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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
To:	Mr Hartwig LÖGER, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 36/2018 within Section III - Commission - of the general budget for 2018

Delegations will find attached Commission document DEC 36/2018.

Encl.: DEC 36/2018



BRUSSELS, 07/01/2019

GENERAL BUDGET - 2018

SECTION III - COMMISSION TITLES: 05, 13, 21, 22

TRANSFER OF APPROPRIATIONS N° **DEC 36/2018**

INTRODUCTION

The so-called "End-of-year Transfer" is intended to ensure that, insofar as possible, the outstanding invoices related to funds in shared management can be honoured, by making full use of available payment appropriations.

The rules governing this transfer are set out in Article 31(2) of the Regulation (EU, EURATOM) No 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the European Union¹.

The "End of Year Transfer" for the 2018 exercise relates to payment appropriations amounting to EUR 64,0 million in total, which takes into account the actual implementation of expenditure in mid-December 2018.

Of this amount, the two major redeployments of appropriations (total EUR 50,0 million) are the following:

- EUR 25,0 million from 22 02 51 - Completion of former pre-accession assistance (prior to 2014): The appropriations can be made available due to the slower than expected contracting and implementation of projects by the Turkish authorities;
- EUR 25,0 million from 22 04 51 - Completion of actions in the area of European Neighbourhood Policy and relations with Russia (prior to 2014): Under a budget support programme for Morocco, some indicators can be reported by the government only in December 2018. The possible payments are therefore postponed to early 2019.

The amount to be transferred from other budget lines accounts for EUR 14,0 million. This amount is drawn from four budget lines. The detailed justifications for each budget line are set out in the annex.

The reductions concern the following headings:

- | | | | |
|--------------|---------------------------------------|-----|--------------|
| • Heading 2: | Sustainable growth: Natural resources | EUR | 4,0 million |
| • Heading 4: | Global Europe | EUR | 60,0 million |

The EUR 64,0 million reinforcement will cover outstanding needs for Rural Development programmes of the period 2014-2020 (budget line 05 04 60 01). This transfer will allow outstanding claims to be covered, and reimburse Member States for payments already undertaken in shared management.

¹ OJ-L 193/30.07.2018

GENERAL BUDGET - 2018
SECTION III - COMMISSION TITLES: 05, 13, 21, 22

TRANSFER OF APPROPRIATIONS N° DEC 36/2018

FROM

CHAPTER - 0507 Audit of agricultural expenditure financed by the European Agricultural Guarantee Fund (EAGF)

ITEM - 05 07 01 02 Monitoring and preventive measures -- Direct payments by the Union	Payments	-150 000,00
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CHAPTER - 0508 Policy strategy and coordination of the 'Agriculture and rural development' policy area

ARTICLE - 05 08 02 Surveys on the structure of agricultural holdings	Payments	-3 175 000,00
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CHAPTER - 1308 Structural Reform Support Programme (SRSP) -- Operational technical assistance

ARTICLE - 13 08 02 Structural Reform Support Programme (SRSP) -- Operational technical assistance transferred from H2 (EAFRD)	Payments	-675 000,00
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CHAPTER - 2102 Development Cooperation Instrument (DCI)

ITEM - 21 02 07 04 Food and nutrition security and sustainable agriculture	Payments	-10 000 000,00
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CHAPTER - 2202 Enlargement process and strategy

ARTICLE - 22 02 51 Completion of former pre-accession assistance (prior to 2014)	Payments	-25 000 000,00
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CHAPTER - 2204 European Neighbourhood Instrument (ENI)

ARTICLE - 22 04 51 Completion of actions in the area of European Neighbourhood Policy and relations with Russia (prior to 2014)	Payments	-25 000 000,00
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TO

