008, i.e. ratio of R&D to GDP, is in Spain, Portugal and Finland, and the lowest in Latvia, Lithuania and Poland. Had private sector R&D been taken into account, the highest R&D intensity (based on 2007 figures) would be found in the Nordic Member States, Austria and Germany[24], and the lowest in Cyprus, Slovakia, Romania and Bulgaria. The highest increase of public sector R&D intensity between 2001 and 2007 was in Austria, Portugal and Estonia.

The table below gives a detailed overview of public expenditure in R&D in the Member States (in % of total government expenditure, % of GDP, and broken down by socio-economic objectives)[25]. The table below indicates that:

- Across all EU Member States, the bulk of R&D public expenditure comes from the academic sector, through General University Funds. In terms of percentage of GDP, Austria and Denmark have the highest levels of R&D public expenditure by the academic sector. However, Eurostat does not go into detail with regards to the final destination of expenditure through the General University Funds.
- In 2008, Spain and Portugal were the only Member States where spent more than 2% of total public expenditure went on R&D. Public expenditure on R&D public expenditure in the Nordic countries is above the EU-27 average, but is not ranked highest. This underlines the fact that the share of private actors in R&D expenditure must be higher in relative terms.
- Germany, France and the UK together account for almost 50% of total public expenditure in the EU-27 (cf. Annex 5).
- In terms of percentage of GDP, the majority of the EU-12 score below the EU-27 average. Latvia, Lithuania, Slovakia and Malta have the lowest percentage of public expenditure on R&D. Of the older Member States, Belgium, Ireland, Luxembourg and the United Kingdom spending only modest amounts of their budgets on R&D activities.
- Compared to the other Member States, France (0.21% of GDP), the UK and Spain (both 0.15%) are spending more on R&D activities in the defence sector. With regards to industrial production and technology, Finland (0.27% of GDP) and Spain (0.22%) have the highest share of R&D public expenditure in terms of GDP. For France (0.07 % of GDP), Belgium, Italy and Germany (0.04%), R&D in the field of space is a key priority. The greatest R&D efforts in the agricultural sector are found in Member States with a relatively strong presence of agriculture, such as Bulgaria (0.07% of GDP), Ireland and Spain (0.06% of GDP). Estonia, United Kingdom and Spain (all 0.10% of GDP) allocate a relatively large amount of resources to R&D activities in the health sector.

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[24] Eurostat Newsrelease, Science, Technology and Innovation in Europe R&D expenditure in the EU27 stable at 1.85% of GDP in 2007, 8/09/2009

[25] The table lists General University Funds as a budget line for R&D expenditure, i.e. block grants provided by all levels of government in Europe, Canada, and Japan to the academic sector that can be used to support departmental R&D programmes that are not separately budgeted for.

Table 21: Share of government appropriations or outlays for research and development (% of GDP), per socio-economic objective – 2008

Country	% /total government expenditure	%/ GDP	Defense	Industrial production	Environment	R&D expenditure from General University Funds	Space	Agriculture	Health	Energy	General R&D other than GUF	Others
European Union (27)	1,53	0,72	0,08	0,08	0,02	0,22	0,03	0,03	0,06	0,03	0,11	0,06
European Union (15)	1,58	0,75	0,09	0,08	0,02	0,23	0,03	0,03	0,06	0,03	0,11	0,07
Euro area (16 countries)	1,62	0,76	0,08	0,10	0,02	0,24	0,04	0,03	0,05	0,03	0,09	0,08
Belgium	1,18	0,59	0,00	0,18	0,01	0,10	0,04	0,01	0,01	0,01	0,16	0,07
Bulgaria	0,85	0,32	0,00	0,03		0,01	0,01	0,07	0,00	0,03	0,11	0,06
Czech Republic	1,29	0,56	0,01	0,07	0,01	0,15	0,01	0,03	0,03	0,02	0,19	0,04
Denmark	1,65	0,86	0,00	0,09	0,02	0,37	0,01	0,03	0,07	0,03	0,15	0,09
Germany	1,82	0,79	0,05	0,10	0,03	0,31	0,04	0,02	0,04	0,03	0,14	0,03
Estonia	1,67	0,67	0,01	0,06	0,04		0,01	0,05	0,10	0,03	0,25	0,12
Ireland	1,35	0,57	0,00	0,07	0,01	0,13	0,00	0,06	0,03	0,02	0,19	0,06
Greece												0,00
Spain	2,60	1,07	0,15	0,21	0,05	0,18	0,02	0,06	0,10	0,03	0,11	0,16
France	1,43	0,75	0,21	0,06	0,02	0,21	0,07	0,01	0,05	0,04	0,03	0,05
Italy	1,30	0,63	0,01	0,07	0,03	0,19	0,04	0,03	0,08	0,04	0,04	0,10
Cyprus	0,95	0,41	0,00	0,01		0,14	0,00	0,06	0,03	0,00	0,15	0,02
Latvia	0,75	0,29	0,00	0,03	0,01		0,00	0,05	0,02	0,01	0,10	0,07
Lithuania	0,70	0,26	0,00		0,02		0,00	0,00	0,00	0,00	0,00	0,24
Luxembourg	1,15	0,44	0,00	0,03		0,06	0,00	0,01	0,00	0,00	0,22	0,12
Hungary	0,87	0,43	0,00	0,04	0,02	0,12	0,00	0,04	0,04	0,01	0,13	0,03
Malta	0,42	0,19	0,00			0,17	0,00	0,01	0,00	0,00	0,00	0,01
Netherlands	1,55	0,71	0,01	0,08	0,01	0,33	0,02	0,04	0,03	0,02	0,11	0,06
Austria	1,41	0,69	0,00	0,11	0,01	0,40	0,00	0,01	0,02	0,01	0,09	0,04
Poland	0,70	0,30	0,01	0,06	0,01	0,01	0,00	0,01	0,01	0,01	0,16	0,02
Portugal	2,22	1,02										1,02
Romania	1,06	0,41	0,01	0,08	0,02		0,01	0,04	0,06	0,03	0,09	0,07
Slovenia	1,23	0,55	0,07	0,09	0,02	0,01	0,00	0,02	0,02	0,01	0,26	0,05
Slovakia	0,79	0,28	0,01	0,02	0,01	0,08	0,00	0,02	0,02	0,01	0,09	0,02
Finland	1,99	0,97	0,03	0,27	0,01	0,24	0,02	0,05	0,06	0,05	0,17	0,07
Sweden	1,53	0,81	0,10	0,05	0,01	0,34	0,01	0,01	0,01	0,03	0,20	0,05
United Kingdom	1,36	0,64	0,15		0,01	0,16	0,01	0,02	0,10	0,00	0,14	0,05

Source: Eurostat, R&D Public Expenditure, (GBOARD), 2008 (most recent data)

3.2.2.2. Slovenia

Policy priorities

According to 2009 European Innovation Scoreboard[26], Slovenia is an innovation follower with innovation performance below those of the innovation leaders but close to the EU27. Slovenia records a moderate growth of innovation performance, which is above the average EU27. Increased performance is particularly driven by strong growth of private R&D expenditure.

The R&D policy priorities of Slovenia are defined in the strategic document 'National Research and Development Program 2006-2010'. Currently, the Ministry for Higher Education, Research and Development, is drafting a new strategic document for the period 2011-2015.

[26] DG RESEARCH, 2009 European Innovation Scoreboard, Pro-Inno Europe, 2010

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
Increase the impact of R&D on the domestic environment	• Encourage more research, development and innovative cooperation between enterprises and the research sphere • Enhance transfer of technology and innovations between companies.
Increase the effectiveness of investments in R&D and quality performance	• Gradually concentrate R&D efforts in priority areas; • Change in the ratio of programming and project financing to 40/60; • Redefine the mission and role of universities and public research institutions. • Establish an evaluation system for R&D activities that is also open to international experts • Achieve the EU average with regards to the number of scientific publications; • Increase the proportion of highly quoted publications in scientific literature ; • Increase the number of registered European patents per million inhabitants (from 36 in 2003 to 70); • Enhance the international reputation of universities in Slovenia.
Develop a supportive environment for R&D	• Recognise the role of knowledge and science as a key factor for social and economic progress • Create and enable an environment that supports a boost of investments in science, technological progress and entrepreneurship.
Increase the number of high-tech and innovative companies	• Focus on the successful transfer of knowledge and R&D results • Set up a regulatory and financial environment conducive to stimulating the emergence and growth of high-tech and other innovative enterprises, by strengthening the Fund for Entrepreneurship, and start-up and venture capital development.
Monitor the functioning of the R&D system and implementation of the National R&D programme	• Pursue objectives pursued through public tenders, which are published in accordance with the guidelines of the Ministry, the Slovenian Technology Agency (TIA) and the Public Research Agency of the Republic of Slovenia (ARRS). Key instruments/objectives managed by ARRS are: • Infrastructure programmes; • Project research centres; • European Framework programmes and international studies; • International scientific cooperation; • Increase the number of foreign scientists in Slovenia; • Participation in the European Research Area; • Instruments ,implemented by TIA as follows (year 2008-2009): o Public tender "Young researchers in the economy"; o Public tender in support of the national innovation system; o Public tender to promote organisations that support innovative activity

Source: Information received from the Ministry for R&D and Higher Education (National Research and Development Program 2006-2010)

Compatibility with EU objectives

Slovenia adopted and follows the objectives that have been set at EU level (e.g. the Barcelona objective of investing 3% of GDP in R&D). Slovenia is actively participating in reinforcing the European Research Area (ERA), both through its participation in political networks, as well as through various ERA-net projects, with the goal to advance national scientific policies and funding systems for science. The new National Research and Development Programme 2011 - 2015 focuses on the 5 axis of ERA, which are:

- Promotion of research careers and mobility of researchers;
- Joint program tenders;
- Research infrastructures;
- International cooperation;
- The transfer of knowledge.

The table below includes the 5 main policy priorities of the European Commission in the field of R&D. We indicate to which extent Slovenia focuses on these objectives.

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
1. Collaborative research	Yes
2. Focus on 'frontier' research (ideas) – centres of excellence	Yes
3. Promotion of researcher mobility and career development of researchers	Yes
4. Focus on research infrastructure (capacity)	Yes
5. Nuclear research	Not specified in the R&D strategy
Source: FP7 Programme, website DG Research	*Source: The National R&D Programme 2006 - 2010*

Public expenditure for R&D has increased rapidly in Slovenia over recent years. In nominal terms, the proportion of funding for R&D in 2009 relative to 2008 increased by 37%. Compared with previous years - 8.4% between 2007 and 2008 in nominal terms - this represents a significant increase. The funding for R&D contains resources for science and technology together.

The increase in R&D expenditure in 2009 is partially due to implementation of some anti-crisis measures. However, it is recognised by the government that increased R&D efforts do not immediately pay-off in the short term. R&D policy demands a long, stable period of continued growth in assets.

For the future, a gradual growth of public funding is expected for R&D - coming from a combination of national and EU structural funds - with the objective that public sector expenditure on R&D should amounts to 1% of GDP. The Slovenian government also has the ambition of establishing a dynamic environment for private R&D investments and to increase private R&D expenditure, up to 2% of GDP.

The EU Structural Funds are considered as a key instrument for financing R&D activities in Slovenia. EU cohesion funds significantly impact funding for science by combining EU and national funds. In 2009, the Ministry for Higher Education, Science and Technology published a tender for Centres of Excellence: eight 8 centres were selected and approximately €80 million of funds were allocated. 85% is financed by EU Structural Funds, the other 15% by the national budget.

According to a Slovenian official, Slovenian research institutions – which are often less known - and companies face some difficulties in obtaining FP7 funding. The participation and performance of EU-12 Member States – such as Slovenia - vis-à-vis the EU-15 in the "Cooperation" and "Capacities"

Programmes during the first year of FP7 implementation presents a mixed picture[27]. While EU 12 participation in terms of numbers of submitted and retained proposals is lower than their share of the EU 27 research workforce, the performance is significantly better when one compares their share of GERD (the portion of GNP that goes to research and development) to their share of EC contributions.

These findings should, however, be put in the context of the current science and technology socio-economic conditions in EU27. For example, in 2006 the R&D expenditure per researcher (GERD per number of researchers) in EU 15 amounted to € 121,000 – four times that of the corresponding EU 12 figure of €31.000[28].

The first FP7 Monitoring Report also gives some reasons that could explain the lower performance of EU-12 Member States: the lack of a competitive research environment at national level, problems encountered by smaller countries that cannot be expected to be competitive in all thematic fields of FP7, etc.

Measures that have been taken to help enhance participation rates in the Framework Programme in Slovenia include DG RTD support for a strong National Contact Point network and the establishment of Technology Platforms at the national level, to support successful industrial involvement in R&D activities.

Nevertheless, Slovenia actively supports the development of ERA and Slovenian researchers are involved in individual projects. One of the main objectives of the government is to increase the success rate of Slovenian researchers in international public tendering.

3.2.2.3. France

Policy priorities

According to the 2009 European Innovation Scoreboard, France is an innovation follower, with an innovation performance slightly above the EU average.[29] However, France is among the slowest growers with regard to innovation performance. Relative strengths, compared to the country's average performance, are in the human resources sector, finance and support and relative weaknesses are in firm activities (Firm investments, entrepreneurship, etc.).

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Improve the competitiveness of the French R&D system	Competing for funding is a relative new practice in the French R&D sector. France is increasingly aligning its funding schemes to those at EU level, in order to obtain more EU R&D funding. The creation of the *Agence Nationale de Recherche* (ANR) was a response to that need.
Focus on collaborative research	The Ministry in 2007 created sectoral consultation groups (*groupes de concertation sectoriels*) to ensure national coherence, to have better access to funding, to increase the effectiveness of research and development planning and to involve a range of stakeholders.
Foster private R&D	Innovation needs public as well private research. Support to private R&D has been boosted by tax credits since 2008 and by the actions of the ANR in favouring partnerships between public and private actors in R&D. An example is the funding of a competition for innovative

[27] DG RESEARCH, First FP7 Monitoring report, February 2009
[28] ibidem
[29] DG RESEARCH, 2009 European Innovation Scoreboard, Pro-Inno, 2010

	companies and the inception of the Carnot 'label' for institutes endowed with shared laboratories.
Focus on a limited number of priorities	French R&D tries to focus more on the sectors where French industry is traditionally more competitive (nuclear, aerospace, pharmaceutical, life science)
Increase the number of researchers and the attractiveness of research professions	
Create a culture of innovation and research	
Source: Website Interview with French official from the French Ministry of Research/ http://www.education.gouv.fr/pid219/la-recherche-en-france.html	

Compatibility with EU strategic objectives

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
1. Collaborative research	Yes
2. Focus on 'frontier' research (ideas) – centres of excellence	Yes
3. Promotion of researcher mobility and career development of researchers	Yes
4. Focus on research infrastructure (capacity)	Yes
5. Nuclear research	Yes
Source: FP7 Programme, website DG Research	*Source: Interview with official from the French Ministry of Research*

According to interviewees, overall coordination is not working adequately because the EU and France have different financing schemes. The bulk of French expenditure for research is not allocated on a competitive basis. For budgetary coordination to work, both levels should have the same financing mechanism. Although there is no real coordination of objectives, EU funds are gaining in importance because of the current pressure on national budgets, with Member States looking to EU funds to offset the decrease of R&D expenditure in their national budgets.

According to a French official, the Commission should take the lead in enhancing the coordination and in proposing tighter coordination measures than those existing today. "'The Broad Economic Policy Guidelines' are regarded as too soft and lax. The Lisbon process is regarded as a failure because of this weak OMC [open method of coordination] method". The suggestion was made that the new 2020 debate should start from the acknowledgement that the EU needs more incentive mechanisms for coordinating budgetary policy. A positive incentive mechanism might be needed.

The evolution of R&D policy priorities has been driven by budget cuts and by the fact that the total amount of EU R&D funds has increased significantly. The logic is to give more importance to merit and less to redistribution of funds. Competing for funding is a relatively new idea in France. As a result, the French R&D sector can face difficulties in competing and taking part in tender procedures. The system is currently being redesigned, as the French government aims to attract researchers and students.

The EU R&D strategy is becoming more and more important for France, according to the CNRS (*Centre national pour la recherché scientifique*). The current R&D strategy of France focuses on the introduction of competitive schemes to provide funding to public research bodies, and includes the long term objective of shifting to a 'call for proposal' type of allocation like FP7 or the UK or

German funding schemes. Now that the FP7 financial envelope has been substantially increased and that Member States are reducing or not increasing the amount of budget they devote to R&D, the EU research programme is taken into consideration much more. As a result, all Member States are trying influence the R&D planning and priorities at EU level in order to put the emphasis on the sectors where they are stronger. For France this is the case in life sciences, space research and nuclear physics.

The ANR (*Agence Nationale de la recherche*), managing €900m per year, increasingly works on the basis of calls for proposals and connects to the EU working methods in certain domains. According to an R&D official, France is not currently fully exploiting the potential of FP7. France is fourth in terms of number of applications, but it gets only half of what Germany receives. The success rate of France is higher than the EU average, but the size of French projects is smaller. The lower success rate of French researchers could be partly explained by the means of financing. French R&D actors tender to prefer national funds, even at a time when these are shrinking and EU funds are growing. The EU funds already represent a large share of R&D funds in certain areas such as medical R&D[30].

3.2.2.4. Belgium

Policy priorities

Belgium is one of the innovation followers and has an innovation performance above the EU27 average. Performance grows slowly and lies below that of the EU27. A relative weakness of performance is the relatively low level of private R&D expenditure.

The Belgian research system is highly decentralised. The main responsibility for research policy and funding lies with the regions and the communities. Research policies are distributed across several governments, which enjoy complete autonomy of decision-making power. The law states that the primary jurisdiction for research policy lies within the regions and communities, while the federal state retains some competences as an exception to this rule. The governmental responsibilities in the research area are arranged as follows:

- The regions (Flanders, Wallonia, Brussels-Capital) have authority over research policy for economic development purposes, thus encompassing technological development and applied research;
- The communities (French-, Flemish- and German-speaking) are responsible for education and fundamental research at universities and higher education establishments; and
- The federal state retains the responsibility for research areas requiring homogenous execution at the national level, and research in execution of international agreements (e.g. space research or nuclear research).

This institutional context has had a profound influence on the governance of research policy. According to the Federal Planning Bureau, the complex Belgian institutional context is one of the factors that undermine the effectiveness of research policies, as it can lead to fragmentation of scarce resources[31].

[30] Interview with officials, French Ministry of Research

[31] FEDERAL PLANNING BUREAU OF BELGIUM, Public Spending on Innovation in Sweden, Belgium and Finland, 2006

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Flanders	
Maximise the results of R&D efforts	• From idea to economic maximisation and societal impact
Improve government support instruments for SMEs	•
Promote cooperation and partnerships among actors in the research sphere	• Between research institutes and businesses
Focus on a limited number of economic clusters	• Focus on thematic priorities and bigger projects
Profile region of Flanders as an international actor	• Cooperation with neighbouring countries and regions • Multilateral cooperation (for example, in the space industry)
Invest in 'excellence' and the dynamics of 'frontier research'	• Based on a bottom-up approach (priorities are not imposed on R&D actors by the government) • Optimalisation of evaluation procedures at government level
Improve opportunities for talented researchers	• Stimulate technical and scientific professions • Career development for researchers
Invest in top research infrastructure	
Source: Flemish Minister for Innovation and Science, policy strategy 2009-2014	
Wallonia and French Community	
Reinforce the 'pôles de compétitivité' – competitiveness clusters	• Creating synergies between existing clusters • Increased attention to sustainable development
Introduce a new cluster devoted to renewable energy technologies	•
Stimulate integration of R&D into the innovation strategies of businesses	• Intensified cooperation between the public research world and the private sector, particularly SMEs • Better access to funding in order to maximise R&D efforts • Focus on process from 'proof of concept' to market product and value • Dissemination of R&D efforts and results
Consolidate excellence of research	• Improve working conditions of researchers (salary, career development, etc.)
Source: Walloon Government, Marshall plan 2.0	

Compatibility with EU strategic objectives

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR		
	FL	*WAL*	*Federal*
1. Collaborative research	Yes	Yes	n.a.
2. Focus on 'frontier' research (ideas) – centres of excellence	Yes	Yes	n.a.
3. Promotion of researcher mobility and career development of researchers	Yes	Yes	n.a.
4. Focus on research infrastructure (capacity)	Yes	Not specified	Yes

5. Nuclear research	n.a.	n.a.	Yes
Source: FP7 Programme, website DG Research	*Source: The National R&D Programme 2006 – 2010*	*Source: Marshall plan 2.0*	

n.a.: not a competence of this government level

Not all R&D funding schemes in Belgium are aligned with those at EU level. For example, the Flemish government applies more of a bottom-up approach, which allows researchers to submit applications for funding of R&D activities that do not relate to the research priorities set by the government. The government strategy in the Walloon region has more elements of a top-down approach and is more aligned to the way of funding at EU level.

