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REFLECTION PAPER

on the concept of European Added Value

Rapporteur: **Salvador GARRIGA POLLEDO**

1. Introduction

Against the background of scarce resources and austerity programmes in literally all Member States, European expenditure has to be justified even more thoroughly than in the past.

It seems worth reminding that EU expenditure, by creating European added value, is supposed to contribute to achieving agreed policy targets more effectively, which could also reduce the need for parallel national expenditure .

The purpose of this reflection paper is to examine the concept of European added value with regard to its current use, its operability in European decision making processes and its political semantics in a moment when Europe moves from the Lisbon Agenda to EU2020.

European Added Value or European Value Added:

These enigmatic words are often used, unfortunately also in an inflationary way. Their multi-purpose use bears the risk that the phrase is turns into "fashionable buzz-words"¹ that quickly lose their meaning.

2. European added value, the little sister of the principle of subsidiarity

In his working document from 6 May 2010, the Chairman of the Committee on Budgets explores the idea of a "European dividend", which is created by "applying the principle of subsidiarity in financial matters." The European dimension can "maximise the efficiency of [Member States'] finances" and help to "reduce total expenditure. This is exactly what large industrial groups do: they pool common services to benefit from the economies of scale."²

In fact, the European Added Value can be considered the "corollary of the established principle of subsidiarity"³ as defined in Article 5 TEU:

3. Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.

As a consequence, the EU budget should be used to finance actions that Member States and regions cannot finance themselves with better results.

In other words, expenditure at EU level should be able to make proof of its European added value, following the "subsidiarity check".

¹ D. Tarschys: The Enigma of European Added Value (SIEPS 2005)

² A. Lamassoure: [Working document DT\815212](#) on financing the 2020 Agenda despite the budgetary crisis

³ D. Tarschys: op. cit.

However, it is worth recalling the conclusions of the European Convention's [Working Group 1 on the principle of subsidiarity](#)):

The Group considered that as the principle of subsidiarity was a principle of an essentially political nature, implementation of which involved a considerable margin of discretion for the institutions (considering whether shared objectives could "better" be achieved at European level or at another level), monitoring of compliance with that principle should be of an essentially political nature and take place before the entry into force of the act in question

With the entry into force of the Lisbon Treaty, this subsidiarity-check has been anchored in the TEU (Article 5 as well as Protocol No.1 on the role of National Parliaments in the European Union).

It could be argued that the assessment of European added value is of political nature as well, and that the need for "a considerable margin of discretion for the institutions" is obvious also in this context.

3. Europe is not a zero-sum game

European added value is hard to define and rarely quantifiable. However, there is a consensus that European action has added value: European integration is not a zero-sum game.

Maintaining peace on our continent and other obvious advantages of European integration are difficult to assess in monetary terms. Nevertheless they can be considered undisputable elements of European added value.

Some studies have tried to calculate the benefits of integration. For instance, an analysis of the economic benefits of the internal market comes to the conclusion that *"the enlarged Internal Market (including liberalisation of network industries) is an important source of growth and jobs. As a result of the progress made over the period 1992-2006 in achieving an enlarged Internal Market of 25 Member States, GDP and employment levels have increased significantly. The estimated "gains" from the Internal Market in 2006 amount to 2.2% of EU GDP (or 223 billion euro) and 1.4% of total employment (or 2.75 million jobs)."*⁴

The recent undertaking to install a European External Action Service will also create tangible savings, because many of the current diplomatic services representing the 27 Member States will be replaced.⁵

It could be argued that EAV is not the right tool to make political choices. When deciding between different policies competing for scarce resources, focussing solely on EAV can lead to comparing apples with pears.

