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#### COVER NOTE

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From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	28 August 2017
To:	Mr Märt KIVINE, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 18/2017 within Section III - Commission - of the general budget for 2017

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Delegations will find attached Commission document DEC 18/2017.

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Encl.: 18/2017



BRUSSELS, 24/08/2017

GENERAL BUDGET - 2017  
SECTION III - COMMISSION TITLES: 18, 32

TRANSFER OF APPROPRIATIONS N° DEC 18/2017

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**FROM**

**CHAPTER - 1802 Internal security**

ITEM - 18 02 01 01 Support of border management and a common visa policy to facilitate legitimate travel	Payments	-80 000 000,00
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ITEM - 18 02 01 02 Prevention and fight against cross-border organised crime and better management of security- related risks and crisis	Payments	-45 000 000,00
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ARTICLE - 18 02 51 Completion of operations and programmes in the field of external borders, security and safeguarding liberties	Payments	-105 000 000,00
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**CHAPTER - 1803 Asylum and migration**

ARTICLE - 18 03 51 Completion of operations and programmes in the field of return, refugees and migration flows	Payments	-54 000 000,00
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**TO**

**CHAPTER - 3205 ITER**

ITEM - 32 05 01 02 Construction, operation and exploitation of the ITER facilities -- European Joint Undertaking for ITER -- Fusion for Energy (F4E)	Payments	144 357 200,00
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ARTICLE - 32 05 51 Completion of the European Joint Undertaking for ITER -- Fusion for Energy (F4E) (2007 to 2013)	Payments	139 642 800,00
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**Introduction:**

This transfer concerns the proposal to reinforce the International Thermonuclear Experimental Reactor (ITER) programme by EUR 284 million in payment appropriations. The sources of the reinforcement are the Asylum, Migration and Integration Fund (AMIF) and Internal Security Fund (ISF) programmes.

## **I. DECREASE**

### **I.1**

#### **a) Heading**

**18 02 01 01 - Support of border management and a common visa policy to facilitate legitimate travel**

#### **b) Figure at 07/07/2017**

	<b>Payments</b>
1 Appropriation in budget (Initial Budget + AB)	364 282 173,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	364 282 173,00
4 Utilisation of final appropriation	97 201 273,56
<b>5 Amount not used/available (3-4)</b>	<b>267 080 899,44</b>
<b>6 Requirements up to year-end</b>	<b>187 080 899,44</b>
<b>7 Proposed decrease</b>	<b>80 000 000,00</b>
8 Decrease as percentage of appropriation in budget (7/1)	21,96 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	25 929 340,29
2 Appropriations available on 07/07/2017	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

#### **d) Detailed grounds for the transfer**

The implementation of the Internal Security Fund (ISF) appropriations has experienced a delay since Member States (MS) needed to complete their designation of the national authorities (responsible authorities and audit authorities). MS need to designate a Responsible Authority (RA) in charge of the proper management and control of the national programme in line with the principles of sound financial management. The Responsible Authority may delegate some of its task to a Delegated Authority. Last but not least, an Audit Authority (AA) needs to be appointed, which should function independently from the Responsible Authority and which would be responsible for issuing annually an opinion on the accounts. Most of the final designations were completed in 2016, while the last designations of national authorities by the MS took place in June 2017.

The Commission, when preparing the Draft Budget 2017, expected a higher pace of implementation of the national programmes by the MS, in terms of receiving higher levels of declared payments in the accounts. The assumptions were based on programme set-up experience and were calculated as an estimate based on past implementation of programmes under similar funding instruments. The accounts for the period from 16 October 2015 to 15 October 2016 were submitted by the MS by 15 February 2017 (or by 1 March 2017). However, the declared payments were lower than the estimates.

The level of payments reported by MS to the Commission by March 2017 does not provide the full picture of the rate of implementation of the national programmes on the ground. While the projects may be in full implementation, payments to beneficiaries might only be declared at the end of such projects, after the necessary controls have been completed. Consequently, the submission of national accounts could not include all on-going projects until national authorities (RA and AA) prove the full eligibility of the expenses submitted. Due to this cautious approach of some MS, the information provided does not necessarily equal the level of expenditure incurred by beneficiaries for the reporting period.

On the basis of the above, EUR 80 million can become available for use elsewhere. The appropriations remaining on this line are considered to be sufficient to cover the needs until the end of the year.

## **I.2**

### **a) Heading**

**18 02 01 02 - Prevention and fight against cross-border organised crime and better management of security-related risks and crisis**

### **b) Figure at 07/07/2017**

	<b>Payments</b>
1 Appropriation in budget (Initial Budget + AB)	162 872 986,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	162 872 986,00
4 Utilisation of final appropriation	45 167 925,86
<b>5 Amount not used/available (3-4)</b>	<b>117 705 060,14</b>
<b>6 Requirements up to year-end</b>	<b>72 705 060,14</b>
<b>7 Proposed decrease</b>	<b>45 000 000,00</b>
8 Decrease as percentage of appropriation in budget (7/1)	27,63 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	448 512,10
2 Appropriations available on 07/07/2017	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

### **d) Detailed grounds for the transfer**

In new funding instruments such as Internal Security Fund (ISF) - Police, the beneficiaries (mainly, State bodies such as police force) are new to the process and are still in a capacity building stage, therefore delays in implementation may occur.

Therefore, EUR 45 million can become available for use elsewhere. The appropriations remaining on this line are sufficient to cover the needs until the end of the year.

Please consider also the justification for line 18 02 01 01 (pages 3 and 4).