The EU Research Framework Programme (FP7) is increasingly gaining importance in Belgium. Based on a first monitoring report of FP7 by the European Commission, Belgium has the second highest success rate with regards to FP7 applications after the Netherlands. The R&D actors in Belgium receiving EU contributions are mainly to be found in ICT, biotechnology, space industry and nanotechnology.

None of the regions responsible for research policy has conducted an impact assessment that could identify the exact leverage effect of EU funding on public R&D expenditure. According to an interviewee, EU funding for R&D activities is considerable. However, he doubts that the co-financing model would have a significant impact on the mobilisation of national resources, due to fact that under FP7 projects cannot be eligible for both EU funds and national financing at the same time. The interviewee said that an overwhelming majority of R&D actors granted FP7 funding would not have carried out their R&D projects without EU funding. The involvement of EU money also enables carrying projects to be carried out faster and on a larger scale.

3.2.2.5. Portugal

Policy priorities

According to the European Innovation Scoreboard 2009, Portugal is a moderate innovator, scoring below the EU 27-average. However, since 2002, the Portuguese government invested many efforts to make progress and to support Portuguese universities. As a result, Portugal has become one of the growth leaders, or a catching-up country that has grown at a faster pace than the EU2732. Relative strengths, compared to the country's average performance, are in Finance and support and Innovators while relative weaknesses are in firm investments and throughputs. In 2007, Portugal introduced a sector-driven R&D cluster policy strategy with the aim of concentrating all efforts in a limited number of sectors (*Pólos de Competitividade e Tecnologia*)[33].

[32] DG RESEARCH, European Innovation Scoreboard 2010, Pro-Inno Europe, http://www.proinno-europe.eu/sites/default/files/page/10/03/I981-DG%20ENTR-Report%20EIS.pdf

[33] CORDIS-ERAWATCH, Portugal: Basic characterisation of the research system, cordis.europa.eu/erawatch

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Increasing public expenditure for R&D purposes	
Increasing the number of scholarships and subsidies for university and post-university education	• Developing R&D projects by establishments of higher education, the state and private non-profit institutions in priority areas for the Portuguese economic and competitive development,
Increasing financial government support for international patent registration	•
Supporting businesses in investing in R&D	• Incentives for business R&D through the development of R&D projects by companies in an individual or collective capacity or in consortium with other entities within the National Scientific and Technological System • Creating R&D centres in enterprises • Developing participation in European R&D programmes; • Financial Engineering Instruments for Innovation Funding and Risk-Sharing, aiming to boost the dissemination of alternative funding instruments (of which risk capital and seed capital are examples) that offer better conditions to support business investment projects
Source : Compromisso com a Ciência para o Futuro de Portugal, 2007 / Operational Programme 'Thematic Factors of Competitiveness'	

Compatibility with EU strategic objectives

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
1. Collaborative research	Yes
2. Focus on 'frontier' research (ideas) – centres of excellence	Yes
3. Promotion of researcher mobility and career development of researchers	Yes
4. Focus on research infrastructure (capacity)	Yes
5. Nuclear research	Not specified
Source: FP7 Programme, website DG Research	*Source: Compromisso com a Ciência para o Futuro de Portugal, 2007 / Operational Programme 'Thematic Factors of Competitiveness'*

3.2.3. Social policy

3.2.3.1. Overall analysis (EU-27)

Annex 5 provides an evolution of public expenditure on social protection in the Member States for 2002-2007. In 2007, public expenditure on social protection in the Member States accounted for 17.9% of the EU-27 GDP. The share of social protection in the EU-27 GPP has shrunk from 18.9% in 2003, to 18.3% in 2007, to 17.9% in 2007. Even if health expenditure is taken into consideration[34], the shrinking trend remains valid.

The table below gives an in-depth overview of the destination of public expenditure on social protection in the Member States.

Overall, there are strong disparities between Member States in the EU-27. Public expenditure on social protection, as a percentage of GDP, was above 20% in 2007 in France (22.2%), Denmark (21.7%), Sweden (21.6%) and Germany (20.3%) and below 10% in Romania (9.3%), Estonia (9.6%) and Latvia (8.4%). The wide range of percentages can be explained by the existing differences in living standards, but also reflects the different social protection systems that are in place in the EU.

Other conclusions that can be drawn from the table below are[35] [36]:
In all Member States, the bulk of public expenditure on social protection is allocated to 'Old age' (personal services for the elderly and pensions). In countries with a relatively high percentage of civil servants, such as Greece, France and Italy, 'Old Age' accounts for more than 12% of GDP, or more than half of their total expenditure on social protection.
In relative terms, Sweden (5.4% of GDP), Denmark (4.9%) and Hungary (3.7%) spend more on sickness and disability benefits than the other Member states.
France (0.8% of GDP) and Hungary (0.9%) account for the highest public expenditure ratios on housing.

[34] Eurostat data based on the ESPROSS classification includes healthcare public expenditure in social protection analyses.

[35] No data are available for five countries: Belgium, Luxembourg, the Netherlands, Romania and Slovakia.

[36] Social protection expenditure data based on ESPROSS, which is usually used by Eurostat, gives a much higher ratio of social protection to GDP (26-27%), as ESPROSS also includes health expenditure data. Health is treated by COFOG in a separate heading.

Table 22: Public expenditure on social protection, % of GDP, by COFOG category, 2007

Country	In abs. (millions EUR)	total social protection, % of GDP, 2007	Sickness and disability	Old Age	Survivors	Family and children	Housing	Social exclusion	Unemployment	Other social protection
European Union (27)	2.218.825,0	17,9								
European Union (15)	2.202.773,5	18,0								
Euro area (16 countries)	1.679.368,3	18,7								
Belgium	57.188,0	17,1								
Bulgaria	3.794,5	13,1	0,2	9,8	:	2,4			0,1	0,6
Czech Republic	16.364,7	12,9	2,7	6,5	0,6	2,1	0,1	0,4	0,3	0,2
Denmark	49.071,6	21,7	4,9	:	:	4,9	0,7	1,2	2,2	:
Germany	493.200,0	20,3	2,5	9,4	2,0	2,1	0,1	0,9	2,2	1,2
Estonia	1.499,5	9,6	2,0	5,5	0,1	1,4	0,0	0,1	0,4	0,1
Ireland	19.152,0	10,1	2,6	2,9	0,9	2,3	0,0	0,4	1,0	0,0
Greece	42.439,0	18,7	1,8	12,8	1,4	0,6	0,2	0,0	0,4	1,6
Spain	137.040,0	13,0	2,2	6,3	1,9	0,5	0,1	0,3	1,6	0,3
France	420.291,0	22,2	2,6	12,7	1,5	2,5	0,8	0,4	1,6	0,1
Italy	281.815,0	18,2	1,7	12,3	2,6	1,1	0,0	0,0	0,5	0,0
Cyprus	1.556,8	9,9	0,2	4,0	0,1	1,8	0,1	1,7	0,7	1,4
Latvia	1.780,8	8,4	1,5	5,0	0,0	0,9	0,1	0,2	0,3	0,4
Lithuania	3.144,5	11,0	2,8	5,0	0,5	1,1	0,1	0,2	0,4	1,0
Luxembourg	5.730,8	15,3								
Hungary	17.541,5	17,4	3,7	6,8	1,3	2,4	0,9	1,5	0,6	0,2
Malta	769,9	14,1	2,0	7,7	1,8	1,1	0,2	0,3	0,5	0,5
Netherlands	90.919,0	16,0								
Austria	53.835,3	19,9	1,9	11,8	1,6	2,3	0,0	0,8	1,2	0,2
Poland	48.614,1	15,6	2,3	9,0	1,7	1,2	0,1	0,2	1,0	0,1
Portugal	28.512,8	17,5	1,9	10,0	1,6	1,1	0,0	0,3	1,2	1,5
Romania	12.266,1	9,8								
Slovenia	5.352,9	15,5	2,8	8,1	1,5	1,7	0,0	0,6	0,5	0,3
Slovakia	5.807,8	10,6								
Finland	35.758,0	19,9	4,2	8,9	0,7	2,5	0,2	0,6	2,1	0,6
Sweden	71.657,1	21,6	5,4	10,5	0,5	2,6	0,3	0,8	1,5	0,0
United Kingdom	313.731,5	15,3	2,7	7,3	0,1	2,4	1,1	1,1	0,3	0,3

Source: Eurostat[37]

[37] Overall 2007 figures for EU27, EU15 and the Euro area are not available in the Eurostat database.

3.2.3.2. Slovenia

Policy priorities

The table below briefly explains the four strategic objectives of social policy in Slovenia. The information comes from the policy strategy 'The Resolution on National Programme of Social Security' for the period 2006–2010.

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Contribute to greater social inclusion of individuals and integration of Slovenian society	The goal of the national government is to contribute to greater social inclusion and integration of individuals with Slovenian companies in social security and other areas that are important for social policy law (labour and employment, education, health, family policy, housing policy).
Improve access to social services and programs	The government aims to increase access to social services, by enhancing equal opportunities.
Achieve greater efficiency in the allocation of monetary social aid and improve the quality of services and programmes, while improving targeting and efficiency	In addition to improved access to programmes and services, users attach particular importance to the quality of services and the levels of benefits. The government aims to achieve efficiency in the allocation of social benefits and improve the quality of services and social programmes.
Strengthen professional autonomy, managerial autonomy and rational management of social security	
Source: Website Slovenian Ministry of Social Affairs	

Compatibility with EU objectives

The Resolution on the 'National Programme of Social Security' for the period 2006 – 2010 is based on the Lisbon Strategy and congruent with EU strategic objectives. The table below includes the main policy priorities of the European Commission in the field of social policy and the extent to which Slovenia focuses on these objectives.

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
1. Mobility of workers	Not specified in Resolution on National Social Security 2006-2010
2. Social protection and social inclusion	Yes
3. Diversity and non-discrimination	Yes
4. Gender equality	Yes
5. Adjustment to globalisation	Not specified in Resolution on National Social Security 2006-2010
6. Improving the institutional capacity of employment services	Yes
7. Development of human capital and potential	Yes
Source: Website DG Employment, ESF and PROGRESS programme	*Source: Resolution on National Social Security of the Republic of Slovenia 2006 – 2010*

The share of EU funding in the area of social policy has grown in Slovenia, but remains modest relative to total public expenditure in this area.

Table 23: The relative weight of EU funds in the area of social policy, Slovenia, 2004-20007

TYPE OF EXPENSES	2004	% (2004)	2005	% (2005)	2006	(%) 2006	2007	% (2007)
EU funds	84.318.144	1%	89.000.000	1%	96.000.000	1%	138.000.000	2%
Total public expenditure	6.322.000.000		6.612.000.000		7.036.000.000		7.381.000.000	

Source: http://www.stat.si/novica_prikazi.aspx?id=2728; Statistical office of the Republic of Slovenia

3.2.3.3. France

Policy priorities

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEFLY EXPLANATION
Enhancing social protection and social inclusion	France aims to keep older employees at work for a longer time and to ensure better access to jobs for youth.
Strengthening the coordination of social policies at EU level	This policy is justified by the need of preventing a race to the bottom in the social field among EU countries. The French stance on the working time directive for instance is driven by this need.
Adjusting and coping with the challenges of globalization	France played a leading role in the creation of the European fund for adjustment to globalization.
Diversity and social inclusion	
Source: Interview with an official from the Ministry of Social Affairs	

Compatibility with EU strategic objectives

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR
1. Mobility of workers	Not specified in the strategy
2. Social protection and social inclusion	Yes
3. Diversity and non-discrimination	Yes
4. Gender equality	Yes
5. Adjustment to globalization	Yes
6. Improving the institutional capacity of employment services	Not specified in the strategy
7. Development of human capital and potential	Not specified in the strategy
Source: Website DG Employment, ESF and PROGRESS programme	*Source: Interview with an official from the Ministry of Social Affairs*

Despite the relatively modest size of funding in France, the ESF is said to play a useful role in French social policy. A reform in 2009 created the establishment of the FISO[38] (*fond d'investissement social*) and a joint committee between the French state and social partners. This committee is informal in nature and is aimed at counterbalancing the effects of the economic crisis and to draw up combined programmes. A part of the one billion euro that is channelled through this committee is devoted to keeping older employees longer at work and to tackle youth unemployment. The logic is not to give incentives to early retirement, but to keep the level of employment stable. Another FISO initiative relates to short-time work and the flexisecurity; a way to encourage people to change their skills and develop new ones, so that it is easier to get a new job.

In terms of policy coordination between the EU and France, the debate at the moment focuses on the 2020 strategy and on the initiatives under this umbrella. The two priorities that are pushed by France are[39]:

- a common EU target for employment rates, and
- a common target for poverty reduction.

The current policy actions at EU level are in line with the traditional French position of advocating a more social Europe. However the big question mark is over the role that the open method of co-ordination will have in the coming 2020 strategy. The OMC has proven to be too much of a soft method for policy coordination, but there is no clear alternative in sight. According to a French government official, the OMC should be strengthened, without granting the ECFIN Council a monopoly in this area. Similarly, the Broad Economic Policy Guidelines are felt to have played a virtually non-existent role in this field. The role of the Guidelines in the policy process felt not to be clear and interviewees question their positive impact on policy coordination.

Today, there is not really any debate in France on the benefits that an EU social policy would bring to France. The French government does believe, however, that compliance with the social acquis by all Member States, i.e. the enforcement of existing directives, should be reinforced. France has a good record, but some other Member States have several potential infringement procedures for the way the directives have been transposed and enforced. The French government fears a social race to the bottom.

It has been difficult to obtain figures on public expenditure on social policy for France, as social policy expenditure is split between the French state budget, the social security budget and the budget of local authorities. The budget of the social security part is estimated around €300 billion a year, probably the largest expenditure component in France. The budget of the French state for social affairs is €10.5 billion a year.

The European component in the area of social policy is mainly the European Social Fund that transfers around €800 million a year to France. Despite the limited size of ESF funding in France, ESF is highly valued[40], especially in a time of crisis when national budgetary constraints are tight and unemployment is high.

3.2.3.4. Belgium

Policy priorities

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[38] http://www.vie-publique.fr/actualite/alaune/emploi-quels-moyens-pour-fonds-daeur-tm-investissement-social.html

[39] Based on an interview with French official

[40] Ibidem.

STRATEGIC PRIORITY	BRIEF EXPLANATION
Flanders	
1. Keep and reintegrate older people into employment	• Flanders faces very low participation rates of older people in the labour market. Focus on flexible jobs for older people • Raise awareness of employees and employers
2. Increase labour market participation of vulnerable groups (immigrants, disabled persons, etc.)	• Fight discrimination in the labour market and stimulate gender equality and diversity management
3. Align labour supply and labour demand, with particular attention to tackling skill shortages	• Through active labour market measures, improve vocational training, competency management, etc. •
4. Stimulate social innovations in the workplace	• Introduce flexible working time patterns
5. Align the education system to the needs of labour market	• Stimulate internships for scholars; promote first work experiences, etc. • Promote lifelong learning programmes
6. Emphasise employability instead of job security	• Enhance skills of employees, promote entrepreneurship, introduce flexicurity measures • Focus on outplacement, career development planning
7. Benefit from efficiency gains with regards to reintegration of unemployed people	• Continue private-public cooperation mechanisms and private market mechanisms
Source: Flemish Minister of Labour, Policy strategy 2009-2014 (beleidsnota Vlaams Minister van Arbeid)	
Wallonia (and Brussels Government, for what concerns French Community matters)	
1. Align the education system with the needs of the labour market	• Emphasise lifelong learning for employees
2. Maximise technical and scientific professions among youth, businesses and the general public	
3. Increase the labour market participation of youth and younger labourforce	• Job creation for youth • Youth action plan
4. Increase multilingualism in order to increase opportunities in the labour market	
Source: Walloon government, Marshall plan 2.0	

Compatibility with EU strategic objectives

EU STRATEGIC OBJECTIVE/POLICY PRIORITY	CONGRUENT/COMPATIBLE/SIMILAR		
	FL	*WAL*	*Federal*
1. Mobility of workers	Yes	Yes	n.a.
2. Social protection and social inclusion	Yes[41]	Yes[42]	Yes
3. Diversity and non-discrimination	Yes	Yes	Yes

[41] The Regions in Belgium have competences for social inclusion. However, their competences are very limited in social protection matter, which is primarily managed at Federal government level.

[42] C.f. previous note.

4. Gender equality	Partly (indirectly)	Partly (indirectly)	Partly (indirectly)
5. Adjustment to globalisation	Yes	Yes	Yes
6. Improving the institutional capacity of employment services	Yes	Yes	n.a.
7. Development of human capital and potential	Yes	Yes	n.a.
Source: Website DG Employment, ESF and PROGRESS programme	*Source: Policy strategy 2009-2014 of the Flemish Minister of Labour*	*Source: Marshall plan 2.0*	*Source: Policy strategy 2009-2014 of the Federal Minister of Labour*

n.a. = not a competence of this government level

Over the last five years, both the Flemish Government and the Walloon government have put the emphasis on active labour market measures targeting the unemployed and disabled, through closer monitoring and guidance, investments in the offer of training and language courses, etc. In Flanders, there is a tendency to introduce quasi-market mechanisms, particularly with regards to the reintegration of unemployed in the labour market. The enhancement of mobility of workers is a key priority for all regional governments.

3.2.4. Development aid

Overall, the EU-15 account for more than half of the global total of development aid. There is a long-standing UN target of reaching a level of aid equivalent to 0.7 % of donors' GNI. While EU members, like other industrialised countries, have accepted this 0.7 % target for spending, currently only Denmark, Luxembourg, the Netherlands and Sweden have reached this goal. In order to work towards this target, the EU has established an interim goal – to reach collectively at least 0.56% of GNI by 2010, thus providing a gradual increase in development cooperation funding. The "old" EU member states committed to spend a minimum 0.51% of their GNI by 2010, whereas the intermediate target for the "new" member states is set at 0.17% of their GNI.

The aims were set out in the December 2005 document 'European Consensus on Development' agreed by the European Parliament, Council and Commission , which seeks in particular to reduce poverty, to develop democratic values, and to support national strategies and procedures. The objective of the EU is to enable disadvantaged people in developing countries ultimately to take control of their own development by addressing the main sources of their vulnerability, such as access to food, clean water, education, health, employment, land and social services.

