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Proposal for a

COUNCIL DECISION

laying down the measures necessary for the implementation of Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty for the Functioning of the European Union

{SWD(2025) 407 final} - {SWD(2025) 408 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The purpose of this proposal is to amend the existing legislation of the Research Fund for Coal and Steel, referred to as 'RFCS'. This Council decision intends to replace and repeal the provisions of Council Decision 2003/76/EC¹ that was amended by Council Decision 2018/599² and Council Decision 2021/1208³. It will establish the measures necessary for the implementation of the Protocol No 37⁴, annexed to the Treaty of the European Union and the Treaty on the Functioning of the European Union. The proposal takes into account the observations from the ex-ante evaluation that accompanies this proposal, as well as the advice of the Coal and Steel Advisory Groups and of the Member States represented in the Coal and Steel Committee.

The proposal aims to simplify and accelerate investments under the RFCS, including by increasing its attractiveness and continuing to use the part of the European Coal and Steel Community (ECSC) in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel (the "assets"), for funding two biannual calls for research and innovation projects from 2027 until 2030 to enhance impact.

To achieve this, a reform of the RFCS is necessary as the provisions outlined in the amending Council Decision 2021/1208, which allows the use of part of the assets for dedicated calls, will expire at the end of 2027.

• Consistency with existing policy provisions in the policy area

The proposal is part of a legal package revising the RFCS and its Research Programme. It will be divided into two new proposals for Council Decisions: one establishing the measures necessary for the implementation of the Protocol No 37, and one laying down the multiannual financial and technical guidelines for managing the assets.

• Consistency with other Union policies

The EU Competitiveness Compass⁵, presented by the Commission in January 2025, sets out a new roadmap of measures for the next years to boost Europe's dynamism and economic growth with industrial competitiveness and decarbonisation amongst the transformational imperatives as identified in the Draghi report. Together with the need to close the innovation

¹ Council Decision 2003/76/EC of 1 February 2003 establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (OJ L 29, 5.2.2003, p. 22, ELI: [http://data.europa.eu/eli/dec/2003/76\(1\)/oj](http://data.europa.eu/eli/dec/2003/76(1)/oj)).

² Council Decision (EU) 2018/599 of 16 April 2018 amending Decision 2003/76/EC establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (OJ L 101, 20.4.2018, p. 1, ELI: <http://data.europa.eu/eli/dec/2018/599/oj>)

³ Council Decision (EU) 2021/1208 of 19 July 2021 amending Decision 2003/76/EC establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (OJ L 261, 22.7.2021, p. 54, ELI: <http://data.europa.eu/eli/dec/2021/1208/oj>)

⁴ Protocol (No 37) on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (OJ C 115, 9.5.2008, p. 327–328).

⁵ COM(2025) 30 final

gap and reducing excessive dependencies and increasing security, decarbonisation is seen as a powerful driver of growth, which needs to be integrated with industrial, competition, economic and trade policies.

On 26 February 2025, the Commission followed up by presenting a joint roadmap for decarbonisation and competitiveness with its Clean Industrial Deal⁶. It aims at transitioning Europe to a decarbonised economy by 2050 and providing a framework supporting European industry with a stronger business case for climate neutral investments in energy-intensive industries, circularity and clean tech. The Clean Industrial Deal sets out concrete measures for this purpose and mentions steel among industrial products for which demand can be shaped significantly through private procurement. It also makes references to the implementation of the 2024 Net Zero Industry Act⁷, which aims at reinforcing manufacturing capacity of net zero technologies in Europe, and the European Green Deal⁸, which committed to support clean steel breakthrough technologies leading to a zero-carbon steel making process by 2030. It was also accompanied by an Action Plan for Affordable Energy⁹ to strengthen the Energy Union and proposing actions to secure affordable, efficient and clean energy for all Europeans.

Additionally, the European Steel and Metals Action Plan¹⁰, published by the European Commission on 19 March 2025, aims at supporting a sustainable and competitive steel production for the European Union. As part of its focus on de-risking decarbonisation projects through lead markets and public support, the plan highlights the role of the RFCS to provide important funding for the steel sector at the innovation stage to support the transition to clean steel. It further announced already an ‘overall reform of the Research Fund for Coal and Steel, to simplify and accelerate investments in steel research, including research on defence applications’.

Finally, the Methane Regulation¹¹, adopted in 2024, aims at reducing methane emissions in the energy sector, and introduces requirements for reporting and mitigating methane emissions from coal mines.

The Competitiveness Compass highlighted the need for measures on decarbonisation, to be further complemented by action on horizontal enablers, such as by simplifying the regulatory environment, reducing burden and favouring speed and flexibility. This also links to the wider discussion on simplifying the complex landscape of Union funding programmes to make Union funding more effective and impactful. In the context of the Commission’s proposal of 16 July 2025 for an ambitious and dynamic Multiannual Financial Framework, emphasis is placed on providing for more flexibility, for simpler, more streamlined and harmonised financial programmes, and for a competitiveness boost.

The recent policy developments outlined above are consistent with the RFCS Research Programme objectives of supporting the coal and steel sectors in their transition. It is

⁶ COM(2025) 85

⁷ Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe’s net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724, OJ L, 2024/1735, 28.6.2024). ELI: <http://data.europa.eu/eli/reg/2024/1735/oj>

⁸ COM(2019) 640 final

⁹ COM(2025) 79 final

¹⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘A European Steel and Metals Action Plan’, COM(2025) 125 final

¹¹ Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942 (OJ L, 2024/1787, 15.7.2024, ELI: <http://data.europa.eu/eli/reg/2024/1787/oj>).

necessary to ensure that the RFCS Research Programme is adapted accordingly, and that it allows the necessary investments to accelerate the decarbonisation for both sectors.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The legal basis is Article 2, paragraph 1, of Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union.

