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COVER NOTE

From:	Ms Kristalina GEORGIEVA, Vice-President of the European Commission
date of receipt:	9 November 2016
To:	Mr Peter KAZIMIR, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 33/2016 within Section III - Commission - of the general budget for 2016

Delegations will find attached Commission document DEC 33/2016

Encl.: DEC 33/2016



EUROPEAN COMMISSION

BRUSSELS, 04/11/2016

GENERAL BUDGET - 2016
SECTION III - COMMISSION TITLES: 09, 15

TRANSFER OF APPROPRIATIONS N° DEC 33/2016

FROM

CHAPTER - 0903 Connecting Europe Facility (CEF) -- Telecommunication networks

ARTICLE - 09 03 02 Creating an environment more conducive to private investment for telecommunication infrastructure projects -- CEF broadband	Payments	-18 643 500,00
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ARTICLE - 09 03 03 Promoting interoperability, sustainable deployment, operation and upgrading of trans-European digital service infrastructures, as well as coordination at European level	Payments	-14 377 001,00
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TO

CHAPTER - 1502 Erasmus+

ITEM - 15 02 01 01 Promoting excellence and cooperation in the European education and training area and its relevance to the labour market	Payments	33 020 501,00
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Introduction:

Since the preparation of the Global Transfer (DEC 23), new developments have occurred in the implementation of the Information and Communication Technologies (ICT) strand of the Connecting Europe Facility (CEF), on one hand, and of the Erasmus+ programme, on the other. This request intends to transfer EUR 33 million in payment appropriations from CEF-ICT to reinforce the Erasmus+ programme.

I. DECREASE

I.1

a) Heading

09 03 02 - Creating an environment more conducive to private investment for telecommunication infrastructure projects -- CEF broadband

b) Figure at 25/10/2016

	Payments
1A Appropriation in budget (Initial Budget + AB)	18 643 500,00
1B Appropriation in budget (EFTA)	508 968,00
2 Transfers	0,00
3 Final appropriation for the year (1A+1B+2)	19 152 468,00
4 Utilisation of final appropriation	0,00
5 Amount not used/available (3-4)	19 152 468,00
6 Requirements up to year-end	508 968,00
7 Proposed decrease	18 643 500,00
8 Decrease as percentage of appropriation in budget (7/1A)	100,00 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Payments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 25/10/2016	0,00
3 Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the transfer

The payment appropriations on this budget line were initially intended to cover payments related to the Connecting Europe Facility (CEF) Debt Instrument, which is a joint instrument of the Commission and of the European Investment Bank. [It is designed to address sub-optimal investment situations when valuable projects of common interest do not receive adequate financing from the markets.] However in 2016, the Debt Instrument has not attracted any project related to Information and Communication Technologies (ICT), so that no payment will be made from CEF-ICT to the Debt Instrument this year.

As an alternative, the Commission intended to use the payment appropriations on this budget line for the new CEF-ICT financial instrument - the Connecting Europe Broadband Fund (CEBF) - to be set up by the end of 2016. However, a disagreement on the role of national promotion banks in the procurement procedure - which could not be foreseen at the time of the Global Transfer preparations (DEC 23) - delayed the selection of the fund manager. That puts at risk the adoption of the financial management agreement before the end of the year and, in turn, any payment to the CEBF in 2016 as initially planned. It is proposed to decrease this line by EUR 18 643 500 in payment appropriations.

I.2

a) Heading

09 03 03 - Promoting interoperability, sustainable deployment, operation and upgrading of trans-European digital service infrastructures, as well as coordination at European level

b) Figure at 25/10/2016

	Payments
1A Appropriation in budget (Initial Budget + AB)	60 166 409,00
1B Appropriation in budget (EFTA)	1 642 543,00
2 Transfers	0,00
3 Final appropriation for the year (1A+1B+2)	61 808 952,00
4 Utilisation of final appropriation	26 574 234,89
5 Amount not used/available (3-4)	35 234 717,11
6 Requirements up to year-end	20 857 716,11
7 Proposed decrease	14 377 001,00
8 Decrease as percentage of appropriation in budget (7/1A)	23,90 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Payments
1 Appropriations available at start of the year	158 643,53
2 Appropriations available on 25/10/2016	0,00
3 Rate of utilisation $[(1-2)/1]$	100,00 %

d) Detailed grounds for the transfer

The first call for proposals launched under CEF-ICT in 2016 was under-subscribed, which will lead to a lower amount of pre-financing payments this year than anticipated. Besides, some of the procurement contracts for core service platforms launched under the 2015 work programme encountered such delay that they will be signed at the end of this year and that the payments will only take place in 2017.

The Commission intended to transfer the payment appropriations in surplus to budget line 09 03 02 in order to increase the provisioning of the new CEF-ICT financial instrument, the Connecting Europe Broadband Fund (CEBF), to be set up by the end of 2016. However, as outlined also at page 3, a disagreement on the role of national promotion banks in the procurement procedure - which could not be foreseen at the time of the Global Transfer preparations (DEC 23) - delayed the selection of the fund manager. That puts at risk the adoption of the financial management agreement before the end of the year and, in turn, any payment to the CEBF in 2016 as initially planned. It is proposed to decrease this line by EUR 14 377 001 in payment appropriations.

II. INCREASE

II.1

a) Heading

15 02 01 01 - Promoting excellence and cooperation in the European education and training area and its relevance to the labour market

b) Figure at 25/10/2016

	Payments
1A Appropriation in budget (Initial Budget + AB)	1 503 812 182,00
1B Appropriation in budget (EFTA)	41 505 216,00
2 Transfers	8 349 157,00
3 Final appropriation for the year (1A+1B+2)	1 553 666 555,00
4 Utilisation of final appropriation	1 315 190 405,79
5 Amount not used/available (3-4)	238 476 149,21
6 Requirements up to year-end	271 496 650,21
7 Proposed increase	33 020 501,00
8 Increase as percentage of appropriation in budget (7/1A)	2,20 %
9 Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Payments
1 Appropriations available at start of the year	15 689 554,88
2 Appropriations available on 25/10/2016	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

d) Detailed grounds for the transfer

The consumption of payment appropriations registered under Erasmus+ in the last quarter of the 2016 financial year has been higher than expected. Therefore, the Commission proposes to allocate an additional amount of EUR 33 020 501 in payment appropriations to further support mobility actions implemented by National Agencies as well as payments due for projects under Key Action 2 of the programme, i.e. Cooperation for Innovation and Exchange of Good Practices.