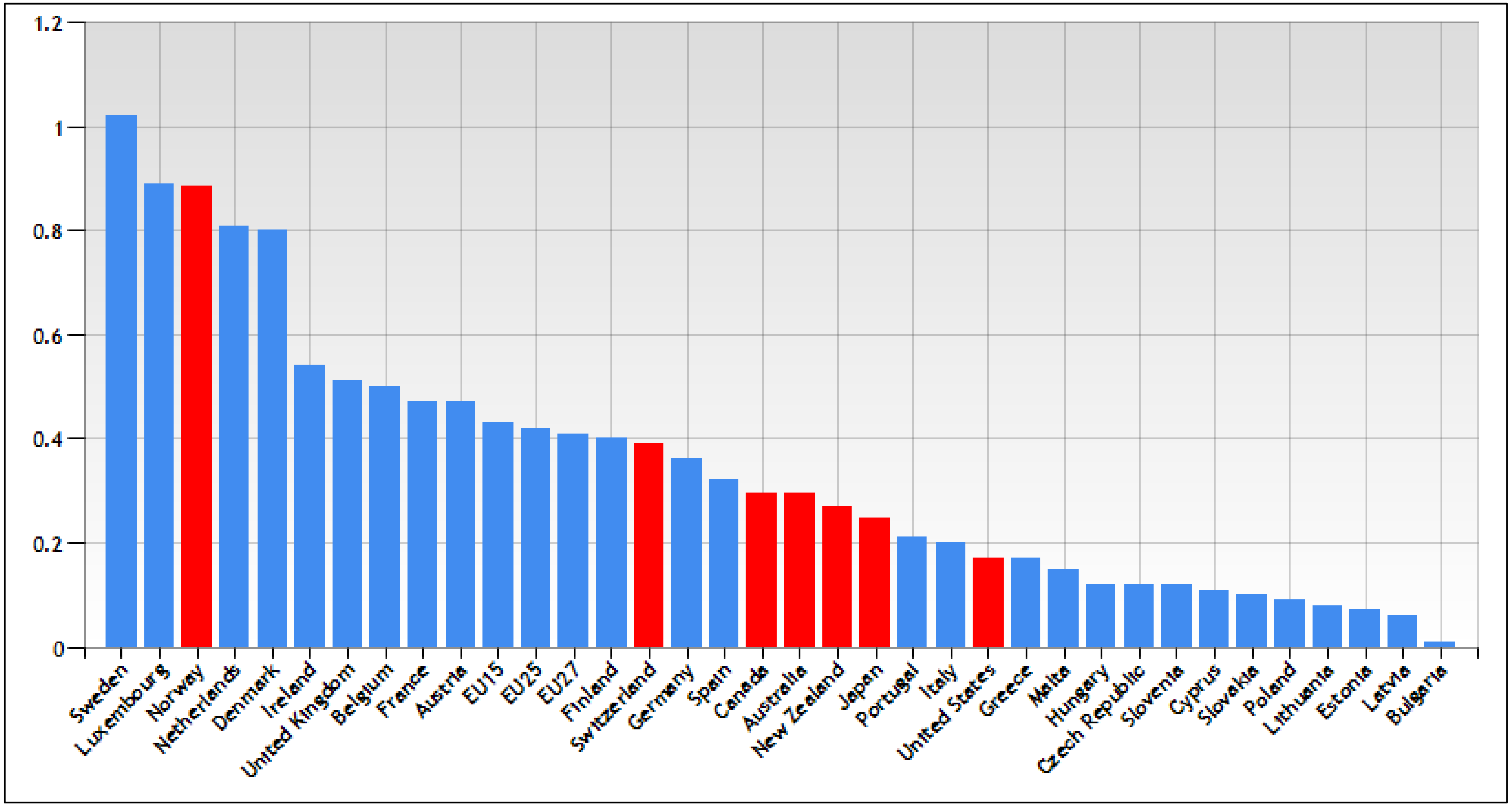
Table 24: Development Aid Public Expenditure, EU-15 DAC countries, 2004-2008 (% of GDP)[43]

M.S.	2004	2005	2006	2007	2008
Austria	0,23%	0,52%	0,47%	0,50%	0,43%
Belgium	0,41%	0,53%	0,50%	0,43%	0,48%
Denmark	0,85%	0,81%	0,80%	0,81%	0,82%
Finland	0,37%	0,46%	0,40%	0,39%	0,44%
France	0,41%	0,47%	0,47%	0,38%	0,39%
Germany	0,28%	0,36%	0,36%	0,37%	0,38%
Greece	0,16%	0,17%	0,17%	0,16%	0,21%
Ireland	0,39%	0,42%	0,54%	0,55%	0,59%
Italy	0,15%	0,29%	0,20%	0,19%	0,22%
Luxembourg	0,79%	0,79%	0,89%	0,92%	0,97%
Netherlands	0,73%	0,82%	0,81%	0,81%	0,80%
Portugal	0,63%	0,21%	0,21%	0,22%	0,27%
Spain	0,24%	0,27%	0,32%	0,37%	0,45%
Sweden	0,78%	0,94%	1,02%	0,93%	0,98%
United Kingdom	0,36%	0,47%	0,51%	0,35%	0,43%
Total EU DAC	**0,35%**	**0,44%**	**0,43%**	**0,39%**	**0,43%**

Source: OECD-DAC, Development database

[43] The most recent expenditure data that could be found in the area of development aid only covered the 15 OECD-DAC Member States. Annex 6 provides an overview of public expenditure in this area for all EU Member States, however, data are from 2006.

Figure 1: ODA in terms of share of GNI, including New Member States



Source: EU Donor Atlas 2008

3.2.4.1. Slovenia

Policy priorities

In the table below we briefly highlight the three strategic objectives in the field of humanitarian and development aid in Slovenia. This information is obtained from interviews and the Resolution on International Development Cooperation of the Republic of Slovenia to 2015.

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
Focus on IPA – Instruments for pre-accession	Covering the Balkans and Turkey; Slovenia's priority is to focus on IPA related to Balkan pre-accession countries.
Focus on ENPI – European neighbourhood and partnership instrument	To improve cross-border cooperation with countries along the EU's external land and maritime borders, thus giving substance to the goal of avoiding new dividing lines (Northern Africa and the Eastern European countries that border Russia).
Focus on EDF – European Development Fund	The main instrument for providing Community aid for development cooperation (technical and financial support). – Slovenia will start paying into the EDF in 2010.
Source: Department for International Development Cooperation and Humanitarian Aid	

Compatibility with EU objectives

The development and humanitarian aid policy of Slovenia is congruent with the EU strategic objectives. It is based on the European Consensus on Development Aid to 2010 (effective 2005) and complies with the objectives of the international community on development, especially with the ambitions of the EU and the UN. Slovenia has adopted EU strategic documents in this area.

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
Eradication of poverty in the context of sustainable development, including pursuit of the Millennium Development Goals	However differing in geographical scope (which is much more limited), Slovenia's main priorities are related to the pursuit of the MDGs.
Achieve universal primary education	Yes
Promote gender equality and empower women	Yes
Reduce the mortality rate of children	Yes
Improve maternal Health	Yes
Combat HIV/AIDS	Yes
Malaria and other diseases	Yes
Ensure environmental sustainability and develop a Global partnership for development.	Yes
Source: European Consensus on Development	*Source: Department for International Development Cooperation and Humanitarian Aid*

Public expenditure on development aid is increasing in Slovenia. Slovenia reached 0.14% in development and humanitarian aid of its GDP in 2010 and it is planning to reach 0.23% in 2015. The European Consensus on Development (2005) set spending targets for its member countries at 0.17% of GDP in 2010 and 0.33% in 2015.

3.2.4.2. France

Policy priorities

France's co-operation and official development assistance (ODA) policy is based on two major priorities: to increase the amount of aid to developing countries and improve aid effectiveness. In geographic terms, France has a particular interest in Africa, due to historical links, heritage and political interests.

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
Increasing financial efforts in developing countries	
Improving the efficiency and effectiveness of aid	• Revise the means of allocating aid taking into account the countries' performances and the needs of the populations • Implementing the Paris Declaration on Aid Effectiveness • Implementing institutional reforms in order to improve the French aid delivery system
Geographical focus within the priority solidarity zone is on Francophone Africa and the least developed countries	
Sectoral focus on seven priorities	• Education, • Water and sanitation, • Health • Fight against AIDS, • Development of infrastructures in sub-Saharan Africa, • Agriculture and food security, • Protection of the environment, productive sector).

Source: Interview with French official from the Ministry of Foreign and European Affairs

Compatibility with EU strategic objectives

The development and humanitarian aid policy is congruent with the EU strategic objectives. It is based on the European Consensus on Development to 2010 and complies with the objectives of the international community on development, especially with the ambitions of the EU and the UN. France has adopted EU strategic documents in this area.

France traditionally stands for a strong European mandate in the domain of development cooperation and advocates a larger budget[44]. Specific French interests played a role in the creation of the EDF and in strengthening other development funds. The French government has insisted on having development policy included under the umbrella of foreign policy as they believe that it is a vital part of this policy.

The mechanisms of coordination between EU and France relate to the prioritisation of the sectors and the geographic areas of activities. Coordination between France and the EU has an informal character, rather than a formal one, and often takes place at the level of Permanent Representation of France to the EU. In the field of development cooperation France collaborates with other donors - European and others - in countries where they are present (based on the Paris Agenda on Aid Effectiveness).

[44] Interview with French Ministry Official.

According to a French official from the Ministry of Foreign Affairs, France is in favour of more coordination with the EC, but there are also important discrepancies on the strategy to be followed. The main example is aid blending. The EC mainly operates through grants, while the French government wants more commitment to loans. The government's stance is that multiple types of interventions achieve more effective results and better value for money than only grants.

In terms of geographic areas, policy coordination is rather good between France and the EU, as Africa - one of its geographic priorities - receives a substantial part of EU development aid. Compared to the European Neighbourhood policy at EU level, France focuses less on Eastern European neighbourhood countries (Belarus, Moldavia, Turkey and Ukraine). It feels policy coordination could be strengthened with regard to relations with Brazil, China and India. These emerging countries are not "developing" countries anymore and according to French interviewees, another means of collaborating with them needs to be found. In this respect, the new development policy looking ahead to 2020 risks looking fairly similar to the previous one, while the world is changing rapidly.

Hence, the French government is interested in cooperating more with the EC and in fine-tuning more the political objectives[45]. France is the only donor, together with the EC, that is present in more than 150 countries. In some countries with major development challenges (Chad, Comores, Madagascar), only France and the EU are present. The French government is concerned that in 2010 for the first time the volume of aid to Africa decreased, while it increased in Mediterranean countries, Eastern Europe and Latin America.

3.2.4.3. Belgium

Policy priorities

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
The development aid strategy of Belgium focuses on the Belgian efforts to achieve the UN Millennium Development Goals	
• Promoting gender equality in partner countries	
• Fighting child labour in the cacao sector	
• Fighting malaria and AIDS in partner countries	
• Coping with the effects of climate change in partner countries	
• Establishing a partnership in general more specifically Central Africa	
• Enhance the institutions and structures in fragile states	
• Fight piracy in East Africa, children soldiers, sexual abuse	
Source: Federal Minister of Development Aid, Policy strategy Development and Humanitarian Aid, 2007-2012	

Congruence and compatibility with EU strategic objectives

[45] Ibidem

Development and humanitarian aid policy is congruent with the EU strategic objectives. It is based on the European Consensus on Development Aid to 2010 (effective 2005) and complies with the objectives of the international community on development, especially with the ambitions of the EU and the UN. Belgium has adopted EU strategic documents in this area.

Traditionally, Belgium geographically focuses its development efforts in Central Africa (Congo, Ruanda, Burundi). Furthermore, there is an increasing focus of the Belgian government on the fight against piracy in East Africa.

3.2.4.4. Portugal

Policy priorities

Portuguese Development Cooperation has been mostly financed through a specific State budget programme -the 'Cooperation for Development Program' – which consolidates a series of sectoral budget lines. Moreover, the planned operations are part of the 'Indicative Cooperation Programs (PIC)" that are the instrument for the cooperation with each of its partner countries

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Support the achievement of the MDGs	Promoting sustainable development and regional and global economic integration of developing countries, in particular of Portugal's main partners.
Promote aid effectiveness and policy coherence	Portugal has endorsed the Monterrey Consensus concept on partnerships, the Paris Declaration and the Accra Agenda for Action principles and commitments
Focus on Portuguese-speaking African Countries (PALOP) and East Timor	
Promote and combine a bilateral and multilateral approach to development cooperation	

Source: Interview with official IPAD

Compatibility with EU strategic objectives

Portugal has subscribed to the Millennium Development Goals (MDGs) as well as the EU commitments on ODA targets and Aid effectiveness principles, including among others the principle of Managing for results. These are the drivers behind the evolution of Portuguese Development Cooperation Policy, instruments and management mechanisms as set out in the "Strategic Vision for Portuguese Development Cooperation" approved by the Council of Ministers in December 2006.

Africa is a priority for Portuguese development cooperation. Portugal's Indicative Programmes of Cooperation (PICs) by country include programmes that aim to enhance institutional capacity building in Portuguese-speaking African Countries (PALOP) and East Timor. These are in line with the EU policy objectives of promoting good governance and democracy in Africa (and elsewhere).

A concrete case of alignment between Portuguese development cooperation policy and that of the EU is the focus on poverty reduction, the concentration of its geographic cooperation in a limited number of countries i.e. the Portuguese-speaking African Countries (PALOP), which is congruent with the EU policy objective of reinforcing development aid to Africa. The priority attached to supporting good governance and democracy through capacity building of state institutions is also consistent with EU policy objectives.

Other examples of congruence between the Portuguese and EU interventions include:

- Adoption of the EU common framework for drafting country strategy papers and joint multiannual programming, as a guideline for the preparation of the PICs between Portugal and each PALOP country and East Timor;
- Portugal's decision and commitment to implement the EU Code of Conduct on Division of Labour in Development Policy in its bilateral aid through the PICs.

In terms of budgetary coordination, there are no specific dedicated budget coordination mechanisms, which are synchronised with national and EC budget procedures. However, there are information and coordination mechanisms through the established Council groups (ACP, CODEV), for example on contributions to EU-initiated Trust Funds, such as the ACP infrastructure trust fund, and the water and energy facilities. There is also some ad-hoc coordination in global multilateral funds such as the GFATM (Global Fund to Fight Aids, Tuberculosis and Malaria) or in instances such as international conferences for reconstruction of countries. When a global EU pledge (Commission and Member States) is to be announced there is also coordination through the Council groups and conclusions.

Portuguese Official Development Assistance in terms of GNI has remained during the reference period of 2004 to 2009 except for 2004 - when a 0.41% increase was registered following a decision by the Portuguese Government on debt relief for Angola. Implementation has seen steady increases since 2004 due to the shift in the Portuguese Agency to increased use of results-based management approaches and instruments and also to the enhanced absorption capacity of some partner countries receiving Portuguese ODA.

The ambition for the future is to increase expenditure in the light of the 2015 objective of reaching 0.7% of the GNI. However, the impacts of the financial crisis on the availability of funds for humanitarian and development aid may be a constraint.

3.2.5. Foreign and security policy (CFSP)

The European Defence Agency (EDA) collects defence spending data on an annual basis, showing that in 2008, the 26 EDA participating Member States spent €200 billion on defence[46]. The data includes both spending by Ministries of Defence and defence-related expenditure from other sources (other Ministries, special budgetary lines). Over the period 2006-2008, total defence expenditure by the participating Member States has remained almost constant. The total of €200 billion constitutes about 1.8 % of their combined € 12.3 trillion economies.

Based on data from the Stockholm International Peace Research Institute (2008), we see that:

- Worldwide, France is ranked as the third greatest spender on defence (65.7 billion dollars) in absolute terms, after the United States and China. The United Kingdom ranks fourth (65.3 billion dollars), followed by Germany (ranked 6th with 46.8 billion), Italy (8th with 40.6 billion) and Spain (14th with 19.2 billion).
- In terms of % of GDP, Greece is ranked first of all EU Member States (4.3% of GDP), followed by Cyprus (3.8%), France (2.3%), United Kingdom (2.2%).
- Many Member States do not reach the goal of 2 percent of national output or GDP, set by NATO. Based on recent NATO data (defence spending 2008), Germany, Italy and Spain are underachievers (1.3%).

Since the end of the Cold War, there has been a serious fall in the defence expenditures in the Member States.

3.2.5.1. Slovenia

Policy priorities and compatibility with EU objectives

The table below briefly explains the 8 strategic objectives/policy priorities in the field of security policy in Slovenia. This information is based on policy strategy documents. Slovenia is fully following and supporting the EU Security Strategy in all views, operations, institutions and capacity. Slovenia has adopted and is following the EU Security Strategy (2008), hereon ESS. See table below:

STRATEGIC OBJECTIVE/POLICY PRIORITY	BRIEF EXPLANATION
Crisis centres	The Republic of Slovenia is in accordance with her national interests involved in international operations and missions in various crisis areas and is thereby contributing to international peace, security and stability.
Terrorism	Terrorism, within Europe and worldwide, remains a major threat. Threats to the Republic of Slovenia from terrorist organizations and groups are relatively low today, but in the future it will greatly depend on the political, economic and security operations of the Republic of Slovenia in the international environment.
Unauthorized activities in the field of conventional weapons, weapons of mass destruction and nuclear technology	In sense of security, a big concern is, that some countries, especially those that support various forms of terrorism and extremism, do not accept norms accepted in international (nuclear) non expansion regime by development and use of nuclear technology in civil purposes, or will fully violate these norms.

[46] EDA, Defense data: facts and figures, 2009

Organized crime	Organized crime is a threat to international and national security. Organized crime is a complex and long-term threat to the security of Slovenia, but in future Slovenia it is expected that Slovenia will be more of a transit country for the organized crime groups, especially for those from Balkans and less the target country.
Cyber security	Modern society depends heavily on the continuity and reliability of information systems. Malfunctioning of these systems therefore pose a serious threat to the functioning of public and private sector in general, and particularly to the key functions of government and society. Due to the diversity of information and communications systems, unlimited cyber space and problems by monitoring the cyber space, also in Slovenia the spreading of cyber crime can be expected.
Illegal migrations	Illegal migrations touch Slovenia mainly due to migration flows passing through its territory (Slovenia is the Schengen border country). The pressure of migration flows to the Republic of Slovenia in general and particularly from South-Eastern Europe, will continue to identify important social-economic and political-security situation in the world.
Limitation of natural resources and habitat degradation	Inadequate use of natural resources in the past results in serious negative effect in nature and living environment. This strategic objective is facing difficulties in the supply of quality drinking water and with limited natural features for the production of healthy food.
Climate change	Climate change is a "threat multiplier". Natural disasters, environmental degradation and competition for resources exacerbate conflict, especially in situations of poverty and population growth, with humanitarian, health, political and security consequences, including greater migration. Climate change is already affecting the national security of the Republic of Slovenia.
Global financial, economic and social risks	Global financial and economic risks have the effect of reducing the employment rate of the population, that can grow into a wider or even general social crisis. These risks can also endanger Slovenian economic interests abroad and can attract suspicious or otherwise questionable flow of foreign capital into Slovenia. Indirectly these kinds of risks can challenge also other threats and consequently further reduce the prosperity and national security of the Republic of Slovenia.

Source: Resolution on the national security strategy of the Republic of Slovenia for 2010; http://www.uradni-list.si/1/objava.jsp?urlid=201027&stevilka=1189

Slovenia is participating in the European Security and Development Policy (ESDP) operations in Bosnia, Kosovo, in Chad and Central African Republic. Slovenia has been involved in the ESDP operation in the Democratic Republic of Congo and with the EU in its support to the African Union in Sudan / Darfur. Slovenia, together with Italy and Hungary in the second half of 2007, participated in EU joint defense exercises.

3.2.5.2. France

Policy priorities

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Response to emerging global challenges	• Environment (support to climate change effects, environment preservation) • Sustainable development • Security policy (focused on Middle East and Mediterranean security, NATO and OECD efforts) • Disarmament • Terrorism • Organized international crime

Promotion of human rights and fighting human rights violation	
Supporting European Integration	• Accession of New Member States • European Security and Defence Policy (ESDP)
Promoting of French language and multilingualism	
Source: Interview with Ministry of Foreign Affairs – www.diplomatie.fr	

Compatibility with EU strategic objectives

France has always strongly supported European integration, especially of its political aspects. It is also one of the most active actors in EU politics and policies. France's level of „Europeanisation" of the national foreign policy is of a high degree. France is considered a big proponent of the EU Common foreign and Security policy (CFSP).

The objectives of the security policy of France and those of CFSP are aligned. One interviewee stated:

Concerning the CFSP, we have seen how MS are collaborating to give more money to this pillar and get more engaged in Afghanistan and Iraq. This is not yet an EU wide engagement, but it shows that the MS are sometimes willing to expand the budget of the EU, or it is because Afghanistan and Iraq are extremely unpopular subjects at home).

3.2.5.3. Belgium

Policy priorities

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Supporting actively further EU integration and the implementation of the Lisbon strategy.	• Enhance communitarianism (not intergovernmentalism) within the EU • Compliance with EU regulations and decisions (transposition of EU law into national law, repair infringements, etc.)
Contributing to the management of the current financial and economic crisis and the changing world	• Coping with the effects of globalization and the changing power balance in the world • Increase the competitiveness and innovation of Belgian and EU businesses
Enhance economic diplomacy and tighten economic and political relationships with new, growing economies	• Enhance economic and political relationships with China, India, Brazil;
Encouraging the accession of new (former Yugoslavian) countries to the EU	
Continuing and enforcing the trans-atlantic partnership as an essential priority	• Tackling common challenges and risks (piracy in Somalia, terrorism, Afghanistan, etc.)
Tackling the risks of radical Islam	• Investing in economic development and enforcement of the rule of law in developing countries as a solution to terrorism
Reinforcing cooperation between the Benelux countries	• Enforce a breakthrough in a number of concrete dossiers: the Iron Rhine, cross-border cooperation, etc.
Supporting the development of Central Africa	
Source: Federal Minister of Foreign Affairs, Policy strategy 2007-2012	

Compatibility with EU strategic objectives

Belgium has always been in favour a strong EU, that addresses political and security issues. According to the Belgian government, Europe's foreign and security policy must boost its influence at international level and foster internal cohesion. Concrete actions should not only be taken in the areas of economic development, humanitarian aid, political cooperation, cultural cooperation, human rights and democracy but also in connection with conflict prevention, crisis management, rapid response to natural disasters, peace-making and peacekeeping.