- **Subsidiarity (for non-exclusive competence)**

The proposed changes to the RFCS can only be made at EU level, through the revision of the existing legislation.

- **Proportionality**

The proposal is necessary for establishing the measures necessary for the implementation of the Protocol No 37.

- **Choice of the instrument**

Having regard to the first paragraph of Article 2 of the Protocol No 37, this Council Decision is to be adopted, in accordance with a special legislative procedure, by the Council acting by qualified majority on a proposal from the Commission and with the consent of the European Parliament.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

The proposal is based on results of the ex-ante evaluation, which carries out a monitoring exercise of the RFCS Research Programme for the period 2021-2024 and reports from the Technical Groups for the years 2022 and 2023.

- **Stakeholder consultations**

The RFCS stakeholders have been involved in several ad-hoc meetings, specific Advisory Group meetings (of the Coal Advisory Group and Steel Advisory Group), such as in the joint meetings on 19 September 2025 and 12 May 2025, and the Coal and Steel Committee (COSCO), last on 23 September 2025. A dedicated, public consultation event was also carried out on 19 June 2025.

- **Collection and use of expertise**

The monitoring of RFCS Research Programme programming period 2021-2024 in the ex-ante evaluation, carried out in cooperation with the Research Executive Agency, together with consultations of stakeholders, provided the necessary expertise.

- **Impact assessment**

An impact assessment is not necessary for the proposed revision.

This Council Decision concerns an amendment to an already existing legislation based on the Protocol No 37 and only leads to a small impact. In such cases, the Better Regulation

toolbox¹² clarifies that no impact assessment is required. Moreover, the European Steel and Metals Action Plan of 19 March 2025 announced a proposal for a reform of the RFCS for the same year and already determined, based on the analysis conducted for the Action Plan, the main policy orientation of the reform: “to simplify and further accelerate investments in steel research, including research on defence applications.” However, the proposed revision is still supported by the analysis of an ex-ante evaluation, as required by the Article 34 of the Regulation (EU, Euratom) 2024/2509.

- **Regulatory fitness and simplification**

The proposal is based on the results of the ex-ante analysis exercise that accompanies the proposal. This includes considerations of how to simplify and accelerate the support offered by the RFCS Research Programme, including ways to increase flexibility and predictability for potential applicants.

- **Fundamental rights**

The proposal is in line with the protection of fundamental rights.

4. BUDGETARY IMPLICATIONS

The proposal does not create any new liabilities to be charged to the General Budget under the current MFF.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

A monitoring and assessment of the implementation of the RFCS Research Programme will be carried out at the end of 2027.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

This Council Decision will establish the measures necessary for the implementation of the Protocol No 37.

This Council Decision will establish the measures necessary to use the remaining non-allocated assets of the ECSC in liquidation, estimated currently at EUR 647 million at the end of 2026¹³ plus any remaining uncommitted funds from previous RFCS Research Programme calls, through four annual calls for research and innovation projects foreseen in biannual work programmes for 2027-2028 and 2029-2030. This decision extends the financial envelope of the Research Programme to EUR 200 million per year to accelerate R&I investment in sectors concerned and extend the range of actors involved. The increased budget allows also for an upward alignment of the funding rates with the EU research funding programmes, through the parallel Council Decision establishing multiannual financial and technical guidelines allowing for greater participation of public and academic entities. This will better support industrial research investment and outputs.

The distribution of funding between coal-related and steel-related research foreseen in Article 4(2) of Council Decision 2003/76/EC will continue to be used by the Commission in the

¹² See Tool #7 of the European Commission’s [Better Regulation toolbox](#).

¹³ Estimation based on a market value as of 31 August 2025.

implementation of the RFCS Research Programme. It can nonetheless be altered in the last year of implementation of the work programme, if necessary to enable the full use of the assets.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, and in particular Article 2, first paragraph, thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the consent of the European Parliament¹,

Acting in accordance with a special legislative procedure,

Whereas:

- (1) The Treaty establishing the European Coal and Steel Community expired on 23 July 2002 in accordance with Article 97 of that Treaty. All assets and liabilities of the European Coal and Steel Community (ECSC) were transferred to the European Community on 24 July 2002.
- (2) In accordance with Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union ('the Protocol'), the net worth of the assets and liabilities, as they appear in the balance sheet of the ECSC, is to be considered as assets intended for research in the sectors related to the coal and steel industry ('the assets'), referred to as the 'ECSC in liquidation', and, on completion of the liquidation, as the 'assets of the Research Fund for Coal and Steel'.
- (3) The Protocol also provides that the revenue from those assets, referred to as the 'Research Fund for Coal and Steel' (RFCS), is to be used exclusively for research, outside the research framework programme, in the sectors related to the coal and steel industry in accordance with the provisions of the Protocol and of acts adopted on the basis thereof.
- (4) On 1 February 2003 the Council adopted Decision 2003/76/EC², which laid down the rules for implementing the Protocol.

¹ OJ C , , p. .

