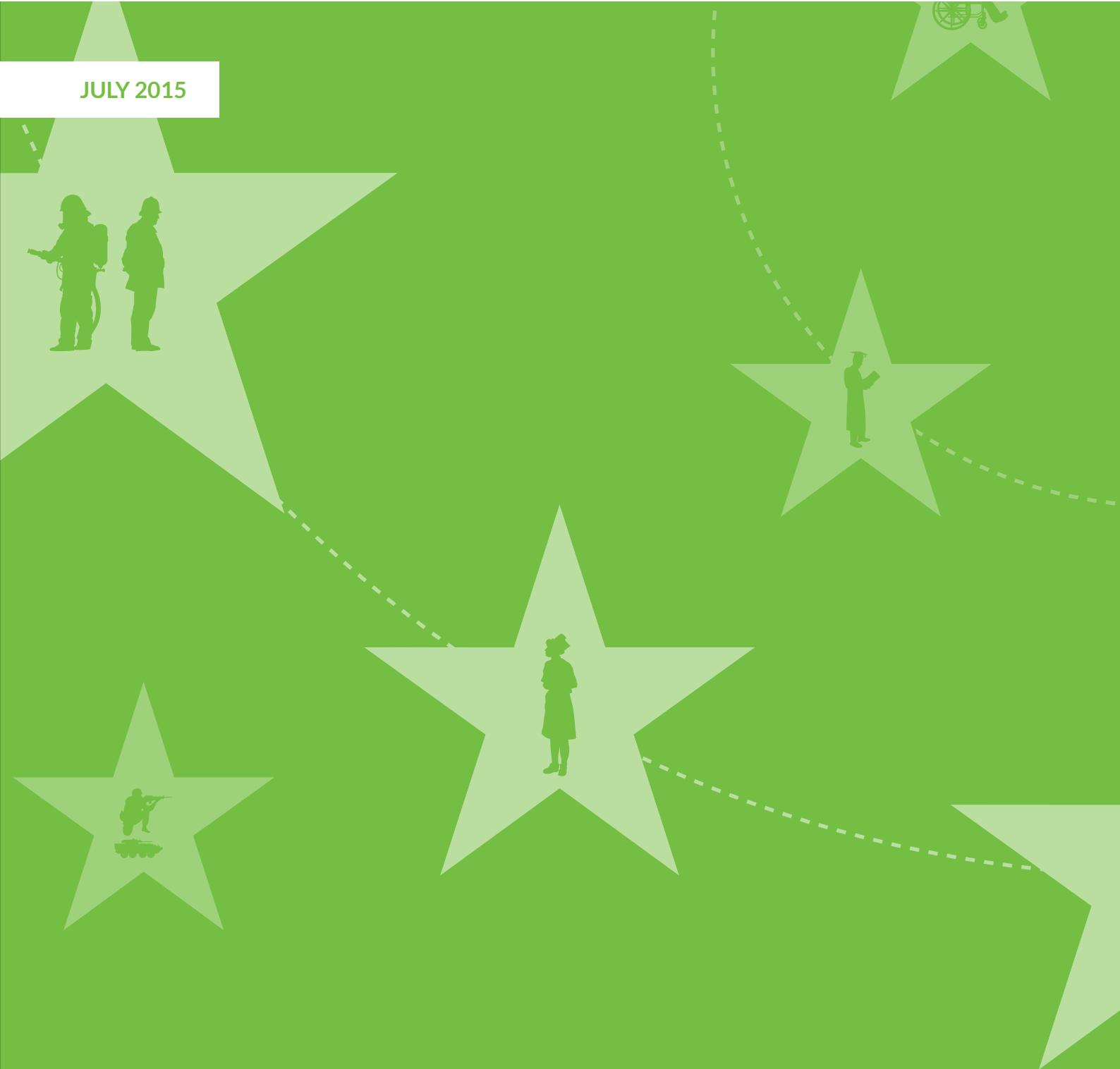


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WHERE DOES EUROPE'S MONEY GO? A GUIDE TO EU BUDGET DATA SOURCES

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EXECUTIVE SUMMARY

The EU Budget in Numbers

- The EU has committed to spending over **€959 988 million** over the period 2014-2020.
- The EU budget is divided into more than **80 funds and programmes**.
- Five of these funds, the European Structural and Investments Funds (ESIF), represent **33%** of the total budget.
- Around **6%** of the budget goes to the administration of the European institutions, whereas around **94%** is allocated to various European programmes.
- There are more than **100 authorities** managing EU funds. **20%** of these are managed directly by the European Commission. The remaining **80%** are managed by other authorities.

Recent polls show that European citizens hold the EU to be inaccessible due to its complexity and lack of transparency.¹ The lack of transparency and democratic accountability in European institutions is widely characterised as a “democratic deficit”, a phrase which has become part of the EU’s official glossary.² This “democratic deficit” is particularly apparent when it comes to EU public finances.

This guide aims to help civil society organisations (CSOs), journalists and others to navigate the vast landscape of documents and datasets about the EU’s fiscal affairs. In doing so, our objective is to support more evidence-based journalism and advocacy, and - in the longer term - to contribute towards the transparency, public understanding and democratic accountability of EU public finances.

The level of transparency about EU public money is highly variable, and is largely dependent on which authority is responsible for managing and disbursing a given fund. Funds which are exemplary for their transparency exist alongside funds which are effectively dark. For example, on one hand, the Financial Transparency System (FTS) set up by the European Commission provides access to granular open data about spending, but only concerns about 20% of total spending. On the other hand, information about public money spent by EU Members States is often unavailable to the public.

The European Union has now entered into a new budget framework for 2014-2020. This is accompanied by a new financial regulation, defining new funds and new transparency rules. However, as we shall see in this report, many barriers still remain. In addition to providing an overview of key funds and programmes, we also conclude with some analysis and recommendations for further work in this area, which are summarised below.

¹ For example, see this analysis from the Robert Schuman Foundation on recent opinion polls: <http://www.robert-schuman.eu/en/european-issues/0333-overcoming-democratic-breakdown-in-the-european-union>

² See, http://europa.eu/legislation_summaries/glossary/democratic_deficit_en.htm

SUMMARY OF RECOMMENDATIONS

1. **Establish a single central point of reference** for data and documents about EU revenue, budgeting and expenditure and ensure all the information is up to date at this domain (e.g. at a website such as ec.europa.eu/budget). At the same time, ensure all EU budget data are available from the EU open data portal as open data.
2. **Create an open dataset with key details about each EU fund**, including name of the fund, heading, policy, type of management, implementing authorities, link to information on beneficiaries, link to legal basis in Eur-Lex and link to regulation in Eur-Lex.
3. **Extend the Financial Transparency System to all EU funds** by integrating or federating detailed data expenditures from Members States, non-EU Members and international organisations. Data on beneficiaries should include, when relevant, a unique European identifier of company, and when the project is co-financed, the exact amount of EU funding received and the total amount of the project.
4. **Clarify and harmonise the legal framework regarding transparency rules** for the beneficiaries of EU funds.
5. **Support and strengthen funding for civil society groups and journalists** working on EU public finances.
6. **Conduct a more detailed assessment of beneficiary data availability** for all EU funds and for all implementing authorities - e.g., through a dedicated "open data audit".
7. **Build a stronger central base of evidence about the uses and users of EU fiscal data** - including data projects, investigative journalism projects and data users in the media and civil society.

LIST OF ACRONYMS

ACP	African, Caribbean and Pacific (countries)
CAP	Common Agricultural Policy
CF	Cohesion Fund
CFP	Common Fisheries Policy
CSO	Civil Society Organisation
DG	Directorate-General
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EDF	European Development Fund
ECA	European Court of Auditors
EFF	European Fisheries Fund
EMFF	European Maritime and Fisheries Fund
ERCAS	European Research Centre for Anti-Corruption and State-Building
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
EU	European Union
FIFG	Financial Instrument for Fisheries Guidance
FTS	Financial Transparency System
GAN	Gross National Income
ICIJ	International Consortium of Investigative Journalists
IMF	International Monetary Fund
IMP	Integrated Maritime Policy
MFF	Multiannual Financial Framework
OCTs	Overseas Countries and Territories
OLAF	European Anti-Fraud Office
TBIJ	The Bureau of Investigative Journalism
TED	Tenders Electronic Daily
TFUE	Treaty on the Functioning of the European Union
TI-EU	Transparency International EU Office
UN	United Nations
VAT	Value-added Tax

GLOSSARY

Most of these definitions are taken from the EU Glossary and from the publication *How the European Union Works* (European Commission, 2013).³

Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification. In the EU, it takes the form of a regulation .
Budget Data	Information used in the budgetary cycle - including planning, revenues and expenditures.
Ceiling	Limits of expenditure or revenue fixed by law or by regulation such as in the own resources decision or in the multiannual financial framework .
Commitment	Legal pledges to provide finance, provided that certain conditions are fulfilled.
Consent Procedure	Through this procedure, the Council has to obtain the European Parliament 's assent before certain decisions are taken. The Parliament may accept or reject the Council proposal but cannot amend it.
Council	The institution where ministers of EU Member States meet to discuss EU matters, take decisions and pass laws. Which ministers attend which council meeting depends on the subject on the agenda. The Council adopts the budget jointly with the European Parliament . It should not be confused with the European Council, which brings together Heads of States or Governments.
Discharge (Granting Discharge)	The decision by which the European Parliament , on the basis of the recommendation from the Council and the declaration of assurance provided by the European Court of Auditors , closes the life of an annual budget exercise.