CHAPTER - 0504 Rural development

ITEM - 05 04 60 01 Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector	Payments	64 000 000,00
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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 - 05 04 60 01 - Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector						
11 822 000 000,00	150 000 000,00	10 664 302 382,06	1 307 697 617,94	64 000 000,00	0,54 %	1 371 697 617,94
Payment - 05 07 01 02 - Monitoring and preventive measures -- Direct payments by the Union						
9 879 183,00	150 000,00	9 831 226,54	197 956,46	-150 000,00	-1,52 %	47 956,46
Payment - 05 08 02 - Surveys on the structure of agricultural holdings						
10 610 458,00	-608 600,00	5 380 545,62	4 621 312,38	-3 175 000,00	-29,92 %	1 446 312,38
Payment - 13 08 02 - Structural Reform Support Programme (SRSP) -- Operational technical assistance transferred from H2 (EAFRD)						
3 150 000,00	0,00	2 027 069,54	1 122 930,46	-675 000,00	-21,43 %	447 930,46
Payment - 21 02 07 04 - Food and nutrition security and sustainable agriculture						
140 000 000,00	584 137,18	115 708 040,48	24 876 096,70	-10 000 000,00	-7,14 %	14 876 096,70
Payment - 22 02 51 - Completion of former pre-accession assistance (prior to 2014)						
190 000 000,00	-28 023 101,00	74 419 237,88	87 557 661,12	-25 000 000,00	-13,16 %	62 557 661,12
Payment - 22 04 51 - Completion of actions in the area of European Neighbourhood Policy and relations with Russia (prior to 2014)						
580 000 000,00	-65 294 363,67	274 225 881,81	240 479 754,52	-25 000 000,00	-4,31 %	215 479 754,52
Total DECREASE Payments				-64 000 000,00		
Total INCREASE Payments				64 000 000,00		
Total DECREASE Commitments				0,00		
Total INCREASE Commitments				0,00		
Total DECREASE Non-Diff				0,00		
Total INCREASE Non-Diff				0,00		

Justifications

Increased 05 04 60 01

Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector

Member States' declaration of expenditure for the third quarter of 2018 are higher than expected. The payment appropriations released in the context of the end-of-year transfer (EUR 64,0 million) will cover these additional payment needs for Rural Development programmes 2014-2020 financed by the European Agricultural Fund for Rural Development (EAFRD).

Decreased 05 07 01 02

Monitoring and preventive measures -- Direct payments by the Union

The surplus of EUR 150 000 in payment appropriations is due to a recent amendment of the administrative arrangement with the Joint Research Centre (JRC). Payments related to this amendment will be made only in 2019.

Decreased 05 08 02

Surveys on the structure of agricultural holdings

The total eligible costs for the Farm Structure Surveys 2016 were substantially lower than the maximum eligible costs. In line with the grant agreements, the payments were reduced proportionally. Therefore, an amount of EUR 3,2 million in payment appropriations can be made available.

Decreased 13 08 02

Structural Reform Support Programme (SRSP) -- Operational technical assistance transferred from H2 (EAFRD)

Several grant agreements will be signed by the end of the year. Nevertheless, the first prefinancing will be only made at the beginning of 2019. Therefore, an amount of EUR 0,7 million in payment appropriations can be made available.

Decreased 21 02 07 04

Food and nutrition security and sustainable agriculture

The late adoption of the Annual Action Plan 2018² on 29 November 2018 caused some delays in the negotiation of the contracts, leading to delays in the corresponding payments. Therefore, an amount of EUR 10,0 million in payment appropriations can be made available.

Decreased 22 02 51

Completion of former pre-accession assistance (prior to 2014)

The appropriations can be made available due to the slower than expected contracting and implementation of projects by the Turkish authorities. Therefore, an amount of EUR 25,0 million in payment appropriations can be made available.

Decreased 22 04 51

Completion of actions in the area of European Neighbourhood Policy and relations with Russia (prior to 2014)

Under a budget support programme for Morocco, some indicators can be reported by the government only in December 2018. The possible payments are therefore postponed to early 2019, and an amount of EUR 25,0 million can be made available.

² C(2018)8063