² Council Decision 2003/76/EC of 1 February 2003 establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the

- (5) Already for some years due to the low interest rates, the value of the produced revenues assigned for the funding of research projects for coal and steel is rapidly decreasing and the assets are not generating enough revenues to fund the current annual RFCS allocation of EUR 111 million to calls, established by Decision 2003/76/EC. In consequence, in 2024 and in 2025 calls were entirely financed by the sale of assets, given that there were losses for 2022 and 2023. For 2026, and possibly subsequent years, the realised profit will cover a part of the annual allocation, but it is not expected to be sufficient to allow for a meaningful work programme.
- (6) As part of its efforts to strengthen the competitiveness of the Union steel sector and safeguard the industry's future, the Commission committed in the European Steel and Metals Action Plan, published on 19 March 2025³, to simplify and further accelerate investments in steel research.
- (7) The energy transition away from fossil energy sources, especially coal, currently represents a challenge, also with regard to the need to ensure a just transition, notably for industries and workers in coal dependent regions. Further challenges include mitigating methane emissions from coal mines and contributing to the implementation of Regulation (EU) 2024/1787 of the European Parliament and of the Council⁴.
- (8) From August 2027 onwards, it is expected that the ECSC in liquidation will have no liabilities nor receivables, meaning the completion of the liquidation.
- (9) The sale of part of the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel to finance research projects in the coal and steel sectors is possible in view of the absence of liabilities of the Fund.
- (10) In light of the combined financial changes and policy considerations, the size of the Research Programme should be set in such a way to ensure that the assets of the Fund can be used and correctly implemented in accordance with the objectives of the Protocol and the principles of sound financial management. The need to ensure a critical mass for the size of the Research Programme cannot be achieved by using only revenues or a limited part of the remaining assets of the Fund. The amounts needed for the Research Programme will require the use of all the assets of the RFCS. Therefore, it should be possible to use the remaining assets of the RFCS to provide meaningful support for worthwhile collaborative research projects that have the critical mass to create Union added value, specifically in the sectors of coal and steel outside the framework programme for research of the Union.
- (11) The Clean Industrial Deal Communication⁵ and the European Steel and Metals Action Plan support the business case for large investments to happen in the Union in the coming years, including for the steel industry. Following this political incentive, the Research Fund for Coal and Steel should contribute to a rapid transition by financing the part of necessary large research efforts.

financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (OJ L 29, 5.2.2003, p. 22, ELI: [http://data.europa.eu/eli/dec/2003/76\(1\)/oj](http://data.europa.eu/eli/dec/2003/76(1)/oj)).

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'A European Steel and Metals Action Plan', COM(2025) 125 final.

⁴ Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942 (OJ L, 2024/1787, 15.7.2024, ELI: <http://data.europa.eu/eli/reg/2024/1787/oj>).

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation', COM(2025) 85 final.

- (12) Calls in 2027, 2028 and 2029 of EUR 200 million annually, and in 2030 of an amount equivalent to the available remaining unallocated assets are expected to leverage private investment to enhance competitiveness and accelerate industrial transformation of the coal and steel sectors towards green transition and decarbonisation. Appropriate annual allocations should therefore be established to enable such calls.
- (13) In order to fully assign the net revenue from the investments and to facilitate the increase of the allocation for 2027 from EUR 111 million to EUR 200 million, it is appropriate to shorten the delay in allocating it, by making the allocation in year n+1 covered by the balance sheet of the assets for year n for closed balance sheets for the years 2026, 2027, 2028 and 2029, while maintaining the annual allocations already established by Decision 2003/76/EC.
- (14) The current repartition of budget allocations between coal and steel research, of 27.2% and 72.8% respectively, is supported by both sectors and remains appropriate considering their respective needs and absorption capacities.
- (15) In order to be able to adapt to the possible research funding needs of the coal or steel sector in case of insufficient absorption of the other sector, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to amend this Decision to change the percentage of funding allocated to coal-related research and to steel-related research in 2030, if necessary, to enable the full use of the assets. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁶. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council shall receive all documents at the same time as Member States' experts, and their experts shall systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (16) Decision 2003/76/EC should therefore be replaced. However, until the liquidation of the ECSC is completed, it is appropriate to maintain the application of Article 1 of that Decision until the completion of the the financial operations of the ECSC in liquidation.

HAS ADOPTED THIS DECISION:

Article 1

The Commission is entrusted with laying down the measures necessary for implementing Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union.

The Commission is entrusted with managing the financial operations of the ECSC in liquidation and, on completion of the liquidation, of the assets of the Research Fund for Coal and Steel('the assets').

⁶ OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj.

Article 2

1. The Commission shall manage the assets in such a manner as to keep an annual allocation of EUR 200 million for the years 2027, 2028 and 2029 to finance research in the sectors related to the coal and steel industry. Remaining unallocated assets shall be part of an allocation for the year 2030 equal to the market value of these assets at the moment of the transfer to the Research Fund for Coal and Steel, taking into account the market conditions. This allocation shall be used to finance research in the sectors related to the coal and steel industry in this and the following years.

2. Research activities shall focus on technologies leading to near-zero-carbon steelmaking and research projects for managing the just transition of formerly operating coal mines or coal mines in the process of closure and related infrastructure, including the regions in which they are located, in accordance with related infrastructure, including the regions in which they are located, in accordance with Regulations (EU) 2021/523⁷, (EU) 2021/1056⁸ and (EU) 2021/1229⁹ of the European Parliament and of the Council and in compliance with Article 4(2) of this Decision.

3. The annual allocation of the amount set out in paragraph 1 shall be constituted of the net revenue from the investments, and the cash amount to be generated by selling part of the assets.

Article 3

1. Each year a profit-and-loss account, balance sheet and financial report shall be drawn up to show, separately from the other financial operations of the Union, the investment transactions and asset management operations under Article 2.

Those financial statements shall be annexed to the financial statements drawn up by the Commission annually under Article 318 of the Treaty on the Functioning of the European Union (TFEU) and Article 247 of Regulation (EU, Euratom) 2024/2509.

2. The powers of the European Parliament, the Council and the Court of Auditors concerning control and discharge as set out in the TFEU and in Regulation (EU, Euratom) 2024/2509 shall apply to the transactions and operations referred to in paragraph 1 of this Article.

Article 4

1. Net revenue from the investments provided for under Article 2 and the cash amounts to be generated by selling part of the assets shall constitute revenue in the general budget of the Union. Those revenue and cash amounts shall be earmarked for the specific purpose of financing research projects in the sectors related to the coal and steel industry not covered by the Research Framework Programmes. It shall form the Research Fund for Coal and Steel and shall be managed by the Commission.

