# 2003 discharge and follow-up of the 2002 discharge: EC general budget, section III Commission

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PURPOSE : to present the revenue and expenditure accounts and the financial statement concerning the 2003 budget - Section III - Commission : analysis of the budget headings.

CONTENT : this document presents an detailed summary of the payment appropriations used by the Commission in 2003. This document should be read in parallel with the summary (dated 30/11/2004) of the analysis of the Commission's expenditure.

GENERAL AMOUNTS : for the budget year 2003, EUR 99.8 billion was committed from total available appropriations of EUR 101.2 billion, an implementation rate of 99 %, slightly better than the outcome for 2002. Payments amounted to EUR 90.6 billion from total available appropriations of EUR 98.3 billion, an implementation rate of 92 % compared with 86 % in 2002.

The implementation rates by heading were as follows:

- Agriculture : 98%

- Structural operations : 90%;

- Internal policies : 9% ;

- External action : 88% ;

- Administration : 87%

- Reserves : 41%

- Pre-accession aid : 80%.

That is a total of 92% implementation rate.

ANALYSIS OF EXPENDITURE 2003 HEADING BY HEADING :

Heading 1 - Agriculture : Agricultural expenditure for the year was EUR 44.4 billion, or 98 % of total available appropriations, compared with 97 % in 2002. For common agriculture policy-related expenditure, underutilisation mainly concerned: the beef and veal sector (EUR 417 million); the sugar sector (EUR 205 million); the wine sector (EUR 168 million). For rural development, the implementation of commitments was 99 %.

Heading 2 - Structural operations : Payment appropriations in the 2003 budget for the pre-2000 programmes of the Structural Funds were reduced by EUR 5 billion following the approval of an amending budget (AB). This amount was based on the estimated needs and decommitments in 2003 relating to the pre-2000 programmes, as the Member States' payment claims were considerably lower than the outstanding commitments (RAL).

Total payments for the heading amounted to EUR 28.5 billion, or 90 % of available appropriations, an underutilisation of around EUR3.3 billion. For the Structural Funds in 2003, the unused appropriations mainly concerned Objective 1 (EUR 1 billion) and Objective 3 (EUR 800 million) programmes, as well as Community initiatives (EUR 880 million) because payment requests from the Member States were lower than initially envisaged. The unused appropriations in 2003 mainly related to the earlier programmes 1994-99, where payments amounted to EUR 3.5 billion of the EUR 5.9 billion available, whereas for the new Structural Fund programmes 2000-06, payments of EUR 22.7 billion were made, an implementation rate of 96 %, compared with 91 % in 2002. After a steep increase of outstanding commitments (RAL) in previous years, the situation in the Structural Funds almost stabilised in 2003, with an increase of around 3 %, from EUR 60.5 billion at end-2002 to EUR 62.4 billion at end-2003.

Heading 3 - Internal Policies : Commitments made amounted to EUR 7.2 billion, or 93 %. The EUR 550 million not used was spread across the heading, with EUR 400 million concerning ‘other appropriations' mainly for research and technological development (B6). These appropriations are, as a rule, carried over to the next financial year. EUR 105 million was transferred from the EU Solidarity Fund to cover emergency aid following natural disasters in Italy, Spain and Portugal.

Payments made amounted to EUR 5.6 billion, an implementation rate of 78 % as against 83 % in 2002. Excluding ‘other appropriations', which, as a rule, are carried over to the next financial year, the unused appropriations for the heading were in the region of EUR 700 million, dispersed across the heading but mainly concerning: EUR 200 million for research and development, mostly related to completion of programmes prior to 1999 and the fifth framework programme; EUR 56 million for the EU Solidarity Fund; EUR 50 million (excluding current reserve) for area for freedom, security and justice, mainly EUR 18 million for the European Refugee Fund, of which EUR 10 million was to be carried over to 2004.

Heading 4 - External Action : Under this heading EUR 5.1 billion was committed, an implementation rate of 97 %, similar to last year. Unused appropriations mainly concern EUR 50 million for macrofinancial assistance for cooperation with the Balkan countries. Payments Payments made in 2003 totalled EUR 4.3 billion, an implementation rate of 88 %. Unused appropriations amounted to EUR 600 million.

Almost half of this amount related to the programme for cooperation with the western Balkans. This chapter faces the transition from fast disbursing reconstruction aid to more traditional cooperation programmes which renders the payments forecasts more difficult during that period. An impressive increase in payments (+ 60 % or + EUR 108 million) was recorded in the budget lines for the benefit of Latin America.

Heading 5 - Administration : The commitment appropriations for administrative expenditure were practically fully implemented. EUR 562 million of payment appropriations were automatically carried over to 2004.

Heading 7- Pre-accession : An implementation rate of 98 % was achieved for this heading, similar to the result in 2002. Payments amounting to EUR 2.8 billion were made, an implementation rate of 80 %, compared with EUR 1.7 billion or 67 % last year. This represents an underutilisation of around EUR 480 million, made up of EUR 288 million for ISPA and EUR 170 million for Sapard due to late payment requests.