|  |  |  |
| --- | --- | --- |
| **1** | **Smart and Inclusive Growth**  | **Total: 550** |
| **1.1** | **Competitiveness of Growth and Jobs** | **Subtotal: 201**  |
| 1.1.1 | European Fund for Strategic Investments (EFSI) | 25 |
| 1.1.2 | Large Innovative Infrastructure Projects (GALILEO, EGNOS, ITER, Copernicus) | 23 |
| 1.1.3 | Common Strategic Framework (CSF) Research and Innovation - Horizon 2020 | 112 |
| 1.1.4 | Programme for Education, Training and Sport (Erasmus+) | 22 |
| 1.1.5 | Connecting Europe Facility | 18 |
| **1.2** | **Economic, social and territorial cohesion** | **Subtotal: 349** |
| 1.2.1 | Investment for growth and jobs | 255 |
| 1.2.2 | Cohesion Fund | 83 |
| **2** | **Sustainable Growth: Natural Resources**  | **Total: 566** |
| 2.1 | European Agricultural Guarantee Fund (EAGF) - Direct Payments | 416 |
| 2.2 | European Agricultural Guarantee Fund (EAGF) - Interventions in Agricultural Markets | 31 |
| 2.3 | European Agricultural Fund for Rural Development (EAFRD) | 111 |
| **3** | **Security and Citizenship** | **Total: 18** |
| **4** | **Global Europe** | **Total: 98** |
| 4.1 | Instrument for Pre-accession Assistance (IPA) | 16 |
| 4.2 | Development Aid | 82 |
| **5** | **Administration** | **Total: 97** |
| 5.1 | Brussels (including decentralised agencies) | 91 |
| 5.2 | Luxembourg | 4 |
| 5.3 | Strassburg  | 2 |
|  | **Total Expenditure** | **1331** |

**A guide to reading these budgets**

*A note on the complexity*

 We realise that the EU budget as presented to you is a rather complex document, and for that reason, we have included a few paragraphs of explanation for each of the lines in the budget above. This is meant as a reference, and not something you need to know by heart. Understanding the budget is, however, very useful for manipulating EU policy, so be sure to have a copy close at hand during the conference. In addition, Google (or Yahoo, or DuckDuckGo, if you’re one of *those* people) is your friend: we have used the official names for all the programmes in these documents, so its is easily possible to find out more about the budget with a simple search.

*A note on manipulating budgets*

 Of course, there are more possibilities than simply increasing or decreasing the overall budget given in a line. For example, the policy could be changed to more heavily subsides particular regions, sectors, or products at the expense of others. Such would have to be specified in your policy proposals! Especially this later possibility makes the budget a powerful tool in the hands of a skilled politician. Just remember that the stakes are high!

*A note on the numbers*

 If you bring your calculator, you might find that the numbers in the tables of geographical distribution of spending might not always add up to the same number as the one given in the budget. The numbers given here are from the 2017 EU budget, and at the time of writing, a portion of the money in a number of lines of the budget has been allocated to that specific goal (‘earmarked’ in technical terms), but not been spent yet. This explains the discrepancy.

*A note on the United Kingdom*

Since the budget presented here is based on the latest available budget at the time of writing (the 2017 budget), the United Kingdom is still included in a number of Budget Distribution tables, and the United Kingdom’s contribution to the EU budget is still included.

For the sake of ease and clarity, assume that the other members of the EU will equitably increase their contribution to the EU budget if the United Kingdom ever succeeds in leaving the EU. The simulated EU budget will therefore not decrease in size if Brexit materialises.

In addition, assume the share of the budget received by the United Kingdom in the Budget Distribution tables will be divided across the other Member States in accordance with the given distribution.

**Line 1.1.1: European Fund for Strategic Investments**

**What is this money used for?**

The EFSI is a fund that invests money specifically in small and medium enterprises, infrastructure, sustainability, research and development. Some of the money, such as you see here, is mobilised through the EU or through national budgets, but the private sector also contributes to the fund. In total, more than 300 billion euros are currently invested through the EFSI. Money in the EFSI is invested through loans, and will therefore be returned to the fund and generate further money for future investments.

**Manipulating the budget**

Increasing the EFSI contribution has a relatively small impact, since the total fund is so large; it is however, a sign of commitment to investing in the EU’s sectors with the most potential for growth. Similarly, the overall impact of decreasing the EU’s own EFSI contribution is small, but it shows that the EU is no longer prioritising investing in its own economy.