⁷ Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30, ELI: <http://data.europa.eu/eli/reg/2021/523/oj>).

⁸ Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund, (OJ L 231, 30.6.2021, p. 1 ELI: <http://data.europa.eu/eli/reg/2021/1056/oj>).

⁹ Regulation (EU) 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the public sector loan facility under the Just Transition Mechanism, (OJ L 274, 30.7.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1229/oj>).

2. The revenue and cash amounts referred to in paragraph 1 shall be distributed in work programmes, with 27,2% allocated to coal-related research and 72,8% allocated to steel-related research.

The Commission is empowered to adopt delegated acts in accordance with Article 7 amending this Decision to change the percentage of funding allocated to coal-related research and to steel-related research laid down in the first subparagraph in 2030 where necessary to enable full use of the assets.

3. The revenue and cash amounts earmarked under paragraph 1 and still available on 31 December in any given year, as well as amounts recovered, shall be carried over automatically to the following year.

4. Budgetary appropriations corresponding to cancellations of commitments shall automatically lapse at the end of each financial year. Provisions for commitments released as a result of the cancellations shall be made available to the Research Fund for Coal and Steel.

Article 5

The revenue and cash amounts available to finance research projects for year n+1 shall be recorded in the balance sheet of the ECSC in liquidation of year n and, on completion of the liquidation, in the balance sheet of the assets of the Research Fund for Coal and Steel of year n, until the allocation of the remaining assets in 2029 for 2030.

Article 6

Administrative expenditure resulting from liquidation, investment and management operations referred to in this Decision, shall be met by the Commission from the general budget of the Union.

Article 7

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 4(2), second subparagraph, shall be conferred on the Commission for a period of four years from the date of entry into force of this Decision.

3. The delegation of power referred to in Article 4(2), second subparagraph, may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 4(2), second subparagraph, shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the

Council have both informed the Commission that they will not object. That period shall be extended by one month at the initiative of the European Parliament or of the Council.

Article 8

Decision 2003/76/EC is repealed.

However, Article 1 of Decision 2003/76/EC shall continue to apply to the financial operations of the ECSC in liquidation until the completion of the liquidation of the ECSC in liquidation.

Article 9

This Decision shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Council Decision laying down the measures necessary for the implementation of Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty for the Functioning of the European Union and repealing Decision 2003/76/EC

1.2. Policy area(s) concerned

Research and Innovation

1.3. Objective(s)

1.3.1. General objective(s)

The Research Fund for Coal and Steel (RFCS) is a EU funding programme supporting research projects in the coal and steel. It co-finances through grants research and innovation projects in the areas of coal and steel.

In the current legal base, the fund supports projects at universities, research centres, and private companies. Research activities of the RFCS shall focus on technologies leading to near-zero-carbon steelmaking and research projects for managing the just transition of formerly operating coal mines or coal mines in the process of closure and related infrastructure.

Objectives of the reform

The proposed reform aims to simplify and improve the RFCS functioning, making it more accessible and attractive to industry, including for SMEs, research centers and academia. Revised call conditions will help reduce investment risks for industry. The joint decarbonisation and competitiveness objectives set out in the Competitiveness Compass and the Clean Industrial Deal (together with the specific targeted sectoral implementation outlined in the Steel and Metals Action Plan), as well as other relevant support initiatives targeting the transition of coal and steel sectors, can only be achieved if private capital is supported by a coherent and coordinated framework of public funding.

1.3.2. Specific objective(s)

Under the proposed reform of the RFCS, the Research Programme has the objective to support collaborative research in the coal and steel sectors, including research on dual use aspects. The Research Programme shall also provide support for clean steel breakthrough technologies, contributing to the objectives of climate neutrality in Europe, and reinforcing EU strategic autonomy across the steel value chain. In addition, the Research Programme shall provide support for research projects for managing the just transition of formerly operating coal mines or coal mines in the process of closure and related infrastructure and the regions in which they are located. The Research Programme also aims at promoting the valorisation of research outcomes to enhance their market relevance and support their potential for scalable deployment. The Research Programme aims to be consistent with the political, scientific, and technological objectives of the Union, and shall complement the activities carried out in the Member States.

1.3.3. *Expected result(s) and impact*

The expected impacts of the reform are the following:

- The increase of the annual assignments would allow for more ambitious research projects, which could help reaching climate targets by 2050 while maintaining competitiveness.
- The reform would also allow to implement the revised funding rates that would address stakeholders' recommendations, namely that of private companies, universities and research centres, and contribute to attract more investments and a wider participation to the RFCS programme.
- The streamlining of research objectives, more adapted to current realities faced by the steel and coal sectors, would help to maximise the impact of the programme. The proposed reform also introduces a requirement to conduct deployment and commercialisation activities in Europe, to ensure the best impact of research and innovation projects for EU competitiveness.

1.3.4. *Indicators of performance*

The implementation of the RFCS programme is currently monitored by the European Research Executive Agency (REA), which is responsible for executing the programme, in collaboration with the Commission's Directorate-General for Research & Innovation (DG RTD), and reporting to the Commission on its implementation status. Without prejudging the upcoming Cost-Benefit-Analysis for the delegation of implementation tasks to Executive Agencies, under the future MFF, DG RTD envisages to delegate this task to an Executive Agency. This work will require regular coordination meetings and annual reporting, which provides structured feedback on how funded projects contribute to broader EU policy objectives. Reporting will also inform about the attractiveness of the programme, by providing data on the evolution of number of proposals. Regular discussion with the advisory committee and the Coal and Steel Committee (COSCO) will also help to assess how the RFCS reform is addressing R&I needs, and recommendations made by stakeholders.