³ See: http://ec.europa.eu/budget/explained/glossary/glossary_en.cfm

European Commission	Politically independent executive arm of the European Union that proposes legislation, policies and programmes of actions and is responsible for implementing the decisions of the European Parliament and of the Council .
European Court of Auditors	Independent external audit institution of the European Union. It checks that the EU budget is correctly implemented.
European Parliament	Directly elected legislative arm of the European Union. It shares authority with the Council over the budget. At the end of the budget procedure, it adopts or rejects the budget in its entirety (" discharge ").
Financial Transparency System	Database of beneficiaries of grants and other aids paid out each year by the European Commission .
Fiscal Transparency	The International Monetary Fund (IMF) defines fiscal transparency as the comprehensiveness, clarity, reliability, timeliness, and relevance of public reporting on the past, present, and future state of public finances.
Grants	Direct financial contributions, by way of donations, from the budget in order to finance either an action intended to help achieve an objective part of a EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of a EU policy.
Headings	In the Multiannual Financial Framework, they are groups of EU activities in broad categories of expenditure.
Multiannual Financial Framework	Multiannual spending plan that translates into financial terms the EU policy priorities. It sets (a) limits on EU expenditure over a fixed period and thus imposes budgetary discipline; (b) annual maximum amounts (ceilings) of commitments for the main categories of expenditures (headings) and an overall payments ceilings .

Open Data	Data is considered to be open if anyone can freely use, reuse and redistribute them, for any purpose, without restrictions (as per OpenDefinition.org). This includes being both technically open - the data can be downloaded online in open formats and read by software - and legally open - users have a legal right to reuse the data.
Open Budget Data	Public financial information used in the budget cycle that is freely available in a machine--readable format to use, modify and share (as per opendefinition.org).
Open Spending Data	Information about public expenditure that is freely available in a machine--readable format to use, modify and share (as per opendefinition.org)
Open Fiscal Data	Information about public finance that is freely available in a machine--readable format to use, modify and share (as per opendefinition.org).
Ordinary Legislative Procedure	Main legislative procedure by which directives and regulations are adopted. It gives an equal weight to the European Parliament and to the Council in the decision procedure.
Own Resources	Revenue flowing automatically to the European Union budget , pursuant to the Treaties and implementing legislation, without the need for any subsequent decision by national authorities.
Payment	Cash or bank transfer to the beneficiaries.
Regulation	Normative act, of general application, binding in its entirety and directly applicable in all EU Member States.
Spending Data	Spending data is information about public expenditures - and crucially includes transaction level data, e.g. data about individual financial transactions. Ideally spending data should contain information on amount, payer, beneficiary, date and purpose of the transaction (e.g. a project or service).
Sugar Levies	Mainly customs duties on imports of certain agricultural products from non-EU countries as well as levies paid by producers on sugar, isoglucose and insulin syrup.

THE EU BUDGET AT A GLANCE

Every 7 years the **European Commission** submits a **Multiannual Financial Framework** which is adopted by the **Parliament** and the **Council**. The framework sets the budget priorities: the **headings**.



2014 2015 2016 2017 2018 2019 2020

At the same time, the EU institutions adopt the **EU own resources** regulations and decisions which define how the sources of revenues collected through the **Member States** are calculated.

Annual Budget

Each year, an **Annual Budget Regulation** is adopted, allocating the EU own resources priorities to headings breakdown in various **funds or programmes**.

Headings



Funds and programmes



33 % of the budget goes to European Structural and Investment Funds



Management



Each fund is managed by one or more entities. **20% of the funds are managed directly** by the European Commission. The remaining **80% are managed by other authorities** such as executive agencies, Member States, non-EU countries or international organisations.

Beneficiaries



Each authority is responsible for publishing the information on beneficiaries on its website. **There are more than 100 authorities managing EU funds.**

Icons from Faktor Vier, Patrick Morrison, Pham Thi Dieu Linh, Wilson Joseph, Diego Chavez, Luis Prado from the Noun Project | CC-BY 3.0

Source: European Commission.

HOW IS THE EU BUDGET SET UP?

Unlike most national budgets which are only set up on an annual basis, the EU budget is set up through two main instruments: the Multiannual Financial Framework (MFF) for the long term, and a more standard annual budget regulation.

THE MULTIANNUAL FINANCIAL FRAMEWORK

The MFF is an instrument which sets the maximum annual amounts - or "ceilings" - which the EU may spend in different political fields - or "headings" - for a period of at least 5 years. In practice, the MFF is adopted for a period of 7 years and the current one is applicable for the years 2014-2020.⁴

The MFF takes the form of a Council regulation, adopted following a special legislative procedure called the consent procedure:

1. The European Commission submits a proposal for an MFF regulation;
2. The European Parliament accepts or rejects the proposal by an absolute majority vote - but it cannot amend the proposal;
3. After the approval of the European Parliament, the Council adopts the MFF Regulation by a unanimous vote.

Through the MFF regulation, ceilings for each year concerning commitment appropriations and payment appropriations are determined for each of the MFF headings. Headings change from one MFF to the other, making comparisons difficult over the years.

For the period 2014/2020, the headings are:

- Smart and inclusive growth including:
 - Competitiveness for growth and jobs;
 - Economic, social and territorial cohesion;
- Sustainable growth: natural resources;
- Security and citizenship;
- Global Europe;
- Administration;
- Compensation.

⁴ See Council regulation n°1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020. Available at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2013.347.01.0884.01.ENG

The framework also sets up ceilings for a number of instruments established outside the general headings and known as the Flexibility and Special Instruments, such as (1) the Emergency Aid Reserve; (2) the European Union Solidarity Fund; (3) the Flexibility Instrument;⁵ (4) the European Globalisation Adjustment Fund; (5) the Contingency Margin; (6) the Global Margin for commitments for growth and employment, in particular youth employment. These instruments enable the EU to mobilise the necessary funds to react to unforeseen events (financial crisis, emergency situations).

One specific instrument, the European Development Fund (EDF) is managed outside the framework of the MFF and governed by its own set of rules. The EDF provides development aid to African, Caribbean and Pacific (ACP) countries, as well as to Overseas Countries and Territories (OCTs). It is based on an ACP-EU Partnership Agreement known as the "Cotonou Agreement", which is revised every five years, and it is financed by direct contributions from EU Member States. The resources for the current EDF amount to €30.5 billion for the period 2014 - 2020.

WHAT ARE COMMITMENT AND PAYMENT APPROPRIATIONS?

In the EU annual budget and in the MFF regulations, authorised expenditure amounts are expressed in both **commitment** and **payment appropriations**.

- **Commitments** are legal pledges to provide finance, provided that certain conditions are fulfilled. The EU commits itself to reimburse its share of the costs of an EU-funded project when the project is completed.
- **Payments** are cash or bank transfers to beneficiaries. Today's commitments are tomorrow's payments.⁶

This means for instance that 2015 payments are actually 2014 commitments. In practice, this implies that the EU does not finance a project in advance. Someone, a Member State in most of the cases, would have to provide the funds beforehand before being reimbursed by the EU.

The ceilings of the 2014-2020 MFF are **€959 988 million** in commitment appropriations and **€908 400 million** in payment appropriations. This represents a decrease compared to the 2007-2013 MFF, whose ceiling in commitment appropriations was up to €994 176 million. The main areas affected by this decrease are the Cohesion Policy, under the heading Smart and Inclusive Growth (-8%) and the Agriculture and Rural Development Policy, under the heading Sustainable Growth: Natural Resources (-11%).⁷

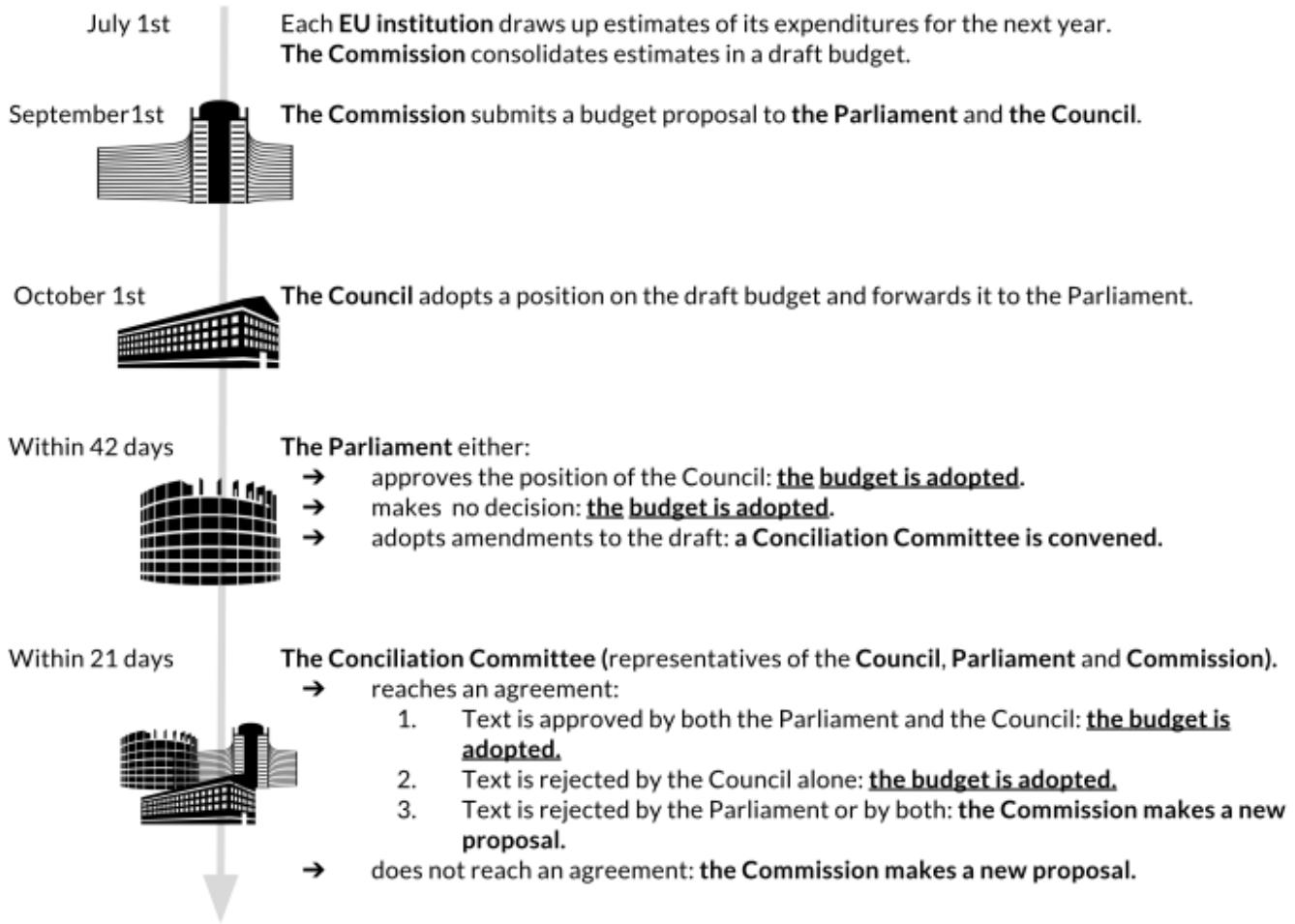
⁵ The Flexibility Instrument was used to finance the Juncker Plan: http://ec.europa.eu/priorities/jobs-growth-investment/plan/docs/an-investment-plan-for-europe_com_2014_903_en.pdf.