**Budget Distribution:**

The EFSI has an investment portfolio with an equitable geographical distribution.

**Line 1.1.2: Large Innovative Infrastructure Projects**

**What is this money used for?**

The EU has provided its member states with a platform to cooperate on large and expensive infrastructure projects that no single member state could undertake on its own; these include, for example, the development of GALILEO, the European rival system of the American GPS, and ITER, the world’s only functioning fusion reactor.

**Manipulating the budget**

Increasing the budgets of these large infrastructure programmes will promote the role of the EU as a force for global innovation, and reduce the EU’s dependence on others. Decreasing the budget for these projects would effectively mean cutting one of them.

**Budget Distribution:**

The investment in these projects largely benefits the members with a well-developed high-tech sector.

**Line 1.1.3: Horizon 2020**

**What is this money used for?**

Horizon 2020 is the EU’s programme for subsidising research and innovation throughout the Union. It is used for a great variety of different projects.

**Manipulating the budget**

Increasing the Horizon budget means that more projects will receive grants, fuelling the innovative sectors of the EU economy. Decreasing the budget would mean that more applications must be turned down, reducing the number of innovative projects in the Union.

**Budget Distribution:**

The budget distribution of Horizon 2020 is not set, but depends on grant applications; however, the money was distributed as follows in the previous year (fractions rounded down):

|  |  |  |  |
| --- | --- | --- | --- |
| **BE:** 9 | **EL:** 2 | **LT:** 0 | **PT:** 1 |
| **BG:** 0 | **ES:** 8 | **LU:** 0 | **RO:** 0 |
| **CZ:** 1 | **FR:** 10 | **HU:** 3 | **SI:** 1 |
| **DK:** 2 | **HR:** 0 | **MT:** 0 | **SK:** 0 |
| **DE:** 12 | **IT:** 8 | **NL:** 7 | **FI:** 2 |
| **EE:** 0 | **CY:** 0 | **AT:** 3 | **SE:** 3 |
| **IE:** 1 | **LV:** 0 | **PL:** 1 | **UK:** 10 |

**Line 1.1.4: Erasmus+**

**What is this money used for?**

The Erasmus programme is a programme of grants supporting students of EU member states living and studying abroad in one of the other EU member states.

**Manipulating the budget**

Increasing the Erasmus budget will allow more students to study or take internships abroad, and increases the interconnectedness of the EU’s institutions of higher education. Decreasing it will reduce the number of exchange students and foreign interns in the EU.

**Budget Distribution:**

Spending under the Erasmus+-programme has an equitable geographical distribution.

**Line 1.1.5: Connecting Europe Facility**

**What is this money used for?**

Budget under the Connecting Europe Facility (CEF) is spent on large transnational infrastructure projects in transport, energy, and digital services, connecting the different member states of the European Union.

**Manipulating the budget**

Increasing the budget of the CEF will facilitate grants to new, more or larger infrastructure projects, or increase grants to existing projects. This will help further integrate European economies, and hopefully foster growth. Decreasing the CEF budget will reduce the number or the amount of grants from the programme, and slow European integration.

**Budget Distribution:**

Spending under the CEF has an equitable geographical distribution.

**Line 1.2.1: Investment for Growth and Jobs**

**What is this money used for?**

This budget line includes a number of EU programmes of simple investment in the economy and infrastructure of its member states, to increase the economic potential of the Union. Investments are made on the basis of development: lesser developed regions receive more money to ‘catch up’ with the rest of the EU (known as ‘regional convergence’), but the EU also invests in more developed regions to enhance their global competitiveness.

**Manipulating the budget**

Increasing the budget of these investments will help all of Europe, but will disproportionately benefit the lesser developed regions of the EU, especially in the south and east. Decreasing this budget, on the other hand, will disproportionately hurt those regions.

**Budget Distribution:**

This budget is spent chiefly in less-developed regions of the EU. It is distributed as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **BE:** 2 | **EL:** 11 | **LT:** 4 | **PT:** 21 |
| **BG:** 4 | **ES:** 21 | **LU:** 0 | **RO:** 7 |
| **CZ:** 14 | **FR:** 12 | **HU:** 13 | **SI:** 1 |
| **DK:** 1 | **HR:** 2 | **MT:** 1 | **SK:** 2 |
| **DE:** 20 | **IT:** 15 | **NL:** 2 | **FI:** 2 |
| **EE:** 2 | **CY:** 0 | **AT:** 1 | **SE:** 1 |
| **IE:** 0 | **LV:** 2 | **PL:** 44 | **UK:** 6 |

**Line 1.2.2: Cohesion Fund**

**What is this money used for?**

Money in the EU Cohesion fund is spent in Member States with a GDP p.c. that is less than 90% of the EU average, that it so say, in the lesser developed economies of the continent. It is invested in sustainability, infrastructure, and other long-term development projects.

