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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	24 October 2017
To:	Mr Märt KIVINE, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 30/2017 within Section III - Commission - of the general budget for 2017

Delegations will find attached Commission document DEC 30/2017.

Encl.: DEC 30/2017



EUROPEAN COMMISSION

BRUSSELS, 23/10/2017

GENERAL BUDGET - 2017

SECTION III - COMMISSION TITLES: 02, 05, 06, 08, 09, 32

TRANSFER OF APPROPRIATIONS N° **DEC 30/2017**

Introduction:

With the transfer no. DEC 30/2017, the Commission proposes to move the appropriations related to the savings achieved on the administrative lines of the programmes Horizon 2020, ITER (International Thermonuclear Experimental Reactor), COSME (Competitiveness of enterprises and small and medium-sized enterprises), and CEF (Connecting Europe Facility), including subsidy lines of Executive Agencies, to the operational lines of these programmes, as well as to the Fusion for Energy Joint Undertaking support expenditure line under the ITER programme.

GENERAL BUDGET - 2017
SECTION III - COMMISSION TITLES: 02, 05, 06, 08, 09, 32

TRANSFER OF APPROPRIATIONS N° DEC 30/2017

FROM

CHAPTER - 0201 Administrative expenditure of the `Internal market, industry, entrepreneurship and SMEs` policy area

ITEM - 02 01 04 01 Support expenditure for Competitiveness of enterprises and small and medium-sized enterprises (COSME)	Non-Diff	-800 000,00
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ITEM - 02 01 06 01 Executive Agency for Small and Medium-sized Enterprises -- Contribution from Competitiveness of enterprises and small and medium-sized enterprises (COSME)	Non-Diff	-211 701,00
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CHAPTER - 0501 Administrative expenditure of the `Agriculture and rural development` policy area

ITEM - 05 01 05 03 Other management expenditure for research and innovation programmes -- Horizon 2020	Non-Diff	-464 932,00
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CHAPTER - 0601 Administrative expenditure of the `Mobility and transport` policy area

ITEM - 06 01 06 01 Innovation and Networks Executive Agency -- Contribution from Connecting Europe Facility (CEF)	Non-Diff	-1 078 624,00
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CHAPTER - 0801 Administrative expenditure of the `Research and innovation` policy area

ITEM - 08 01 06 03 Executive Agency for Small and Medium-sized Enterprises -- Contribution from Horizon 2020	Non-Diff	-2 085 585,00
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ITEM - 08 01 06 04 Innovation and Networks Executive Agency -- Contribution from Horizon 2020	Non-Diff	-143 776,00
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CHAPTER - 0901 Administrative expenditure of the `Communications networks, content and technology` policy area

ITEM - 09 01 05 01 Expenditure related to officials and temporary staff implementing research and innovation programmes -- Horizon 2020	Non-Diff	-2 200 000,00
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ITEM - 09 01 05 02 External personnel implementing research and innovation programmes -- Horizon 2020	Non-Diff	-600 000,00
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CHAPTER - 3201 Administrative expenditure in the `Energy` policy area

ITEM - 32 01 05 21 Expenditure related to officials and temporary staff implementing research and innovation programmes -- ITER	Non-Diff	-794 000,00
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ITEM - 32 01 05 23 Other management expenditure for research and innovation programmes -- ITER	Non-Diff	-330 000,00
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TO

CHAPTER - 0202 Competitiveness of enterprises and small and medium-sized enterprises (COSME)

ARTICLE - 02 02 01 Promoting entrepreneurship and improving the competitiveness and access to markets of Union enterprises	Commitments	211 701,00
	Payments	1 011 701,00