⁶ See the EU Funding Glossary: http://ec.europa.eu/budget/funding/information/eu-funding-glossary_en

⁷ See the Assembly of European Regions briefing note:
http://www.aer.eu/fileadmin/user_upload/MainIssues/Future_of_Europe/EU_Budget_Review/MFF-briefing-note.pdf

THE EU ANNUAL BUDGET

Every year, a regulation is adopted to set up the annual budget of the EU. This budget is based on the MFF and the procedure followed is the ordinary legislative procedure.⁸ One of the guiding principles for establishing the annual budget is that “*the revenue and expenditure shown in the budget must be in balance*”.⁹



Icons from Gerald Wildmoser and Antonis Makriyannis from the Noun Project | CC-BY 3.0

Figure 1: EU annual budget regulation adoption procedure. Source: European Commission.

The annual budget regulation is divided into several sections detailing, for each of the EU institutions, the relevant revenue, expenditure and staff allocated. The largest section of the regulation concerns the European Commission, which is responsible for managing the EU policies.

⁸ The ordinary legislative procedure step by step:

<http://www.europarl.europa.eu/aboutparliament/en/20150201PVL00004/Legislative-powers>

⁹ Article 310 of the Treaty on the Functioning of the European Union (TFEU).

For the year 2015, the budget amounts to:

- €145 321 million in commitment appropriations;
- €141 214 million in payment appropriations (this represents an increase of 1,57% compared to the 2014 EU annual budget);
- €141 214 million in budgetary revenue.¹⁰

It is possible to amend the budget after its adoption.

Annual activity reports are prepared every year by each Directorate-General (DG) and contain the DG's annual accounts and financial reports.¹¹ These reports are summarised in a synthesis report, sent to the European Parliament, the Council and the European Court of Auditors (ECA).

In addition, an annual report on budgetary and financial management is published every year by the Commission.¹²

In November every year, the Court of Auditors publishes public reports on the implementation of the EU budget and the EDF by the Commission. Based on these reports, the European Parliament expresses an opinion on the implementation of the budget by the European Commission. If this opinion is positive, it means that the Parliament has granted discharge to the Commission for this financial year.¹³

¹⁰ Definitive adoption (EU, EURATOM) 2015/339 of the European Union's general budget for the financial year 2015. Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2015:069:FULL>

¹¹ See: http://ec.europa.eu/atwork/synthesis/aar/index_en.htm

¹² The 2014 report is available online:

http://ec.europa.eu/budget/library/biblio/publications/2014/2015.04.15_RBFM_Report_en.pdf

¹³ Reports of the ECA. Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2015:069:FULL>

WHERE DOES THE MONEY COME FROM?

The sources of the EU revenue are called the EU's "own resources". A Council Decision on Own Resources, setting up the rules applying to their calculation, is usually negotiated at the same time as the MFF regulation. Resources are then provided on an annual basis.

The difference with the MFF regulation is that the Council Decision has to be approved by all the Member States before it comes into force - usually through a vote in national parliaments. This explains why, as of April 2015, the Council Decision on the EU's own resources dates back from 2007¹⁴ and continues to apply until the new Council Decision, adopted in May 2014 by the Council, comes into force.¹⁵ When the 2014 Decision will be approved by all the Member States, it will apply retroactively as of 1 January 2014.

The EU's own resources are divided into several categories:

- **Customs duties on EU imports:** they arise from the application of the common customs tariffs and are collected on imports from third countries at the external borders of the EU.
- **Agricultural duties and sugar levies:** they consist mainly of customs duties on imports from non-EU countries of agricultural products subject to the common organisation of the markets and levies on sugar, isoglucose and insulin syrup.

Customs duties, agricultural duties and sugar levies are also referred as the **EU "traditional" own resources**.

- **The VAT-based own resources:** these are national contributions based on harmonised VAT bases for Member States.
- **The GNI-based own resources:** this revenue is based on an uniform call rate applied to the Gross National Income (GNI) of each Member State.
- **Other revenues:** it includes taxes on EU staff; contributions from non-Member States and fines imposed on companies.

The collection of revenues does not apply uniformly to all EU Member States, as rather *ad-hoc correction mechanisms* also exist. The three main correction mechanisms are:

- **The UK rebate:** the UK is reimbursed a percentage of the difference between its contribution and what it receives back from the EU budget (as of today, 66% of the difference). To compensate this loss, all other Member States have to make an additional contribution to the budget in proportion to the share they contribute to the EU's GNI. Although controversial, the UK rebate has been maintained by the 2014 Council Decision on the EU own resources;

¹⁴ Council Decision of 7 June 2007 on the system of the European Communities' own resources.

Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32007D0436>

¹⁵ 2014 Council Decision on the system of own resources of the European Union.

- **Lump-sum payments:** some countries (Denmark, the Netherlands and Sweden) benefit from gross reductions in their annual GNI contributions;
- **Reduced VAT call rates** for Germany, the Netherlands and Sweden.¹⁶

As previously noted, the European Development Fund is not concerned by these rules, as it is financed directly by the Member States and has its own financial regulations.¹⁷

¹⁶ As the UK rebate, lump sum payments and reduced VAT call rates are correction mechanisms, that is to say measures taken to compensate Member States whose contribution to the EU budget is perceived as being too high compared to their relative wealth and the benefits they get out of the EU budget.

¹⁷ Council regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund. Available at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.058.01.0017.01.ENG

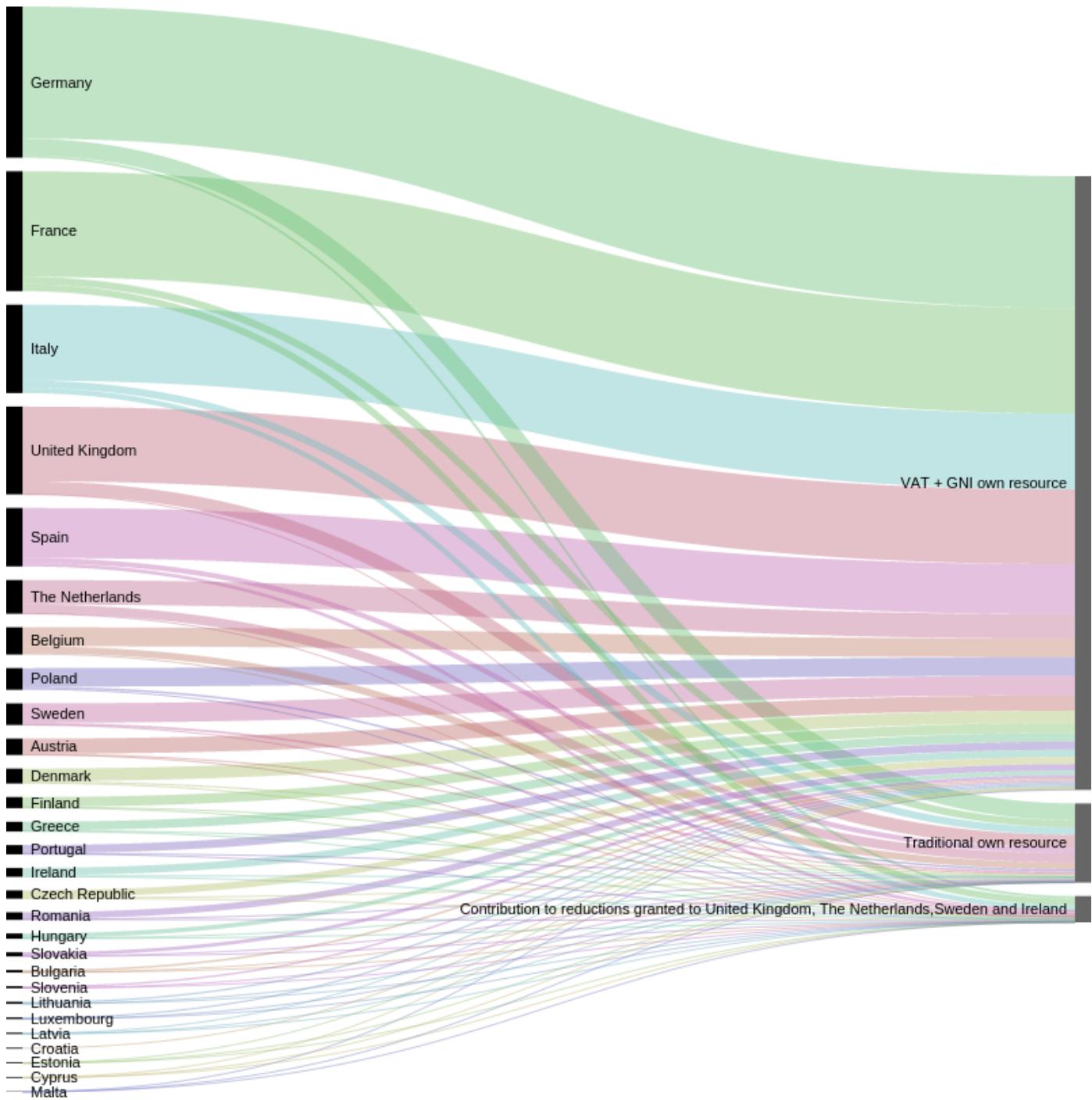


Figure 2: EU own resources contribution per Member States (Budget 2013)
 Source of the data: European Commission.¹⁸ Made with raw.densitydesign.org.

¹⁸ Available at: http://ec.europa.eu/budget/figures/interactive/index_en.cfm

WHO MANAGES AND SPENDS THE MONEY, AND HOW?