**Manipulating the budget**

Increasing the budget of the Cohesion Fund wil, as expected, benefit the lesser developed economies of the EU, especially in the south and east, and help close the gap between the rich and poor in Europe. Decreasing the budget of the Fund will do the opposite.

**Budget Distribution:**

This budget is spent chiefly in less-developed regions of the EU. It is distributed as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **BE:** 0 | **EL:** 4 | **LT:** 3 | **PT:** 2 |
| **BG:** 1 | **ES:** 0 | **LU:** 0 | **RO:** 5 |
| **CZ:** 12 | **FR:** 0 | **HU:** 8 | **SI:** 1 |
| **DK:** 0 | **HR:** 1 | **MT:** 0 | **SK:** 3 |
| **DE:** 0 | **IT:** 0 | **NL:** 0 | **FI:** 0 |
| **EE:** 1 | **CY:** 0 | **AT:** 0 | **SE:** 0 |
| **IE:** 0 | **LV:** 1 | **PL:** 29 | **UK:** 0 |

**Lines 2.1 & 2.2: European Agricultural Guarantee Fund**

**What is this money used for?**

The largest single expenditure in the EU’s annual budget are the Direct Payments made via the European Agricultural Guarantee Fund (EAGF) as part of the Union’s Common Agricultural Policy (CAP).

Effectively, the CAP is a system that directly subsidises farmers throughout Europe. This has the effect of lowering the prices these farmers need to ask for their products to make a profit. Especially in combination with the tariffs levied on the import of many foodstuffs from outside the EU, this allows European farmers to compete more easily with producers outside of the EU.

In addition to direct subsidies, a small portion of the EAGF is devoted to market interventions. This is a more varied set of measures that includes such schemes as subsidies for limiting production (to prevent overproduction and price crashes), and the guaranteed (often large-scale purchase) of certain goods, again to prevent price crashes.

Many European farms rely on subsidies from the CAP to stabilise their incomes, and many farmers need the European money to make ends meet.

**Manipulating the budget**

The effect of increasing the EAFG budget would be to stimulate agricultural production in the Union.

Decreasing the EAFG budget would have the effect of further opening up the European agricultural sector, which has been sheltered for many years, to the wiles of the free market.

**Budget Distribution:**

|  |  |  |  |
| --- | --- | --- | --- |
| **BE:** 4 | **EL:** 20 | **LT:** 4 | **PT:** 6 |
| **BG:** 9 | **ES:** 49 | **LU:** 0 | **RO:** 18 |
| **CZ:** 9 | **FR:** 71 | **HU:** 13 | **SI:** 1 |
| **DK:** 9 | **HR:** 1 | **MT:** 0 | **SK:** 4 |
| **DE:** 51 | **IT:** 37 | **NL:** 8 | **FI:** 5 |
| **EE:** 1 | **CY:** 0 | **AT:** 7 | **SE:** 6 |
| **IE:** 13 | **LV:** 2 | **PL:** 36 | **UK:** 32 |

**Line 2.3: European Agricultural Fund for Rural Development (EAFRD)**

**What is this money used for?**

The EAFRD spends money on projects that support the competitiveness of agriculture, the sustainable management of natural resources, the balanced development between rural and urban communities, and the creation of employment opportunities in rural areas.

**Manipulating the budget**

Increasing the budget of EAFRD will lead to greater investment in the rural regions of the EU, helping close the gap between them and the cities, and slowing down the rapid urbanisation of the European continent. Taking money out of the EAFRD will, on the other hand, shift the balance in Europe towards the urban areas even further.

**Budget Distribution:**

This budget is spent the EU’s rural areas. It is distributed as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **BE:** 1 | **EL:** 7 | **LT:** 3 | **PT:** 5 |
| **BG:** 2 | **ES:** 7 | **LU:** 0 | **RO:** 15 |
| **CZ:** 3 | **FR:** 18 | **HU:** 2 | **SI:** 1 |
| **DK:** 1 | **HR:** 2 | **MT:** 0 | **SK:** 2 |
| **DE:** 10 | **IT:** 8 | **NL:** 1 | **FI:** 3 |
| **EE:** 1 | **CY:** 0 | **AT:** 5 | **SE:** 1 |
| **IE:** 3 | **LV:** 2 | **PL:** 6 | **UK:** 5 |

**Line 3: Security and Citizenship**

**What is this money used for?**

The EU spends money on a number of security and citizenship programmes, such as the Asylum, Migration and Integration Fund (AMIF), the Internal Security Fund (ISF) and the Creative Europe Programme. The programmes under this line are somewhat of a mixed bag: they fund cooperation in security and law enforcement, help strengthen European culture, and promote creativity and citizenship.