The technical progress of specific project portfolios under the RFCS will also continue to be monitored by the Coal and Steel Technical Groups ('the Technical Groups' or TGs), comprising one group for coal and five for steel. These groups are composed of recognised high-level experts with substantial experience in their respective sub-sectors. Information about the Technical Groups – including their membership, meeting agendas, and other details – is made publicly available in the Register of Commission Expert Groups. Management of the TGs is currently entrusted to REA, as established in the Memorandum of Understanding between REA and DG RTD.

The Technical Groups provide a comprehensive overview of technological developments within their specific domains. This assessment is based on information collected from RFCS-funded projects, primarily through dedicated annual meetings between the Technical Groups and project coordinators, currently organised by REA.

Additionally, the Technical Groups are expected to produce the necessary content for REA to provide the annual reports offering a broader portfolio analysis that also considers developments in related areas and parallel European programmes. This

ensures a more integrated understanding of progress and impact across the innovation ecosystem.

1.4. The proposal/initiative relates to:

- ☐ a new action
- ☐ a new action following a pilot project / preparatory action²³
- ☒ the extension of an existing action
- ☒ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The challenges that the coal and steel sectors are facing and the political prioritisation to jointly support decarbonisation and competitiveness, combined with the challenges of the financial regime of the RFCS, the limited effectiveness of the 2021 reform and the recent feedback from stakeholders point to the need to revise the legal base of the RFCS in order to enhance its attractiveness and maximise its impact.

Not only the call conditions require a revision, especially in term of funding rates, but also a further selling of the fund's assets is necessary in order to continue providing adequate R&I support during the difficult transition phase to decarbonisation. RFCS is an industry-oriented programme that has supported research, development and innovation activities among the two communities of coal and steel since 2003. It is important that the fund is also continuing to support the industry now and in the short term to guarantee a rapid transition.

Thus, halting the current regime of using part of the ECSC assets in liquidation to fund the programme (set to expire at the end of 2027) is unsustainable and will not allow for a meaningful programme if only funded by revenues and not assets.

In this regard, there is a timely opportunity to revise the legal base of the programme and strengthen the role of research and innovation in effectively supporting the coal and steel sectors during their transition. The current call conditions, research objectives, and available budget are not leveraging enough R&I investment from the industry and do not offer attractive call conditions for the academia nor for the industry.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

As the RFCS legal basis is based on Protocol 37 annexed to the Treaties, it falls under the competence of the EU. The measures implementing the Protocol are established in a Council Decision and the revision of which belongs to the Commission's exclusive right of initiative for legislative proposals.

²³

As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

Over the years, the RFCS Programme has provided significant advancements for both sectors. These advancements are compiled in the recent reports from the RFCS technical groups for coal and steel and are based on strong collaboration between entities from different Member States of the EU and from different organisation types. For steel companies and universities participating in research projects, the benefits ranged from cost reduction (resulting from savings in energy use and/or raw materials), increased productivity, improved sustainability and or gaining new market share through the development of innovative steel products. For the coal sector, the RFCS contributed to improving health and safety in mines and minimising the impact of post-mining activities on the environment.

The RFCS has been designed to be an industrial research programme, which is specifically tailored to support cross-border collaboration, and at the same time it allows industry-academia collaboration with the aim to support dedicated industrial research.

The proposed reform would strongly contribute to EU's long-term policy objectives and address stakeholder needs. The frontloading of investment would allow for ambitious research projects, which could help reaching climate targets by 2050 while maintaining competitiveness. It would also allow to finance the revised funding rates that would address stakeholders' recommendations and contribute to attract more investments and a wider participation to the RFCS programme. The streamlining of research objectives, more adapted to current realities faced by the sectors, would help to maximise the impact of the programme. The proposed reform also introduces a requirement to conduct deployment and commercialisation activities in Europe, to ensure the best impact of R&I projects for EU competitiveness.

Regarding the timing, the reform would ideally take effect in January 2027. While this timing has not specifically been requested by stakeholders, it would offer more attractive call conditions earlier. It would correlate with a series of measures aiming at supporting energy intensive industries (for instance the Industrial Decarbonisation Accelerator Act), as described in the introduction. Indeed, this reform is to be understood in a broader policy context in which energy-intensive sectors are considered key actors for the EU industrial competitiveness and decarbonisation strategy.

1.5.3. *Lessons learned from similar experiences in the past*

The findings of the internal evaluation conducted for the period 2021-2024 highlighted that the RFCS has proven its efficiency via the yearly annual call in supporting coal and steel sectors through excellent collaborative research and involvement of the private sector. However, it showed that it has also failed to meet the expectations of the 2021 reform with respect to the Big Ticket calls, reflected by the underspending of the programme. The programme and in particular the Big Tickets calls in the present conditions are not attractive enough to yield large private investment necessary to meet current industrial decarbonisation objectives.

1.5.4. *Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments*

The RFCS programme is subject to Protocol 37 of the Treaty on European Union, on the financial consequences of the expiry of the ECSC treaty and on the Research fund for Coal and Steel. The Protocol explicitly says that the revenues of the assets

of the ECSC in liquidation shall be used exclusively for research, outside the research framework programme, in the sectors related to the coal and steel industry. However, synergies with the next Horizon Europe and the Competitiveness Fund can be established. The Research Fund for Coal and Steel can address full spectrum of research challenges in the coal and steel sectors, as well as leverage additional public and private investments in R&I. Thus, it can contribute to further strengthening the European research and innovation landscape and accelerate the commercialisation and diffusion of innovation.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Funding will consist exclusively from the remaining assets of the European Coal and Steel Community in liquidation, as well as generated revenues from these assets. The ECSC was financed by (i) levies that most coal and steel producers had to pay based on their production and (ii) the contributions of the countries that joined the EU later on. These resources constitute the major part of the assets generated. The fund will continue to exist as such until the depletion of the assets.