The European Commission has the overall responsibility of the implementation of the EU budget, but does not directly manage all EU funds. Indeed, these funds can be spent in several different ways:

- Through **centralised management**: the money is managed directly by the European Commission (e.g. through the selection of contractors or the award of grants) - this is **centralised direct management** - or indirectly by EU executive agencies, decentralised agencies or national agencies - this is **centralised indirect management**;
- Through **shared management** (this method accounts for around 80% of the EU budget): there is a delegation of budget implementation to EU Member States;
- Through **decentralised management**: there is a delegation of budget implementation to non-EU countries;
- Through **joint management**: there is a delegation of budget implementation to intergovernmental and international organisations.

One fund can be spent in different ways (for example, through centralised and shared management). **For each fund, a specific regulation is adopted which defines the rules related to its implementation.**

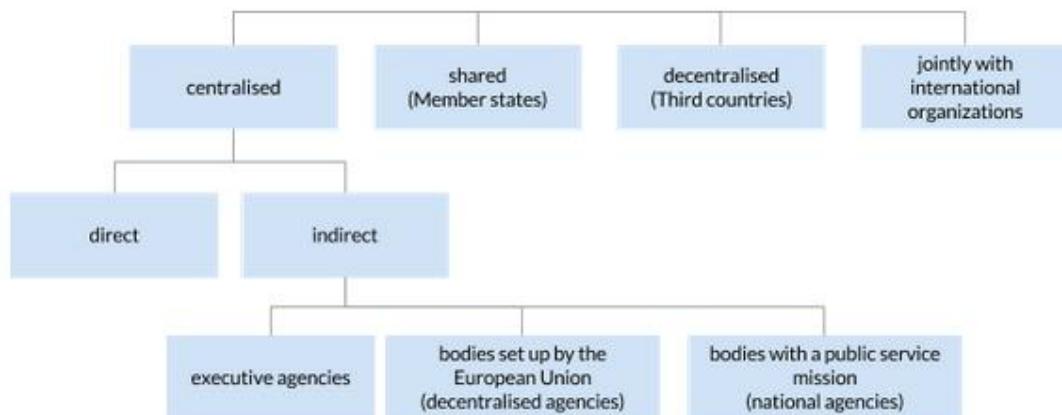


Figure 3. Budget Management Overview
Source: European Commission¹⁹

Ultimately, a large number of entities are involved in the spending of the EU budget.

- **The Commission itself and its agencies.** In that case, money will be directly spent through grants, contracts, or administrative expenditures.
- **National and regional authorities in EU Member States;**
- **Authorities in non-EU countries** which receive financial support from the EU;
- **International organisations** such as the United Nations or the World Bank.

¹⁹ http://ec.europa.eu/budget/explained/management/managt_who/who_en.cfm

As a general rule, the co-financing principle usually applies to EU spending, especially when it comes to shared management. Through this rule, part of the cost of an action or the running costs of an entity is borne by the beneficiary of the grant or by contributors other than the European Commission, with the aim to make beneficiaries responsible for the operational and financial viability of their projects. Some flexibility nevertheless exists to allow for the full financing of some projects with EU funds.

Other rules usually applicable to funding projects with EU money are: the non-profit rule; the non-retroactivity rule and the non-cumulative rule.²⁰

²⁰ See for example this presentation:

http://ec.europa.eu/chafea/documents/health/calls/2013/Workshop_on_Joint_Action_2013/Financial_Management_JA_Workshop_December_2012.pdf

WHERE DOES THE MONEY GO?

The European Union has a budget to pay for policies carried out at the European level and for the institutions deciding, managing and implementing these policies (the Commission and its Directorates-General, the Parliament, the agencies, the Council, etc.).

The spending priorities are set in the MFF when defining the amount of the funds under its headings. For the 2014-2020 MFF, the priorities are creating growth and jobs and reducing economic gaps between the EU's various regions.²¹ Agriculture, rural development, fisheries and environmental protection account for a major share of the budget.

Each heading is then split into programmes and funds which finance the implementation of EU policies. The final beneficiaries can be any person or organisation (company, research organisation, local council, etc.) from the EU Member States and beyond.

As the programmes and funds are managed by various entities belonging or not to the EU institutions, **there is currently no central database of all the EU spending beneficiaries.**

²¹ The 12 highlights for the 2014/2020 MFF:
http://ec.europa.eu/budget/mff/highlights/index_en.cfm#funding

THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESIF)

A very large amount of the EU budget is spent through 5 funds known as the **European Structural and Investment Funds (ESIF)**. Indeed, with a total of €366.9 billion for the 2014-2020 period, the ESIF make up more than one third of the EU's budget. To these funds, in addition to the specific regulations regarding their implementation, applies a single set of common rules defined in the Common Provisions regulation²², with the objectives of:

- Establishing a clear link with the Europe 2020 Strategy;²³
- Improving coordination;
- Ensuring consistent implementation;
- Making access to the funds as straightforward as possible for those who may benefit from them.²⁴

The ESIF are managed under the shared management mechanism, which provides that Member States are co-responsible for the funds and, as such, must comply with specific control and audit procedures.

In 2014, Member States had to prepare and negotiate with the Commission so-called Partnership Agreements (strategic plans with their investment priorities covering the five ESIF). Then, they adopted Operational Programmes, which break down the investment priorities and objectives of the Partnership Agreements into concrete actions. The Operational Programmes are managed by the managing/national authorities appointed by each Member State. Applications for funding are then submitted to the national or regional authority managing the relevant programme.

The 5 ESIF for the 2014-2020 period are:

- The Cohesion Fund (CF);
- The European Agricultural Fund for Rural Development (EARDF);
- The European Maritime and Fisheries Fund (EMFF)
- The European Regional Development Fund (ERDF);
- The European Social Fund (ESF).

Below are details for each of the 5 ESIFs.

²² See: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2013.347.01.0320.01.ENG

²³ Europe 2020 is the 10-year growth strategy of the European Union for the period 2010-2020. See http://ec.europa.eu/europe2020/index_en.htm

²⁴ European Commission ESIF webpage: http://ec.europa.eu/contracts_grants/funds_en.htm

THE COHESION FUND (CF)

MFF heading	Smart and Inclusive Growth - Economic, Social and Territorial Cohesion
Funds	Cohesion Fund
Policy supported	Regional and Urban Policy
2014-2020 MFF ceiling	€63 399 million ²⁵
Managing Member States	Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia
Managing Directorate-General	Directorate-General for Regional and Urban Policy (DG REGIO)
Website	http://ec.europa.eu/regional_policy/en/funding/cohesion-fund/

The aim of the CF is to reduce economic and social disparities and to promote sustainable development in Member States whose GNI per inhabitant is less than 90% of the EU average. The funding goes to activities supporting the establishment of trans-European transport networks or to projects related to energy or transport as long as they clearly benefit the environment.

Beneficiaries:

- **For funds under shared management**, DG REGIO manages a website with a map providing direct links to lists of beneficiaries provided by EU Member States, but the page does not make a clear distinction between the beneficiaries of spending under the CF or under the European Regional Development Fund (ERDF):
http://ec.europa.eu/regional_policy/en/atlas/beneficiaries/
- **For funds under centralised direct management**, a list of beneficiaries until 2013 is available in the FTS, under the heading “Cohesion Funds”:
http://ec.europa.eu/budget/fts/index_en.htm

²⁵ Initial amount was €74 928 million but in accordance with regulation 1303/2013 (art. 92(6) and 92(7)), parts of this amount have been transferred to the Connecting Europe Facility and to the Fund for European Aid to the Most Deprived.

THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT (EAFRD)

MFF heading	Sustainable Growth: Natural Resources
Funds	European Agricultural Fund for Rural Development (EAFRD)
Policy supported	Agriculture and Rural Development
2014-2020 MFF ceiling	€95 577.052 million
Managing Member States	EU28
Managing Directorate-General	Directorate-General for Agriculture and Rural Development (DG AGRI)
Website	http://ec.europa.eu/agriculture/cap-funding/index_en.htm

The EAFRD is one of the two EU funds which finance the Common Agricultural Policy (CAP), the other one being the European Agricultural Guarantee Fund (EAGF), which is not an ESIF.²⁶ The CAP, the agricultural policy of the EU, was established in 1962 and last reformed in 2013 to focus on 3 priorities: (i) viable food production; (ii) sustainable management of natural resources; (iii) balanced development of rural areas throughout the EU. In this context, the EAFRD focuses on the EU's contribution to rural development programmes and is implemented through shared management with EU Member States.

The overall CAP budget has decreased over the years, but still represents a significant share of the EU budget: from 71% in 1984 to 39% in 2013.

Beneficiaries:

- **For funds under shared management**, DG AGRI manages a website with links to Member States websites providing information on beneficiaries of CAP payments (although there is no clear distinction between beneficiaries of the EAFRD and the EAGF): http://ec.europa.eu/agriculture/cap-funding/beneficiaries/shared/index_en.htm
- **For funds under centralised direct management**, a list of beneficiaries until 2013 is available in the FTS: http://ec.europa.eu/budget/fts/index_en.htm

²⁶ The EAGF is the fund financing direct payments to farmers and measures regulating or supporting the agricultural market. As the EAFRD, it is managed by DG AGRI, but represents a more significant share of the EU budget (around 80% of the CAP budget).

THE EUROPEAN MARITIME AND FISHERIES FUND (EMFF)

MFF heading	Sustainable Growth: Natural Resources
Funds	European Maritime and Fisheries Fund (EMFF). Previously called the Financial Instrument for Fisheries Guidance (FIFG - for the period 1996-2006) and the European Fisheries Fund (EFF - for the period 2007-2013)
Policy supported	Maritime Affairs and Fisheries
2014-2020 MFF ceiling	€7 404.84 million
Managing Member States	EU28, Luxembourg excepted
Managing Directorate-General	Directorate-General for Maritime Affairs and Fisheries (DG MARE)
Website	http://ec.europa.eu/fisheries/cfp/emff/index_en.htm

The EMFF supports the implementation of the European Common Fisheries Policy (CFP) and of the EU Integrated Maritime Policy (IMP) for the period 2014-2020. The objectives of the EMFF are: i) to help fishermen in the transition to sustainable fishing; ii) to support coastal communities in diversifying their economies; iii) to finance projects that create new jobs and improve quality of life along European coasts. In order to reach this objective, 11% of the fund is managed directly by the European Commission to support EU-wide objectives in maritime and coastal affairs, whereas the remaining 89% are managed by EU Member States on the basis of co-financing. In the last case, each country is allocated a share of the total fund budget, based on the size of its fishing industry - this makes Spain the biggest beneficiary of the EMFF.