ARTICLE - 02 02 02 Improving access to finance for small and medium-sized enterprises (SMEs) in the form of equity and debt	Commitments	800 000,00
CHAPTER - 0509 Horizon 2020 -- Research and innovation related to agriculture		
ITEM - 05 09 03 01 Securing sufficient supplies of safe and high quality food and other bio-based products	Commitments	464 932,00
	Payments	464 932,00
CHAPTER - 0602 European transport policy		
ITEM - 06 02 01 03 Optimising the integration and interconnection of transport modes and enhancing interoperability	Commitments	498 624,00
	Payments	498 624,00
CHAPTER - 0603 Horizon 2020 -- Research and innovation related to transport		
ITEM - 06 03 03 01 Achieving a resource-efficient, environmentally-friendly, safe and seamless European transport system	Commitments	143 776,00
CHAPTER - 0802 Horizon 2020 -- Research		
ITEM - 08 02 02 01 Leadership in nanotechnologies, advanced materials, laser technology, biotechnology and advanced manufacturing and processing	Commitments	2 085 585,00
ITEM - 08 02 03 05 Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials	Payments	2 085 585,00
CHAPTER - 0904 Horizon 2020		
ITEM - 09 04 02 01 Leadership in information and communications technology	Commitments	2 800 000,00
	Payments	2 800 000,00
ITEM - 09 04 03 01 Improving lifelong health and well-being	Commitments	580 000,00
	Payments	580 000,00
CHAPTER - 3204 Horizon 2020 -- Research and innovation related to energy		
ITEM - 32 04 03 01 Making the transition to a reliable, sustainable and competitive energy system	Payments	143 776,00
CHAPTER - 3205 ITER		
ITEM - 32 05 01 01 Construction, operation and exploitation of the ITER facilities -- European Joint Undertaking for ITER -- Fusion for Energy (F4E) -- Support expenditure	Commitments	1 124 000,00
	Payments	1 124 000,00

Line/Heading						
Initial Budget + AB (1)	Transfers (2)	Utilisation (3)	Available amount (4)=(1)+(2)-(3)	Transfer proposed (5)	Change (5/1)	Total (4±5)
Non-Diff - 02 01 04 01 - Support expenditure for Competitiveness of enterprises and small and medium-sized enterprises (COSME)						
3 440 000,00	0,00	1 750 981,16	1 689 018,84	-800 000,00	-23,26 %	889 018,84
Non-Diff - 02 01 06 01 - Executive Agency for Small and Medium-sized Enterprises -- Contribution from Competitiveness of enterprises and small and medium-sized enterprises (COSME)						
9 023 563,00	0,00	8 811 862,00	211 701,00	-211 701,00	-2,35 %	0,00
Payment - 02 02 01 - Promoting entrepreneurship and improving the competitiveness and access to markets of Union enterprises						
140 000 000,00	0,00	118 740 090,78	21 259 909,22	1 011 701,00	0,72 %	22 271 610,22
Commitment - 02 02 01 - Promoting entrepreneurship and improving the competitiveness and access to markets of Union enterprises						
119 820 000,00	0,00	74 063 604,43	45 756 395,57	211 701,00	0,18 %	45 968 096,57
Commitment - 02 02 02 - Improving access to finance for small and medium-sized enterprises (SMEs) in the form of equity and debt						
217 030 000,00	0,00	216 044 611,16	985 388,84	800 000,00	0,37 %	1 785 388,84
Non-Diff - 05 01 05 03 - Other management expenditure for research and innovation programmes -- Horizon 2020						
830 664,00	0,00	248 558,60	582 105,40	-464 932,00	-55,97 %	117 173,40
Payment - 05 09 03 01 - Securing sufficient supplies of safe and high quality food and other bio-based products						
121 648 169,00	0,00	102 236 107,61	19 412 061,39	464 932,00	0,38 %	19 876 993,39
Commitment - 05 09 03 01 - Securing sufficient supplies of safe and high quality food and other bio-based products						
237 123 857,00	0,00	90 416 403,11	146 707 453,89	464 932,00	0,20 %	147 172 385,89
Non-Diff - 06 01 06 01 - Innovation and Networks Executive Agency -- Contribution from Connecting Europe Facility (CEF)						
14 832 226,00	0,00	13 753 602,00	1 078 624,00	-1 078 624,00	-7,27 %	0,00
Payment - 06 02 01 03 - Optimising the integration and interconnection of transport modes and enhancing interoperability						
83 988 294,00	10 200 000,00	67 035 354,38	27 152 939,62	498 624,00	0,59 %	27 651 563,62
Commitment - 06 02 01 03 - Optimising the integration and interconnection of transport modes and enhancing interoperability						
410 321 493,00	9 316 350,00	399 149 002,09	20 488 840,91	498 624,00	0,12 %	20 987 464,91
Commitment - 06 03 03 01 - Achieving a resource-efficient, environmentally-friendly, safe and seamless European transport system						
102 781 794,00	0,00	97 251 524,00	5 530 270,00	143 776,00	0,14 %	5 674 046,00
Non-Diff - 08 01 06 03 - Executive Agency for Small and Medium-sized Enterprises -- Contribution from Horizon 2020						
27 390 168,00	0,00	25 304 583,00	2 085 585,00	-2 085 585,00	-7,61 %	0,00
Non-Diff - 08 01 06 04 - Innovation and Networks Executive Agency -- Contribution from Horizon 2020						
5 351 521,00	0,00	5 207 745,00	143 776,00	-143 776,00	-2,69 %	0,00
Commitment - 08 02 02 01 - Leadership in nanotechnologies, advanced materials, laser technology, biotechnology and advanced manufacturing and processing						
556 192 455,00	0,00	555 869 003,00	323 452,00	2 085 585,00	0,37 %	2 409 037,00
Payment - 08 02 03 05 - Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials						
239 716 355,00	21 726 105,00	178 504 286,20	82 938 173,80	2 085 585,00	0,87 %	85 023 758,80
Non-Diff - 09 01 05 01 - Expenditure related to officials and temporary staff implementing research and innovation programmes -- Horizon 2020						
41 300 000,00	0,00	39 100 000,00	2 200 000,00	-2 200 000,00	-5,33 %	0,00
Non-Diff - 09 01 05 02 - External personnel implementing research and innovation programmes -- Horizon 2020						
10 963 044,00	0,00	10 336 170,00	626 874,00	-600 000,00	-5,47 %	26 874,00
Payment - 09 04 02 01 - Leadership in information and communications technology						
843 080 000,00	0,00	477 053 132,34	366 026 867,66	2 800 000,00	0,33 %	368 826 867,66
Commitment - 09 04 02 01 - Leadership in information and communications technology						

