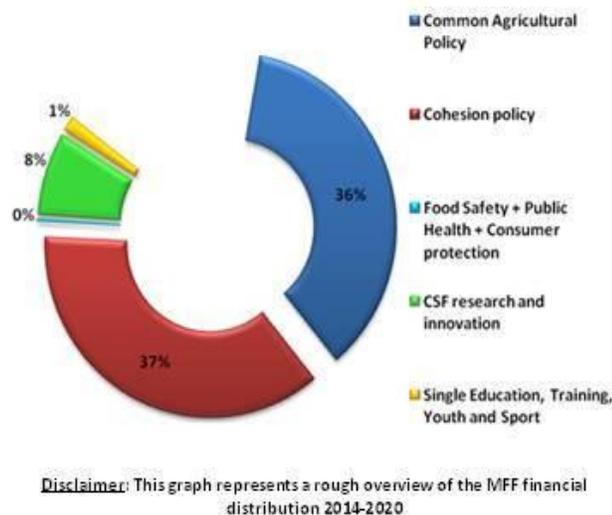


## 'A Budget for Europe 2020' COM (2011) 500 final

### 1. Introduction

The European Commission (EC) published its proposal for the next Multiannual Financial Framework (MFF). The MFF sets out the budgetary priorities in all the different policy areas of the Union for the years 2014 to 2020. It will serve as the financial backbone as the EC continues to roll out its Europe 2020 strategy, its objectives of smart, sustainable and inclusive growth and achieve its five headlines targets<sup>1</sup> (1).

As part of the new MFF package, the EC is proposing a 5% increase on the current Multiannual Financial Framework 2007-2013 (€976 billion to €1025 billion); measures to raise its own resources (EU wide VAT and/or a financial tax) and a substantial review of the current rebate system (2).



### 2. Key aspects

In the proposal, the EC highlights the need for the next MFF to yield a significant return in terms of improving the current economic and social climate. The Commission proposes to introduce a more streamlined and standardised approach to ensure that EU funds are used more effectively to support the policies of the EU (2). Moreover, while some policy areas, for example the Common Agricultural Policy (CAP), will see a decrease (39.4% to 36.2% in 2014-2020) in their funding over the period 2014-2020, other policies are expected to see a significant increase in investment including energy, research, transport and education and training (3).

#### ➤ What about public health?

In relation to public health, the EC proposes a successor to the current Public Health Programme (PHP) entitled the "*Health for Growth Programme*", with a marginal budget increase for 2008-2013 (396 Million EUR compared to 321 Million EUR for 2007-2013) taking into account real costs and inflation. Three different policy options for the future of the PHP are outlined in the supporting documents as part of the MFF package, however the EC is in favour of a programme that is comparable in size and in scope to the current PHP programme (3).

The *Health for Growth Programme* will be oriented towards actions with clear EU added value, in line with the Europe 2020 objectives and new legal obligations (4). The principal aim of the programme is to work with Member States to protect citizens from cross-border health threats, to increase the sustainability of

<sup>1</sup> Raise to 75% the employment rate for women and men aged 20-64; 2) Improving the conditions for research and development with the aim of raising combined public and private investment levels in this sector to 3% of GDP; 3) Reducing greenhouse gas emissions by 20% compared to 1990 levels; increasing the share of renewables in final energy consumption to 20%; and moving towards a 20% increase in energy efficiency; 4) Improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%; 5) Promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion

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health services and to improve the health of the population, whilst encouraging innovation in health (3). Potential actions highlighted by the Commission include developing best practices and guidelines for the diagnosis and treatment of rare diseases, supporting European reference networks on diseases, developing best practices and guidelines for cancer screening and developing a common EU approach to health technology assessments and e-Health (3). A separate proposal on the "Health for Growth Programme" is expected to be published by the end of 2011.