⁴ [Commission staff paper, DG ECFIN](#) (2007):

⁵ The same is possibly true for some of the European agencies, at least in cases where they actually replace similar bodies on national level (e.g. the Office for Harmonisation in the internal market, which is responsible for European Trademarks)
http://ec.europa.eu/dgs/secretariat_general/evaluation/docs/decentralised_agencies_2009_part1_en.pdf

However, even if quantitative assessments remain problematic, the concept of EAV is valuable for justifying the choices made. In addition, it can be used, at least on a qualitative basis, when it comes to defining the best instruments for a given aim, once the basic political choice has been taken, or as a management tool used for comparing alternatives within a given policy.

4. The concept of European added value in relation to the current MFF

During the preparation of the current MFF 2007-2013, the concept of added value played a prominent role.

In its Communication "Building our common Future", the European Commission insisted that *"is not about redistributing resources between Member States. It is about how to maximise the impact of our common policies so that we further enhance the added value of every euro spent at European level"*⁶.

In its meeting of 16/17 December 2004, the European Council confirmed that *"(...) policies agreed in accordance with the Treaty shall be consistent with the principles of subsidiarity, proportionality and solidarity. They should also provide added value (...)"*⁷.

In its resolution on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013, also the European Parliament underlined that *"the Financial Perspective can allow for balanced development of the financial resources allocated to the Union provided that they are used for actions with real European added value, clearly defined priorities and visibility for citizens (...)"*⁸.

⁶ *The choices to be made on the next financial perspectives are not just about money. It is a question of political direction, to be made on the basis of a clear vision of what we want to do. These choices will determine whether the European Union and its Member States are able to achieve in practice what European people expect. This means a new phase for the Union's budget. It is not about redistributing resources between Member States. It is about how to maximise the impact of our common policies so that we further enhance the added value of every euro spent at European level* ([COM\(2004\) 101 final](#)).

⁷ *The European Council confirmed that the new Financial Framework, to be agreed in comprehensive negotiations, should provide the financial means necessary to address effectively and equitably future challenges, including those resulting from disparities in the levels of development in the enlarged Union. Policies agreed in accordance with the Treaty shall be consistent with the principles of subsidiarity, proportionality and solidarity. They should also provide added value. Expenditure for individual policy areas must be seen in the context of the overall expenditure level, and such expenditure must be seen in the context of the overall negotiation including the question of own resources.* [European Council, Presidency Conclusions](#) – Brussels, 16/17 December 2004

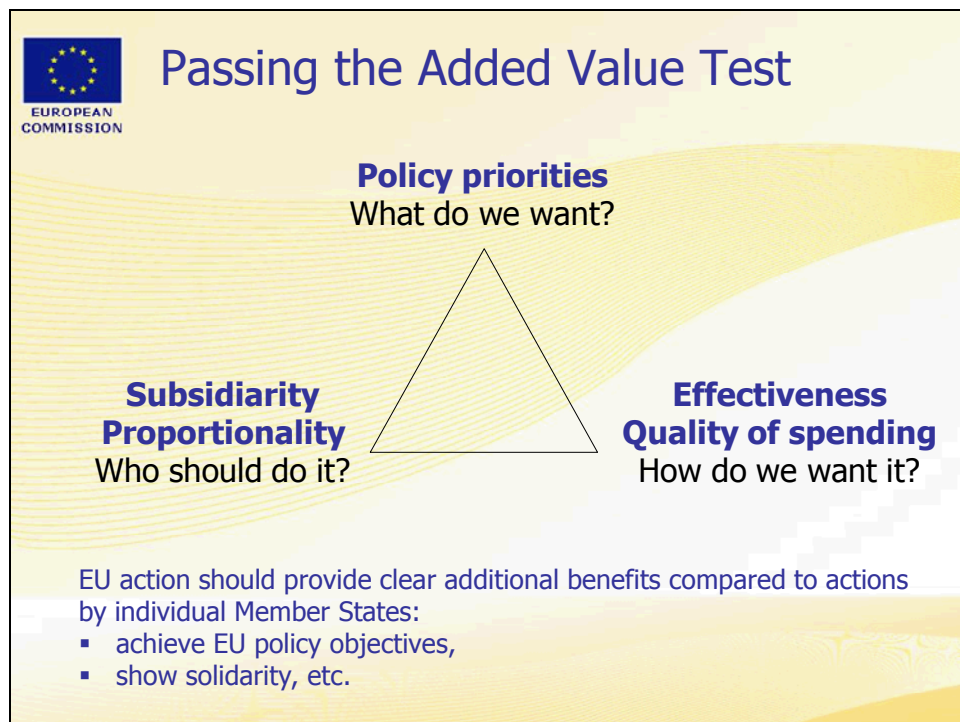
⁸ *7. Is convinced that the Financial Perspective can allow for balanced development of the financial resources allocated to the Union provided that:*