### **I.3**

#### **a) Heading**

**18 02 51 - Completion of operations and programmes in the field of external borders, security and safeguarding liberties**

#### **b) Figure at 07/07/2017**

	<b>Payments</b>
1 Appropriation in budget (Initial Budget + AB)	190 000 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	190 000 000,00
4 Utilisation of final appropriation	46 191 119,31
<b>5 Amount not used/available (3-4)</b>	<b>143 808 880,69</b>
<b>6 Requirements up to year-end</b>	<b>38 808 880,69</b>
<b>7 Proposed decrease</b>	<b>105 000 000,00</b>
8 Decrease as percentage of appropriation in budget (7/1)	55,26 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	6 480 151,44
2 Appropriations available on 07/07/2017	12 616,81
3 Rate of utilisation [(1-2)/1]	99,81 %

#### **d) Detailed grounds for the transfer**

At the end of 2016, the Commission was able to carry out important closure payments for the 2007-2013 programmes, earlier than foreseen when establishing the Draft Budget 2017. Consequently, these payment appropriations can be released in 2017, while sufficient appropriations will remain on the line to cover the needs until the end of the year.

#### **I.4**

##### **a) Heading**

**18 03 51 - Completion of operations and programmes in the field of return, refugees and migration flows**

##### **b) Figure at 07/07/2017**

	<b>Payments</b>
1 Appropriation in budget (Initial Budget + AB)	155 000 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	155 000 000,00
4 Utilisation of final appropriation	27 344 786,35
<b>5 Amount not used/available (3-4)</b>	<b>127 655 213,65</b>
<b>6 Requirements up to year-end</b>	<b>73 655 213,65</b>
<b>7 Proposed decrease</b>	<b>54 000 000,00</b>
8 Decrease as percentage of appropriation in budget (7/1)	34,84 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	5 623 252,81
2 Appropriations available on 07/07/2017	805 359,25
3 Rate of utilisation [(1-2)/1]	85,68 %

##### **d) Detailed grounds for the transfer**

Please see justification for line 18 02 51 (page 6).

## **II. INCREASE**

### **II.1**

#### **a) Heading**

**32 05 01 02 - Construction, operation and exploitation of the ITER facilities -- European Joint Undertaking for ITER -- Fusion for Energy (F4E)**

#### **b) Figure at 07/07/2017**

	<b>Payments</b>
1 Appropriation in budget (Initial Budget + AB)	188 140 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	188 140 000,00
4 Utilisation of final appropriation	98 493 890,78
<b>5 Amount not used/available (3-4)</b>	<b>89 646 109,22</b>
<b>6 Requirements up to year-end</b>	<b>234 003 309,22</b>
<b>7 Proposed increase</b>	<b>144 357 200,00</b>
8 Increase as percentage of appropriation in budget (7/1)	76,73 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	20 708,14
2 Appropriations available on 07/07/2017	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

#### **d) Detailed grounds for the transfer**

Based on the most recent estimates, an additional EUR 284 million will be needed in total for the International Thermonuclear Experimental Reactor (ITER) programme as from September 2017, in relation to all main contracts managed by the Fusion for Energy (F4E) Joint Undertaking. This increase is a result of the speeding up of the project after the revision of the schedule for the construction and operation of ITER in 2016. With this revision a more proactive project management approach has been introduced in order to recover as much as possible the delays incurred in the past. The Fusion for Energy Joint Undertaking has renegotiated and amended its contracts in view to secure important improvements and acceleration of work. This has resulted in additional payment needs in the upcoming months. Construction services and goods contracted are being delivered up to, or even ahead of the schedule and the Fusion for Energy Joint Undertaking is receiving invoices from its suppliers, which need to be paid promptly. In particular, the following initiatives safeguarding project performance have been taken to keep the project on track:

Vacuum Vessel: Remedy measures involving the engagement of additional capacity from contractors in Germany, France, Spain and a reinforced coordination through a specialised international management firm. The progress so far by this reinforced consortium is yielding results, so payments in the second half of the year will be needed to accompany the accelerated progress.

Building project TB-03: This is the part of the building that accumulated in the past serious delays (up to 14 months). The correction measures decided by the Governing Board will now permit to recover some of these delays. An extra amount for extension-of-time costs, extra design effort and increased complexity was approved by the Governing Board in February 2017. These measures are already effective and are reducing the delay. Given the progress achieved and an improved performance of the contractor, there is a need for additional payments.

Building project TB-04: This part of the buildings was delayed until a new more efficient partnership was made with the ITER Organisation (IO). It was decided by the Governing Board to continue the design up to the Final Design approval in September 2017. By this date, the new repartition of tasks between F4E and IO will be ready and material and accelerated works will have to be paid for.

While the project is now performing on the ground, credibility has to be re-established with supplier companies from all over Europe, many of them SMEs, in order to ensure their commitment to ITER delivery and avoid late payment costs and claims.

From the total amount needed, it is proposed to increase line 32 05 01 02 by EUR 144 357 200, and the completion line 32 05 51 by EUR 139 642 800.

## **II.2**

### **a) Heading**

**32 05 51 - Completion of the European Joint Undertaking for ITER -- Fusion for Energy (F4E) (2007 to 2013)**

### **b) Figure at 07/07/2017**

	<b>Payments</b>
1 Appropriation in budget (Initial Budget + AB)	182 000 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	182 000 000,00
4 Utilisation of final appropriation	182 000 000,00
<b>5 Amount not used/available (3-4)</b>	<b>0,00</b>
<b>6 Requirements up to year-end</b>	<b>139 642 800,00</b>
<b>7 Proposed increase</b>	<b>139 642 800,00</b>
8 Increase as percentage of appropriation in budget (7/1)	76,73 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	0,00
2 Appropriations available on 07/07/2017	0,00
3 Rate of utilisation [(1-2)/1]	n/a

### **d) Detailed grounds for the transfer**

Please see justification for line 32 05 01 02 (pages 8 and 9).