Proposed increased investment in a number of other key policy areas could also contribute to improving health:

➤ *Employment and Social Affairs*

The EC is planning to renew efforts to increase employment and reduce poverty and social exclusion in the EU by launching a European employment and social inclusion initiative (3). This new initiative will be taken forward through three different funding programmes – the European Social Fund (ESF), an integrated programme for employment, social policy and inclusion, and European Globalisation Adjustment Fund. Actions to promote employment and adequate social protection, combat social exclusion and poverty and improve working conditions are identified as priority areas, coupled with reorganisation of current activities into new programmes. For example, it is proposed to regroup actions, in particular in favour of social inclusion, by transferring the food support scheme for the most deprived persons to the ESF (3).

Part of this new European employment and social inclusion initiative will focus on promoting evidence-based social innovation, building on the work currently being undertaken in European Platform against Poverty and Social exclusion. It would provide for analytical and mutual learning activities as well as financial support for projects to test and disseminate innovative approaches to address employment and social policy challenges (4).

€84 billion will be designated to the ESF and the primary focus will be on action to promote employment, with a secondary focus on poverty reduction interventions while the integrated programme for employment, social policy and inclusion will be allocated €850 million for complementary measures (3).

➤ *Cohesion Policy*

The Commission is proposing to allocate 36.7% (€376 billion) of the MFF to Cohesion policy as compared to 35% in the previous exercise (2). A significant amount of investment will go to poorer regions and areas that are still facing social and economic disparities. Moreover, in order to improve the efficiency and effectiveness of Cohesion policy, the Commission is proposing the creation of a common strategic framework for all structural funds to translate the Europe 2020 objectives into investment priorities (3). This will encompass: the European Social Fund, the Cohesion Fund; the European Regional Development Fund; the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. In operational terms, the Commission proposes to conclude a partnership contracts with each Member State. These contracts will set out the commitment of partners (public authorities, SME's for example) at national and regional level to utilise the allocated funds to implement the Europe 2020 strategy (3). This process will be closely monitored by the Commission.

As highlighted above, the European Social Fund (ESF) will continue to play a key role in fighting unemployment and high rates of poverty, and delivering headlines targets of Europe 2020. The ESF will represent 25% of the budget allocated to cohesion policy, i.e. €84 billion (3).

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A proposal setting out the priority areas for investment for Cohesion Policy post-2013 is expected to be released by the EC in the autumn.

### ➤ *Research Policy*

The EC is proposing to allocate €80 billion for the 2014-2020 budgeting period for EU research (2). The creation of a common strategic framework in research and development, called *Horizon 2020*, will bring together three existing research and innovation instruments (7th Framework Programme, Competitiveness and Innovation Framework Programme and the European Institute for Innovation and Technology). *Horizon 2020* will be closely linked to key sectoral policy priorities such as health, food security and the bio-economy, energy and climate change.

It is envisaged that *Horizon 2020* will reduce administrative requirements and the bureaucracy that allegedly hamper access to funding – mainly by private sectors. On the financing side, innovative financial instruments will help to leverage private investments (3). Public-Private Partnerships, as well as Public - Public Partnerships, will be promoted (3). In addition, there will be one single set of rules for participation, audit, support structures, dissemination of results and reimbursement schemes, across all funding schemes in an attempt to reduce administrative burdens (3).

A proposal detailing the focus areas for *Horizon 2020* will be published in November 2011.

### ➤ *Education and Training*

Education and training is one of the policy areas to experience a significant increase in investment, aimed at achieving the Europe 2020 headline targets of improving education levels and increasing the employment rate to 75% by 2020 (1). The EC is proposing to allocate €15.2 billion in the area of education and training (2). A simplification of the current structures into one main programme (encompassing youth, sport, lifelong learning, higher education policies for example) is also foreseen in order to avoid fragmentation, overlapping and/or proliferation of projects lacking the critical mass necessary to a lasting impact (3). The New Education Europe programme will include three key priorities, one of which will be providing policy support to gather evidence on the effectiveness of education investments and help Member States to implement effective policies.

