



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 5 July 2013

11823/13

FIN 392

COVER NOTE

| | |
|------------------|--|
| from: | Mr Janusz LEWANDOWSKI, Member of the European Commission |
| date of receipt: | 1 July 2013 |
| to: | Mr Brian HAYES, President of the Council of the European Union |
| Subject: | Transfer of appropriations No DEC 16/2013 within Section III - Commission - of the general budget for 2013 |

Delegations will find attached Commission document DEC 16/2013.

Encl.: DEC 16/2013



EUROPEAN COMMISSION

BRUSSELS, 28/06/2013

GENERAL BUDGET - 2013
SECTION III - COMMISSION TITLES 01, 26

TRANSFER OF APPROPRIATIONS N° **DEC 16/2013**

EUR

FROM

CHAPTER - 0104 Financial operations and instruments

ARTICLE - 01 04 05 Completion of programme for enterprises: improvement of the financial environment for small and middle-sized enterprises (SMEs)

Payments - 4 060 000

TO

CHAPTER - 2603 Services to public administrations, businesses and citizens

ITEM - 26 03 01 01 Interoperability Solutions for European Public Administrations (ISA)

Payments 4 060 000

I. INCREASE

a) Heading

26 03 01 01 - Interoperability Solutions for European Public Administrations (ISA)

b) Figures at 13/06/2013

| | Payments |
|---|------------------|
| 1A. Appropriation in budget (initial budget + AB) | 10 872 610 |
| 1B. Appropriation in budget (EFTA) | 304 433 |
| 2. Transfers | 0 |
| <hr/> | |
| 3. Final appropriation for the year (1A+1B+2) | 11 177 043 |
| 4. Utilisation of final appropriation | 11 145 421 |
| <hr/> | |
| 5. Amount not used/available (3-4) | 31 622 |
| 6. Requirements up to year-end | 4 091 622 |
| 7. Increase proposed | 4 060 000 |
| 8. Increase as percentage of appropriation in budget (7/1A) | 37.34% |
| 9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application | n/a |

c) Receipts arising from recovery (carried over) (C5)

| | Payments |
|--|-----------------|
| 1. Appropriation available at start of year | 0 |
| 2. Appropriation available on the 13/06/2013 | 0 |
| 3. Rate of utilisation $[(1-2)/1]$ | n/a |

d) Detailed grounds for the increase

The 'Interoperability Solutions for European Public Administrations programme' (ISA) aims at facilitating the efficient and effective electronic cross-border and cross-sector interaction between public administrations in support of the delivery of electronic public services.

Most of the expenditure made in the framework of the programme also directly benefits the national administrations. This is in particular the case for the STESTA (Secure Trans-European Services for Telematics between Administrations) secure information exchange network: not only European agencies and institutions, but also national administrations of Member States, as well as EFTA (European Free Trade Association) countries, use this network daily to access several information systems and exchange information. For example, the STESTA framework is extensively used by the Commission for the implementation of the SIS II (Schengen Information System) and VIS II (Visa Information System) networks and by EUROPOL (European Police Office) for the implementation of their own dedicated network. STESTA is also used in the trans-border police cooperation in the context of the Prüm Treaty and by the Financial Intelligence Unit network in the context of money laundering.

In its Draft Budget 2013, the Commission proposed an allocation of EUR 15 million in payment appropriations for the ISA operational budget line, 26 03 01 01. However, in the final 2013 budget, a much lower amount was allocated by the Budget Authority (EUR 10.87 million). Presently, almost all available appropriations have been exhausted, as implementation has reached EUR 10.84 million (99.7%).

The urgency of the transfer request comes from the need to avoid paying late interests, that do not represent a sound management of resources and which could undermine the efforts of improving the efficiency of interaction between administrations and between the administrations and the citizens.

Already now, payable late interest for pending invoices in June has reached EUR 10 000. If there is no reinforcement on this line, the Commission will be obliged to pay a total amount of EUR 280 000 in late interests for invoices that are due in the coming months. Consequently, and given the limited resources of the ISA programme, it will undoubtedly affect some of the actions foreseen in the scope of the programme.