- *they are used for actions with real European added value, clearly defined priorities and visibility for citizens,*
- *they optimise concentration and complementarity with actions run at national, regional and local level to limit as much as possible the burden on taxpayers,*
- *they are spent under rules of sound financial management, focusing on efficiency and effectiveness; notes that expenditure effected at European level may give rise to*

More recently, the European Parliament declares being "*convinced that EU spending should concentrate on policies with a clear European added value, fully in line with the principles of subsidiarity, proportionality and solidarity; recalls that in a time of crisis this added value is measured largely in terms of the fundamental principle of solidarity between European peoples*"⁹

According to the Commission President Barroso, "Europe offers real added value", but "we need to spend our money where we get the most value for it."¹⁰ The Commission proposes that EU spending should "meet the added value test" when it fulfils three conditions:

- policy relevance (the spending addresses the Union's key objectives)
- subsidiarity (transnational or cross-border actions, economies of scale)
- proportionality (assessment of effectiveness and efficiency of delivery)



Source: European Commission

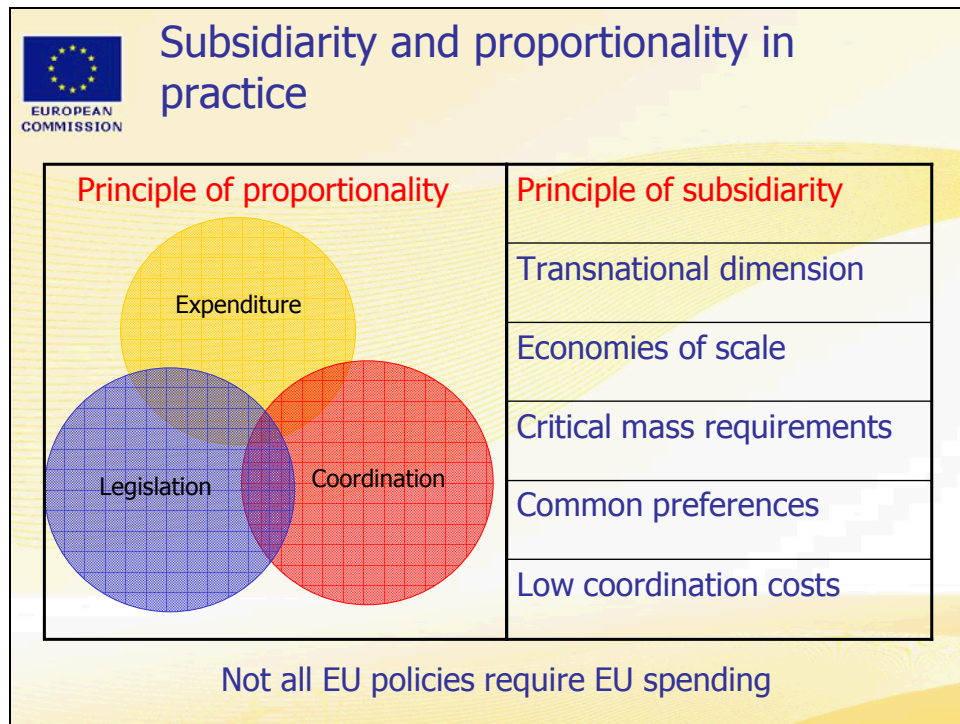
savings at national level, in particular because such expenditure makes for economies of scale or may generate revenue at national level;

[\(2004/2209\(INI\)\) as adopted on 8 June 2005](#)

⁹ European Parliament [resolution of 25 March 2009](#) on the Mid-Term Review of the 2007-2013 Financial Framework (2008/2055(INI))

¹⁰ José Manuel Barroso: Debate on the State of the Union. [European Parliament, 07.09.2010](#)

In addition, it should be highlighted that European added value can be generated not only by spending European expenditure, but also by coordination of national policies and by European legislation (see [Commission roadshow presentation](#)).