A part of the MFF ceiling dedicated to the EMFF (€900 million) has been attributed to the establishment and management of sustainable fisheries partnership agreements with third countries. Very often criticised, these partnership agreements obey to different financial rules than the general rules applicable to the EMFF (see:

http://ec.europa.eu/fisheries/cfp/international/agreements/index_en.htm).

Beneficiaries:

- **For funds under shared management**, DG MARE maintains a website with links to the websites of Member States providing information on beneficiaries of EMFF payments (although, for some countries, the information presented seems to be outdated):
http://ec.europa.eu/fisheries/contracts_and_funding/the_european_transparency_initiative/index_en.htm
- **For funds under centralised direct management**, a list of beneficiaries until 2013 is available in the FTS: http://ec.europa.eu/budget/fts/index_en.htm

THE EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

MFF heading	Smart and Inclusive Growth - Economic, Social and Territorial Cohesion
Funds	Less-developed regions; More developed regions; Outermost and sparsely populated regions; Transition regions; Territorial cooperation.
Policy supported	Regional and Urban Policy
2014-2020 MFF ceiling	€187.4 million
Managing Member States	EU28
Managing Directorate-General	Directorate-General for Regional and Urban Policy (DG REGIO)
Website	http://ec.europa.eu/regional_policy/en/funding/erdf/

The ERDF was established in 1975. For the 2014-2020 period, its objectives are to strengthen economic and social cohesion in the EU by correcting imbalances between its regions. To do so, it focuses on several key priority areas: (i) innovation and research; (ii) the digital agenda; (iii) support for small and medium-sized enterprises; (iv) the low-carbon economy. EU regions are classified into several categories.²⁷ Depending on this classification, different rules apply:

- In more developed regions, at least 80% of the funds must focus on at least two of the key priorities;
- This is 60% of the funds in transition regions;
- And 50% in less-developed regions.

Implementation of the ERDF is made at the regional and national levels through the principles of shared management and of co-financing. The Commission retains a supervisory role. The ERDF is not established as such in the MFF and in the annual budget regulations. The money channeled through this fund comes from different budget lines, such as “Less-developed regions”, “More developed regions” or “Transition regions”. These budget lines are also used to finance other funds such as the European Social Fund (ESF), making it difficult for the public to determine the exact amount of money invested in the ERDF.

Beneficiaries:

- **For funds under shared management**, DG REGIO maintains a website with links to the websites of Member States providing information on beneficiaries of ERDF payments (although the data is mixed up with the one provided for the Cohesion Fund): http://ec.europa.eu/regional_policy/en/atlas/beneficiaries/
- **For funds under centralised direct management**, a list of beneficiaries until 2013 is available in the FTS: http://ec.europa.eu/budget/fts/index_en.htm

²⁷ See this map: http://ec.europa.eu/regional_policy/en/policy/how/is-my-region-covered/

THE EUROPEAN SOCIAL FUND (ESF)

MFF heading	Smart and Inclusive Growth - Economic, Social and Territorial Cohesion
Funds	Less-developed regions; More-developed regions; Transition regions; Youth Employment Initiative
Policy supported	Employment, Social Affairs and Inclusion
2014-2020 MFF ceiling	€86.4 million
Managing Member States	EU28
Managing Directorate-General	Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL)
Website	http://ec.europa.eu/esf/home.jsp?langId=en

The ESF is the EU's main instrument for supporting jobs, helping people to get better jobs and ensuring fairer job opportunities. For the 2014-2020 period, priorities are to boost the adaptability of workers; improving access to employment and helping people from disadvantaged groups to get jobs.

The ESF is implemented through the system of shared management, together with EU Member States, and according to the co-financing principle. Co-financing rates vary between 50% and 85% of the total project costs depending on the relative wealth of the region.²⁸

The ESF is not established as such in the MFF and in the annual budget regulations. The money channeled through this fund comes from different budget lines, such as "Less-developed regions", "More developed regions" or "Transition regions". These budget lines are also used to finance other funds such as the European Regional Development Fund (ERDF), making it difficult for the public to determine the exact amount of money invested in the ESF. In addition, and even if it is included under a different budget heading, the Youth Employment Initiative appears to be managed under the framework of the ESF.

Beneficiaries:

- **For funds under shared management**, DG EMPL maintains a website with links to the websites of Member States providing information on beneficiaries of ESF payments: <http://ec.europa.eu/esf/main.jsp?catId=45&langId=en>
- **For funds under centralised direct management**, a list of beneficiaries until 2013 is available in the FTS: http://ec.europa.eu/budget/fts/index_en.htm

²⁸ See this map presenting the classification of the EU regions into different categories: <http://ec.europa.eu/esf/main.jsp?catId=525&langId=en>

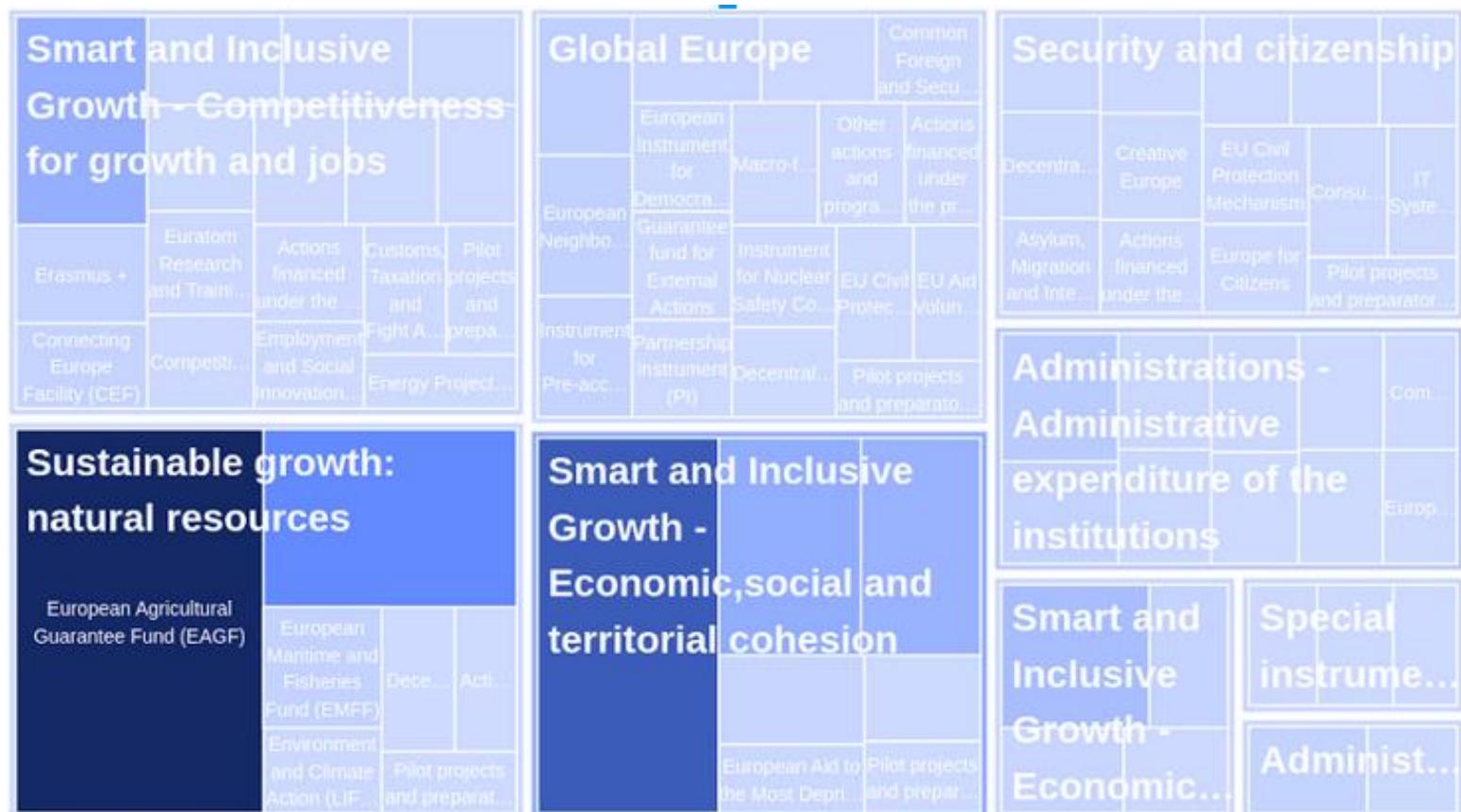


Figure 5: Share of the EU budget per headings and funds (2015 Appropriation Commitments)

Source of the data: European Commission.²⁹ Made with Many Eyes (IBM).