### ➤ *Common Agricultural Policy*

As already indicated, the budget for the CAP will be reduced compared to its current level of spending. However, despite a lower budget, the EC is keen to refocus the CAP in order to adapt it to deal with societal pressures. Actions to be funded include promoting resource efficiency in order to maintain the production base for food; incentivising actions to mitigate and adapt to climate change and supporting diversification of economic activity in rural areas, so as to promote balanced territorial development throughout Europe (3).

### ➤ *Environment*

Environmental policy and climate change action priorities will be 'mainstreamed' into all the major EU funding instruments, including cohesion, agriculture, maritime and fisheries, research and innovation, as well as into external aid programmes (3). The Commission intends to increase the proportion of climate related expenditure to at least 20%, with contributions from different policy fields subject to impact assessment evidence (3).

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### 3. Next steps

In the months to come before the end of 2011, the approach outlined in this Communication will be set out in detail in the legislative proposals for the expenditure programmes and instruments in the individual policy areas, for example, the Cohesion Policy post 2013, the Public Health Programme post 2013 and the follow up to FP7.

The publication of the Commission's proposal signals the start of negotiations with Member States and the European Parliament (EP). Under the Lisbon Treaty rules, the decision on the MFF will have to be taken by the Council deciding unanimously after receiving the EP's consent. Negotiations should ideally be concluded by 2012 in order to translate the MFF into EU law. However, the negotiation process can often be a long and contentious process between Member States: now that the EP's consent is also necessary, the process may even become more protracted.

For more information about regarding EuroHealthNet's position on the MFF, please contact John Considine via [j.considine@eurohealthnet.eu](mailto:j.considine@eurohealthnet.eu).

### Additional Information

- A Budget For Europe 2020 - Part I – Communication:  
[http://ec.europa.eu/budget/library/biblio/documents/fin\\_fw1420/MFF\\_COM-2011-500\\_Part\\_I\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/MFF_COM-2011-500_Part_I_en.pdf)
- A Budget For Europe 2020 - Part II - Policy Fiches – Communication:  
[http://ec.europa.eu/budget/library/biblio/documents/fin\\_fw1420/MFF\\_COM-2011-500\\_Part\\_II\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/MFF_COM-2011-500_Part_II_en.pdf)
- A Budget Europe 2020: the current system of funding, the challenges ahead, the results of stakeholders consultation and different options on the main horizontal and sectoral issues:  
[http://ec.europa.eu/budget/library/biblio/documents/fin\\_fw1420/SEC-868\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/SEC-868_en.pdf)
- MEMO Multiannual Financial Framework: Questions and Answers:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/468&format=HTML&aged=0&language=EN&guiLanguage=en>

### Notes

- (1) European Commission, "Europe 2020: A strategy for Smart, Sustainable and Inclusive Growth", 2010:  
[http://europa.eu/press\\_room/pdf/complet\\_en\\_barroso\\_007\\_-\\_europe\\_2020\\_-\\_en\\_version.pdf](http://europa.eu/press_room/pdf/complet_en_barroso_007_-_europe_2020_-_en_version.pdf)
- (2) European Commission, "A Budget For Europe 2020 - Part I – Communication", 2011:  
[http://ec.europa.eu/budget/library/biblio/documents/fin\\_fw1420/MFF\\_COM-2011-500\\_Part\\_I\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/MFF_COM-2011-500_Part_I_en.pdf)  
[http://ec.europa.eu/budget/library/biblio/documents/fin\\_fw1420/SEC-868\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/SEC-868_en.pdf)
- (3) European Commission, "A Budget For Europe 2020 - Part II - Policy Fiches – Communication", 2011:  
[http://ec.europa.eu/budget/library/biblio/documents/fin\\_fw1420/MFF\\_COM-2011-500\\_Part\\_II\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/MFF_COM-2011-500_Part_II_en.pdf)
- (4) European Commission, "A Budget Europe 2020: the current system of funding, the challenges ahead, the results of stakeholders consultation and different options on the main horizontal and sectoral issues", 2011



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