1.6. Duration of the proposal/initiative and of its financial impact

☒ **limited duration**

- ☒ in effect from 1 January 2027
- ☒ financial impact from 2027 to 2030 at the latest for commitment appropriations and from 2027 to 2034 for payment appropriations.

☐ **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Method(s) of budget implementation planned

☒ **Direct management** by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☒ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☐ the European Investment Bank and the European Investment Fund
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☐ public law bodies
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

The monitoring and reporting rules for this programme will follow the requirements laid down in the Financial Regulation and its Implementing Rules.

The progress of the programme towards its objectives will be measured through the monitoring conducted by the European Executive Agency, currently, the European Research Executive Agency (REA) with the support of the RFCS Technical Groups (5 for steel and 2 for coal).

All data on the programme management processes (applications, success rates, time to grant, type of beneficiaries, etc.) will be collected and stored in the e-Grants Data Warehouse.

2.2. Management and control system(s)

2.2.1. *Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

The Research Programme of the Research Fund for Coal and Steel will be implemented through direct management entrusted to the bodies referred in Article 62(1), point (a) of Regulation (EU, Euratom) EU, Euratom) 2024/2509. More specifically, the Commission will continue to rely to a large extent on the European Research Executive Agency (REA), established in accordance with the Council Regulation 58/2003. The delegation of activities to this Executive Agency is subject to a mandatory independent ex-ante Cost-Benefit Analysis and the Agency undergoes regular evaluations performed by external experts. The above-mentioned Cost-Benefit Analysis will also consider the costs of control and supervision. Interim evaluations conducted in 2012 and in 2015 confirm the high efficiency and added value of the Executive Agencies in programme implementation. The assets of the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel shall be managed to provide annual payments within the limits of the allocation in order to finance collaborative research in the sectors related to the coal and steel industry. The annual payments shall be financed by the net revenue from the investments and by the proceeds generated by selling part of the assets of the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel, up to the annual amount of payment credits set out by the designated service of the Commission. The financial guidelines have been reviewed or supplemented, if appropriate. To this end, the Commission shall reassess the operation and effectiveness of the financial guidelines and shall propose any appropriate amendments. The control strategy of the Research Programme of the Research Fund for Coal and Steel will be aligned with the one for Framework Programme for Research & Innovation. It will therefore benefit from all the simplification measures introduced under Horizon Europe. Simplification measures have been introduced to facilitate the implementation of the Research Programme Funding will be provided in the form of grants in accordance with Regulation (EU, Euratom) 2024/2509. The proposed changes in the funding modalities (lump sum) will ensure alignment with those of the EU research programme and contribute to minimising the vulnerability to financial errors. The proposal will be implementing a single funding rate per action for all activities it funds. The maximum rate per action would be fixed in the call conditions. In the proposed reform, up to 100 % of total

eligible costs of an action under the Research Programme may be reimbursed, except for for-profit legal entities where up to 70% of the total eligible costs may be reimbursed. By way of exception, SMEs shall be eligible for a funding rate of up to 100% of the total eligible costs. The proposed reform foresees to establish the way indirect costs may be declared in the call conditions, which should indicate whether unit costs or lump sums can be applied. The main driver to adopt lump sum funding will not be reduction of the error rate, but the achievement of all the objectives of the programme. The programme will benefit from cost effective services provided in the framework of the implementation of programmes under direct management (centralised evaluation expert management, ex post audit, IT, etc). The control strategy is based on procedures for selecting the best projects and translating them into legal instruments:

- project and contract management throughout the lifetime of every project; ex-ante checks on 100 % of cost claims,
- certificates on the financial statements above a certain threshold, and certification on methodologies to calculate unit costs or ex-ante assessment on a voluntary basis;
- ex post audits (random and risk-based) on a sample of paid claims for grants under actual costs;
- regular project reviews on the technical implementation and results for all grants;
- ex-post technical reviews on a sample of grants.

This control strategy and approach has demonstrated its financial efficiency since the delegation of the programme to REA, as reported in the Agency's triannual external evaluation. Also, the results from the ex-post controls demonstrate that this control strategy allows for maintaining a legality/regularity risk below the 2% threshold.

The detected rate of error for the last two years of RFCS is 2.03 %, with a 'residual' error rate of 1.70 %, after taking account of all recoveries and corrections that have been or will be implemented. With the introduction of the lump sums and the SCOs, it is expected to maintain a detected error rate below 2%.

Currently, the European Research Executive Agency (REA) is implementing the RFCS. Without prejudging the upcoming Cost-Benefit-Analysis for the delegation of implementation tasks to Executive Agencies, under the future MFF, DG RTD envisages to delegate this task to an Executive Agency.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

The implementation of RFCS calls will be managed under conditions and following business processes similar to the management of the Framework Programme for Research and Innovation (FP). As a result, risks are similar to the FP and relate in particular to achievements of the objective set in the positively evaluated proposals and ensuring legality/regularity in the disbursed grants for reimbursement of incurred costs.

In so far as possible, REA will apply similar ex ante and ex post control strategies to ensure legality/regularity of operations. This includes a financial circuit with counterweight where the central finance unit verifies all spending operations and an ex post control strategy agreed with RTD and implemented in close collaboration

with DG RTD's ex post control unit. Error rates found through prior years' ex post controls have demonstrated to be contained within the tolerable rate of error of 2%.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)*

The narrower estimate of the costs of the control system (evaluation, selection, project management, ex-ante and ex-post control) are in the range of 2-4 % across the Commission services responsible for the implementation of the Horizon Europe Framework Research Programme. It is estimated that the Research Programme of the Research Fund for Coal and Steel is in the same range of 2-4%. This is considered to be a reasonable cost in the light of the efforts needed to ensure that objectives are achieved and the number of transactions involved. The expected risk of error at payment for grants with a funding model based on the reimbursement of ineligible costs is 2.0-3.0 %. The risk of error at closure (after the effect of controls and corrections) is below 2% for the Research Programme of the Research Fund for Coal and Steel. The expected risk of error for grants with a funding model based on lump sum funding is close to 0% (at payment and at closure). The overall expectation for error rates will depend on the balance between the two methods of funding (reimbursement of eligible costs and lump sums). The Commission aims to apply the lump sum funding model where appropriate. However, the main driver to adopt lump sum funding will not be reduction of the error rate, but the achievement of all the objectives of the programme.