²⁹ http://ec.europa.eu/budget/figures/interactive/index_en.cfm

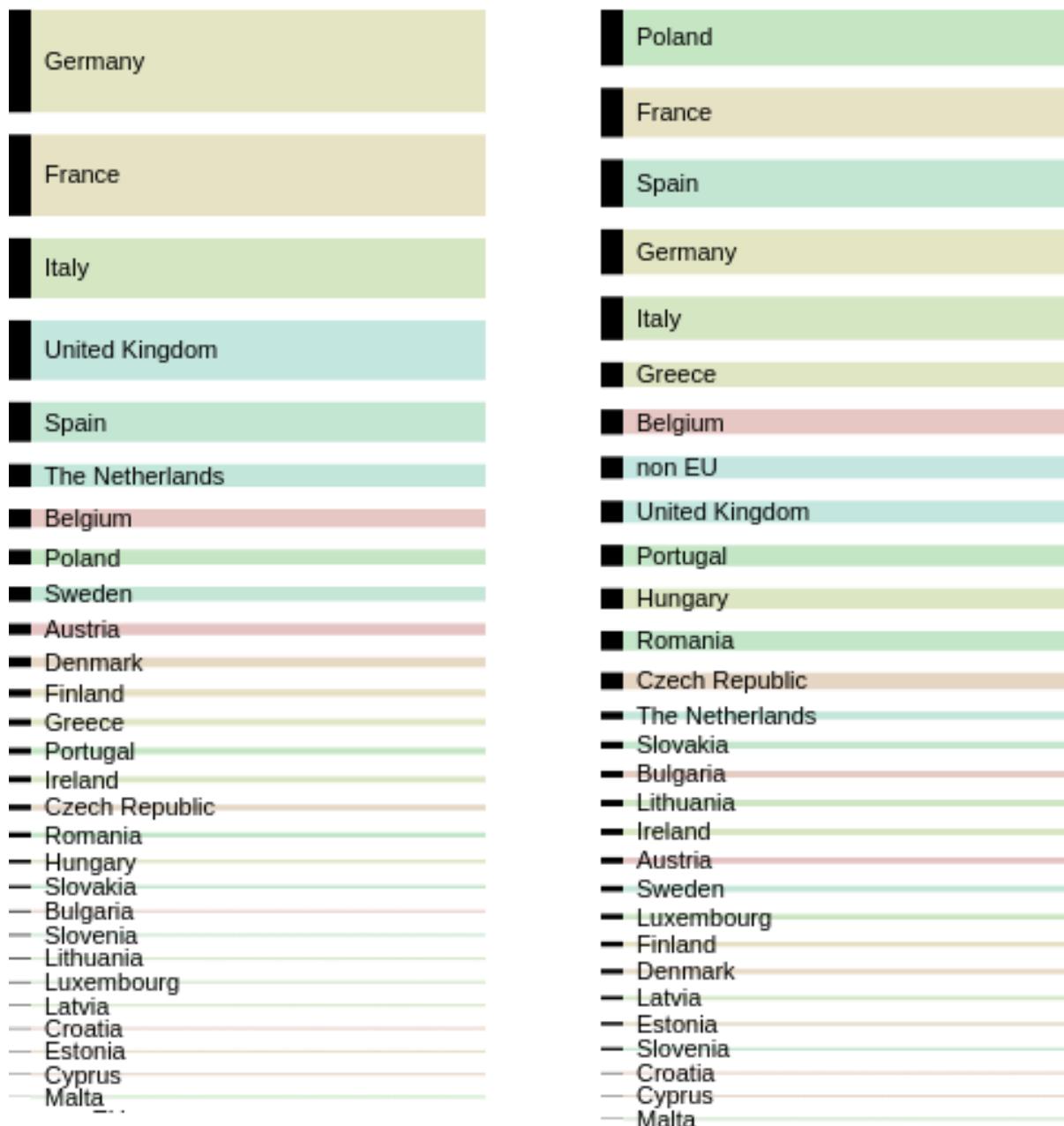


Figure 4: Members States contributors vs. beneficiaries (budget 2013)
 Source of the data: European Commission.³⁰ Made with raw.densitydesign.org.

³⁰ http://ec.europa.eu/budget/figures/interactive/index_en.cfm

HOW TRANSPARENT IS THE EU BUDGET?

OVERALL FISCAL TRANSPARENCY

Most of the data and documentation for the budget process and its implementation are available online. The Cohesion Policy even has an open data website offering aggregated budget data.³¹ However, there is not a unique and primary access point where all budget documents and data are centralised or federated in a standardised way. Being able to obtain a joined-up picture of EU public finances is essential for democratic accountability. For example, journalists collaborating around the EU Farm Subsidy project were initially unable to determine the total agricultural subsidies going to large multi-national corporations from the EU, as the data sources were scattered across hundreds of different local, regional and national government websites, in different formats and the European Commission denied an access for documents request for the centralised dataset.³²

Indeed, even though the Commission has a central budget section on its website,³³ this report has evidenced that it is necessary to consult many websites or webpages not referenced under the Commission website in order to understand the basic principles related to the EU budget functioning and to collect related figures. There are also some inconsistencies between the terms and figures published in the budget documents from different EU institutions websites.³⁴ As a result, accessing, analysing and understanding the whole EU Budget is a complex task which hampers EU Budget transparency.

One of the main issues is the missing link between the two major EU budgetary instruments (the seven years framework and the annual budget regulation) and the funds themselves. The funds set up by the multiannual framework and the budget are implemented, directly or not, by the Directorate-Generals and Agencies of the Commission, and specific information related to these funds is therefore to be found on their respective websites. But the information and data they provide are not presented in a harmonised way, making it difficult and extremely burdensome to gather the same level of information for each of the funds.

In addition, whereas the Commission provides a unique website to link the beneficiaries of its spending under centralised direct management (the FTS), there is no such system for the vast majority of funds spent under shared management.³⁵ Diversity of languages for the different websites of the Member States also adds complexity to find and analyse the information on

³¹ See: <https://cohesiondata.ec.europa.eu>

³² Source: Brigitte Alfter, cofounder of FarmSubsidy.org and Wobbing.eu.

³³ See: http://ec.europa.eu/budget/index_en.cfm

³⁴ For example, concerning the exact amount of the five ESIF for the 2014-2020 period, one EU publication mentions a number of €366.9 billion whereas another refers to a total of €351.8 billion.

See http://ec.europa.eu/contracts_grants/pdf/synergies_beneficiaries_en.pdf and http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag48/mag48_en.pdf

³⁵ It should be noted, however, that DG BUDGET, the EU Directorate-General for Budget, was responsive to requests for information sent by the authors of this report.

beneficiaries. The lack of distinction from EU and other co-funding for a project is also an issue. Lastly, datasets on beneficiaries do not use a unique European identifier for legal entities. This hampers the capacity of investigation and other data analysis across Europe.³⁶

TRANSPARENCY REGULATIONS

According to Article 15 of the TFUE, “*the Union’s institutions, bodies, offices and agencies shall conduct their work as openly as possible. (...) Any citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, shall have a right to access to documents of the Union’s institutions, bodies, offices and agencies, whatever their medium, subject to the principles and conditions to be defined in accordance with this paragraph*”.

To implement this principle of transparency, specific obligations were defined in successive legal instruments called “Financial regulations”. The last financial regulation, adopted in 2012, established an obligation of publication of accounts, budgets and reports through means such as the Official Journal of the European Union. There is also an obligation of publication of information on recipients of EU funds. It is stated in the financial regulation that “*where natural persons are concerned, the publication shall be limited to the name and locality of the recipient, the amount awarded and the purpose of the award*”.³⁷

Therefore, this principle of transparency is not an absolute one, as it is the subject of “*principles and conditions*”. This was evidenced in 2010, when the Court of Justice of the European Union delivered a judgment in which it rules that publishing personal data on the beneficiaries of funds deriving from the two financial pillars of the CAP was not proportionate when it comes to natural persons who are the beneficiaries of these funds.³⁸

As a consequence, for a two-year period, the obligation to publish information on the beneficiaries of CAP payments was limited to **only** legal persons. In 2013, a new regulation was adopted, which re-established the obligation to publish information on the beneficiaries of CAP payments, except when it comes to small amounts of money received by natural persons (per default less than €1250 received in one year).³⁹

³⁶ The Directive 2012/17/EU introduces a unique identifier for European companies. However, there is no provision for that unique identifier to be used in data on EU funds beneficiaries.

³⁷ 2012 financial regulation, Articles 34 and 35. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:298:0001:0096:EN:PDF>

³⁸ See: [http://curia.europa.eu/juris/document/document.jsf;jsessionid=9ea7d0f130de9fa4dec2274b4c12a176e3a592620a2c.e34KaxiLc3eQc40LaxgMbN4ObxaSe0{text=&docid=79001&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=583202}](http://curia.europa.eu/juris/document/document.jsf;jsessionid=9ea7d0f130de9fa4dec2274b4c12a176e3a592620a2c.e34KaxiLc3eQc40LaxgMbN4ObxaSe0{text=&docid=79001&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=583202)

³⁹ The threshold can be set by Member States, see article 12 of regulation 1306/2013: http://ec.europa.eu/agriculture/cap-funding/beneficiaries/shared/index_en.htm. The 2014 thresholds are available here: http://ec.europa.eu/agriculture/cap-funding/beneficiaries/shared/threshold_en.pdf

The 2010 ruling of the Court certainly influenced the drafting of the 2012 financial regulations. In the Commission Delegated regulation of 29 October 2012, it is stated that:

... as far as personal data referring to natural persons are concerned, the information published shall be removed two years after the end of the financial year in which the funds were awarded. The same shall apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.⁴⁰

This limitation is applicable to recipients of EU funds awarded under direct and indirect management.

For each sector or fund, more specific and detailed rules can be adopted. For example, for the 5 ESIF, the Common Provisions regulation states that:

Member States or managing authorities shall, in order to ensure transparency concerning support from the Funds, maintain a list of operations by operational programme and by fund in a spreadsheet data format, which allows data to be sorted, searched, extracted, compared and easily published on the internet, for instance in CSV or XML format. The list of operations shall be accessible through the single website or the single website portal providing a list and summary of all operational programmes in that Member State. (...) The list of operations shall be updated at least every six months.⁴¹

BENEFICIARIES OF EU FUNDS

To find information on the beneficiaries of EU funds, it is necessary to look at the type of management involved, as this has a direct implication on the place where the data will be found and on which authority (the EU itself, the Member States, etc.) will manage the publication of this data.

Centralised Direct Management

For funds awarded under centralised direct management, the financial regulation provides that the information on the beneficiary shall be published on an internet site of the EU institutions. Information shall contain the name of the recipient; the locality of the recipient; the amount awarded; the nature and purpose of the measure.

Some rules and exceptions apply as regard to data privacy. Any information identifying a natural person shall be removed two years after the end of the financial year in which the funds were awarded, and the following information should not be released:

- Public procurement contracts worth under a certain amount (currently €15000);
- Scholarships or other direct support paid to natural person.