796 050 777,00	0,00	791 059 163,87	4 991 613,13	2 800 000,00	0,35 %	7 791 613,13
Line/Heading						
Initial Budget + AB (1)	Transfers (2)	Utilisation (3)	Available amount (4)=(1)+(2)-(3)	Transfer proposed (5)	Change (5/1)	Total (4±5)
Payment - 09 04 03 01 - Improving lifelong health and well-being						
110 408 000,00	0,00	54 736 679,94	55 671 320,06	580 000,00	0,53 %	56 251 320,06
Commitment - 09 04 03 01 - Improving lifelong health and well-being						
112 415 266,00	0,00	95 617 065,94	16 798 200,06	580 000,00	0,52 %	17 378 200,06
Non-Diff - 32 01 05 21 - Expenditure related to officials and temporary staff implementing research and innovation programmes -- ITER						
7 109 563,00	0,00	5 965 415,00	1 144 148,00	-794 000,00	-11,17 %	350 148,00
Non-Diff - 32 01 05 23 - Other management expenditure for research and innovation programmes -- ITER						
1 310 000,00	0,00	462 650,00	847 350,00	-330 000,00	-25,19 %	517 350,00
Payment - 32 04 03 01 - Making the transition to a reliable, sustainable and competitive energy system						
303 284 894,00	0,00	198 661 073,47	104 623 820,53	143 776,00	0,05 %	104 767 596,53
Payment - 32 05 01 01 - Construction, operation and exploitation of the ITER facilities -- European Joint Undertaking for ITER -- Fusion for Energy (F4E) -- Support expenditure						
47 547 440,00	0,00	47 547 440,00	0,00	1 124 000,00	2,36 %	1 124 000,00
Commitment - 32 05 01 01 - Construction, operation and exploitation of the ITER facilities -- European Joint Undertaking for ITER -- Fusion for Energy (F4E) -- Support expenditure						
47 547 440,00	0,00	47 547 440,00	0,00	1 124 000,00	2,36 %	1 124 000,00
Total DECREASE Payments				0,00		
Total INCREASE Payments				8 708 618,00		
Total DECREASE Commitments				0,00		
Total INCREASE Commitments				8 708 618,00		
Total DECREASE Non-Diff				-8 708 618,00		
Total INCREASE Non-Diff				0,00		