3.2.5.4. Portugal

Policy priorities

STRATEGIC OBJECTIVE	BRIEF EXPLANATION
Promoting the Portuguese language around the world	Enhancing the use of Portuguese as a language of international communication
Disarmament and non-proliferation	
Supporting European Security and Defence Policy (ESDP)	Contributing actively to ESDP missions (Democratic Republic of Congo, Guinea-Bissau, Chad/Central African Republic, Bosnia and Herzegovina, Kosovo, Georgia, the Palestine Territories, and Moldova/Ukraine)
Enhancing multilateralism	
Continuing and enforcing the trans-atlantic partnership as an essential priority	
Stronger relationships with Brazil, China and India	Enforce a breakthrough in a number of concrete dossiers: the Iron Rhine, cross-border cooperation, etc.
Supporting the development of former Portuguese colonies	For example, East Timor, Angola, etc.

Source: Portuguese Ministry of Foreign Affairs, current policy strategy

Compatibility with EU strategic objectives

Portugal has been fully committed in its participation in formulating the Common Foreign and Security Policy (CFSP), with a view to strengthening its role in the construction of Europe. This exercise is coordinated by the Directorate for Common Foreign and Security Policy Services (CFSP), which has an across-the-board view of the activities of all the Ministry’s other departments, and generally monitors national positions and actions in the many areas of foreign affairs, ensuring the necessary coherence and convergence.

The Directorate is also responsible for coordinating and preparing Portugal’s participation in meetings of the European Council, the General Affairs and External Relations Council (GAERC), and the half-yearly “Gymnich” informal meetings of Foreign Ministers in the areas for which the Directorate is competent.

3.3. DISTRIBUTION OF PUBLIC EXPENDITURE BETWEEN MEMBER STATES AND EU LEVEL

Over the period 2002-2008, EU budget expenditure increased by 37% compared to an increase of 25% percent of in public expenditure by the EU-25[47]. The growth in EU expenditure can be explained by the significant increase in the EU research budget (FP7) and educational programmes (particularly, lifelong learning). Most of the developments result not only from the overall changes in Community's policy priorities, but also from the allocation of funds within each individual Community Policy.

Public expenditure in Portugal (27%), the Netherlands (27%), France (26%), Italy (25%), Austria (23%), United Kingdom (22%), Denmark (20%), Sweden (15%) and Germany (5%) – all older Member States - grew more slowly than the EU budget expenditure (37%) over the same period. Public expenditure grew by more than 100% in Romania (208%), Estonia (130%) and Lithuania (130%). In Slovakia (93%), Ireland (75%), Czech Republic (71%), Poland (69%), Greece (63%) and Spain (57%) public expenditure grew considerably[48]. The diverging trends in national budget in part illustrate for the absence of budgetary coordination between Member States. This is also valid when analyzing public expenditure by category of expenditure.

In 2007, EU budget expenditure represented 2% of all national government expenditure in the EU-27[49]. The relatively low proportion of EU budget expenditure can be primarily explained by the much wider scope of national budget expenditure. According to Bertoncini[50], the proportion of EU budget expenditure would increase significantly if public expenditure figures in Member States were not taken into account salary costs or other operational expenses. In France, excluding any operational or salary costs in the expenditure figures, the share of EU funds in total public expenditure on R&D would have amounted to more than 10% in 2006.

The share of EU budget expenditure in total public expenditure – EU budget and national budget expenditures – also differs by policy area and by Member State.

Considering the four policy areas that are part of the study scope, the proportion of EU budget expenditure ranges from 0% in the area of defence to approximately 0.35% in the area of social policy, 7.15% in R&D and 16.82% in development aid. R&D and development aid can be considered as policy areas where public expenditure is primarily situated at Member State level, but with a considerable amount of EU budget expenditure[51]. In areas such as education, social protection and defence, public expenditure is almost exclusively situated at Member State budget level. While education is an EU priority, EU funds for education represent 0.02% of national budgets dedicated to education. The scope of this study does not cover any policy areas with a dominant proportion of EU budget expenditure, such as agriculture - more than 70% of total public expenditure in agriculture takes place at EU level.

Furthermore, the relative weight of EU budget expenditure can vary between Member States, partly because of the redistribution mechanisms of the EU budget. The impact of EU budget expenditure is more limited and less visible in developed Member States with higher level of public spending, such as France and Belgium. In less developed Member States – such as Portugal and Slovenia – the importance of EU funds in total public expenditure is much higher.

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[47] Eurostat, Total public expenditure (COFOG),2002-2008.

[48] Eurostat, own calculations, Total COFOG public expenditure and total European Community expenditure; source: EU Budget 2007 Financial Report.

[49] Ibidem

[50] Y. Bertoncini, Les interventions de l'UE au niveau national : quel impact?, Notre Europe, 2008

[51] Ibidem

Finally, it should be noted that EU budget expenditure can create strong leverage effects at Member State level through the mechanisms of co-financing. The co-financing model requires a substantial financial contribution - additional to EU financing - from the Member States' governments and is often used in programmes jointly managed by the EU and public actors in the Member States (for example, Structural Funds). However, none of the policy areas in scope involves significant co-financing.

3.3.1. Research & Development

Comparing R&D expenditure under the EU budget to total public expenditure on R&D of the Member States[52], the distribution between Member States and the EU is, as follows (2008 data):

Table 25: Distribution of public expenditure between MS and the EU – R&D

	TOTAL PUBLIC EXPENDITURE R&D	% SHARE PUBLIC EXPENDITURE
EU	€ 6.728.144.476,00	6,97%
Member States (27)	€ 89.773.049.000,00	93,03%
Total	**€ 96.501.193.476,00**	**100,00%**

Source: Own calculations, based on available data for 2008.[53]

3.3.2. Education & training

Comparing education expenditure under the EU budget to total public expenditure on education and training of the Member States (cfr. Annex 2), the distribution of public expenditure between Member States and the EU budget is estimated, as follows[54]:

Table 26: Distribution of public expenditure between MS and the EU – Education & training

	TOTAL PUBLIC EXPENDITURE EDUCATION	% SHARE PUBLIC EXPENDITURE
EU	€ 4.913.804.900,66	0,02%
Member States (27)**	€ 19.730.242.000.000,00	99,98%
Total	**€ 19.735.155.804.900,70**	**100,00%**

**Own calculations, appropriations 2009 (payments) – Cfr. Analysis of the EU budget above.*
***Total public expenditure on education by the Member States (EU-27): 2006 (most recent data available)*

[52] Based on GBOARD classification (cfr. Annex 1) that gives information about the planned budgets and not the actual spending on R&D.

[53] The percentages correspond: on the community side to total spending carried out in favour of R&D based on the outturn data for 2008; on the side of Member States to the Government budget appropriations or outlays on R&D (GBAORD). NB: the GBAORD represents budgetary forecasts and not actual spending. Bertoncini of Centre d'Analyse Stratégique estimates the share of Community public expenditure in R&D at 6.3% and that of the Member States on 93.7%, considering on the community side the spending carried out in favour of the Research Framework Program; on the side of Member States to the Government budget appropriations or outlays on R&D (GBAORD).

[54] Eurostat and UNESCO statistics provide comparable national public expenditure data for education until 2006. As the analysis of the EU Community budget only covers the period 2007-2009, no precise, comparable data are available. However, an indication of the proportions has been made. The percentages correspond to on the community side the spending carried out in favour of education for 2009 (cfr. Analysis of EU Community budget above); on the side of Member States to the UNESCO-Eurostat statistics on education for the year 2006.

3.3.3. Development and Humanitarian Aid

The total expenditure on development and humanitarian aid at EU and Member State level can easily be calculated, as both the European Commission and the Member States report their public expenditure to the OECD-Development Assistance Committee.

Table 27: Distribution of public expenditure between MS and EU - Development and Humanitarian Aid, Official Development Assistance (2008), million dollars

	TOTAL PUBLIC EXPENDITURE IN DEVELOPMENT AND HUMANITARIAN AID	% SHARE PUBLIC EXPENDITURE (2008)
EU**	13.670,48	16.82%[55]
Member States (DAC)*	67.601,35	83.18%
Total	**81.271,83**	**100.00%**

**OECD-DAC – EU DAC Official Development assistance (ODA) (excl. 6 EU Member States that are not member of OECD-DAC), 2008*
***OECD-DAC – Official Development Assistance (ODA)*

3.3.4. Social policy

Table 28: Distribution of public expenditure between MS and the EU - Social protection

	TOTAL PUBLIC EXPENDITURE IN SOCIAL PROTECTION	% SHARE PUBLIC EXPENDITURE
EU*	€ 7.777.452.919	0.35%
Member States (27)**	€ 2.218.825.000.000	99.65%
Total	**€ 2.226.602.452.919**	**100,00%**

**Data from our calculations with regard to the EU public expenditure in social protection, Outturn 2007*
***Data from Eurostat, COFOG classification – Total social protection, in absolute numbers, 2007*[56]

3.3.5. Foreign and Security policy

	TOTAL PUBLIC EXPENDITURE IN SECURITY POLICY	% SHARE PUBLIC EXPENDITURE
EU*	€ 194.816.148	0.10%
Member States (26)**	€ 201.462.000.000	99.90%
Total	**€ 201.656.816.148**	**100,00%**

**Data from our calculations with regard to EU public expenditure in CFSP, Outturn 2008. Data solely includes expenditure under budget line 19 03 'Common and Foreign Security Policy'.*
*** Data from European Defense Agency, Defense figures 2008*

[55] Excluding debt relief, the proportion of the Community would amount 18%. Bertoncini estimated the share of the Community budget on 14.3% in 2005. As in this analysis, the percentages correspond to the expenditures of official development aid as defined by the Development Assistance Committee DAC (development programmes, humanitarian aid and debt reduction programmes).

[56] Data of 2007 have been used, as COFOG expenditure data of the Member States are incomplete from 2007.

3.4. CONCLUSIONS ON CONGRUENCE BETWEEN NATIONAL AND EU POLICIES AND BUDGETS

Chapter 4 demonstrates that size of the EU budget expenditure – which accounts for approximately 2% of total public expenditure in the EU- is limited compared to national public expenditures. The share of EU expenditure in total public expenditure is particularly modest, relative to national expenditure, in areas such as social policy (0.35%), education, and security policy. The share of EU expenditure is much higher in areas such as development aid (16.82%) and R&D (6.97%).

The budgetary analysis in chapter 4 demonstrates that both the EU budget and Member States' budgets are only partly oriented towards the objectives and spending targets of the Lisbon strategy. The Lisbon strategy put forward a 3% of GDP target for research spending in all Member States and pays particular attention to lifelong learning and skills enhancement of employees. However, in practice, there are clear discrepancies between aims and means, and few national budgets explicitly refer to their contribution to achieving the objectives of the Lisbon strategy.

In general, it can be concluded that the ***policy*** priorities of Member States in the five policy areas are congruent with those of the EU. Particularly, in the areas of development aid and security policy high levels of congruence were found. All Member States committed to achieve UN Millennium Targets and support the European Consensus on Development. In the case of education and social policy, lifelong learning and enhancing the flexibility and employability of workers are increasingly gaining importance, in line with the EU policies, in all four Member States. Furthermore, Member States are increasingly aligning their R&D strategy and national funding schemes with the objectives and functioning of the EU research programme (FP7). The analysis also reveals that alignment of policy priorities is strong in policy areas – such as social policy and research - where eligibility for EU funding is subject to co-financing requirements. This is particularly the case in those less-developed Member States where the relative share of EU spending in total public expenditure is higher than the average, and where the needs of public investment are greater than in other Member States.

4. ANALYSIS OF THE BUDGETARY COORDINATION MECHANISMS BETWEEN NATIONAL AND EU BUDGETS

This chapter includes an analysis of budgetary coordination between the EU budget and the national budgets. The effectiveness and impact of coordination mechanisms are assessed. Findings are primarily based on interviews with officials at EU and Member State level, as well as available subject-related (academic) research and literature.

4.1. THE CONTEXT: RELATIVE SIZE OF THE EU BUDGET

The European Commission does not typically have the necessary budgetary (and fiscal) instruments to achieve significant impact on its own – the size of the EU budget is too modest. This limits its capacity to coordinate the policies of the different Member States. Compared to the central budget of national states with a federal structure, the central EU budget is relatively modest.

An interviewee stated:

"Of course the volume plays a role in the lack of interest in EU expenditure. The EU cannot have any significant effect on national priorities and decision making."

The same message was also echoed by another interviewee:

"No formal budgetary mechanisms are in place as far as I know. The size of the EU budget in old Member States and what can come from it is not sufficient to influence the political discussion."

While the size of the EU budget is limited, the main ongoing debate on the reform of the EU budget shows that the current budget does not reflect the socio-economic ambitions of the EU. According to Alain Lamassoure, Member of the European Parliament and President of the Parliamentary Committee on Budgets[57]:

"L'Europe connaît une crise budgétaire majeure liée à l'incapacité de financer les dépenses décidées par l'Union européenne. L'Union est un géant juridique, mais elle est un nain budgétaire. L'influence de l'Union européenne dans le droit national est considérable. Entre 60 et 70 % des lois et règlements français sont soit des transpositions, soit sous influence du droit communautaire. En revanche, le poids budgétaire de l'Union est très faible. »

The incapacity of the EU budget to finance its own policies is exemplified by the relatively low expenditure levels in key areas such as R&D, education and social policy.

4.2. SUPPORT FOR ENHANCED BUDGETARY COORDINATION

Article 99 of the EC Treaty stipulates that "Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council" while article 98 specifies that they should be conducted "with a view to contributing to the achievement of the objectives of the Community". Subsequent articles set the areas and forms of coordination, including the so-called Broad Economic Policy Guidelines (BEPG).

[57] French Senate, Budget communautaire Audition de M. Alain Lamassoure, Président de la commission des budgets du Parlement européen, 11/02/2009, http://www.senat.fr/europe/r01102009.pdf

In the intense political and academic debate about the reform of the EU budget, many observers refer to the need for a better integration between national and EU budgets, concerning spending priorities, quantitative expenditure targets and operational budgetary practices and procedures.

Interviewees also consider EU expenditure as a mechanism for overcoming intra-EU barriers. EU efforts – whether through own expenditure or by promoting coordination between Member States - can be highly effective in reducing disconnections between national systems, benefiting from scale effects by pooling fragmented resources, and generally complementing national expenditure.

The current economic and financial crises and scarcity of financial resources highlight the need for better coordination between European policy objectives (e.g. Lisbon and EU 2020 Strategy, European Consensus on Development, etc.), on the one hand, but also between European and national policy objectives in areas such as R&D, education, social policy, and development aid. Such coordination could lead to greater synergy between European and national level expenditure, while respecting and strengthening subsidiarity, additionality, European value added and the advantages of economies of scale.

According to Alain Lamassoure, president of the Committee on Budgets of the European Parliament:

"Il serait cependant très utile que le budget européen trouve sa place dans la coordination des politiques nationales afin que l'effort collectif des États et de l'Union ne soit pas en contradiction. En temps normal, une politique budgétaire sert à soutenir l'activité économique dans le respect des critères du pacte de stabilité et de croissance. Mais les économistes ne font pas l'effort d'additionner les montants que chaque État verse à cette fin. (….) La politique européenne est globalement et majoritairement financée par les États membres, mais on ne sait pas quel est le niveau véritable car on ne fait pas l'effort de mutualiser les dépenses nationales. »[58]

4.3. OVERALL LACK OF FORMAL BUDGETARY COORDINATION MECHANISMS

According to Albert-Roulhac, national governments cannot ignore EU public spending policy. National budgetary choices increasingly take into account the EU budget to complement, reinforce or correct its effects. In France for example, the connection between national and EU expenditure programmes was emphasised in 1994, when the French Prime Minister Edouard Balladur sent a letter of guidance to the ministries, urging them to:

"Take into account the development of Community interventions in the areas which come under the competency of your departments, for the determination of your budgetary bids. The rationale of building Europe must permit, whenever possible, to re-direct national actions when these are undertaken under Community actions.[59]"

Apart from the case of Structural Funds spending where the general model is for member States to co-finance EU-funded interventions with their own financial resources, the study has not identified any other formal budgetary coordination mechanisms between the EU and its Member States, nor between Member States in any of the policy areas that are part of the scope of this study. None of our interviewees at EU and Member State level was aware of any existing formal budgetary coordination mechanism, apart from the Stability and Growth Pact.

[58] Ibidem

[59] C. Albert-Roulhac, The Influence of EU Membership on Methods and Processes of Budgeting in Britain and France, 1970–1995, Blackwell Publishing, Volume 11, Number 2, April 1998 , pp. 209-230.

While the EU and its Member States have embraced the idea of general policy and budgetary coordination, as can be seen from, inter alia, the BEPG, the Stability and Growth Pact and co-financing requirements, and although many interviewees strongly supported the principle of budget coordination, they acknowledged that it is rarely put into practice. One attributed this as partly due to the gap between broad EU-level strategy and national focus.

"If you manage to coordinate better you get more. The problem is that there is always a distance with national priorities because the European priorities are not sufficiently concrete."

Furthermore, the interviews revealed the extent of procedural differences between the EU budgetary system and that of the Member States. The EU and national-level budget approaches have remained separate, and no interaction with the EU level could be identified during the drafting phase of the national budgets in any of the Member States could any. Interviewees often referred to the differences in budget procedures:

"The new French system with a five year macroeconomic law and the yearly budget has not come closer to the EU system, because the budget remains inspired by a yearly logic subject to the political agenda[60]*. The 'plafond de dépenses' did not really change the logic behind the budget and did not get it closer to the EU political priorities. Even in the new budgetary system, the logic is always the one of returns."*

And:

"Today, coordination between the EU and MS is not working well at budgetary level. When planning the budget, the Ministry of Budget in France does not always take into account what is happening at the EU level. National budgets are still very much oriented by a year by year logic, while the budgets of the EU work on the basis of a seven year agreement.

The strict budgetary framework at EU level may also be regarded as a factor making budgetary coordination less straightforward. Unlike the national budgets, the EU budget is based on a strict budgetary equilibrium, which means that no debts or budgetary deficits are allowed. Moreover, the EU annual budget enjoys limited flexibility, as it is constrained by the multiannual EU financial perspective[61].

Interviewees also referred to another issue that limits Member States' scope to benefit from economies of scale and European value added (advantages which would flow from enhanced budgetary coordination). Member States are focusing increasingly on the concept of a fair return ('juste retour') of EU budgetary resources:

"We try to assess on an annual basis how much we benefit from the EU. The latter part is the trickiest, owing to the fragmentation of European money channeled back into France."

According to another interviewee:

"The logic of complementarity between budgets has still a long way to go; the driving logic is the "return rate" rather than the added value of the EU action. The reasoning of Member States is that of "how

[60] This quote does not strictly reflect the facts, as both EU and French systems feature both annual and multiannual expenditure.

[61] In terms of revenues, the EU budget is in theory financed by the EU's own financial resources. Revenue is raised from four sources: two traditional own resources (agricultural levies and customs duties); a resource based on a harmonised national pre-emption on the proceeds of value added tax (VAT) levied in Member States; and a transfer based on the level of the GNI of Member States. However, over the years, the GNI-based transfer - financial contributions from the national budgets - has become the principal revenue stream for the EU, progressively eclipsing the VAT resource, and the agricultural levies and customs duties. This evolution has made the EU budget more dependent on transfers from governments, rather than on revenue instruments linked to the EU level of governance.

much do we get back from Brussels"? This brings sub-optimal results where there is a good financial return in sectors where coordination is lax, and vice versa."

And:

"This is a very good period for undertaking this kind of study. Indeed all the net contributors to the EU budget are under pressure due to their need to reduce their deficits. In this light the contribution becomes a burden and national governments are tempted to influence EU policy more than ever to get money back from the EU (or to reduce its budget)".

