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2025/0398 (NLE)

Proposal for a

## **COUNCIL DECISION**

**on the adoption of the Research Programme of the Research Fund for Coal and Steel, on the multiannual technical guidelines for this programme, on the multiannual financial guidelines for managing the assets of the Research Fund for Coal and Steel, and repealing Decisions 2003/77/EC and 2008/376/EC**

{SWD(2025) 409 final} - {SWD(2025) 410 final}

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

#### • Reasons for and objectives of the proposal

The purpose of this proposal is to review the existing legislation of the Research Fund for Coal and Steel (RFCS).

This Council Decision will repeal the provisions of Council Decision 2008/376/EC<sup>1</sup> and Council Decision 2003/77/EC<sup>2</sup>, as amended by Council Decision 2021/1207<sup>3</sup>.

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To achieve this, this proposal merges the provisions previously included separately in the two repealed Decisions, namely the multiannual technical guidelines for the RFCS Research Programme and the multiannual financial guidelines for managing the assets of the RFCS. According to Protocol No 37 annexed to the Treaty of the European Union and the Treaty on the Functioning of the European Union<sup>4</sup>. Both the technical and the financial guidelines are subject to the same adoption procedure<sup>5</sup>. The reason for the choice to propose to merge the technical and the financial guidelines into one Decision is to make the proposal simpler and easier to understand, thus constituting the ‘*simplest form of Union action*’ in the meaning of the Better Regulation toolbox.<sup>6</sup> It provides for an opportunity to review and align the full wording of both acts, and to facilitate adoption and discussion in the Council as full context is provided for both sets of guidelines. A reform of the RFCS is necessary as the provisions outlined in the Council Decision 2021/1208, which allows the use of part of the assets for dedicated calls, will expire at the end of 2027.

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.

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<sup>1</sup> Council Decision 2008/376/EC of 29 April 2008 on the adoption of the Research Programme of the Research Fund for Coal and Steel and on the multiannual technical guidelines for this programme (OJ L 130, 20.5.2008, p. 7).

<sup>2</sup> Council Decision 2003/77/EC of 1 February 2003 laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, the Assets of the Research Fund for Coal and Steel (OJ L 29, 5.2.2003, pp. 25–27).

<sup>3</sup> Council Decision (EU) 2021/1207 of 19 July 2021 amending Decision 2003/77/EC laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, the Assets of the Research Fund for Coal and Steel (OJ L 261, 22.7.2021, pp. 47–53).

<sup>4</sup> 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).

<sup>5</sup> Protocol (No 37) Article 2, paragraph 2: ‘The Council shall adopt, on a proposal from the Commission and after consulting the European Parliament, measures establishing multiannual financial guidelines for managing the assets of the Research Fund for Coal and Steel and technical guidelines for the research programme of the Research Fund for Coal and Steel’.

<sup>6</sup> See Chapter 4 on ‘Compliance, implementation and preparing proposals’ of the [‘Better Regulation’ Toolkit #40](#), page 345: ‘*Explain the choice of instrument - Has the simplest form of Union action (instrument) been chosen?*’

- **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 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 Compass<sup>7</sup>, 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 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 Deal<sup>8</sup>. 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 Act<sup>9</sup>, which aims at reinforcing manufacturing capacity of net zero technologies in Europe, and the European Green Deal<sup>10</sup>, 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 Energy<sup>11</sup> 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 Plan<sup>12</sup>, 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'.

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<sup>7</sup> COM(2025) 30 final

<sup>8</sup> COM(2025) 85

<sup>9</sup> 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)

<sup>10</sup> COM(2019) 640 final

<sup>11</sup> COM/2025/79 final

<sup>12</sup> 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

Finally, the Methane Regulation<sup>13</sup>, 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 European 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, an 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 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. To ensure long term consistency with other relevant EU policies, priorities addressed under the RFCS Research Programme could be taken into account in other EU funding programmes after 2030.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

### **• Legal basis**

The legal basis is the second paragraph of Article 2 of Protocol No 37 that provides for adoption of measures establishing multiannual financial guidelines for managing 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 and technical guidelines for the research programme of the Research Fund for Coal and Steel.

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

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

### **• Proportionality**

The proposal is necessary for adopting the measures establishing multiannual financial guidelines for managing the assets and technical guidelines for the RFCS Research Programme.

### **• Choice of the instrument**

Having regard to the second paragraph of Article 2 of Protocol No 37, this Council Decision is to be adopted by the Council acting by qualified majority on a proposal from the Commission and with the consultation of the European Parliament.

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<sup>13</sup> 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>).