⁴⁰ See: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L:2012:362:FULL&from=EN>

⁴¹ See: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&:PDF>

In order to comply with the financial regulation, the European Commission has set up the Financial Transparency System (FTS).⁴² In this public database are included data on beneficiaries of EU funds from 2007 onwards, as well as data on beneficiaries of the European Development Fund (EDF) from 2010 onwards. The financial information contained in the FTS is expressed in commitments and not in payments - it corresponds to the amounts awarded ("committed") to beneficiaries in a given year. The data is updated at least in June the year following the financial year concerned. For example, data on the year 2014 will be published in June 2015.

Centralised Indirect Management

When the management of the fund is delegated to an executive, decentralised or national agency (indirect management), it is the responsibility of this authority to publish beneficiaries data on its website. In case the information is not published directly, the website of the authority should at least contain a link to the website where the information can be found. The same rules apply to the publication of data on beneficiaries under centralised direct and indirect management.

Shared Management

For information on beneficiaries under shared management, it the responsibility of Member States to make the data publicly available. For the 5 ESIF and according to the Common Provisions regulation, Member States must publish data on the name of the beneficiaries, the activity and the amount of public funding allocated. For these funds and the European Agricultural Guarantee Fund, the European Commission provides on its own website links to the websites of Member States with information of beneficiaries under shared management. This concerns beneficiaries of:

- the Common Agricultural Policy;
- the European Regional Development Fund and the Cohesion Fund;
- the European Social Fund;
- the European Maritime and Fisheries Fund.

Development and Humanitarian Aid to Non-EU Countries

Data is published directly by the European Commission on:

- Agreements and contracts signed in the field of humanitarian aid during the year concerned, whether financed under the EU budget or the European Development Fund (for ACP countries only);⁴³
- The beneficiaries of grants and contracts awarded by EuropeAid in the field of development and cooperation.⁴⁴

⁴² See: http://ec.europa.eu/budget/fts/index_en.htm

⁴³ See: <http://ec.europa.eu/echo/node/2190>

⁴⁴ See: <http://ec.europa.eu/europeaid/work/funding/beneficiaries>

JOURNALISTIC INVESTIGATIONS AND TRANSPARENCY PROJECTS TO FOLLOW THE MONEY

There is a growing network of investigative journalists in Europe, supported by initiatives such as the JournalismFund.eu, who are acquiring skills to work on complex data projects. In parallel, a number of data-savvy analysts, activists and developers, are supporting investigations efforts by extracting (scraping), gathering and releasing EU budget data in a more useful way and developing dedicated tools and platforms. Those practices are often described as data journalism.⁴⁵ Investigations can also be conducted or initiated by EU public authorities which have the mandate to control the EU Budget. The following sections present a brief and illustrative overview of a selection of recent work.⁴⁶

INVESTIGATIONS INTO EU FUNDS

EUobserver

The EUobserver is a non-profit independent online newspaper established in Brussels. It regularly covers EU funds attribution, fraud and misuses.⁴⁷ In 2013, the EUobserver investigated EU funds attribution to regions.⁴⁸ The result was that the poorer and more mismanaged a region was, the less it was profiting from EU funds, therefore raising the point that there is a relationship between administrative capacity and good and effective use of funds.

EU Transparency

EU Transparency is a non-profit organisation based in the UK and working to improve transparency of the European Institutions. EU transparency was behind the project FishSubsidy (see next section) and host of the Farmsubsidy.org project for some years.

⁴⁵ For a good introduction to data journalism, see Gray, J., Bounegru, L. and Chambers, L. (eds.) The Data Journalism Handbook (O'Reilly Media, 2012), co-edited by Open Knowledge and the European Journalism Center and freely available online at: <http://datajournalismhandbook.org/>

⁴⁶ For an in depth-review of journalism investigation on EU funds up to 2012, see: European Commission, *Deterrence of fraud with EU funds through investigative journalism in EU-27*, 2012, <http://www.journalismfund.eu/sites/default/files/EP%20Study%20-%20Deterrence%20of%20fraud.pdf>.

⁴⁷ See: <https://euobserver.com/search?q=EU+funds>

⁴⁸ See: <https://euobserver.com/regions/119867>

European Research Centre for Anti-Corruption and State-Building

The European Research Centre for Anti-Corruption and State-Building (ERCAS) is an academic research center located at the Hertie School of Governance in Berlin, Germany. ERCAS has notably established the anti-corruption project database, where anti-corruption initiatives are documented and promoted through a database of projects, impact analysis and diagnosis reports.⁴⁹ ERCAS also investigates itself EU funds abuse and conducted a project in Bulgaria.⁵⁰

Financial Times

The online version of the Financial Times has a dedicated section on investigations and articles on the EU Structural Funds where it reports about EU funds management issues, frauds and funds misuse.⁵¹ The last article raised the issue of UK local councils, London excepted, not being allowed to independently manage their share of the ESIF funds. The Financial Times has also worked with the Bureau of Investigative Journalism to make EU Structural Funds more public. (see The Bureau of Investigative Journalism and data project description in next section).

JournalismFund.eu

The JournalismFund.eu was founded in 2008 on the model of the Belgian Pascal Decroos Fund and is the only European fund providing working grants for journalism investigation across the EU. The fund also supports the Dataharvest - European Investigative Journalism Conference which has become the main annual conference for journalists to share best practices and story ideas related to EU data.⁵²

The Bureau of Investigative Journalism

The Bureau of Investigative Journalism (TBIJ) is a non-for-profit news organisation based in London. It has worked with the Financial Times on the EuFunds project to investigate EU Structural Funds.⁵³ One of the main findings from that investigation is that only 5% (54) of 1046 leaks relating to corruption in 2011 came from Member States authorities, raising concerns over the shared management of EU funds.⁵⁴

⁴⁹ See: http://www.againstcorruption.eu/?post_type=projects

⁵⁰ See: <http://www.againstcorruption.eu/projects/effective-investigation-of-european-union-funds-abuse-in-bulgaria/>

⁵¹ See: http://www.ft.com/intl/topics/themes/EU_Structural_Funds

⁵² See: <http://www.journalismfund.eu/dataharvest-conferences>

⁵³ See: <https://www.thebureauinvestigates.com/category/projects/eu-structural-funds/>

⁵⁴ See: <https://www.thebureauinvestigates.com/2012/07/07/eu-member-states-fail-to-report-corruption-but-bureau-investigation-hits-home/>

The International Consortium of Investigative Journalists

The International Consortium of Investigative Journalists (ICIJ) is a global network of about 200 investigative journalists who collaborate on investigative stories across the globe. The ICIJ was launched as a project of the Center for Public Integrity. In 2012, the ICIJ published "Looting the seas II", an in-depth investigation into EU subsidies supporting Spanish fisheries.⁵⁵ The investigation evidences that "*decades of overfishing have left Europe's fish stocks in peril and its fishermen in poverty. It's an impasse paid for by EU taxpayers.*" Among the key findings, it has been found that one Spanish ship-owner received more than €8.2 million in subsidies even while his company or its affiliates faced more than 40 accusations of illegal fishing and US\$5 million in fines.⁵⁶ ICIJ used various data sources for its investigation, including data from fishsubsidy.org (see section below) but also had to requests additional information to the EU and the national and regional governments in Spain.⁵⁷

Transparency International EU Office

As part of the global Transparency International, the Transparency International EU Office (TI-EU) focuses on EU advocacy. It promotes accountability, transparency and integrity at the EU level. TI-EU recognised that the shared management system of a large number of EU funds makes it very difficult to access data, and is therefore calling for all EU funds to be available on a single, citizen-friendly website. Investigations can also be conducted or initiated at the EU level by dedicated authorities.⁵⁸

European Anti-Fraud Office (OLAF)

OLAF is charged by the EU of the protection of the financial interests of the EU budget. It investigates fraud, corruption and serious misconduct within the European institutions, and develops an anti-fraud policy for the European Commission. OLAF's mandate covers all EU expenditures and it cooperates with national authorities for funds under shared management. OLAF publishes an annual report containing statistics on fraud and examples of cases investigated. According to the 2013 report, the main amounts of fraud were in structural funds (€111.7 million), external aid (€100.4 million), customs and trade (€84.9 million), new financial instruments (€66.3 million) and agricultural funds (€34.4 million).⁵⁹

⁵⁵ See: <http://www.icij.org/projects/looting-seas-ii>

⁵⁶ ICIJ, €6 billion in subsidies fuel Spain's ravenous fleet, October 2011, online: <http://www.icij.org/project/looting-seas-ii/nearly-eu6-billion-subsidies-fuel-spains-ravenous-fleet>

⁵⁷ ICIJ methodology: <http://www.icij.org/project/looting-seas-ii/subsidy-methodology>

⁵⁸ See: http://www.transparencyinternational.eu/focus_areas/eu-budget/

⁵⁹ See: http://ec.europa.eu/anti_fraud/about_us/reports/olaf-report/index_en.htm

European Ombudsman

The European Ombudsman is an independent watchdog with the power to investigate EU institutions. It regularly conducts investigation into EU funds. For instance, on 21 May 2014, the European Ombudsman has launched an investigation on the EU Cohesion Policy, following concerns that substantial funding is being used to breach the fundamental rights of EU citizens with disabilities.⁶⁰

The European Court of Auditors

The European Court of Auditors is the independent external auditor of the EU institutions. Its role is to check that EU funds are correctly and efficiently managed and raised and spent in accordance with the relevant rules and regulations. In particular, the court checks if projects funded through direct and shared management are in line with EU priorities.

Project ARACHNE

ARACHNE is a project from the European Commission which aims at providing Member State authorities involved in the management of the structural funds with an operational tool to identify potentially risky projects.⁶¹ The application collects and processes data from EU-funded projects, together with financial data on companies (data retrieved from ORBIS), compliance data such as list of fraudsters (data from World Compliance, Lexis Nexis) and web mining data from news articles (data retrieved from Moreover). The project is already in operation in Bulgaria, Czech Republic, Hungary, Poland, Portugal, Romania and Slovakia. The tool's dashboard is available to Member States authorities and the Commission. However, there are as yet no plans to make the data publicly available.