A disproportionate focus on 'juste retour' risks obscuring spending priorities that are established through rational economic considerations.

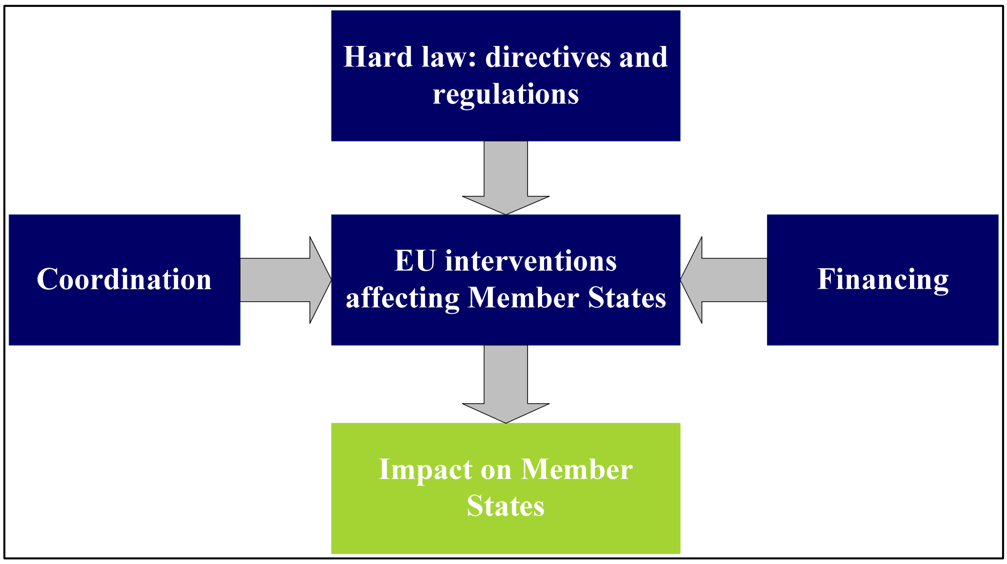
However, the limited extent of explicit budgetary coordination mechanisms does not necessarily imply that budgetary coordination is not taking place at all. Some interviewees realise that the EU budget and their national budgets are interconnected because of the numerous implicit and indirect interactions and coordination between both levels. Most interviewees acknowledge that budgeting is evolving from a purely national issue to an 'EU-national' approach to public budgeting, which takes EU strategy and practice into account. The following paragraphs provide more explanation on this evolution.

4.4. INDIRECT BUDGET COORDINATION: A MULTI-LAYER APPROACH TO EUROPEAN PUBLIC FINANCE

The boundaries between national and EU budgets are not formally established. They are blurred, implicit and are moving continuously under the influence of EU decision-making, recommendations from EU institutions and benchmarking mechanisms. Moreover, decision-making at EU level involves the participation and agreement of national actors in the Council and other EU institutions. Member States' representatives contribute to and co-determine EU decisions.

The figure below illustrates these different ways of impacting the national budgets of Member States (and vice versa)[62].

Figure 2: A multi-layer approach to European public finance



Source: I. BEGG, Lisbon in the EU budget, 2009

[62] BEGG, I., Lisbon in the EU Budget, European Institute London School of Economics, 2009

Buti and Nava present the EU budget as centralised (at EU level) fiscal policy that is subject to decentralised national constraints, as the Member States contribute a part of their income to the EU budget. Conversely, national budgets can be seen as a decentralised system of fiscal policy subject to centralised EU constraints, such as the Stability and Growth Pact and, to some extent, the Broad Economic Policy Guidelines[63].

4.4.1. Hard law: directives and regulations

Directives and regulations do not typically directly impact the EU budget, but aim to achieve EU objectives, for example by obliging or encouraging Member States to mobilise their own financial resources to meet objectives agreed at the EU level.

EU legislation, which is decided by unanimity or majority voting by Member States and the European Parliament, can commit Member States to spending. When the law is being adopted, the scale of required spending is often not precisely defined. For EU directives, the Member States have the freedom to decide on the method of implementing them, and on the way to finance implementing actions.

The most obvious and visible example of hard law with a clear impact on national budget strategy is the Stability and Growth pact, building on the Maastricht criteria applicable to the adoption of the euro. The Maastricht Treaty states that "Member States shall ensure that national procedures in the budgetary area enable them to meet their obligations in this area deriving from this Treaty".[64] Interviewees refer to the Stability and Growth pact as the main instrument of budgetary coordination.

4.4.2. Coordination

Policy coordination (as opposed to formal "hard law") can also bring about enhanced policy and budget coordination between the EU and national budgets. The most visible mechanism in this respect is the Open Method of Coordination (OMC).

The Open Method of Coordination (OMC) in the Lisbon process

A guiding principle in the Lisbon process has been the pressure to reach objectives by policy coordination. The open method of coordination aims to promote good practice in effective social and economic policies, and to stimulate convergence among the policies of the Member States. The OMC does not envisage the adoption of directly binding law, but foresees that Member States present both their strategies and results for discussion and review at EU level.

The costs of achieving important European objectives through OMC are not generally carried at EU level. Financing for activities subject to the OMC tends to be provided entirely by the Member States.

However, interviewees point out that coordination is entirely dependent on the willingness and goodwill of Member States to cooperate. The OMC does not incorporate any real sanction mechanisms, in the event that the agreed level of implementing the objectives is not achieved. Neither is there any real financial support available for member States who find it difficult to

[63] BUTI, M. & M.NAVA, Towards a European Budgetary system, Robert Schuman Centre for Advanced Studies, RSC No. 2003/08, http://ideas.repec.org/p/erp/euirsc/p0077.html

[64] Constraints for national budgeting imposed by the Maastricht Treaty are: 1) Prohibition of overdraft facilities and other credit facilities in favour of government authorities, 2) Prohibition of privileged access by government authorities to financial institutions, 3) Prohibition of bail-out; 4) Avoidance of excessive government deficits – meaning planned or actual government deficits, exceeding 3% of GDP at market prices and government debt exceeding 60% of GDP.

achieve progress. Many interviewees say that the OMC has not succeeded in fulfilling its initial expectations because of the lack of sanction and enforcement mechanisms. The OMC is generally perceived as a method that is 'too soft' to stimulate convergence either of Member States' policies or of budget coordination between the EU and the Member States.

An interviewee stated*:*

"The OMC should be revised as it was not strong enough to enforce or persuade towards the achievement of a common objective".

Available literature on the evaluation of the method and the assessment of its effectiveness is generally sceptical.

However, some interviews refer to the convergence effect obtained by the introduction of benchmarking practices, for example in the field of education. Governments are sensitive to 'naming and shaming' that can result from these benchmarks.

The Broad Economic Policy Guidelines (BEPG)

The BEPG are the central element in coordination of the Member States' economic policies. They represent multilateral surveillance of economic trends in the Member States, and their legal base is Article 99 of the Treaty establishing the European Community. The Recommendation on the BEPG establishes the framework for coordinating the policies of the Member States.

Compliance with guidelines 1 to 5 (Macroeconomic policies for growth and jobs) contributes towards:

- Securing economic stability for sustainable growth (compliance with Stability and Growth Pact);
- Strengthening sustainable economic and fiscal viability (debt reduction and improving the efficiency of Member States' pension, social protection and health care systems);
- Improving the effectiveness of public finances (aligning public expenditure to the Lisbon growth objectives);
- Ensuring that wage developments support economic growth and stability; and
- Coordinating macroeconomic, structural and employment policies.

Guideline 6 recommends that States in the euro area coordinate their economic and fiscal policies better in order to contribute to a dynamic and well-functioning euro area. In particular they should pay attention to fiscal sustainability in compliance with the Stability and Growth pact. The euro area should also increase its influence and competitiveness at the international level.

In accordance with the Lisbon Strategy, guidelines 7 to 11 highlight the importance of knowledge and innovation as factors for competitiveness, growth and sustainable development. Measures taken by Member States should:

- Increase investment in research and development, particularly by businesses (with a general aim of 3% of Europe's GDP, public-private partnerships, centres of excellence of educational institutions and transfer of technologies between public research institutes and businesses);
- Facilitate innovation in all its forms;
- Accelerate the dissemination and widespread use of information communication technologies (ICTs);
- Strengthen the European industrial base; and
- Use resources in a sustainable way.

Guidelines 12 to 16 make recommendations to:
- Extend and deepen the internal market;
- Ensure open and competitive markets;
- Improve European and national regulations;
- Encourage an entrepreneurial culture and create a supportive environment for SMEs; and
- Expand, connect and modernise European infrastructures.

According to most interviewees – at EU level and in the Member States - the BEPG have ***not*** fulfilled their objectives and have not proven to be effective. According to a French interviewee:

"…. the BEPG have proven to be not effective. They are not deemed to be strong enough to guarantee compliance or coordination. The BEPG … are not considered in the budgetary process."

Most interviewees in the Member States are in strong favour of a more stringent method of coordination for the future. They welcome the new proposal for more harmonisation in the EU 2020 perspective.

Enhancing and strengthening political and budgetary coordination was President Barroso's key message of to the European Council during the informal meeting of 11 February 2010[65]:

"Stronger economic policy co-ordination is more essential than ever (…). Working together in a coordinated manner and gearing EU level policies and expenditures towards these objectives is essential. In our interconnected economies, growth and employment will only return if all Member States move (…). Coordination works and Europe adds value (...). Economic policy co-ordination can deliver significant results if it is strengthened and rendered effective."

4.5. ANALYSIS OF THE LEVERAGE EFFECT OF EU CO-FINANCING REQUIREMENTS ON THE MOBILISATION OF NATIONAL PUBLIC RESOURCES

For a number of areas of EU expenditure, a model of co-financing of EU funds is applied. There is obviously a close connection between expenditures from the national and from the EU budget.

The intention of the principle of obligatory co-financing is:
- to generate better results from the limited EU funds by means of engaging additional national resources of the Member States; and
- to increase the sense of responsibility of Member States for EU-funded policies.

Interviewees state that the requirement to co-finance EU funds leads to reorientation of national expenditures and a de facto reorientation of policy priorities of the Member States. This is particularly the case in Member States where national funds are limited and the need for EU public investments is greater than in other Member States. It does not necessarily imply, however, that Member States continue to show synergy with EU policy and budget strategy in implementing their own, purely national, spending programmes in the same policy areas.

In the strict sense, the term 'leverage effect' could be defined in a technical way, meaning the propensity to induce investment by public spending. However, it is more relevant to choose a broader definition, as the European Social Fund and the European Regional Development Fund are the only EU funds within scope of this study that requires obligatory funding by Member States. The broad definition also takes account of any convergence effects of policies (policy coordination)

[65] European Commission, EUROPE 2020 A strategy for sustainable growth and jobs Contribution from the President of the European Commission to the informal meeting of Heads of State and Government of 11 February 2010, http://ec.europa.eu/commission_2010-2014/president/news/statements/pdf/20100210_en.pdf

and the governance aspect of policies. Different types of leverage effects in this context can be distinguished[66]:

- *Pooling of financial resources*, which could include both pooling of public (EU, national, regional, local, etc.) and private (from research institutes, companies, etc.) resources;

- *Strategic policy coordination*, which goes beyond financial leverage and relates to influence on policy design (introduction of general principles, such as multi-year planning approach, gender aspects, social inclusion, etc.) and on the shaping of policy fields (new features introduced in policies fostered by EU funds, policy fields being addressed that were not previously considered at the national and regional level, etc.);

- *Institutional capacity building* (e.g. widespread use of multi-year annual programming, evaluation and monitoring techniques, financial control, etc.) The enhancement of governance and administrative capacity is generally considered as a key means of increasing the effectiveness and benefit of EU funds. Co-financing requirements can lead to the increased use of these practices.

However, given the focus of the study – in this context the financial leverage of co-financing - the report does not go into further detail with regard to this point.

It is important to note that co-financing requirements differ by Member State, by fund and even by type of activity, a feature which leads to multiple leverage effects. Furthermore, recent research on budgetary coordination between the EU and the Member States revealed that it is difficult to identify the share of national budgets devoted to fulfil the co-financing requirements of EU funding, thereby preventing the isolation of the leverage effect[67]. The issue is further complicated by the differences in budgetary procedures between the EU and Member State level.

4.5.1. Social policy

Expenditure by the EU budget on social policy is mostly part of the broader framework of cohesion policy which includes the ERDF, ESF and the Cohesion Fund. The European Regional Development Fund (ERDF), Cohesion Fund and the European Social Fund (ESF) all require some level of co-financing from the Member States' budgets. For example, in the context of ESF, Member States have to cover a part of the costs of projects, which can vary between 15% and 50%.

Regional and cohesion policy became a particular priority for the EU, after the enlargement of the 1970s and 1980s. It was assumed that the importance of cohesion policy would increase again, after 12 'new' Member States – all of them with below EU-average levels of economic development - were granted accession to the European Union in 2004-2007. However, this has not entirely been the case. The interviews revealed some increasing reluctance across Member States to continue the current way of implementing EU cohesion policy, due to scepticism with regard to the results achieved and the fear of growing costs for the EU budget in some Member States – most of them, net contributors. As an interviewee stated:

"The logic in Member States is still very much oriented towards contribution and revenues from the EU budget, instead of towards synergies. Furthermore, I wonder whether there is any relevance in the

[66] The Leverage Effects of European Cohesion Policy under the Structural Funds, Committee of the Regions, January 2007

[67] European Parliament' services, Directorate General Internal Policies of the Union, Policy Department on Budgetary Affairs, Elements for a comparison between EU and national budgets' breakdown from 2002 to 2005, 17/03/2009; Collignon

"additional" expenditure allocated to ESF, ERDF, etc. If there was no European money, would the project have been financed anyway? I am not sure. Against this we try to limit the crowding-out effect that can be generated by pouring EU money into regions. If the market is already doing something well and European money comes in and alters this picture, is it really worth it? This is the case for transport but also with energy. This should be avoided. I am therefore rather sceptical on additionality and leverage effect, at least concerning Structural funds."

On the other hand, cohesion policy is often reduced exclusively to thinking along the lines of bridging the gap in the levels of development. However, cohesion policy also contributes to other effects, including benefits for the neighbouring countries or even the entire EU (construction of Trans-European transport corridors, etc.), and equipping poorer regions with infrastructure with an impact on the quality of life and only indirectly on economic growth. It also serves to build an appropriate regulatory and institutional environment in regions lagging behind in development.

In 2009, the Commission proposed to scrap temporarily the requirement that national governments provide a proportion of the finance for EU-backed regional aid projects. Driven by the context of economic crisis, the Commission referred to the fact that some new Member States were encountering difficulties in making use of regional funding, both because of administrative obligations and the co-financing requirements that these Member States have to meet. However, the Commission's idea to temporarily suspend co-financing requirements faced strong resistance from net EU budget contributors, like Germany, Denmark and the Netherlands. Finally, the Council and the European Parliament decided to maintain co-financing requirements but not to de-commit unspent 2007 appropriations, as should have normally been the case at the end of 2009.

The Commission's proposal demonstrates clearly that the co-financing requirements of EU cohesion policy weigh significantly on the national budgets of a number of Member States, particularly in times of crisis. In objective 1 ('convergence') regions – namely the less developed regions – Community interventions trigger a significant part of national public expenditure through the obligation to provide co-financing. According to the Slovenian interviewee, the leverage effects of EU spending on both private investment and national public spending in Slovenia are significant. For the regions outside Objective 1, cohesion policy is much smaller in scale and proportion. The ESF programmes in these regions are much more concentrated on a limited number of themes, and the effects of co-financing requirements are much less visible or clear. In these Member States, leverage effects of cohesion policy funds – in terms of financial multiplication effects - are rarely systematically observed and examined, nor are they explicitly attributed to Structural Funds.

4.5.2. Research & Development

The EU research programme (FP7) is based on co-financing by project participants. The Commission contributes a certain percentage to the overall costs of research projects. A key difference with the Structural Funds is that FP7 co-financing requirements do not apply to the Member States but to individual project participants, whether public or private. There is thus no direct formal relationship between EU and national government spending.

During the negotiations on the current financial perspective, a discussion took place concerning the principles that should guide the spending of EU research funds. Some Member States put strong emphasis on the criterion of "excellence" as this would offer the best results. The excellence principle would guarantee a higher return from the EU budget invested in research and development activities. However, in new Member States, there is a certain feeling that the emphasis on 'excellence' merely disguises the '*juste retour*' argument, as prestigious research institutions or networks with a proven record of 'excellence' are still primarily situated in the older Member States, while the universities and research institutes in the new Member States are still less known in the European research community. As a result, new Member States like Slovenia depend more on Structural Funds to finance their R&D activities.

As mentioned before, co-financing requirements lead to more convergence and coordination between policies and expenditure. The fact that Member States do ***not*** have to comply with co-financing requirements in FP7 could reduce synergy and convergence between research policies - and their implementation – at EU and Member State level. Funding schemes for R&D activities in the Member States are often not aligned with the FP7 way of funding. In Belgium (Flanders), for example, the funding scheme is based on a bottom-up approach, which means that researchers can submit requests for public funding without any constraints with regard to the research area - while FP7 funding is mainly shaped top-down, meaning that the Commission grants funding based on number of predefined research priorities. Another example is France, where the bulk of R&D expenditure is still allocated without competition between researchers.

Member States that have not aligned their national financing schemes to the EU method – such as France and Belgium – have the feeling that they are not exploiting fully the potential of FP7. France is fourth in terms of number of applications, but it receives only half of the R&D funding of what Germany is granted[68]. The French "success rate" is however higher than the EU average (28% of applications approved vs. 22% average) but the average size of the project is smaller than the EU average. It shows that, despite the growing share of EU funds in certain French-led R&D areas, French researchers are not fully at ease with this way of financing and continue to rely more on national funds, even at a time when these are shrinking and EU funds are growing.

However, Member States are increasingly realising that national and EU funding schemes should be aligned, to improve coordination. With regard to this point, we refer to The Lund Declaration, drafted under the Swedish EU presidency in July 2009, stated[69]:

"European research must focus on the Grand Challenges of our time moving beyond current rigid thematic approaches. This calls for a new deal among European institutions and Member States, in which European and national instruments are well aligned and cooperation builds on transparency and trust."

Evidence exists of enhanced alignment between the national and EU budgets, partly due to a significant increase in the financial resources of FP7 and the growing share of EU expenditure in total R&D expenditure. As a response, a growing number of Member States are aligning their national funding schemes with the FP7 funding approach. The Netherlands and United Kingdom, both net contributors to the EU budget, are putting more efforts into encouraging their businesses and research universities to apply for EU funding, rather than relying on domestic financial resources. Their research policy is strongly oriented towards assisting private and public actors to access EU funding, rather than expanding their own government support system for R&D actors. Other Member States are also increasingly promoting FP7 as a key funding instrument for private and public R&D. As a Member State official stated:

"Now that the FP7 financial envelope has been substantially increased and that the Member States are reducing or at least not increasing the amount of budget they devote to R&D, the EU programme is much more taken into consideration. All Member States are increasingly trying to orient EU R&D planning and priorities towards the sectors where they are stronger. For instance, for France, this is the case in life sciences, space research and nuclear physics."

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[68] Interview with a French government official

[69] The Lund Declaration, Europe most focus on the grand challenges of our time, July 2009, http://www.se2009.eu/polopoly_fs/1.8460!menu/standard/file/lund_declaration_final_version_9_july.pdf

However, despite the growing alignment between R&D funding policy at both levels, some interviewees doubt if this shift in approach will result in a stronger leverage effect, as Member States may come to rely more on EU R&D funds and invest less in R&D at Member State level, resulting in substitution instead of additionality.

"The coordination of objectives is not really existent, but when EU funds become necessary because of pressure on the national budget, then the law of interconnected vessels applies and the Member States will try to get the European money in the first place".

One of the basic weaknesses in this area is the relatively low level of private R&D expenditure. The expenditure objectives for R&D set for the EU by the Lisbon Agenda and EU 2020 (at least 3% of GDP) remain unachieved in most Member States for both public and private sector. One of the key factors constraining R&D is the insufficient availability of financing on acceptable terms for investments involving complex products and technologies, unproven markets and intangible assets. To overcome these difficulties and achieve a stronger leverage effect, the Commission and the European Investment Bank have joined forces to set up the Risk Sharing Finance Facility, an instrument to improve access to debt financing for private companies and public institutions promoting R&D activities. Through this facility, extra lending by the EIB could amount to three or four times of the allocated EU funds. This could lead to a significantly higher leverage of public investment in R&D.