### **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 toolbox<sup>14</sup> clarifies that no impact assessment is required. Moreover, the European Steels 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 Article 34 of 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.

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<sup>14</sup> See Tool #7 of the European Commission’s [Better Regulation toolbox](#).

## 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 lay down the financial and technical guidelines of the Research Fund for Coal and Steel.

The parallel amendment of Council Decision 2003/76/EC for the implementation of Protocol No 37 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 for upward alignment of the funding rates with the EU research funding programmes allowing for greater participation of public and academic entities.

This present Decision supports this by providing for these higher funding rates for industry, which will better support industrial research investment and outputs. It also foresees the use of the mutual insurance mechanism which will allow to reduce the guarantees required from applicants and larger percentage of pre-financing available.

It also allows for increased flexibility of instruments by abandoning the prescribed allocation of funding to annual and 'Big ticket' calls and foresees more predictable planning by adopting biannual work programmes, while at the same reducing the time from idea to grant by introducing two call deadlines every year and a streamlined range of project types.

It clarifies the conditions related to security concerns in projects with dual use (civilian and military) applications.

Articles 10 until 18 set out the multiannual technical guidelines for the Research Programme, with revised general and specific research objectives and call conditions, which were previously laid down in Council Decision 2008/376/EC. Articles 19 until 26 set out the multiannual financial guidelines for managing the assets, which were previously laid down in Council Decision 2003/77/EC.

Proposal for a

## COUNCIL DECISION

**on the adoption of the Research Programme of the Research Fund for Coal and Steel, on the multiannual technical guidelines for this programme, on the multiannual financial guidelines for managing the assets of the Research Fund for Coal and Steel, and repealing Decisions 2003/77/EC and 2008/376/EC**

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, second paragraph, thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament<sup>1</sup>,

Whereas:

- (1) For the purposes 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, in accordance with Council Decision (EU) .../...<sup>2</sup>, the Commission is to manage 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.
- (2) The Research Programme should contribute to increasing public and private investment in research and innovation in Member States, thereby helping to reach an overall investment target of at least 3% of the Union's gross domestic product in research and development.
- (3) To that effect, and in line with the objectives of the Research Programme of the Research Fund for Coal and Steel ('the Research Programme') adopted under Council Decision 2008/376/EC<sup>3</sup>, the funding should duly consider the evolving policy needs and Union's priorities as identified in the Competitiveness Compass<sup>4</sup>, the Clean Industrial Deal<sup>5</sup>, the European Steel and Metals Action Plan<sup>6</sup> and the European Green Deal<sup>7</sup>.

<sup>1</sup> OJ C [...], [...], p. [...].

<sup>2</sup> Council Decision (EU) .../... of ... .. (OJ ...).

<sup>3</sup> Council Decision 2008/376/EC of 29 April 2008 on the adoption of the Research Programme of the Research Fund for Coal and Steel and on the multiannual technical guidelines for this programme (OJ L 130, 20.5.2008, p. 7, ELI: <http://data.europa.eu/eli/dec/2008/376/oj>).

<sup>4</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions 'A Competitiveness Compass for the EU', COM(2025) 30 final.

<sup>5</sup> 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.



- (4) In order to foster a just transition, the Research Programme should contribute to the social, economic and environmental revitalisation of coal and steel regions particularly affected by the transition of these sectors.
- (5) Committing the totality of the available assets in four years is necessary to improve attractiveness and impact of the Research Programme, to leverage and accelerate private research and innovation investment, to boost competitiveness and to accelerate industrial transformation of the steel and coal sectors towards green transition and decarbonisation in a challenging geopolitical and economic context.
- (6) In a changing economic and financial environment, recent experience has shown the need for a more flexible and attractive financial and technical framework for implementing the Research Programme. The guidelines for the Research Programme are designed to enable a more flexible approach in its implementation and should thus further simplify access and maximise the effectiveness and impact of the funding under that programme.
- (7) The replacement of the Decision 2008/376/EC is necessary to simplify the landscape of Union funding programmes, notably by aligning the Research Programme with the instruments used under the Horizon Europe Framework Programme of the European Union for Research and Innovation (2021-2027), as set out in Regulation (EU) 2021/695 of the European Parliament and of the Council<sup>6</sup>, as well as its successor. That is needed to allow for complementarities between various programmes in the sectors related to the coal and steel industry. The changes in the corporate management of funding tools as well as Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council<sup>9</sup> becoming a 'single rulebook' resulted in a need to align the technical guidelines for the Research Programme. Combined with the changes in the implementation of the Research Programme, they further strengthen the case for replacing Decision 2008/376/EC in order to achieve the investment objectives.
- (8) The Research Programme should finance actions on the basis of open calls. The actions should primarily take the form of research projects. Maintaining the same funding rate in the Research Programme, while it was raised in the other Union research funding programmes, resulted in a significantly lower proportion of applications for funding. Consequently, it is necessary to align the funding rates applicable to those actions with those in the proposal of the successor for Horizon Europe, allowing in particular for greater participation of industry, including small and medium-sized enterprises, and public and academic entities.
- (9) In order to cover the risk for the Commission and other beneficiaries associated with non-recovery of sums due by the beneficiaries, and also to reduce the burden on

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<sup>6</sup> 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.

