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#### COVER NOTE

From:	Mr Johannes HAHN, Member of the European Commission
date of receipt:	8 September 2023
To:	Ms Esperanza SAMBLAS, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 12/2023 within Section III - Commission - of the general budget for 2023

Delegations will find attached Commission document DEC 12/2023.

Encl.: DEC 12/2023



EUROPEAN COMMISSION

BRUSSELS, 8/09/2023

GENERAL BUDGET - 2023  
SECTION III - COMMISSION TITLE: 15

TRANSFER OF APPROPRIATIONS N° **DEC 12/2023**

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**FROM**

**CHAPTER - 1502** Instrument for Pre-accession Assistance (IPA III)

ITEM - 15 02 02 01 Preparation for accession

Commitments	-9 344 406,00
Payments	-9 344 406,00

**TO**

**CHAPTER - 1501** Support administrative expenditure of the "Pre-accession Assistance" cluster

ARTICLE - 15 01 01 Support expenditure for the Instrument for Pre-accession Assistance (IPA)

Non-Diff	9 344 406,00
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Since 2019, 83 local agents of the EU Delegation in Türkiye have lodged court cases following the change of salary grid from Euro to Turkish Lira and backwards into Euro in 2014 and 2019 respectively. Due to the evolution of the Euro / Turkish Lira exchange rate, this change resulted in a decrease in the Euro-denominated gross salaries compared to the pre-2014 levels, causing a substantial loss of income for the local agents. 94 local agents are concerned, of whom 83 have lodged court cases. The Turkish courts ruled in favour of the plaintiffs. Together with the EEAS, it was decided to conclude an amicable settlement which will put an end to the litigations. As a result, an additional amount of EUR 9,3 million will have to be paid in 2023 by DG NEAR for its staff for the period 2014 to 2023.

Since the appropriations currently available on the administrative budget line of the Instrument for Pre-accession (IPA III) are not sufficient, the Commission requests a transfer from the budget line for Preparation for accession in order to fund the agreed payments to the local agents.

## **I. DECREASE**

### **I.1**

#### **a) Heading**

**15 02 02 01 - Preparation for accession**

#### **b) Figures at 23/08/2023**

	<b>Commitments</b>	<b>Payments</b>
1 Appropriations in budget (Initial Budget + AB)	916 553 436,00	285 346 113,00
2 Transfers	202 320 000,00	220 000 000,00
3 Total appropriations for the year (1+2)	1 118 873 436,00	505 346 113,00
4 Appropriations already used	1 055 000 000,00	474 528 931,94
<b>5 Appropriations available (3-4)</b>	<b>63 873 436,00</b>	<b>30 817 181,06</b>
<b>6 Decrease proposed</b>	<b>9 344 406,00</b>	<b>9 344 406,00</b>
<b>7 Total appropriations up to year end (5-6)</b>	<b>54 529 030,00</b>	<b>21 472 775,06</b>
8 Decrease as percentage of appropriations in budget (6/1)	1,02 %	3,27 %
9 Decrease, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a	n/a

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

	<b>Commitments</b>	<b>Payments</b>
1 Appropriations available at start of the year	232 392,23	32 392,23
2 Appropriations available on 23/08/2023	9 916 180,42	32 392,23
3 Implementation rate [(1-2)/1]	-4 167,00 %	0,00 %

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

Commitment appropriations for an amount of EUR 9,3 million arising from recoveries collected under old pre-accession projects are available within the instrument, and can be used for current planned actions under the budget line for Preparation for accession. Therefore, a commensurate amount of commitment appropriations can be made available for transfer to the administrative budget line.

Payment appropriations to accompany the necessary commitment appropriations are available on the line and can be used for this transfer. The Commission will keep the final year-end payment needs for the budget line under review, and it may propose an adjustment in the context of the annual "Global Transfer" exercise, as appropriate.

## **II. INCREASE**

### **II.1**

#### **a) Heading**

**15 01 01 - Support expenditure for the Instrument for Pre-accession Assistance (IPA)**

#### **b) Figures at 23/08/2023**

	<b>Non-Diff</b>
1 Appropriations in budget (Initial Budget + AB)	49 078 985,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	49 078 985,00
4 Appropriations already used	44 453 974,98
5 Appropriations available (3-4)	<b>4 625 010,02</b>
6 Increase requested	<b>9 344 406,00</b>
7 Total appropriations up to year end (5+6)	<b>13 969 416,02</b>
8 Increase as percentage of appropriations in budget (6/1)	19,04 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

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

	<b>Non-Diff</b>
1 Appropriations available at start of the year	4 000,00
2 Appropriations available on 23/08/2023	0,00
3 Implementation rate [(1-2)/1]	100,00 %

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

In 2020 and 2021, 83 local agents of the EU Delegation in Türkiye lodged court cases following the change of salary grid from Euro to Turkish Lira, which was implemented in October 2014 as part of the review of the global EU Salary Method for local agents employed in EU Delegations. Due to the evolution of the Euro / Turkish Lira exchange rate, this change resulted in a substantial loss of income for the total number of local agents concerned (94, of which 11 local agents who are in the same situation as the 83 local agents who have lodged court cases). The Turkish courts ruled in favour of the plaintiffs on the cases covering the period October 2014 - April 2019. Local agents have also lodged court cases on similar grounds for the period May 2019 - December 2022, which are ongoing.

On 31 July 2023, an amicable settlement was agreed between the Commission, the EEAS and the local agents, which will put an end to the litigations and ensure the smooth functioning of the EU Delegation. As a result, an additional amount of EUR 1,9 million will have to be paid in 2023 by the EEAS for its staff for the period 2014 to 2023, which will be funded from current availabilities in the EEAS's administrative budget, whereas the additional amount to be paid by the Commission (DG NEAR) for the same period is EUR 9,3 million.

Since the appropriations currently available on the administrative budget line of the Instrument for Pre-accession (IPA III) are not sufficient, the Commission requests a transfer, in accordance with Article 31 of the Financial Regulation, from the budget line for Preparation for accession in order to fund the agreed payments to the local agents.