2.3. **Measures to prevent fraud and irregularities**

Robust ex-ante controls applied to the entire expenditure and sample- and risk-based ex-post controls both contribute to detect and correct errors.

The services charged with the implementation of the Research Programme budget are determined to fight against fraud at all stages of the grant management process. They have developed, and are implementing, common and sectorial anti-fraud strategies, including an enhanced use of intelligence, especially using advanced IT tools, training and information for staff, and awareness-raising presentations towards grant beneficiaries and Technical groups. These efforts will continue and anti-fraud and risk assessment activities will be further enhanced thanks to the current development by central services of the corporate ARACHNE risk-scoring tool. Overall the measures proposed should continue to have a positive impact on the fight against fraud, that will continue under the Research Programme, and reinforced scientific evaluation and control. It should be underlined that detected fraud has continuously been very low in proportion to the total research and innovation expenditure, nevertheless the services charged with the implementation of the Research Programme budget remain fully committed to combat it. The legislation will ensure that audits, reviews, and investigations can be carried out by the Commission services, including the European Anti-Fraud office (OLAF), as well as the European Public Prosecutor Office (EPPO), using the standard provisions already in use under the Research Programme.

In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2988/95, (Euratom, EC) No 2185/96 and (EU) 2017/1939, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and

fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96 the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) is competent to investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the European Court of Auditors and, as appropriate, to the EPPO, and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ²⁴	from EFTA countries ²⁵	from candidate countries and potential candidates ²⁶	From other third countries	other assigned revenue
01	01 20 03 02 - Coal	Diff.	NO	NO	NO	YES
01	01 20 03 01 - Steel	Diff.	NO	NO	NO	YES

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

²⁴ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

²⁵ EFTA: European Free Trade Association.

²⁶ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	01
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DG: RTD			Year	Year	Year	Year	Year	Year	Year	Year	TOTAL 2028-2034	GRAND TOTAL
			2027	2028	2029	2030	2031	2032	2033	2034		
Operational appropriations												
Budget line	Commitments	(1a)									0.000	0.000
	Payments	(2a)									0.000	0.000
Budget line	Commitments	(1b)									0.000	0.000
	Payments	(2b)									0.000	0.000
Appropriations of an administrative nature financed from the envelope of specific programmes												
Budget line		(3)						0.000	0.000	0.000	0.000	0.000
TOTAL appropriations for DG RTD	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

			Year	Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034	GRAND TOTAL
			2027	2028	2029	2030	2031	2032	2033	2034		
TOTAL operational appropriations (including contribution to decentralised agency)	Commitments	(4)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations under HEADING 1 of the multiannual financial framework	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

			Year	Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034	GRAND TOTAL
			2027	2028	2029	2030	2031	2032	2033	2034		
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Heading of multiannual financial framework	7	Administrative expenditure
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DG:RTD		Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034	POST 2034	GRAND TOTAL	
		2028	2029	2030	2031	2032	2033	2034				
• Human resources		0.780	0.780	0.780	0.780	0.101	0.000	0.000	3.221	0.000	3.221	
• Other administrative expenditure		0.050	0.050	0.050	0.050	0.000	0.000	0.000	0.200		0.200	
TOTAL DG RTD	Appropriations	0.830	0.830	0.830	0.830	0.101	0.000	0.000	3.421	0.000	3.421	
TOTAL appropriations under HEADING 7 of the multiannual financial framework		(Total commitments = Total payments)	0.830	0.830	0.830	0.830	0.101	0.000	0.000	3.421	0.000	3.421

EUR million (to three decimal places)

TOTAL appropriations under HEADINGS 1 to 7	Commitments	0.830	0.830	0.830	0.830	0.101	0.000	0.000	3.421	0.000	3.421
of the multiannual financial framework	Payments	0.830	0.830	0.830	0.830	0.101	0.000	0.000	3.421	0.000	3.421

3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	01	Research and Innovation
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DG: RTD	Year	Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034	TOTAL MFF 2021- 2027	GRAND TOTAL
	2027	2028	2029	2030	2031	2032	2033	2034			

Operational appropriations													
Budget line : 01 20 03 01 and 01 20 03 02	Commitments	(1a)	200.000	200.000	200.000	200.000					600.000	200.000	800.000
	Payments	(2a)	112.000	227.000	273.000	216.000	196.000	39.000	40.000	25.000	1.016.000	112.000	1128.000
Budget line	Commitments	(1b)									0.000	0.000	0.000
	Payments	(2b)									0.000	0.000	0.000
Appropriations of an administrative nature financed from the envelope of specific programmes													
Budget line		(3)									0.000		0.000
TOTAL appropriations for DG RTD	Commitments	=1a+1b+3	200.000	200.000	200.000	200.000	0.000	0.000	0.000	0.000	600.000	200.000	80.000
	Payments	=2a+2b+3	112.000	227.000	273.000	216.000	196.000	39.000	40.000	25.000	1016.000	112.000	1128.000