⁶⁰ See: <http://www.ombudsman.europa.eu/en/press/release.faces/en/54420/html.bookmark>

⁶¹ See: <http://admin.interact-eu.net/downloads/7857/Presentation>

TOOLS FOR EU FUNDS DATA INVESTIGATION

AsktheEU.org

Ask the EU is a portal managed by Access Info Europe which assists any citizen requesting an information from the EU institutions under the access to information right. The portal makes every request and response publicly available online, allowing for an analysis of information request on EU budget and spending. For example there are 150 requests related to “spending” data and 393 requests related to “budget” data.⁶²

FarmSubsidy.org

FarmSubsidy seeks to obtain detailed data relating to payments and recipients of farm subsidies in every EU member state and make this data available in a way that is useful to European citizens. This is a project of JournalismFund.eu, a non-profit organisation. The website is powered by OpenSpending of Open Knowledge and has previously been run by EU Transparency and DICAR (Danish International Center for Analytical Reporting). The website lists over 120 stories which came out from the FarmSubsidy database.⁶³

Fishsubsidy.org

Similar to FarmSubsidy, FishSubsidy was a website providing detailed data related to payments and recipients of fish subsidies in every EU Member State. The website was closed down due to lack of funding. However, related datasets are still available online and their Twitter account is still active.⁶⁴ A report of the European Parliament from 2012 on investigative journalism estimated that around 40 stories came out from the FishSubsidy data.⁶⁵

⁶² See: <http://www.asktheeu.org/en/search/spending/all?commit=Search&utf8=%E2%9C%93> and <http://www.asktheeu.org/en/search/budget/all?commit=Search&utf8=%E2%9C%93>

⁶³ See: <http://farmsubsidy.openspending.org/news/media/>

⁶⁴ See:

https://docs.google.com/spreadsheets/d/1NZ9tc_JN8psXXOhCHmdzsVqhvGWsE7igDf004gHgfgQ/edit?hl=en_US#gid=4

⁶⁵ European Commission (2012), Deterrence of fraud with EU funds through investigative journalism in EU-27, p. 227: <http://www.journalismfund.eu/sites/default/files/EP%20Study%20-%20Deterrence%20of%20fraud.pdf>.

EuFunds

EuFunds is an initiative from the Financial Times and The Bureau of Investigative Journalists (TBIJ) to collect data on beneficiaries from EU Structural Funds.⁶⁶ The application, still online, provides a search engine to query EU structural funds data. The data were extracted between April 2010 and September 2010 and represent a snapshot of projects that have been allocated EU funds from the start of the current funding phase in 2007 onwards. The underlying database is also available as a MySQL and CSV file.⁶⁷

OpenTED

OpenTED is an initiative which aims to make information from the joint European procurement system more easily accessible to journalists and researchers.⁶⁸ The initiative was developed in the frame of the Dataharvest.eu conference in collaboration between independent journalists, developers and researchers. The dataset contains procurement data from 2013 to 2015, including contracts from EU funds.

OpenInterests.eu

OpenInterests.eu is a catalogue of political and commercial actors related to the European Union. The project combines different sets of information including data from the FTS into a search engine, which can be used to quickly retrieve information about the activities of companies, people and institutions in a European context.

Wobbing.eu

Wobbing.eu is a network of journalists interested in using the EU's freedom of information legislation at national and European levels to obtain documents. The network members exchange information on developments on national and European level and assist each other with requests when necessary. Annual meetings in the Wobbing.eu network have been merged into the annual Dataharvest.eu conference.

⁶⁶ See: <http://eufunds.ftdata.co.uk/>

⁶⁷ See: http://dl.dropbox.com/u/39827429/EU_Structural_Funds/sql/euFunds.sql and http://dl.dropbox.com/u/39827429/EU_Structural_Funds/csv/euFunds.csv

⁶⁸ <http://ted.openspending.org/>

RECOMMENDATIONS AND NEXT STEPS

As this report has evidenced, the level of transparency of EU funds is not consistent and depends on who manages the fund. **The result is a two-sided system where best practices in terms of transparency stand alongside closed data.** On one hand, the FTS of the European Commission delivers access to real expenditures information following open data standards, but it only concerns about 20% of EU spending. On the other hand, data on money spent through Members States is often unavailable to the public, and if available, not accessible in different languages. Furthermore, the release of EU Budget data as open data is still not a default practice.

The European Union has now entered a new MFF for 2014 -2020, with the adoption of a new financial regulation, defining new funds and transparency rules. However, structural barriers still remain, preventing an effective transparency of all EU funds and public accountability of all managing authorities.

Therefore, based on the EU budget mechanisms analysis, related transparency rules, and a preliminary assessment of effective EU budget and funds data availability, this report recommends the following actions to improve EU budget transparency and accountability:

1. **Establish a single central point of reference for EU Budget information** and ensure all up to date documents and data are linked under this domain (e.g. at a website such as ec.europa.eu/budget). In the same time, **ensure all EU Budget data are available from the EU open data portal as open data**.
2. **Set up a unique dataset of EU funds available as open data to improve the overall transparency of the EU budget.** The dataset could include the following information: name of the fund, heading, policy, type of management, implementing authorities, link to information on beneficiaries, link to legal basis in Eur-Lex and link to regulation in Eur-Lex.
3. **Extend the Financial Transparency System to all EU funds by centralising or federating detailed data expenditures from Members States, non-EU Members and international organisations.** Data on beneficiaries should include, when relevant, a unique European identifier of company, and when the project is co-financed, the exact amount of EU funding received, the total amount of the project and all other co-financing sources.
4. **Clarify the legal framework regarding the rules applicable to the transparency of beneficiaries of EU funds and ensure its consistency across the European Union.** Although this report did not conduct a comprehensive legal review of EU budget transparency, it has found that: (i) the differences of transparency rules applying to the beneficiaries of funds managed under centralised and shared management are preventing the establishment of a common transparency standard for all EU expenditures. This should concern also the publication, by the European institutions

and in open data format, of more detailed expenditure information under the “Administration” heading; (ii) the differences between data protection law and effective enforcement within each Member State are also preventing a high level of EU funds transparency across Europe; (iii) the interpretation of the principle of proportionality regarding data protection is still subject to discussion; (iv) the transparency rules adopted by third countries and international organisations managing EU funds may also differ from the ones adopted by the EU and its Member States and prevent the establishment of a common transparency framework.

5. **Support and strengthen civil society and journalists capacities on EU funds, together with the development of common data and investigation tools.** Newsrooms are too often reticent to launch long data investigations without the guarantee that these will pay off with good stories. In the wake of JournalismFund.eu, there is a need to support funding for data skills and relevant tools to develop data journalism and investigation projects related to EU funds.⁶⁹ This should include not only literacy with datasets, but also literacy with data infrastructures, institutions and policies. Projects of interest in this area may include issues such as contracts/tenders financed or co-financed through the EU budget, in order to determine what are the regulations governing their functioning, what level of information is currently open to public scrutiny and what are the loopholes which may eventually be corrected in this system both to facilitate access to the data and to prevent fraud or misuse of the funds.
6. **Conduct an assessment of EU funds beneficiary data availability (Open Data audit of EU funds).** Data on EU funds beneficiaries are spread into multiple data system managed by various implementing authorities such as EU institutions, Member States and international organisations. The open data audit of EU funds seeks to map all this data management system, the data they contain (from which EU funds), and their level of openness against a specific set of criteria such as the ones used in the Open Data Index.⁷⁰ The Open Data audit of EU funds would be an essential tool for any further investigation into EU funds data as well as a powerful benchmark for any advocacy effort towards greater transparency in Europe and to assist official accountability initiatives and public institutions in identifying transparency gaps.
7. **Build a stronger central base of evidence about the uses and users of EU fiscal data - including data projects, investigative journalism projects and data users in the media and civil society.** As well as contributing to a richer empirical picture of how fiscal data is actually used, we would like to see this work informing the development of a framework to highlight how information about EU public finances can be used to improve democratic accountability - including the different “accountability paths” through which this information can be put to work in society.

⁶⁹ Further work should also be done to examine the sustainability and funding mechanisms for journalistic projects in this area. See, for example, James T Hamilton's forthcoming *Democracy's Detectives: The Economics and Impacts of Investigative Reporting*.

⁷⁰ See: <http://index.okfn.org/>

ANNEXES

ANNEX 1 - EU FUNDS DATASET

This dataset contains the list of EU funds for the MFF 2014 - 2020, together with useful information such as headings of the fund, respective policies, type of management(s), implementing authorities and, when available, source(s) of data beneficiaries.

A working version of the EU funds dataset is available at:

<http://community.openspending.org/resources/eu/datasets/>

ANNEX 2 - THE OPEN DATA AUDIT OF EU FUNDS

As we have seen, detailed information on EU spending and beneficiaries managed directly by the Commission can be found on the EU FTS, but it only concerns 20% of the EU Budget. For the remaining 80%, there is no central place to go and one has to look at every external entity spending EU money.

In order to help in that task, we have set up the **Open Data audit of EU funds**. The aim of this census is to identify all existing datasets containing information on EU funds beneficiaries, and to assess whether or not data are available as open data.

The Open Data audit of EU funds is an ongoing and collaborative effort. First results can be found at: <http://community.openspending.org/resources/eu/datasets/>

ANNEX 3 - LEGAL BASIS FOR THE ESTABLISHMENT OF THE EU BUDGET

Treaty on the Functioning of the European Union (TFEU), Title II - Financial Provisions - Articles 310 to 325:⁷¹

Article 310: *"The Union's annual budget shall be established by the European Parliament and the Council (...). The revenue and expenditure shown in the budget shall be in balance".*

Article 311: *"The Union shall provide itself with the means necessary to attain its objectives and carry through its policies".*

Article 312: *"The multiannual financial framework shall ensure that Union expenditure develops in an orderly manner and within the limits of its own resources. It shall be established for a period of at least five years. The annual budget of the Union shall comply with the multiannual financial framework".*

Article 314: *"The European Parliament and the Council, acting in accordance with a special legislative procedure, shall establish the Union's annual budget (...)".*

Article 318: *"The Commission shall submit annually to the European Parliament and to the Council the accounts of the preceding financial year relating to the implementation of the budget".*

Article 319: *"The European Parliament, acting on a recommendation from the Council, shall give discharge to the Commission in respect of the implementation of the budget".*

⁷¹ TFUE.

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