Justifications

Decreased 02 01 04 01

Support expenditure for Competitiveness of enterprises and small and medium-sized enterprises (COSME)

The evaluation of the Executive Agency for Small and Medium-sized Enterprises (EASME) falls under the competence of the Directorate-General (DG) for Internal Market, Industry, Entrepreneurship and SMEs (GROW) as lead parent DG. The process of co-coordinating the evaluation of a multi-parent agency through a harmonised approach has proven much more time-consuming than originally foreseen. In that context, a new contract with reopening of competition had to be used, with corresponding delays preventing from committing the appropriations before year-end. In addition, final amounts for several measures foreseen on this line proved lower than initially forecasted. Overall it is proposed to decrease the line by EUR 0,80 million in commitment and payment appropriations.

Decreased 02 01 06 01

Executive Agency for Small and Medium-sized Enterprises -- Contribution from Competitiveness of enterprises and small and medium-sized enterprises (COSME)

The reduction of the EASME subsidy lines as compared to the initial estimates is due to:

- the recalculation of the needs for salaries based on the real expenditure incurred in 2016 and the updated Human Resources recruitment plan for 2017;
- lower than estimated budget for rent, OIB (Office for Infrastructure and Logistics in Brussels) services and works as the Agency did not receive until now the requested office surfaces.
- downward revision of the costs linked to experts and IT based on real needs.

It is proposed to decrease the COSME subsidy line to EASME by EUR 0,21 million in commitment and payment appropriations.

Increased 02 02 01

Promoting entrepreneurship and improving the competitiveness and access to markets of Union enterprises

The reinforcement will be used for entrepreneurship activities in the context of the COSME programme. Also projects which use grants and have the possibility of reserve lists are often short by relatively small amounts to allow them to fund an additional project or action such as Erasmus for Young Entrepreneurs & Clusters Go International. In addition, the unforeseen increase of payment requests on past commitments leads the Commission to request additional payment appropriations on this budget line. The line finances a large number of measures, which makes forecasting more difficult. Fine-tuning of payment needs towards the end of the year is therefore unavoidable in order to optimise budget execution. It is proposed to increase the line by EUR 0,21 million in commitment appropriations and by EUR 1,01 million in payment appropriations.

Increased 02 02 02

Improving access to finance for small and medium-sized enterprises (SMEs) in the form of equity and debt

The financial instruments established under the COSME programme (the Loan Guarantee Facility and the Equity Facility for Growth) have been implemented with great success. Since launching the call for expression of interest in mid-2014 the European Investment Fund (EIF), as the entity implementing the financial instruments on behalf of the Commission, has seen a large number of applications from financial intermediaries across the participating countries with amounts applied for surpassing available budget appropriations multiple times. It is now planned to convert the temporary front-loading of the COSME guarantees under the European Fund for Strategic Investments (EFSI) into a permanent additional risk bearing capacity. But additional budget appropriations are necessary to cope with demand, which is also picking up under the Equity Facility for Growth. Given that the COSME financial instruments are a well-tested tool to facilitate the immediate financing needs of SMEs, it is proposed to increase the line by EUR 0,80 million in commitment appropriations.

Decreased 05 01 05 03

Other management expenditure for research and innovation programmes -- Horizon 2020

Based on careful analysis of the budgetary needs for missions, meetings and communication, the needs until the end of the year are lower than initially estimated. It is proposed to decrease this line by EUR 0,46 million in commitment and payment appropriations.

Increased 05 09 03 01

Securing sufficient supplies of safe and high quality food and other bio-based products

The increase in commitments will reinforce the appropriations dedicated to finance projects selected under Societal Challenge 2 calls. The increase in payments will complement the Commission's request (EUR 17,96 million reinforcement) through DEC 20/2017 (Global Transfer), for pre-financing of projects selected under 2017 calls, as well as for interim payments for the previous years' calls. It is proposed to increase this line by EUR 0,46 million in commitment and payment appropriations.