**Manipulating the budget**

Taking money from the budget for security and citizenship would effectively mean cutting one of the programmes mentioned here. Increasing it, however, could mean expanding one of the programmes or adding a new initiative.

**Budget Distribution:**

Security and Citizenship-spending is distributed equitably throughout the union. The following programmes are the largest benefactors of the spending.

|  |  |  |
| --- | --- | --- |
| 3.1 | Asylum, Migration and Integration Fund | 6 |
| 3.2 | Internal Security Fund | 4 |
| 3.3 | Food and Feed Programme | 2 |
| 3.4 | Creative Europe Programme | 4 |
| 3.5 | Instrument for Emergency Support within the Union (IES) | 2 |

**Line 4.1: Instrument for Pre-Accession Assistance (IPA)**

**What is this money used for?**

The IPA is money that is spent in candidate and potential candidate Member States, to strengthen their ties with the EU and to help them reach the requirements for membership. There are five categories of aid:

* Assistance for transition and institution building;
* Cross-border cooperation (with EU Member States and other countries eligible for IPA);
* Regional development (transport, environment, regional and economic development);
* Human resources (strengthening human capital and combating exclusion);
* Rural development.

**Manipulating the budget**

Increasing the funds available for pre-accession assistance will make it more attractive for states to apply for EU membership, and will speed up the process of accession.

Decreasing the IPA budget will make applying for EU-membership less attractive, and lengthen the process.

**Budget Distribution:**

The IPA beneficiary countries are divided into two categories:

* EU candidate countries (Turkey, Albania, Montenegro, Serbia and the Republic of North Macedonia) are eligible for all five components of the IPA;
* Potential candidate countries in the Western Balkans (Bosnia-Herzegovina, Kosovo under UN Security Council Resolution 1244/99) are eligible only for the first two components.

**Line 4.2: Development aid**

**What is this money used for?**

The EU itself, even if taken separate from its members, is amongst the most important contributors of development aid worldwide. The money is used for a wide variety of purposes: The EU contributes to UN organisations, NGOs, foreign governments, and all manner of projects - too many organisations to enumerate here.

**Manipulating the budget**

Increasing the development aid budget will not benefit the EU directly, but rather the recipients of the aid. Similarly, decreasing development aid will not hurt the EU directly.

However, development aid can be used as a lever on the countries receiving it: by increasing or decreasing it, the EU can ‘gently nudge’ other states to do as it wishes. The morality of this practice will not be discussed here.

Keep in mind, however, that the enormous inequality between the EU and some of its neighbours is an important source of strife between them...

**Budget Distribution:**

The top 10 recipients of the current budget are as follows:

|  |  |
| --- | --- |
| **Turkey: 10** | **Syria: 7** |
| **Ethiopia: 9** | **Kenya: 6** |
| **Nigeria: 8** | **DRC: 6** |
| **Gaza: 7** | **Cameroon: 6** |
| **Somalia: 7** | **Tanzania: 6** |

**Lines 5.1, 5.2 & 5.3: Administration**

**What is this money used for?**

The EU, like any government, is supported by a sizeable administration of dedicated civil servants. The administration needs office buildings and supplies, the civil servants need to be paid, etc. All of the costs of running the EU as an organisation are aid for out of the budget assigned to this line.

The costs are split over the three main seats of the EU institutions: Brussels, Strasbourg, and Luxembourg. The number given corresponds to the budget spent to supply and maintain the EU organisations in these cities each year.

**Manipulating the budget**

Increasing the administrative budget will allow the EU to hire more civil servants, renovate buildings, buy new IT equipment, etc., increasing the overall effectiveness of the organisation. Decreasing the administrative budget will mean squeezing or laying off employees, closing down agencies or institutions, and a general decrease in the effectiveness of the EU as an organisation.

**Budget Distribution:**

Unsurprisingly, most of the administrative budget is spent in places where EU institutions have their seats. The main seats are Brussels, Luxembourg and Strasbourg, but other EU Member States are home to EU institutions as well.