When analysing EU Member States like Sweden and Finland who have met the objective of 3% of GDP, high levels of government support for innovation in these countries, as well as the clear political willingness to place innovation at the heart of policies, are often mentioned. The efforts by the governments underline the strong leverage effect of public expenditure in the field of R&D. Furthermore, the way public support systems are organised is considered to play an important role in the success stories of Sweden and Finland. Both countries have chosen a sectoral orientation for their innovation policy, and research policy advisors and the scientific world cooperate closely with businesses.

From interviews in the Member States, evidence emerges of a stronger leverage effect of EU co-financing on businesses than on research institutes or universities. If the EU would stop funding R&D activities in the Member States under FP7, interviewees state that it would be primarily companies that would decide to cut their R&D expenditure, as the risks of failure for this group of actors are perceived as higher than for (publicly-funded) universities or research institutes.

4.5.3. Education

It is difficult to make a solid assessment of the leverage effect of EU funds, and their co-financing requirements (if any), in the field of education. The European Commission manages a wide range of funds which target different target audiences, with their own financing regulations. Unlike Structural Funds, Member States are not obliged to provide co-financing for the EU funds under the Lifelong Learning Programme. Additional funding is totally dependent on the willingness of the governments [70]. Therefore, according to our interviewees, the leverage effect on the mobilisation of national resources is minimal. Furthermore, the relative share of EU funding in total education spending is very limited.

[70] In Belgium, the Flemish government provides additional funding in the context of the Erasmus programme, as mobility of students and the adjustment to the internationalisation of education are priorities of the current educational policy in the region. No other evidence of additional funding practices has been found in the other Member States included in the study.

In terms of the leverage effect of EU funds on policy coordination, the mobility of students and teachers is gaining importance in all selected Member States. All four Member States are orienting their education systems towards the Europeanisation of education.

4.5.4. Development Aid

In the area of development aid, Member States give part of their national development aid to the EU level, which is further managed by the European Commission, however, there is no co-financing model involving the national budgets of the Member States. The possible level of budgetary coordination among Member States in the field of development aid is considerable, as all EU Member States have committed to achieve the 0.7% (of GDP) expenditure target, set by the UN. However, the effectiveness of budgetary coordination is hindered by the fact that there are no sanction mechanisms in place for "underachievers". All Member States have aligned their policies to the objectives of the European Consensus on Development, as well as to the Millennium Development Goals. Overall, there seems to be general support among decision-makers in the Member States for a more active role of the EU in coordinating development policies.

4.5.5. Foreign and Security Policy

The Common Foreign and Security Policy of the EU does not rely on a compulsory co-financing model. There is limited evidence of budgetary coordination between the EU and national budgets. Foreign and security policy is still highly regarded as a policy area with a strong national dimension, despite the growing alignment of policy priorities at EU level.

However, it has long been acknowledged by academic studies that the financing of public goods with an inherently international dimension, such as defence, external and internal security and protection of frontiers would be much more effective if it were managed at EU level than by the Member States separately. Furthermore, as a French interviewee states:

"With the CFSP we have seen how Member States are collaborating to give more money to this pillar and get more engaged in Afghanistan and Iraq. This is not yet an EU wide engagement, but it shows that the Member States are sometimes willing to expand the budget of the EU, or is it because Afghanistan and Iraq are extremely unpopular subjects at home?[71]*"*

[71] An interesting coordination example within this area is ATHENA, a mechanism established by the Council whose objective is to finance the common costs of military operations based on contributions by Member States. As opposed to civilian operations, military and defensive operations cannot be financed from the EU budget. Common costs are narrowly defined in the ATHENA mechanism. The majority of costs of military operations (about 90 percent) are covered according to the 'costs lie where they fall' principle by the Member States which engage in the missions themselves. As a consequence of the principle, the burden primarily falls on the Member States who are most engaged in the conduct of operations. This may constitute a disincentive to engage in peace missions carried out as part of the ESDP by the EU as a whole.

4.6. CONCLUSIONS ON AVAILABLE COORDINATION MECHANISMS BETWEEN EU AND NATIONAL BUDGETS

Apart from the formal co-financing requirement attached to Structural Funds spending, coordination of Member State budgets with the EU budget tends to take place in an indirect or implicit way. The EU and national budgets are mutually affected by EU hard law, and by multiple formal and informal policy coordination mechanisms.

The Open Method of Coordination and BEPG are regarded as instruments that are "too soft" to have a real coordination and convergence effect, as they lack sanction mechanisms.

Moreover, the differences between the budgetary procedures in the Member States and those at EU level are generally regarded as contributing to the current lack of coordination.

Co-financing of EU funds leads to reorientation of national expenditures and a greater or lesser reorientation of policy priorities of the Member States. This is particularly the case in Member States where EU funding represents a relatively high share of total spending in the specific areas.

Despite the fact that Member States are not obliged to provide additional financing to FP7 spending, there is evidence of increasing alignment between the national budgets and the EU budget, since the financial resources of FP7 have increased substantially, making it relatively more important as a part of total funding for research. A growing number of Member States are aligning their own R&D government support system to the EU funding scheme's approach.

The education area is one where EU spending represents a very small part of total expenditure and is too insignificant to warrant formal coordination. Some interviews refer to the convergence effect obtained by the introduction of benchmarking practices in the field of education. Governments are sensitive to 'naming and shaming' that can result from these benchmarks.

In the area of development aid, Member States give part of their national development aid to the EU level, which is further managed by the European Commission, however, there is no co-financing model involving the national budgets of the Member States. All EU Member States have committed to achieve the 0.7% (of GDP) expenditure target, set by the UN. All Member States have aligned their policies to the objectives of the European Consensus on development, as well as to the Millennium Development Goals. Overall, there seems to be large support among decision-makers in the Member States for a more active role of the EU in coordination policies in the field of development.

In the field of foreign and security policy, there is limited evidence of budgetary coordination between the EU budget and the national budgets. Foreign and security policy is still highly regarded as a policy area with a strong national dimension, despite the growing alignment of policy priorities at EU level.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. CONCLUSIONS

This study focused on the budgetary interventions at EU and national levels in five policy areas – education, research, social policy, development aid and foreign/security policy - and on the mechanisms and processes aiming at ensuring budget coordination between the national budgets and the EU budget. The research team conducted an analysis of the guiding budgetary and policy objectives at European and national levels for these five areas, as well as the extent to which they are compatible, complementary or similar, based on research in four Member States - Belgium, France, Slovenia and Portugal. Based on literature review and a series of face-to-face interviews with officials at EU and Member State level, current mechanisms and procedures aiming at coordinating EU and national expenditure were analysed and evaluated, as were the reasons for a lack of synergy between the European and national levels.

The analysis of public expenditure data demonstrated that the size of the EU budget – which accounts for approximately 2% of total public expenditure in the EU - is particularly modest, relative to national expenditure, in areas such as social policy, education, and foreign/security policy. It is higher in areas such as development aid and R&D.

The budgetary analysis demonstrated that both the EU budget and Member States' budgets are only partly oriented towards the objectives and spending targets put forward in the Lisbon strategy. Whereas Lisbon sets a target for research spending of 3% of GDP for all Member States and emphasises the importance of lifelong learning and skills enhancement of employees, the analysis of the EU and national budgets reveal discrepancies between such commitments and the financial resources deployed. A modest part of the EU budget is spent on activities that contribute to the realisation of the Lisbon strategy, while national budgets seldom refer to achieving the objectives of the strategy.

In general, the priorities of the four Member States in the five policy areas are congruent with those of the EU. This is most clearly the case in the areas of development aid and foreign/security policy. In the case of education and social policy, lifelong learning and enhancing the flexibility and employability of workers are gaining importance, in line with the EU policies, in all four Member States. Furthermore, with regard to R&D, Member States are increasingly aligning their R&D strategy and national funding methods with the objectives and functioning of the EU research programme. The analysis also reveals that alignment of policy priorities is strong in policy areas – such as cohesion policy where eligibility for EU funding is subject to co-financing requirements. This is particularly the case in Member States where the relative share of EU expenditure is higher and where the need for public investment is greater than in other Member States.

Interviewees recognise that given the current economic and financial crises and scarce financial resources, there is a strong need for better coordination between European and national policy objectives. Such coordination could lead to greater synergy between the European and national level expenditure, respecting and strengthening subsidiarity, additionality, European value added and the advantages of economies of scale.

While few examples of formal budgetary coordination mechanisms could be identified, this does not mean that there is no coordination at all. National governments cannot ignore EU public spending policy. National budgetary choices increasingly take into account the EU budget to complement, reinforce or correct its effects. The EU and the Member States are coordinating their policies through a wide range of often implicit coordination mechanisms: networks and meetings, benchmarking practices and peer reviews, the broad economic policy guidelines and the Open

Method of Coordination, etc. Moreover, the EU budget and national budgets are also mutually affected by EU hard law.

Although interviewees recognised the relevance of coordination mechanisms for creating budget synergies, they acknowledge that they are rarely put into practice. The BEPG, and the Open Method of Coordination more generally, are regarded as instruments with limited coordination and convergence effects, as they lack sanction mechanisms.

Discrepancies and disconnections between the budgetary procedures in the Member States and those at EU level are put forward as a reason for the current lack of budget synergy. Basic issues such as length and timing of budget cycles and the absence of an agreed Europe-wide standard budget structure, complicate the search for synergy.

Co-financing requirements, related to some types of EU funding lead to some extent to reorientation of national expenditures and a de facto reorientation of policy priorities of the Member States. This is particularly the case in Member States who depend more on EU budgetary transfers than others. In the area of social policy, co-financing requirements of the ESF and ERDF are considered to result in an increased alignment of policy priorities between both levels and affect national budgets. However, this positive leverage effect is limited and less visible in Member States who receive relatively little money, like France and Belgium.

Concerning R&D, there is evidence of increasing alignment between the national budgets and the EU budgets, since the financial resources of FP7 increased substantially, making it relatively more important as a part of total funding for research.

In case of education, Member States are not obliged to provide additional funding to EU funds. The leverage effect of EU funding is mainly limited to enhanced policy coordination, for example by benchmarking practices. To safeguard and increase the employability of the labour force, lifelong learning programmes and vocational training are gaining importance in all Member States.

In the area of development aid, Member States give part of their national development aid to the EU level, which is further managed by the European Commission, however, there is no co-financing model involving the national budgets of the Member States. All EU Member States have committed to achieve the 0.7% (of GDP) expenditure target, set by the UN. All Member States have aligned their policies to the objectives of the European Consensus on development, as well as to the Millennium Development Goals.

In the field of foreign and security policy, there is limited evidence of budgetary coordination between the EU budget and the national budgets. Foreign and security policy is still highly regarded as a policy area with a strong national dimension, despite the growing alignment of policy priorities at EU level. It is assumed that national budgets are more impacted by decision-making within the context of NATO.

5.2. RECOMMENDATIONS

The following recommendations could enhance budgetary coordination between the EU budget and national budgets:

First, the transparency and visibility of budgetary coordination between both levels could be enhanced by *aligning the categories of expenditure at national and EU budget level*. An aggregate analysis of European public finance –requiring high quality and comparable data on the functional breakdown of government expenditure - is currently lacking. Comparing public expenditure data of the Member States is possible through using a functional breakdown of government expenditure, based on the COFOG methodology (Classification of Functions of Government). As it does for the national budgets, Eurostat could also align the current categories of expenditure of the EU budget with the COFOG categories - without changing the EU budget structure - , in order to be able to compare national and EU public expenditure simultaneously within one analytical framework.

Second, Member State authorities could agree to include an overview of their financial commitments and efforts to the realisation of the EU objectives and strategies in their national budgets. This would provide an opportunity for governments and parliaments to relate national objectives to agreed commitments at EU level. It would also establish a framework within which EU and national expenditure could be set, and would provide an insight into the financial leverage effects of EU funding instruments.

Third, the national parliaments and the European Parliament should work together to enhance budgetary coordination between both levels. In addition to the existing forum at Council level, discussions between EU and national parliaments – which both have budgetary powers – could be an effective means to find ways forward with regard to enhanced budgetary coordination and to stimulate national authorities to consider EU expenditure at the level of national budgets with more attention. Such discussions could also focus on the weaknesses that were identified in this report and on the coordination that is needed for specific categories of expenditure.

ANNEX 1: METHODOLOGY

In order to be able to formulate sound conclusions with regard to the level of existing coordination and congruence between the EU and national budgets, the following were carried out:

- An in-depth analysis of public expenditure data available at EU and Member State level;
- A series of face-to-face interviews with officials at EU and Member State level.

1.1. ANALYSIS OF AVAILABLE PUBLIC EXPENDITURE FIGURES

1.1.1. Public expenditure data at Member State level

In analysing public expenditure in the Member States, the research team initially favoured a functional breakdown of government expenditure based on COFOG (Classification of Functions of Government). COFOG is regarded as a unique classification that enables the national budgets of all EU-27 states to be presented consistently and to bridge the existing differences in the national budgetary frameworks.

This annex provides an overview of the correspondence of the selected categories of expenditure to the applicable COFOG categories[72].

The functional breakdown of public expenditure based on COFOG is highly relevant for two of the selected categories of expenditure - 'social policy'[73] and 'education'[74]. For the other categories, however, an analysis based on COFOG is less suitable because:

- 'Research and Development' is not a COFOG level I category, i.e. R&D expenditure is not collected under a single umbrella and needs to be allocated separately to all level I categories based on the purpose of specific expenditure. For example, R&D into environmental protection falls under the COFOG heading 'environmental protection'. Consequently, we have relied on data on R&D expenditure from the Member States which are based on a different classification system called *Government budget appropriations or outlays on R&D* (GBAORD)[75].

[72] As mentioned, the selected categories of expenditure are not directly the ones from Cofog, due to the fact that they are based on the heading structure of the General Budget of the European Union.

[73] Data extract from the Eurostat database. The social protection expenditure data are not based on ESSPROS (European System of integrated Social Protection Statistics) domain, which are generally used by Eurostat. ESSPROS is an instrument of statistical observation which enables international comparison of the administrative national data on social protection in the EU Member States. ESSPROSS classification of the social protection function was adopted with the exception of the health care function (which is treated separately) by the UN Classification of the Functions of the Government (COFOG). The distinction is important as the COFOG category 'Social protection' does not include public expenditure on health. The research team has not opted to apply ESSPROS-based expenditure data, as health is out of scope of this study.

[74] Data extracted from the Eurostat database and the Unesco Institute of Statistics Database. Data collection covering formal education is administered jointly by the UNESCO Institute, the OECD and Eurostat. It is referred to as the "UOE" data collection. There are strong links between COFOG classification and the UOE data collection, as data are both complied according universally applied ISCED classification (developed by ISCED). There are also some inconsistencies at current stage, but they would only slightly influence the result of the analysis. More information on: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-022/EN/KS-RA-07-022-EN.PDF.

[75] GBAORD are a way of measuring government support to R&D activities; they include all appropriations allocated to R&D in central (or federal) government budgets. It is important to note that GBAORD represent budgetary forecasts and not actual expenditure (cfr. Cofog). Nevertheless, the research team favors the use of R&D expenditure data based on GBOARD instead of the more complex analysis that is required in case of using COFOG classification

- 'External relations', which for the EU is part of CFSP is a COFOG level III subcategory under category I 'General public services'. Member States seldom report level III COFOG data. Therefore, the research team made use of other information sources.

- The same is true for Development and Humanitarian Aid (also level III), for which Eurostat data have been used, as well as data from the OECD-DAC (Development Assistance Committee) database.

1.1.2. Public expenditure data at EU level

In analysing EU expenditure, the COFOG classification can be more difficult to apply, where specific budgetary categories such as Financial Frameworks are used. In order to be able to compare national with EU public expenditure through one analytical framework, the headings of the EU annual budget were broken down into smaller categories of expenditure to be reconciled with COFOG categories I and II.

The European Commission applies *activity based budgeting (ABB)*, meaning that the budget appropriations and resources are also categorised by activity/purpose (policy area). In theory, this could allow us to consider what policies are pursued, and within them, what activities make up the policies, how much money is spent on each of them, and even how many people work on them. Every financial year, the European Commission launches reports on the annual adopted budget and the annual budget implementation (budget appropriations authorised and implemented by policy area and budget line)[76].

The alignment of the breakdown of the EU budget by the selected categories of expenditure is relatively straightforward for two of the categories in scope: common foreign and security policy (defense), and humanitarian and development aid.

However, for the other three categories of expenditure that are in scope (research, social policy and education) EU public expenditure had to be further broken down, based on the budget chapters as well as detailed information from the DGs on the exact purposes of different activities/intervention at EU level.

Challenges with regards to allocation of the EU public expenditure to the selected categories of expenditure are particularly related to:

- Assigning expenditure to the different policy areas of Regional Policy (which covers the European Regional Development Fund and the Cohesion Fund), is rather complicated, as the ERDF invests in a wide range of activities: economic development, R&D, education, social protection, etc. However, the EU annual budgets do not contain detailed information about the purpose of the activities that are financed by the ERDF. Consequently, the European Parliament's services requested data from DG REGIO in order to identify the exact and final destination of the funds that have been granted. Based on these data, EU expenditure within the structural policies has been allocated to one of the selected categories of expenditure (education, R&D, social protection).

[76] Commitments are legal pledges to provide finance, provided that certain conditions are fulfilled; payments are cash or bank transfers to the beneficiaries. Appropriations for commitments and payments often differ because multi annual programmes and projects are usually committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses.

- The policy area 'Employment and Social Affairs' (including the European Social Fund) does not only relate to the 'social protection' category of expenditure, as ESF funding is also granted for 'economic affairs' and 'education' purposes.

- EU expenditure on 'education and culture' is a single policy area. However, as the scope of this study is limited to 'education' and does not include 'culture', the research team carefully scanned the EU annual budgets in order to identify the destination of expenditure in this policy area.

The table below gives an overview of the correspondence of the selected categories of expenditure at EU level with their relevant COFOG categories.

Table 29: Correspondence of the selected categories of expenditure at EU level with other relevant COFOG categories

	COFOG CATEGORIES							
EU policy area	General public services	Defence	Social protection	Economic affairs	Environment protection	Health	Culture	Education
Research	X			X	X	X		
Direct research	X							
External relation (incl. Foreign and security policy)	X							
Humanitarian Aid	X							
Development and relations with ACP	X							
Economic and social affairs			X	X				X
Education and culture							X	X

1.2. OVERVIEW OF DATA SELECTION AND DATA AVAILABILITY

To summarise the methodological considerations in the section above, the table below gives an overview of the data sources and budget lines selected for the analysis.

Table 30: Selection of budget lines and information sources with regards to public expenditure in the selected policy areas[77]

	R&D	HUMANITARIAN AND DEVELOPMENT AID	EDUCATION AND TRAINING	SOCIAL POLICY	FOREIGN AND SECURITY POLICY[78]
	Where to find data?				
EU	EU annual budget headings: • Chapter 4 02 (European Social Fund) • Chapter 06 06 — Research related to energy and transport • Title 08 — Research • Title 13 — Regional policy • Chapter 09 05 — Capacities — Research infrastructures • Title 10 — Direct research	Annual budget headings: • Chapter 19 09 — Relations with Latin America • Chapter 19 10 — Relations with Asia, Central Asia and Middle East (Iraq, Iran, Yemen) • Title 21 — Development and relations with ACP States • Title 23 — Humanitarian aid •	Annual budget headings: • Title 15 — Education and Culture • Chapter 04 02 — European Social Fund • Chapter 04 06 — Instrument for Pre-Accession Assistance (IPA)-Human resources development • Title 13 — Regional policy	Annual budget headings: • Title 04 — Employment and Social Affair • Title 13 — Regional policy •	Annual budget headings: • Title 19 — External relations
Member States	Government budget appropriations or outlays on R&D (GBAORD)[79].	Data on Official Development Assistance produced by the OECD-DAC and available at	Public administration spending in support of Teaching following	Public administration spending in support of 'Social Protection'	Public administration spending in support of Foreign and Security

[77] With regards to the selected expenditure categories 'R&D', 'Human and Development Aid' as well as 'Education and Training', a similar approach has been used for a study conducted by Le Centre d'Analyse Stratégique' with the aim to compare EU Community expenditure and Member States expenditure. See: "The European Union Budget: Some central issues at Stake in the 2008-2009 Revision" (www.strategie.gouv.fr/IMG/pdf/FwkdocumentLisbonne4.final-2.pdf)

[78] It should be noted that Foreign and Security Policy is not part of COFOG level 1. Therefore, it is not advisable to rely on COFOG classification in order to retrieve data with regards to public expenditure by Member States in Foreign and Security policy.