The Commission had to deal with a similar situation last year. In 2012, the initial budget for ISA programme on payment appropriations (EUR 11.8 million) had to be reinforced with an additional amount of EUR 8 million during the Global Transfer exercise. Despite this reinforcement, the Commission could not avoid payment of EUR 115 951 in late interest on 2012 expired invoices.

Moreover, the additional resources transferred to the ISA programme will help the European Union to preserve its reputation as a reliable and secure partner with its counterparts. As has been experienced in the past, late payments could have a very negative impact on the image and credibility of the EU Institutions. Apart from the immediate effect for on-going and planned activities, the negative reputational effect would certainly put at risk future calls for tenders as well as the provisions for future contracts. In the best scenario, when setting the price of the service, providers might decide to incorporate delayed payment risk as an element of additional cost.

In addition, some of the creditors are SMEs which could be severely affected by the late payment.

In order to mitigate the lack of payments and allow the Commission to fulfil its legal commitments, the Commission already proposed reinforcement on 2013 payment appropriations of the ISA line in the Draft Amending Budget 2 (DAB2), currently under discussion. As a consequence of the delay in the adoption of this DAB2, the Commission has identified a source of payment appropriations where the urgency is less great, and which can be used to reinforce the ISA line.

In order to meet, at least partially, the very strong demand for the ISA programme, an increase of EUR 4 060 000 in payment appropriations is requested. Despite this transfer, the reinforcement requested in DAB2 is still necessary, as the needs for payment appropriations in 2013 for the ISA programme is now estimated to be around EUR 26 million.

II. DECREASE

a) Heading

01 04 05 - Completion of programme for enterprises: improvement of the financial environment for small and middle-sized enterprises (SMEs)

b) Figures at 13/06/2013

| | Payments |
|---|------------------|
| 1A. Appropriation in budget (initial budget + AB) | 9 884 191 |
| 1B. Appropriation in budget (EFTA) | 276 757 |
| 2. Transfers | 0 |
| <hr/> | |
| 3. Final appropriation for the year (1A+1B+2) | 10 160 948 |
| 4. Utilisation of final appropriation | 6 100 000 |
| <hr/> | |
| 5. Amount not used/available (3-4) | 4 060 948 |
| 6. Requirements up to year-end | 948 |
| 7. Proposed decrease | 4 060 000 |
| 8. Decrease as percentage of appropriation in budget (7/1A) | 41.08% |
| 9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application | n/a |

c) Receipts arising from recovery (carried over) (C5)

| | Payments |
|--|-----------------|
| 1. Appropriation available at start of year | 0 |
| 2. Appropriation available on the 13/06/2013 | 0 |
| 3. Rate of utilisation [(1-2)/1] | n/a |

d) Detail grounds for the transfer

The ECFIN line 01 04 05 is intended to cover expenditure on Union financial instruments implemented in the framework of the previous Multiannual Programme (MAP) for Enterprise and Entrepreneurship and in particular for SMEs (MAP 2001-2005). The Financial instruments are managed by the European Investment Fund (EIF) on behalf of the Commission.

Even though the end of the commitment period has been reached, the facilities have to be operated for several years during which time payments will be needed for investments and in order to honour guarantee obligations. As a consequence, in 2013 the line has been allocated an amount on payment appropriations of EUR 9.9 million. Additionally, the EFTA contribution available amounts to EUR 0.3 million.

The Commission makes an annual payment allocation transfer to the trust accounts in order to ensure the necessary liquidity of the facilities.

According to the latest forecast provided by the EIF, the MAP 2013 payment needs amount to EUR 6.1 million, divided as follows: EUR 4.5 million for the ETF (European Technology Startup Facility) and EUR 1.6 million for the SME Guarantee Facility.

Due to the current market conditions and to the close end of the programme, the investment period is almost over. Consequently, in the current state of play, an amount of EUR 4.06 million can be transferred to the ISA line which urgently needs payment appropriations.

It should be underlined that later this year, the EIF will provide the Commission with an updated MAP pipeline for disbursements. At that time, it will be decided whether the remaining payment appropriations are sufficient or reinforcement is deemed necessary to cover MAP forecasted payments until the end of the year.