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Press Release

Luxembourg, 27 April 2021

First ECA review of an uncharted territory: risks and challenges of the financial contributions from non-EU countries to the EU and some of its Member States

Several non-EU countries make financial contributions to the EU and its Member States. The task of managing those contributions is beset with risks, some of those resulting from Brexit. This is explained by the European Court of Auditors in its first comprehensive review of this little-known topic, which is published today. The European Free Trade Association (EFTA) states also make direct financial contributions to certain EU Member States as a result of package deals negotiated when they were granted access to the EU's internal market. These latter contributions entail some key challenges to ensure that they are commensurate to the benefits of access to the internal market and are complementary with EU actions whilst limiting the risk of double funding.

About 1% of EU revenue comes from contributions paid by 18 non-EU countries. This represented around €7 billion over the 2014-2019 period, with Switzerland and Norway (€2.2 bn each), Turkey (€1.3 bn) and Israel (€1.0 bn) being the largest contributors. In return for these financial contributions, non-EU countries gain access to EU programmes or activities such as Horizon 2020 or Erasmus+. In addition to these contributions paid directly to the EU, the four EFTA states (Iceland, Liechtenstein, Norway and Switzerland) provide an average of €0.5 billion each year directly to some EU Member States to complement the EU's cohesion policy by reducing social and economic disparities in the EU and the European Economic Area.

"*With this review, we aim to provide a comprehensive picture of the largely unknown financial contributions non-EU countries provide directly to the EU and to some of its Member States*", **said François-Roger Cazala, the Member of the European Court of Auditors responsible for the review**. "*Our work sheds light for the first time on the challenges the EU is facing in connection with these contributions and their management.*"

One such challenge is the promotion of transparency and accountability for the benefit of the interested public and budget authorities, through regular and detailed reporting showing the contributions of each non-EU country to each EU programme or activity.

The purpose of this press release is to convey the main messages of the European Court of Auditors' review. The full review is available at eca.europa.eu.

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In the short term, another key challenge pointed out by auditors is to deal with the impact Brexit is having on the contributions from non-EU countries to the EU. Brexit will lead to an overall increase in the contributions to be provided by non-EU countries, because of its impact on individual contribution calculations.

The auditors also highlight challenges associated with the contributions directly paid by EFTA countries to some EU Member States (i.e. not to the EU budget), for which the EU institutions have no direct oversight. These contributions can be seen as a counterpart to the EFTA countries' participation in the EU's internal market. While the negotiations consider to some extent the benefits that these countries draw from their participation in the internal market, the overall amounts contributed are the result of a political agreement, and there is no particular methodology underpinning their calculation. The challenge for the EU is to ensure that those financial contributions are commensurate to the benefits of access to the internal market in future negotiations with these countries.

As regards the implementation of contributions directly paid to some EU's Member States, two separate legislative frameworks and management, reporting, internal control and audit arrangements exist (for Norway/EEA grants and for the Switzerland's contribution to the enlarged EU). They complement the EU cohesion policy, which is based on a third, different set of regulations and procedures. Three different management arrangements therefore exist in some Member States to address similar policy objectives. The main challenge for the complex coexistence of three management arrangements is to address the need for effective coordination, to maximise complementarity and limit the risk of the double funding of actions.

Background information

The period analysed for this financial overview is 2014-2019. It concerns contributions to EU programmes and activities, based on the examples of Horizon 2020 and Erasmus+ (as the largest programme contributions), as well as contributions from EFTA countries paid directly to some EU Member States (which represent significant amounts). The review also looks at contributions provided directly to Member States, namely EEA/Norway grants and Switzerland's contribution.

The 18 non-EU countries that contributed to the EU budget in the period 2014-2019 were the European Free Trade Association (EFTA) Member States (Iceland, Liechtenstein, Norway and Switzerland), EU candidate countries (Albania, Montenegro, North Macedonia, Serbia and Turkey), potential candidates (Bosnia and Herzegovina and Kosovo), European Neighbourhood Policy countries (Armenia, Georgia, Israel, Moldova, Tunisia and Ukraine) and the Faroes.

This is not an audit report, but a review based on public information gathered specifically for this purpose up to December 2020.

The ECA's review "Financial contributions from non-EU countries to the EU and Member States" is available on the ECA website (eca.europa.eu) in 23 EU languages.

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