Decreased 06 01 06 01

Innovation and Networks Executive Agency -- Contribution from Connecting Europe Facility (CEF)

In 2017, the Innovation and Networks Executive Agency (INEA) has identified savings in its annual subsidy totalling EUR 1,22 million distributed across the budget items covering the management of the Connecting Europe Facility (EUR 1,08 million) and of Horizon 2020 (EUR 0,14 million). These savings are mainly due to the postponement of the delegation to INEA of tasks related to the WiFi4EU initiative (EUR 0,58 million). The revision of the CEF Regulation, which will be the legal basis of WiFi4EU, has not yet been adopted by the Legislator, delaying de facto the start of implementation of the initiative to early 2018. Additional savings have been possible on infrastructure and operating costs, as a consequence of the shift from a rental contract of the building to an usufruct contract, and to the decrease in prices of both hardware and software equipment. Finally, some savings have been achieved on communication, missions and ex-post control costs. It is proposed to decrease this line by EUR 1,08 million in commitment and payment appropriations.

Increased 06 02 01 03

Optimising the integration and interconnection of transport modes and enhancing interoperability

A call for proposals related to the Single European Sky Air Traffic Management Research (SESAR) has been launched in October 2017, with an indicative envelope of EUR 300 million. Experience in previous years shows that the calls under the SESAR priority are usually oversubscribed. The proposed reinforcement will ensure that sufficient commitment appropriations are available in 2017 when establishing the selection of projects. With regards to payment appropriations, the proposed increase is needed to fulfil the payment obligations by the end of 2017. Those obligations stem from requests for interim payments received at the end of August and where a payment will be due by the end of November. It is proposed to increase the line by EUR 0,50 million in commitment and payment appropriations.

Increased 06 03 03 01

Achieving a resource-efficient, environmentally-friendly, safe and seamless European transport system

Additional commitments will be used to optimise the use of the available budget when establishing the ranked list under the 2017 Mobility for Growth call H2020-MG-2017. The call aims at achieving a European transport system that is resource-efficient, climate- and environmentally-friendly, safe and seamless for the benefit of all citizens, the economy and society. It is proposed to increase the line by EUR 0,14 million in commitment appropriations.

Decreased 08 01 06 03

Executive Agency for Small and Medium-sized Enterprises -- Contribution from Horizon 2020

The reduction of the EASME subsidy lines as compared to the initial estimates is due to:

- the recalculation of the needs for salaries based on the real expenditure incurred in 2016 and the updated Human Resources recruitment plan for 2017;
- lower than estimated budget for rent, OIB (Office for Infrastructure and Logistics in Brussels) services and works as the Agency did not receive until now the requested office surfaces.
- downward revision of the costs linked to experts and IT based on real needs.

It is proposed to decrease the H2020 subsidy line to EASME by EUR 2,09 million in commitment and payment appropriations. These developments have already been taken into account to the maximum extent possible in the elaboration of the Draft Budget 2018.

Decreased 08 01 06 04

Innovation and Networks Executive Agency -- Contribution from Horizon 2020

In 2017, the Innovation and Networks Executive Agency (INEA) has identified savings in its annual subsidy totalling EUR 1,22 million distributed across the budget items covering the management of the Connecting Europe Facility (EUR 1,08 million) and of Horizon 2020 (EUR 0,14 million). These savings are mainly due to the postponement of the delegation to INEA of tasks related to the WiFi4EU initiative (EUR 0,58 million). The revision of the CEF Regulation, which will be the legal basis of WiFi4EU, has not yet been adopted by the Legislator, delaying de facto the start of implementation of the initiative to early 2018. Additional savings have been possible on infrastructure and operating costs, as a consequence of the shift from a rental contract of the building to an usufruct contract, and to the decrease in prices of both hardware and software equipment. Finally, some savings have been achieved on communication, missions and ex-post control costs. It is proposed to decrease this line by EUR 0,14 million in commitment and payment appropriations.