TOTAL operational appropriations	Commitments	(4)	200.000	200.000	200.000	200.000	0.000	0.000	0.000	0.000	600.000	200.000	800.000
	Payments	(5)	112.000	227.000	273.000	216.000	196.000	39.000	40.000	25.000	1016.000	112.000	1128.000
Total appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations under HEADING 1 of the multiannual financial framework	Commitments	=4+6	200.000	200.000	200.000	200.000	0.000	0.000	0.000	0.000	600.000	200.000	800.000
	Payments	=5+6	112.000	227.000	273.000	216.000	196.000	39.000	40.000	25.000	1016.000	112.000	1128.000

Heading of multiannual financial framework	7	'Administrative expenditure'
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EUR million (to three decimal places)

DG: RTD	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	2034		GRAND TOTAL
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		2027	2028	2029	2030	2031	2032	2033		TOTAL MFF 2028- 2034	TOTAL MFF 2021- 2027	
• Human resources		0.000	0.000	0.000	0.000							0.000
• Other administrative expenditure		0.000	0.000	0.000	0.000							0.000
TOTAL DG <.....>	Appropriations	0.000	0.000	0.000	0.000							0.000

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	0.000	0.000	0.000	0.000							0.000
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EUR million (to three decimal places)

		Year 2027	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028-2034	TOTAL MFF 2021- 2027	GRAND TOTAL
TOTAL appropriations under HEADINGS 1 to 7	Commitments	200.000	200.000	0.000	0.000	0.00	0.00	0.00	0.00	600.000	200.00	800.000
of the multiannual financial framework	Payments	112.000	227.000	273.000	216.000	196.000	39.000	40.000	25.000	1016.000	112.000	1128.000

3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs			Year 2024	Year 2025	Year 2026	Year 2027	Enter as many years as necessary to show the duration of the impact (see Section 1.6)	TOTAL
	OUTPUTS							

↓	Type ²⁷	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 ²⁸ ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

²⁷ Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

²⁸ As described in Section 1.3.2. 'Specific objective(s)'

3.2.3. Summary of estimated impact on administrative appropriations

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year	Year	Year	Year	Year	Year	Year	TOTAL 2028- 2034	Post 2024	GRAND TOTAL
	2028	2029	2030	2031	2032	2033	2034			
HEADING 7										
Human resources	0.780	0.780	0.780	0.780	0.101	0.000	0.000	3.221	0.000	3.221
Other administrative expenditure	0.050	0.050	0.050	0.050	0.000	0.000	0.000	0.200	0.000	0.200
Subtotal HEADING 7	0.830	0.830	0.830	0.830	0.101	0.000	0.000	3.421	0.000	3.421
Outside HEADING 7										
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL HEADING 7 and outside HEADING 7	0.830	0.830	0.830	0.830	0.101	0.000	0.000	3.421	0.000	3.421

3.2.4. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources
- ☒ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)

VOTED APPROPRIATIONS		Year	Year	Year	Year	Year	Year	Year	POST
		2028	2029	2030	2031	2032	2033	2034	2034
• Establishment plan posts (officials and temporary staff)									
20 01 02 01 (Headquarters and Commission's Representation Offices)		2	2	2	2	0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0	0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0	0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0	0	0	0	0
Other budget lines (specify)		0	0	0	0	0	0	0	0
• External staff (in FTEs)									
20 02 01 (AC, END from the 'global envelope')		4	4	4	4	1	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0	0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0	0	0	0	0
	- in EU Delegations	0	0	0	0	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0	0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0	0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0	0	0	0	0

Other budget lines (specify) - Outside Heading 7	0	0	0	0	0	0	0	0
TOTAL	6	6	6	6	1	0	0	0

The number of FTE are indicative and do not prejudice the outcome of the ongoing negotiations on the next MFF. Moreover, the additional resources for the Commission are envisaged for delegation to an Executive Agency under the future MFF, without prejudging the upcoming Cost-Benefit Analysis for the delegation of implementation tasks to Executive Agencies.

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	Exceptional additional staff*		
		To be financed under Heading 7 or Research	To be financed from BA line	To be financed from fees
Establishment plan posts		2	N/A	N/A
External staff (CA, SNEs, INT)		4	N/A	N/A

Description of tasks to be carried out by:

Officials and temporary staff	Two extra FTE will be needed for managing the political implementation of the reform, and to execute the reform and oversee the increased financial and programme management activities, in addition to the 4 officials and temporary staff currently allocated to RFCS. This reinforcement is temporary and can be reassigned after 2031.
External staff	The reform of the RFCS will lead to an 80% increase in annual allocations and to revised call conditions for the years 2027 until 2030 included. These will result in a higher workload for the RFCS unit in launching the calls and carrying out evaluations. The introduction of dual use in the programme will further increase the workload. An additional 4 FTE as contract agents are needed for positions of programme managers and project officers, in addition to the 16 currently allocated to RFCS. The total allocation needed will progressively diminish after 2031 as no further calls are launched and projects reach completion.

3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as “Policy IT expenditure on operational programmes”. This expenditure refers to the operational budget to be

used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 “Digital dimensions”.

TOTAL Digital and IT appropriations	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028- 2034
IT expenditure (corporate)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Policy IT expenditure on operational programmes	0.520	0.531	0.541	0.552	0.563	0.574	0.586	3.867
Subtotal outside HEADING 7	0.520	0.531	0.541	0.552	0.563	0.574	0.586	3.867
TOTAL	0.520	0.531	0.541	0.552	0.563	0.574	0.586	3.867

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

- ☒ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)
- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation
- ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on other revenue
 - ☐ please indicate, if the revenue is assigned to expenditure lines

In line with article 21.2(b) of the Financial Regulation, the appropriations related to the revenue generated by the Research Fund for Coal and Steel should be considered external assigned revenue. Budget lines 01 20 03 02 (Coal) and 01 20 03 01 (Steel)

4. **DIGITAL DIMENSIONS**

The Research Fund for Coal and Steel uses the corporate tools described in the Legal, Financial and Digital Statement of Horizon Europe.