	Note: GBAORD represents budgetary forecasts and not actual spending [80].	Eurostat (only applicable for EU DAC countries).	Classification of Functions of Government (COFOG)[81].	following Classification of Functions of Government (COFOG).	policy following Classification of Functions of Government (COFOG).

[79] An alternative way to retrieve data on R&D expenditure by the Member States is to sum all R&D public expenditure under the different categories that are reported through the COFOG classification. However, it should be noted that R&D is not part of COFOG level 1. Therefore, it is more complicated to rely on COFOG classification in order to retrieve data with regards to public expenditure by Member States in R&D.

[80] Government budget appropriations or outlays for research and development, abbreviated as GBAORD, are a way of measuring government support to R & D activities; they include all appropriations allocated to R & D in central (or federal) government budgets and are available for all EU member states.

[81] According to the European Commission, all Member States should prepare and publish data by function at level II, as 2nd level data on expenditure by function are crucial in analysing the effectiveness and efficiency of general government spending. COFOG level 1 only allows for a very aggregate analysis Due to the high limitations in data preparation faced by all Member States, internationally comparable COFOG 2nd level data are not available as yet.

1.3. FACE-TO-FACE INTERVIEWS

To complete the data analysis of public expenditure at EU and Member State level, a series of face-to-face interviews were conducted.

At EU level, the research team conducted interviews with European Commission officials (DGs ECFIN and BUDGET) and representatives of the Council of the EU. The interviews aimed to verify the research team's data analysis of EU public expenditure. Moreover, interviewees at EU level provided more insight into the existing spending patterns at EU level and their level of congruence with public spending in the Member States.

Secondly, we conducted interviews with multiple stakeholders in the four selected Member States. The interview phase in the Member States included officials of some or all of the following: the different national parliaments, the courts of audit, the national planning and statistical offices, and government officials – within the Ministries of Finance or Budget, and in the selected policy areas (R&D, social policy, education, development and humanitarian aid, foreign and security policy). The interviews aimed to provide a clear insight into the budgetary procedures and practices that are in place in these Member States and to assess the level of congruence between the policy and budget priorities at EU level, and the respective Member States. Additionally, they focused on the role and interactions with EU institutions and legislation when drafting national budgets.

Annex 1 (1.6) contains a list of interviewees for all selected Member States and at EU level. The table below provides an overview of the policy area and geographical coverage of the interview phase.

Table 31: Geographical and sector coverage of interview sample

	SLOVENIA	FRANCE	BELGIUM	PORTUGAL
Education	X		X	X
Research and development	X	X	X	
Social policy		X	X	X
Development and assistance aid	X	X	X	X
Security policy	X		X	
Ministry of Budget or Finance	X	X	X	X
Parliamentary Committee	X	X	X	X
Court of Audits	X			
Statistical Offices	X		X	

1.4. ANALYSIS OF THE EU BUDGET AND ITS LEVEL OF IMPLEMENTATION

The following relevant methodological notes related to the analysis of the EU budget – see expenditure figures above p.11-33 – should be made by category of expenditure:

Education

Budget lines that were taking into consideration for the analysis of 'education and training' expenditure include:

- The EU lifelong learning programme (under chapter 15: Education and Culture);
- Erasmus Mundi Programme (under chapter 15 Education and Culture);
- The administration that is managing the lifelong learning programme and Erasmus Mundi (under chapter 15 Education and Culture)[82];
- Funding from the European Social Fund that was allocated for purposes of education and training[83];
- The administration that manages the European Social Fund, indirectly allocated to Education and Training based on a allocation key[84];
- The instrument for pre-accession assistance, that provides funding for the development of human resources;
- Funding from the European Regional Development Fund (ERDF) that was allocated for purposes of education and training[85].
- The administration that manages the ERDF, indirectly allocated to Education and Training based on a allocation key[86];

As Chapter 15 Education and Culture does not distinguish education and culture expenditure, the unspecified administrative costs (overhead) has been allocated indirectly to 'education', based on a predefined distributional key that was developed by the research team.

Key to allocate administrative overhead costs to respectively education and culture:

- Step 1 - Allocation of administrative costs (chapter 15) that can be directly allocated to the areas of education and culture

EDUCATION	CULTURE
Erasmus Mundus — Expenditure on administrative management	Culture Programme (2007 to 2013) — Expenditure on administrative management

[82] A part of the administration costs could be directly allocated to 'education' (budget lines 15 01 04 14 / 15 01 04 17 / 15 01 04 22); a part of the administration costs had to be allocated indirectly to 'education' and 'culture', based on distributional key (or the sum of budget line 15 01 minus the sum of the budget lines that could be allocated directly to education or culture).

[83] The European Parliament's services requested data from DG REGIO with regards to the destination of the ESF and ERDF funding during the period 2004-2010 (certified expenditure). Based on these data, calculations were made to assess the share of funding that was allocated to educational purposes.

[84] The administration costs of managing the ESF serving educational purposes was estimated based on the share of funding that was allocated to educational purposes. See above.

[85] Ibid.

[86] The administration costs of managing the ESF serving educational purposes was estimated based on the share of funding that was allocated to educational purposes. See above.

Cooperation with non-member countries on education and vocational training — Expenditure on administrative management	Youth in Action — Expenditure on administrative management
Lifelong learning — Expenditure on administrative management	Europe for Citizens — Expenditure on administrative management

- Step 2 – The rest are administrative costs (overhead) that cannot be directly allocated and for which a distributional key is required. Based on the key, the share of respectively 'education' and 'culture' in total expenditure under Chapter 15 Education and Culture was being assessed.

CATEGORY	AMOUNT OF EXPENDITURE (2010-PAYMENTS)	% OF TOTAL EXPENDITURE ON 'EDUCATION AND CULTURE' - CHAPTER 15
Expenditure directly allocated to education (incl. administrative)	€ 1.124.980.000,00	78.0%
Expenditure directly allocated to culture (incl. administrative)	€ 210.784.000,00	14.6%
Unspecified administrative overhead costs	€ 106.613.342,00	7.4%

- Step 4 – Indirect allocation of the administrative overhead costs based on their respective share in total amount of expenditure under title 15 (Education: 78% - Culture:14.6%)

Unallocated administrative overhead costs	€ 106.613.342,00	
	Education (78%)	€ 83.158.406,76
	Culture (14,6%)	€ 15.565.547,93

- Step 5 – The same distributional key was applied for the period 2007-2009[87].

Similarly, the distributional key was defined to allocate unspecified administration costs for the management of the ESF and the ERDF to the policy area of education and training.

Research & Development

Concerning the analysis of the R&D expenditure at EY level, the following budget lines of the General budget of the EU were taking into consideration:

- Chapter 04 02 European Social Fund (and its administration): a minor percentage of ESF funding is allocated to R&D purposes[88];
- Chapter 06 06 Research related to energy and transport;
- Title 08 Research, which covers the FP7 programme activities and FP7 Euratom;

[87] Hence, the allocation of non-specified administrative overhead costs is based on estimations.

[88] Based on the distributional key that has also been applied for education and training, the weight of R&D ESF funding is estimated 0.6%.

- Title 13 Regional policy: it is estimated that about 6% of the ERDF fund is allocated to R&D purposes;
- Chapter 10 Direct Research: covering the own research activities of the European Commission (JRCs);
- Chapter 11 05 Fisheries research.

Social policy

The analysis of social policy expenditure at EU level included the following budget lines of the General Budget of the EU:

- Title 04 Employment and Social Affairs, including:
    - European Social Fund and its administration[89]. The General budget does not detail the destination of the ESF-funded activities. Therefore, the European Parliament's services provided us information from DG REGIO[90]. ESF funding is allocated to four different destinations in the field of social policy: labour market policy (about 26% of total ESF funding), social inclusion (14,3%), workforce flexibility, innovation and entrepreneurial activity (17,8%) and positive labour market actions for women (about 5%);
    - European Globalisation Adjustment Fund;
    - Instrument for Pre-accession Assistance, which also entails employment measures.

- Title 13 – Regional policy, covering the European Regional Development Fund: about 2% of ERDF funding is estimated to contribute to social policy objectives.

Humanitarian and development aid

Concerning the analysis of social policy expenditure at EU level, following budget lines of the General Budget of the EU were taken into consideration:

- Title 04 Employment and Social Affairs, including:
    - European Social Fund and its administration[91]. The General budget does not detail the destination of the ESF-funded activities. Therefore, the European Parliament's services provided us with information from the Structural Funds database[92]. ESF funding is allocated to four different destinations in the field of social policy: labour market policy (about 26% of total ESF funding), social inclusion (14,3%), workforce flexibility, innovation and entrepreneurial activity (17,8%) and positive labour market actions for women (about 5%);
    - European Globalisation Adjustment Fund;
    - Instrument for Pre-accession Assistance, which also entails employment measures.

- Title 13 – Regional policy, covering the European Regional Development Fund: only 2% of ERDF funding is estimated to contribute to social policy objectives.

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[89] Expenditure under the European Social Fund has also partly been allocated to other policy areas (education, R&D, etc.), not solely to social policy.

[90] As mentioned, the share of social policy activities in total ESF funding is based on estimations, more precisely on the average of the different shares of social policy activities in total ESF funding for the period 2004-2009.

[91] Expenditure under the European Social Fund has also partly been allocated to other policy areas (education, R&D, etc.), not solely to social policy.

[92] As mentioned, the share of social policy activities in total ESF funding is based on estimations, more precisely on the average of the different shares of social policy activities in total ESF funding for the period 2004-2009.

Common and Foreign Security Policy (CFSP)

For the analysis of the EU expenditure in this domain, a broad definition of CFSP has been applied, also including external relations expenditure that is not related to trade, humanitarian aid or development policy. Following budget lines are taken into consideration:

- Title 19 – External relations: minus the EU expenditure that was allocated under Title 19 to development policy objectives (under Chapter 19 09 Relations with Latin America, as well as Chapter 19 10 Relations with Asia, Central Asia and Middle East). Expenditure for the reconstruction of Afghanistan has not been considered as an expenditure corresponding to EU development policy objectives.

1.5. LIST OF INTERVIEWEES

1.5.1. Interviewees at EU level

NAME	INSTITUTION	FUNCTION	DATE
Silvano Presa	Comm – DG BUDG	Director "Dépenses"	4/02/2010
Michael Grams (on behalf of M. Reroose)	Comm- DG ECFIN	B.4: Reforms under the Sustainable Development Strategy	11/02/2010
Francois Van Hövel	Council of the EU	Director DG G- Economic and social affairs/Directorate 2	18/02/2010
Alenka Jaschke (on behalf of M. Galler)	Council of the EU	G1A - Economic Policy / Politique économique	19/02/2010

1.5.2. Interviewees in Belgium

NAME	INSTITUTION	FUNCTION	DATE
Pierre Crevits	Belgian Federal Minister of Budget, Minister's Cabinet	Head of Office, Minister's Cabinet Mr. Melchior Wathelet	09/02/2010
Terence Burgers	Belgian Federal Minister of Budget, Minister's Cabinet	Policy Advisor, R&D	09/02/2010
Sébastien Bastaits	Belgian Federal Minister of Budget, Minister's Cabinet	Policy advisor Foreign Affairs & Development Aid	09/02/2010
Yves Libert	Belgian Federal Minister of Budget	Adjunct-Kabinetchef, Budget & Defence	09/02/2010
Johan Van Biesen	Flemish Minister of Education, Minister's Cabinet	Policy advisor, Budget	02/02/2010
Pierre Verkaeren	Permanent Representation of Belgium at the EU	Inspector-General for Finance	25/02/2010
Alain Deleener	Agency for Innovation by Science and Technology (IWT Flanders)	Coordinator European programmes	03/02/2010
Ward Ziarko	Federal Science Policy (Belspo)	Head of 'Production & Analysis of R&D indicators'	14/02/2010
Henri Bogaert	Federal Planning Bureau	Plan Commissioner	25/02/2010
Hendrik Bogaert	Federal Parliament – Chamber	Vice-president of Parliamentary Committee of Budget & Finance	25/02/2010

1.5.3. Stakeholders in France

NAME	INSTITUTION	FUNCTION	DATE
Irchad Razaaly	French Permanent Representation at the EU	Advisor, Development Aid	25/03/2010
Florence Dubois	Ministère des Finances	Head of Department 'EU	18/03/2010

Stevant		Affairs'	
Etienne Grass	French Permanent Representation at the EU	Advisor, Social Affairs (coming from the Ministry of Social Affairs)	17/03/2010
Philippe Lonne	French Permanent Representation at the EU	Advisor, Budget and R&D (coming from the Ministry of Budget)	26/02/2010
Sébastien Bakhouce	French National Assembly	Advisor, Parliamentary Committee of Budget & Finance	09/03/2010

1.5.4. Stakeholders in Portugal

NAME	INSTITUTION	FUNCTION	DATE
M. Fernando Teixeira dos Santos	Ministry of Finance (holds both finance and national budget)	Minister of Finance	01/02/2010-31/03/2010
Ms. Isabel Alçada	Ministry of Education	Minister of Education	01/02/2010-31/03/2010
Ms. Helena André	Ministry of Social Security	Minister of Social Security	01/02/2010-31/03/2010
M. Paulo Mota Pinto	Portuguese Parliament	President of the Budget and Finance Parliamentary Commission	01/02/2010-31/03/2010
M. Augusto Correia	IPAD (Portuguese Institute for Development Aid, integrated in Ministry of Foreign Affairs)	Head of IPAD	01/02/2010-31/03/2010

1.5.5. Stakeholders in Slovenia

NAME	INSTITUTION	FUNCTION	DATE
Helena Kamnar	Ministry of Finance	Secretary of State	01/02/2010-20/03/2010
Danica Lašič	Ministry of Foreign Affairs	Accounting and finances department	01/02/2010-20/03/2010
Uroš Prikl	Ministry of Labour, Family and Social Affairs	Deputy Secretary General	01/02/2010-20/03/2010
Barbara Kremžar	Department for International Development Cooperation and Humanitarian Aid, Ministry of Foreign Affairs	First Secretary	01/02/2010-20/03/2010
Matej Kramberger	Department for International Development Cooperation and Humanitarian Aid, Ministry of Foreign Affairs	Advisor	01/02/2010-20/03/2010
Tina Eržen	Court of Auditors	Supreme State Auditor	01/02/2010-20/03/2010
Helena Jenko	Court of Auditors	Deputy supreme court auditor	01/02/2010-20/03/2010

All interviews were done face to face, except for R&D domain data where information was sent by e-mail (sent by Mateja Bizilj – Head of Finance Sector).

ANNEX 2: CORRESPONDENCE OF THE SELECTED CATEGORIES OF EXPENDITURE TO COFOG CATEGORIES

Table 32: Correspondence of the selected categories of expenditure to the relevant Cofog categories

		R&D	Hum and dev aid	Education	Social policy	Foreign and security policy
Code	*Description*					
01	General public services					
01.1	Executive and legislative organs, financial and fiscal affairs, external affairs					
01.1.1	Executive and legislative organs (CS)					
01.1.2	Financial and fiscal affairs (CS)					
01.1.3	External affairs (CS)					x
01.2	Foreign economic aid		x			
01.2.1	Economic aid to developing countries and countries in transition (CS)		x			
01.2.2	Economic aid routed through international organizations (CS)		x			
01.3	General services					
01.3.1	General personnel services (CS)					
01.3.2	Overall planning and statistical services (CS)					
01.3.3	Other general services (CS)					
01.4	Basic research	x				
01.4.0	Basic research (CS)	x				
01.5	R&D General public services	x				
01.5.0	R&D General public services (CS)	x				
02	Defence					
02.1	Military defence					
02.1.0	Military defence (CS)					(x)
02.3	Foreign military aid					
02.3.0	Foreign military aid (CS)					x
02.4	R&D Defence	x				
02.4.0	R&D Defence (CS)	x				
02.5	Defence n.e.c.					
02.5.0	Defence n.e.c. (CS)					
03	Public order and safety					
03.5	R&D Public order and safety	x				
03.5.0	R&D Public order and safety (CS)	x				

		R&D	Hum and dev aid	Education	Social policy	Foreign and security policy
04	Economic affairs					
04.8	R&D Economic affairs	x				
04.8.1	R&D General economic, commercial and labour affairs	x				
04.8.2	R&D Agriculture, forestry, fishing and hunting (CS)	x				
04.8.3	R&D Fuel and energy (CS)	x				
04.8.4	R&D Mining, manufacturing and construction (CS)	x				
04.8.5	R&D Transport (CS)	x				
04.8.6	R&D Communication (CS)	x				
04.8.7	R&D Other industries (CS)	x				
05	Environmental protection					
05.5	R&D Environmental protection	x				
05.5.0	R&D Environmental protection (CS)	x				
06	Housing and community amenities					
06.5	R&D Housing and community amenities	x				
06.5.0	R&D Housing and community amenities (CS)	x				
07	Health					
07.5	R&D Health	x				
07.5.0	R&D Health (CS)	x				
08	Recreation, culture and religion					
08.5	R&D Recreation, culture and religion	x				
08.5.0	R&D Recreation, culture and religion (CS)	x				
09	Education					
09.1	Pre-primary and primary education			x		
09.1.1	Pre-primary education (IS)			x		
09.1.2	Primary education (IS)			x		
09.2	Secondary education			x		
09.2.1	Lower-secondary education (IS)			x		
09.2.2	Upper-secondary education (IS)			x		
09.3	Post-secondary non-tertiary education			x		
09.3.0	Post-secondary non-tertiary education (IS)			x		
09.4	Tertiary education			x		
09.4.1	First stage of tertiary education (IS)			x		
09.4.2	Second stage of tertiary education (IS)			x		
09.5	Education not definable by level			x		
09.5.0	Education not definable by level (IS)			x		
09.6	Subsidiary services to education			x		
09.6.0	Subsidiary services to education (IS)			x		
09.7	R&D Education	x				
09.7.0	R&D Education (CS)	x				
09.8	Education n.e.c.			x		
09.8.0	Education n.e.c. (CS)			x		

10	Social protection					
10.1	Sickness and disability				x	
10.1.1	Sickness (IS)				x	
10.1.2	Disability (IS)				x	
10.2	Old age				x	
10.2.0	Old age (IS)				x	
10.3	Survivors				x	
10.3.0	Survivors (IS)				x	
10.4	Family and children				x	
10.4.0	Family and children (IS)				x	
10.5	Unemployment				x	
10.5.0	Unemployment (IS)				x	
10.6	Housing				x	
10.6.0	Housing (IS)				x	
10.7	Social exclusion n.e.c.				x	
10.7.0	Social exclusion n.e.c. (IS)				x	
10.8	R&D Social protection	x				
10.8.0	R&D Social protection (CS)	x				
10.9	Social protection n.e.c.				x	
10.9.0	Social protection n.e.c. (CS)				x	

ANNEX 3: DATA ON PUBLIC EXPENDITURE IN R&D

Table 33: Total R&D appropriations (in millions of euro), based on GBOARD classification, 2004-2010