Source: European Commission

5. European added value as operational tool in management and implementation

Commission Services are required to assess "the added value of Community involvement" in the framework of an *ex-ante evaluation* in the preparation of proposals for new or renewed Community actions.¹¹

In addition, in the yearly "*Activity statements* of operational expenditure", issued as working document along with the DB, the Commission describes the "EU added value of the activity" for each chapter of the Commission's expenditure. At first sight, the methodology for assessing European added value seems to vary significantly between the policy areas.

For instance, the added value of European *Energy policy* is described by contributing to the aims of increasing the "security of energy supply", gradually "establishing the energy internal market", "contributing to sustainable development by rational use of energy resources and the development and connection of renewable energy sources", increasing the interconnection of energy networks and harmonising the management of the European electricity grid,... In the context of "TEN-Energy, the European Community plays a role of catalyst of the efforts made by the member states and the electric and gas companies".

¹¹ Implementing rules of the [Financial regulation](#) (Commission Regulation (EC, Euratom) No 2342/2002), Article 21; DG BUDG (2005): Evaluating EU activities. [A practical guide for the Commission services](#);

Beyond the general requirements of ex-ante evaluation, several EU policies require proof of European added value in the context of the selection of projects:

Research: Since FP5, the concept of European added value is part of the legislative Framework programme for research. It constitutes a binding criterion for the selection of projects (and, to a lesser extent, for the formulation of research programmes). In general it is agreed that EU funded research has a "high added value by encouraging researches to cooperate across national boundaries and to share complementary skills and knowledge", that it "promotes competition in research, leading to higher quality and excellence" and that it "may make possible projects that, because of their complexity and scale, go beyond what is possible at national level"¹². However, when it comes to monitoring and evaluating European added value in a **quantitative** way for specific programmes and projects, experts speak about a "*mission impossible*"¹³

Culture/Communication: European added value shall be described by the applicants to programmes such as "Europe for Citizens". While there is a broad consensus that cultural and educational exchange programmes like Lifelong Learning have a strong added value by increasing citizens' mobility and by contributing to a "European identity", it seems that a quantitative assessment of European added value is rather problematic.

6. From Lisbon Strategy to EU 2020: The political semantics of European added value

European integration develops in a continuous tension between a national and a European perspective, in a changing balance between (evolving) interests of different member states and a fragile interinstitutional setting.

Therefore it could be discussed in the SURE committee how the connotations linked to the concept of European added value in 2004 (Lisbon agenda) have developed with regard to the current political priorities of the EU. This debate is held in the framework of EU 2020 (including concepts like smart, sustainable and inclusive growth), but it will probably also need to address issues linked to the changes in European decision making and instruments through the Lisbon Treaty (climate change, energy, EEAS, space policy). In addition, current political priorities are likely to be discussed in regard of their European added value (e.g. the increased European coordination of the budgets of the member states¹⁴).

Finally, the committee might also consider useful to discuss policy fields where European added value could be created by strengthening the synergies between national and European activities (European development fund, common foreign policy, etc), in a view to overcoming the focus on net balances of member states' contributions and revenue.

¹² G. Cipriani: Rethinking the EU budget. CEPS (2007)

¹³ Yellow Window Management Consultants (2000): Identifying the constituent elements of the European Added Value (EAV) of the EU RTD programmes: conceptual analysis based on practical experience. Study commission by DG Research, European Commission

¹⁴ http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/116306.pdf

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