Increased 08 02 02 01

Leadership in nanotechnologies, advanced materials, laser technology, biotechnology and advanced manufacturing and processing

The additional credits will top up the budget available for the SME Instrument (call reference H2020-SMEINST-2017) and allow financing additional proposals. The SME Instrument is one of the key H2020 initiatives dedicated to SMEs. It promotes SMEs' innovation activities from concept to market, which fall within the specific objective 'Leadership in nanotechnologies, advanced materials, biotechnology and advanced manufacturing and processing'. It is proposed to increase the line by EUR 2,09 million in commitment appropriations.

Increased 08 02 03 05

Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials

The reinforcement will be used for payments related to the calls launched under societal challenge 5 "Climate action, environment, resource efficiency and raw materials." It will cover either the interim payments of H2020-SC5-2015 calls or pre-financing payments of the H2020-SC5-2017 calls. It is proposed to increase the line by EUR 2,09 million in payment appropriations.

Decreased 09 01 05 01

Expenditure related to officials and temporary staff implementing research and innovation programmes -- Horizon 2020

The surplus is a result of several senior and middle management positions remaining vacant for extensive periods during the course of 2017. Two of these posts have already been filled, and of the remaining seven vacant posts four will be filled by the end of 2017, and the remaining three early in 2018. It is proposed to decrease the line by EUR 2,20 million in commitment and payment appropriations.

Decreased 09 01 05 02

External personnel implementing research and innovation programmes -- Horizon 2020

The surplus is a result of savings accruing during the time taken to fill vacancies. Most of the vacancies will be filled by the end of 2017. It is proposed to decrease the line by EUR 0,60 million in commitment and payment appropriations.

Increased 09 04 02 01

Leadership in information and communications technology

The Information and Communication Technologies call H2020-ICT-2017-1 under the Leadership in Enabling and Industrial Technologies - ICT programme has a total budget of EUR 392 million on line 09 04 02 01. The call deadline was 29 April 2017 and the evaluation of the proposals took place in May-June. It resulted in reserve lists with high scored proposals under multiple topics. These cannot be funded due to lack of appropriations. It is proposed to increase the line by EUR 2,80 million in commitment and payment appropriations.

Increased 09 04 03 01

Improving lifelong health and well-being

The proposed reinforcement will be used for the first call of proposals for WiFi4EU, which will be launched after the adoption of its legal basis by the European Parliament and the Council. It is proposed to increase the line by EUR 0,58 million in commitment and payment appropriations.

Decreased 32 01 05 21

Expenditure related to officials and temporary staff implementing research and innovation programmes -- ITER

According to a review of expenditures needed for staff and temporary agents of the Directorate-General (DG) for Energy working on the ITER programme, the needs until the end of the year are lower than initially estimated. Following the shift of responsibility of the ITER file, staff was transferred from the DG for Research & Innovation to the DG for Energy and the average costs used at that moment resulted to be overestimated. It is proposed to decrease this line by EUR 0,79 million in commitment and payment appropriations. A correction has been introduced in the Draft Budget 2018 proposal, where the allocation for the line is based on the real costs.

Decreased 32 01 05 23

Other management expenditure for research and innovation programmes -- ITER

Due to the savings reached on the studies, and positive outcome of call for tenders with a final contract value lower than estimated, the needs until the end of the year are below the amount initially estimated. It is proposed to decrease this line by EUR 0,33 million in commitment and payment appropriations.

Increased 32 04 03 01

Making the transition to a reliable, sustainable and competitive energy system

Additional payment needs have been identified for interim payments related to the 2014 Low Carbon Energy call due in November. It is proposed to increase the line by EUR 0,14 million in payment appropriations.

Increased 32 05 01 01

Construction, operation and exploitation of the ITER facilities -- European Joint Undertaking for ITER -- Fusion for Energy (F4E) -- Support expenditure

The vacancy rate in F4E is lower than the estimate used when initially calculating the 2017 needs, while the salary indexation rate is higher. This makes the current financial envelope insufficient to cover the salaries of F4E staff. It is proposed to increase the line by EUR 1,12 million in commitment and payment appropriations.