Country	2010	2009	2008	2007	2006	2005	2004
EU (27 countries)			89.773,05	87.728,20	82.952,13	80.955,97	77.653,77
EU (15 countries)			86.011,64	84.467,86	80.181,12	78.603,33	75.626,08
Euro area (16 countries)			70.106,84	66.940,41	63.329,26	62.581,30	59.734,71
Belgium			2.041,34	2.024,85	1.945,67	1.787,67	1.713,32
Bulgaria			108,65	79,58	75,41	68,41	66,40
Czech Republic		940,17	821,36	737,44	645,96	552,05	443,68
Denmark			1.988,12	1.800,73	1.584,48	1.481,75	1.405,88
Germany			19.805,23	18.701,19	17.607,57	17.220,50	16.943,18
Estonia			107,24	77,51	67,27	45,25	36,48
Ireland			1.028,61	934,22	789,77	744,29	635,51
Greece				673,20	685,30	635,10	554,61
Spain			11.634,83	11.319,97	9.798,74	7.633,63	6.694,69
France			14.641,94	14.108,39	14.601,61	16.698,04	15.905,82
Italy		9.927,90	9.941,74	9.938,94	9.098,85	9.576,95	
Cyprus			70,08	67,16	47,59	43,87	39,13
Latvia			67,17	62,71	42,80	25,42	20,14
Lithuania		84,83	84,83	95,66	78,02	73,88	66,33
Luxembourg			171,18	140,20	113,70	94,50	72,00
Hungary			453,45	390,71	328,51	367,42	
Malta			10,68	10,92	10,55	9,13	8,14
Netherlands	4.210,94	4.277,28	4.230,98	3.943,34	3.828,86	3.547,13	3.594,65
Austria		2.202,95	1.938,49	1.770,14	1.697,55	1.619,74	1.537,89
Poland			1.099,12	979,84	857,72	718,99	638,82
Portugal		1.845,91	1.701,31	1.272,07	1.115,60	1.082,00	915,50
Romania		330,02	557,32	462,55	323,56	173,58	103,51
Slovenia			202,80	180,19	173,35	166,82	160,45
Slovakia		196,40	178,71	116,07	120,25	107,83	101,99
Finland		1.899,73	1.797,96	1.739,56	1.694,30	1.614,13	1.535,13
Sweden		2.669,63	2.661,83	2.670,54	2.676,34	2.561,25	2.526,00
United Kingdom			11.717,43	13.429,73	12.942,22	12.306,67	12.269,91

Source:Eurostat, R&D Public Expenditure (GBOARD), 2004-2010

Table 34: Total government expenditure in R&D, % of GDP, based on Gboard classification, 2004-2010

Country	2010	2009	2008	2007	2006	2005	2004
European Union (27)			0,72	0,71	0,71	0,73	0,73
European Union (15)			0,75	0,74	0,73	0,76	0,75
Euro area (16 countries)			0,76	0,74	0,74	0,77	0,76
Belgium			0,59	0,60	0,61	0,59	0,59
Bulgaria			0,32	0,28	0,30	0,31	0,33
Czech Republic		0,68	0,56	0,58	0,57	0,55	0,50
Denmark			0,86	0,79	0,73	0,71	0,71
Germany			0,79	0,77	0,76	0,77	0,77
Estonia			0,67	0,50	0,51	0,40	0,38
Ireland			0,57	0,49	0,45	0,46	0,43
Greece				0,30	0,33	0,33	0,30
Spain			1,07	1,08	1,00	0,84	0,80
France			0,75	0,74	0,81	0,97	0,96
Italy		0,65	0,63	0,64	0,61	0,67	
Cyprus			0,41	0,43	0,32	0,32	0,31
Latvia			0,29	0,30	0,27	0,20	0,18
Lithuania		0,29	0,26	0,33	0,33	0,35	0,37
Luxembourg			0,44	0,37	0,33	0,31	0,26
Hungary			0,43	0,39	0,37	0,41	
Malta			0,19	0,20	0,21	0,19	0,18
Netherlands	0,72	0,73	0,71	0,69	0,71	0,69	0,73
Austria		0,80	0,69	0,65	0,66	0,67	0,66
Poland			0,30	0,32	0,32	0,29	0,31
Portugal		1,13	1,02	0,78	0,72	0,73	0,64
Romania		0,26	0,41	0,37	0,33	0,22	0,17
Slovenia			0,55	0,52	0,56	0,58	0,59
Slovakia		0,29	0,28	0,21	0,27	0,28	0,30
Finland		1,06	0,97	0,97	1,01	1,03	1,01
Sweden		0,92	0,81	0,81	0,85	0,87	0,88
United Kingdom		:	0,64	0,66	0,67	0,67	0,69

Source: Eurostat website, R&D Public Expenditure (GBOARD), % of GDP, 2004-2010

ANNEX 4: DATA ON PUBLIC EXPENDITURE IN EDUCATION

Table 35: Total public expenditure in education (in millions of euro), 2001-2006

Member State	2001	2002	2003	2004	2005	2006
European Union (27)	€ 476.002,3	€ 504.409,5	€ 516.766,6	€ 533.693,4	€ 554.630,4	€ 583.266,3
European Union (15)	€ 344.914,0	€ 357.474,7	€ 364.173,6	€ 372.542,8	€ 384.314,0	€ 404.063,9
Euro area (16 countries)	€ 343.895,7	€ 356.342,6	€ 362.899,1	€ 371.250,4	€ 382.762,1	€ 402.427,9
Belgium	€ 15.062,5	€ 16.162,4	€ 16.003,2	€ 16.304,9	€ 16.730,3	€ 17.697,1
Bulgaria	€ 1.724,8	€ 2.007,6	€ 2.221,6	€ 2.557,4	€ 2.700,9	€ 2.816,9
Czech Republic	€ 5.814,2	€ 6.361,1	€ 7.001,7	€ 7.249,3	€ 7.431,2	€ 8.654,9
Denmark	€ 11.428,8	€ 11.925,8	€ 11.554,6	€ 12.394,8	€ 12.503,6	€ 12.611,2
Germany	€ 85.199,1	€ 91.424,6	€ 93.790,1	€ 95.424,5	€ 98.198,6	€ 99.394,7
Estonia	€ 658,2	€ 761,4	€ 811,0	€ 827,1	€ 910,6	€ 995,7
Ireland	€ 4.316,6	€ 4.753,6	€ 5.102,3	€ 5.868,0	€ 6.380,8	€ 7.025,6
Greece	€ 6.555,6	€ 7.250,0	€ 7.530,0	€ 8.607,2	€ 9.264,3	
Spain	€ 33.460,6	€ 36.121,6	€ 37.595,0	€ 39.665,4	€ 42.083,4	€ 46.346,5
France	€ 83.172,2	€ 86.045,1	€ 84.771,7	€ 86.126,9	€ 88.403,4	€ 91.230,5
Italy	€ 64.544,6	€ 60.514,2	€ 62.710,1	€ 61.493,6	€ 61.180,9	€ 68.438,1
Cyprus	€ 748,1	€ 850,1	€ 970,5	€ 969,3	€ 1.072,3	€ 1.156,4
Latvia	€ 1.017,8	€ 1.127,0	€ 1.111,2	€ 1.159,5	€ 1.270,3	€ 1.440,0
Lithuania	€ 1.681,4	€ 1.829,8	€ 1.813,5	€ 1.949,2	€ 1.991,1	€ 2.156,0
Luxembourg	€ 765,7	€ 831,9	€ 873,1	€ 970,1	€ 1.005,6	€ 1.016,3
Hungary	€ 5.933,4	€ 6.861,7	€ 7.771,8	€ 7.503,9	€ 7.829,4	€ 8.190,6
Malta	€ 270,2	€ 282,1	€ 304,1	€ 323,1	€ 479,6	
Netherlands	€ 21.462,6	€ 22.687,1	€ 23.571,0	€ 24.841,6	€ 26.306,8	€ 27.602,7
Austria	€ 11.512,4	€ 11.949,2	€ 11.879,6	€ 12.384,4	€ 12.602,6	€ 13.235,1
Poland	€ 19.518,6	€ 20.449,5	€ 20.709,7	€ 22.625,6	€ 24.083,1	€ 24.770,9
Portugal	€ 8.822,1	€ 9.049,9	€ 9.236,5	€ 8.965,3	€ 9.846,4	€ 10.023,5
Romania	€ 4.006,7	€ 4.604,3	€ 4.859,7	€ 5.249,4	€ 5.910,2	
Slovenia	€ 1.850,1	€ 1.940,7	€ 2.007,9	€ 2.151,5	€ 2.254,5	€ 2.381,0
Slovakia	€ 2.226,8	€ 2.566,8	€ 2.659,7	€ 2.787,4	€ 2.809,2	€ 3.070,3
Finland	€ 7.171,6	€ 7.612,3	€ 7.828,7	€ 8.447,1	€ 8.504,4	€ 8.772,5
Sweden	€ 15.221,7	€ 16.446,0	€ 16.625,3	€ 17.453,9	€ 17.031,9	€ 17.852,6
United Kingdom	€ 61.856,0	€ 71.993,8	€ 75.453,3	€ 79.393,2	€ 85.844,8	€ 90.732,9

Source: Eurostat/ UNESCO statistics on education

Table 36: Public expenditure in education, % of GDP, 2001-2006

Country	2001	2002	2003	2004	2005	2006
European Union (27)	4,99	5,10	5,14	5,06	5,04	5,04
Euro area (16 countries)	4,98	5,00	5,03	4,95	4,88	4,88
Belgium	6,00	6,11	6,05	5,99	5,95	6,00
Bulgaria	3,78	4,03	4,23	4,51	4,51	4,24
Czech Republic	4,09	4,32	4,51	4,37	4,26	4,61
Denmark	8,44	8,44	8,33	8,43	8,30	7,98
Germany	4,49	4,70	4,70	4,59	4,53	4,40
Estonia	5,28	5,48	5,31	4,94	4,92	4,80
Ireland	4,27	4,29	4,39	4,70	4,75	4,74
Greece	3,50	3,57	3,58	3,82	4,00	
Spain	4,23	4,25	4,28	4,25	4,23	4,28
France	5,94	5,88	5,90	5,79	5,65	5,58
Italy	4,86	4,62	4,74	4,58	4,43	4,73
Cyprus	5,93	6,55	7,29	6,70	6,92	7,02
Latvia	5,64	5,71	5,32	5,07	5,06	5,07
Lithuania	5,89	5,84	5,16	5,19	4,90	4,84
Luxembourg	3,74	3,79	3,77	3,86	3,78	3,41
Hungary	5,01	5,38	5,86	5,43	5,46	5,41
Malta	4,46	4,38	4,70	4,82	6,76	
Netherlands	5,06	5,15	5,42	5,46	5,48	5,46
Austria	5,79	5,72	5,57	5,52	5,46	5,44
Poland	5,42	5,41	5,35	5,41	5,47	5,25
Portugal	5,61	5,54	5,57	5,29	5,39	5,25
Romania	3,25	3,51	3,45	3,28	3,48	
Slovenia	5,89	5,78	5,82	5,76	5,74	5,72
Slovakia	4,00	4,30	4,30	4,19	3,85	3,79
Finland	6,04	6,21	6,42	6,42	6,32	6,14
Sweden	7,12	7,43	7,30	7,18	6,97	6,85
United Kingdom	4,57	5,11	5,24	5,16	5,37	5,48

Source: Eurostat / UNESCO statistics on education (ISCED)

ANNEX 5: DATA ON PUBLIC EXPENDITURE IN SOCIAL POLICY

Table 37: Data on public expenditure on social protection, % of GDP, COFOG category 'social protection', 2002-2007

Country	2002	2003	2004	2005	2006	2007
European Union (27)	18,6	18,9	18,7	18,6	18,3	17,9
European Union (15)	18,6	18,9	18,8	18,7	18,3	18,0
Euro area (16 countries)	19,2	19,5	19,3	19,3	19,0	18,7
Belgium	17,4	17,8	17,7	17,6	17,2	17,1
Bulgaria	14,4	13,5	11,3	11,1	12,2	13,1
Czech Republic	14,6	14,4	13,0	12,8	12,7	12,9
Denmark	22,6	23,6	23,3	22,6	22,0	21,7
Germany	22,3	22,7	22,2	22,2	21,3	20,3
Estonia	9,9	9,9	10,2	9,8	9,5	9,6
Ireland	8,7	8,8	9,2	9,3	9,7	10,1
Greece	17,4	17,7	17,3	17,9	18,1	18,7
Spain	13,0	12,9	13,0	12,9	12,9	13,0
France	21,4	21,9	22,2	22,3	22,3	22,2
Italy	17,7	18,0	18,0	18,1	18,1	18,2
Cyprus	8,7	9,5	10,0	10,7	10,4	9,9
Latvia	11,5	10,7	10,4	9,8	9,5	8,4
Lithuania	10,8	10,3	10,2	9,9	9,9	11,0
Luxembourg	17,2	17,7	17,7	17,3	16,3	15,3
Hungary	15,3	16,0	15,9	17,0	17,6	17,4
Malta	13,9	14,2	14,2	14,1	13,9	14,1
Netherlands	17,1	17,4	17,2	16,5	16,2	16,0
Austria	21,2	21,4	21,0	20,7	20,3	19,9
Poland	18,3	18,8	17,6	17,0	16,9	15,6
Portugal	13,5	14,6	15,1	15,7	15,9	17,5
Romania	10,4	9,3	9,6	9,8	9,7	9,8
Slovenia	17,0	17,0	17,4	17,3	16,8	15,5
Slovakia	14,9	16,3	12,1	13,2	12,4	10,6
Finland	20,6	21,2	21,1	21,1	20,4	19,9
Sweden	23,4	24,3	23,9	23,4	22,7	21,6
United Kingdom	15,3	15,5	15,6	15,8	15,4	15,3

Source: Eurostat, Social protection COFOG expenditure, 2002-2007

ANNEX 6: DATA ON PUBLIC EXPENDITURE IN HUMANITARIAN AID

Table 38: Total official humanitarian assistance expenditure in constant (2002-2007) US$ million (1)

	2002	2003	2004	2005	2006	2007	2008	% 2002-2007
Austria	**24,34**	**31,36**	**39,84**	**73,71**	**63,26**	**53,16**		**118,43%**
- bilateral	3,04	3,22	7,77	29,99	18,84	14,91	13,83	390,46%
- multilateral (UN agencies)	3,92	2,67	2,07	2,08	3,00	3,23		-17,54%
- multilateral (EC)	17,38	25,47	30,01	41,64	41,41	35,02		101,52%
Belgium	**89,55**	**89,22**	**123,19**	**147,96**	**168,66**	**156,29**		**74,53%**
- bilateral	46,06	41,73	69,02	75,75	96,51	92,33	112,11	100,46%
- multilateral (UN agencies)	5,59	4,09	3,28	2,37	3,11	2,98		-46,69%
- multilateral (EC)	37,90	43,40	50,89	69,84	69,04	60,98		60,90%
Denmark	**143,05**	**164,26**	**149,82**	**287,56**	**277,91**	**250,09**		**74,83%**
- bilateral	0,00	15,07	11,34	177,54	167,57	139,83	154,84	
- multilateral (UN agencies)	123,28	126,89	111,48	73,25	72,25	78,32		-36,47%
- multilateral (EC)	19,77	22,30	27,00	36,77	38,09	31,93		61,57%
Finland	**84,22**	**83,27**	**77,19**	**133,30**	**138,92**	**142,75**		**69,51%**
- bilateral	48,09	43,95	38,94	85,51	78,92	105,42	87,33	119,21%
- multilateral (UN agencies)	25,30	23,38	19,19	21,33	32,91	13,69		-45,89%
- multilateral (EC)	10,83	15,94	19,07	26,46	27,09	23,64		118,37%
France	**272,03**	**259,22**	**331,92**	**392,18**	**427,83**	**359,67**		**32,22%**
- bilateral	17,26	41,26	22,65	32,31	53,56	35,31	19,66	104,58%
- multilateral (UN agencies)	22,30	18,19	26,37	15,20	33,20	34,74		55,83%
- multilateral (EC)	232,47	199,77	282,90	344,67	341,07	289,61		24,58%
Germany	**552,96**	**478,08**	**526,90**	**776,15**	**782,45**	**617,59**		**11,69%**
- bilateral	287,30	197,91	217,33	357,01	397,02	278,68	327,54	-3,00%
- multilateral (UN agencies)	49,70	46,59	34,88	10,11	9,53	9,55		-80,78%
- multilateral (EC)	215,96	233,58	274,69	409,03	375,90	329,36		52,51%
Greece	**32,42**	**30,23**	**36,61**	**52,15**	**52,12**	**43,53**		**34,24%**
- bilateral	6,74	10,28	12,56	19,99	21,58	12,67	15,76	87,98%
- multilateral (UN agencies)	1,66	1,58	1,69	1,78	1,57	1,56		-6,02%
- multilateral (EC)	24,02	18,37	22,36	30,38	28,97	29,30		21,95%
Ireland	**52,85**	**59,18**	**70,01**	**112,19**	**135,77**	**235,13**		**344,87%**
- bilateral	25,88	33,37	42,61	73,84	96,39	190,24	157,52	635,09%
- multilateral (UN agencies)	15,47	14,60	13,33	17,10	18,17	27,01		74,56%
- multilateral (EC)	11,50	11,21	14,07	21,25	21,21	17,88		55,49%

Source: OECD-DAC, Development and Humanitarian Aid database, most recent data

Table 39: Total official humanitarian assistance expenditure in constant (2002-2007) US$ million (2)

Italy	**332,17**	**255,91**	**303,26**	**352,53**	**336,50**	**339,92**	**0,00**	**2,33%**
- bilateral	133,96	59,78	87,44	76,33	82,58	83,06	76,62	-38,00%
- multilateral (UN agencies)	58,66	52,34	37,36	38,39	22,78	56,18		-4,23%
- multilateral (EC)	139,56	143,79	178,45	237,81	231,14	200,69		43,80%
Luxembourg	**27,17**	**27,02**	**34,41**	**33,52**	**49,45**	**45,92**		**68,97%**
- bilateral	22,02	20,00	27,35	19,18	41,24	30,49	39,38	38,47%
- multilateral (UN agencies)	2,37	3,95	3,85	9,54	3,97	10,95		362,03%
- multilateral (EC)	2,78	3,07	3,21	4,80	4,24	4,48		60,74%
Netherlands	**372,46**	**303,14**	**415,40**	**619,89**	**618,87**	**520,57**		**39,77%**
- bilateral	204,04	172,30	256,62	464,55	439,34	338,72	287,57	66,01%
- multilateral (UN agencies)	131,21	76,91	101,41	74,50	104,21	105,47		-19,62%
- multilateral (EC)	37,21	53,93	57,37	80,84	75,32	76,39		105,28%
Portugal	**17,35**	**16,06**	**39,05**	**39,63**	**30,45**	**21,44**		**23,58%**
- bilateral	2,83	1,63	21,12	14,69	7,88	0,69	1,10	-75,62%
- multilateral (UN agencies)	0,82	0,67	0,64	0,45	0,57	1,76		114,76%
- multilateral (EC)	13,70	13,76	17,29	24,49	22,01	18,99		38,62%
Spain	**126,33**	**193,90**	**204,06**	**298,95**	**348,33**	**370,35**		**193,16%**
- bilateral	31,59	95,87	94,85	135,26	154,65	225,46	266,37	613,71%
- multilateral (UN agencies)	12,64	12,43	9,69	11,24	42,74	19,71		56,01%
- multilateral (EC)	82,11	85,60	99,52	152,44	150,94	125,18		52,46%
Sweden	**359,43**	**388,08**	**327,66**	**498,51**	**537,78**	**511,81**		**42,40%**
- bilateral	254,82	248,94	235,48	302,03	331,24	307,62	348,85	20,72%
- multilateral (UN agencies)	90,08	121,12	59,00	158,93	163,04	162,19		80,05%
- multilateral (EC)	14,53	18,02	33,17	37,55	43,50	42,00		189,14%
United Kingdom	**872,98**	**1.032,73**	**934,02**	**1.046,97**	**1.289,49**	**976,39**		**11,84%**
- bilateral	608,55	766,18	616,00	730,32	933,65	351,55	709,98	-42,23%
dditional bilateral through CRS						233,47		
- multilateral (UN agencies)	106,65	97,78	86,29	83,12	80,03	103,49		-2,97%
- multilateral (EC)	157,78	168,77	231,73	233,53	275,81	287,89		82,46%
EC	**1.017,48**	**1.057,76**	**1.361,49**	**1.764,04**	**1.761,85**	**1.584,53**		**55,73%**
- bilateral	819,99	907,43	1.124,51	1.339,66	1.523,78	1.498,70	1.717,10	82,77%
- UN (multilateral)	197,49	150,33	236,98	424,38	238,07	85,83		-56,54%
- of which non-DAC EU	0,00	0,78	19,76	12,55	16,11	11,20		

Source: OECD-DAC, Development and Humanitarian Aid database, most recent data

EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT D
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- Budgetary Control

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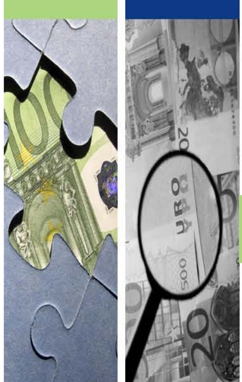

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