<sup>7</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions 'The European Green Deal', COM(2019) 640 final.

<sup>8</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/695/oj>).

<sup>9</sup> Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).



applicants in providing bank guarantees, it is appropriate to extend the use of the mutual insurance mechanism established by Article 37 of Regulation (EU) 2021/695 to the Research Programme.

- (10) Directive 2010/75/EU of the European Parliament and of the Council<sup>10</sup> created the Innovation centre for industrial transformation and emissions. By collecting and analysing information on innovative techniques, the centre contributes inter alia to the minimisation of pollution, decarbonisation, resource efficiency, a circular economy using fewer or safer chemicals relevant to the activities in the scope of that Directive. In order to monitor technological progress and assess environmental benefits and trade-offs for industrial transformation in the Union, the periodic reports of the Research Programme's projects should be shared with the centre..
- (11) To ensure that all available assets are committed within four years, the investment objectives of the asset management operations should be revised. It should be specified that the assets are to be invested with the objective of preserving - and, where possible, enhancing - their value in order to meet the liquidity needs arising from funding calls. The other aspects of the asset management operations should be adjusted to align with this updated investment objective.
- (12) The financial guidelines should enable a flexible approach as regards the technical aspects of implementation and should determine appropriate investment instruments to achieve the investment objectives. The rules pertaining to the way investments are conducted, namely related to asset allocation principles and eligible investments and environmental, social and governance considerations, are technical in nature. For other portfolios managed by the Commission, they would in principle be determined in accordance with the rules adopted pursuant to Article 60 of Regulation (EU, Euratom) 2024/2509. Consequently, the Commission should be allowed to decide to enlarge the scope of eligible investments to include other asset classes and investment operations consistent with the investment strategy and objectives, as well as currencies of other advanced economies, as listed by the International Monetary Fund and subject to hedging of currency risk, in accordance with those rules. Moreover, to align the guidelines applicable to environmental, social and governance investments with the rules applicable to the other portfolios it manages, the Commission should also be allowed to set the detailed guidelines.
- (13) To ensure financial transparency it is necessary to provide to the Member States, in an annual report, the information on management operations carried out under the financial guidelines, including information on allocation to the different asset classes, and explain any major change in the strategic asset allocation.
- (14) Regulation (EU, Euratom) 2024/2509 applies to the Research Programme. It lays down the rules on the establishment and the implementation of the general budget of the Union.
- (15) In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>11</sup>, Council Regulations

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<sup>10</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17, ELI: <http://data.europa.eu/eli/dir/2010/75/oj>).

<sup>11</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council

(Euratom, EC) No 2988/95<sup>12</sup>, (Euratom, EC) No 2185/96<sup>13</sup> and (EU) 2017/1939<sup>14</sup>, 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<sup>15</sup>. 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.

- (16) In order to ensure uniform conditions for the implementation of this Decision, implementing powers should be conferred on the Commission as regards certain decisions on the approval of the funding for research projects. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>16</sup>.
- (17) Due to the changes required to the multiannual technical and financial guidelines laid down in Council Decisions 2003/77/EC<sup>17</sup> and 2008/376/EC those Decisions should be replaced.
- (18) It is appropriate to merge the technical and the financial guidelines for reasons of simplification.

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- 12 Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/883/oj>).
  - 13 Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p. 1, ELI: <http://data.europa.eu/eli/reg/1995/2988/oj>).
  - 14 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.96, p. 2, ELI: <http://data.europa.eu/eli/reg/1996/2185/oj>).
  - 15 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1, ELI: <http://data.europa.eu/eli/reg/2017/1939/oj>).
  - 16 Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29, ELI: <http://data.europa.eu/eli/dir/2017/1371/oj>).
  - 17 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13, ELI: <http://data.europa.eu/eli/reg/2011/182/oj>).
  - 18 Council Decision 2003/77/EC of 1 February 2003 laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel (OJ L 29, 5.2.2003, p. 25, ELI: [http://data.europa.eu/eli/dec/2003/77\(1\)/oj](http://data.europa.eu/eli/dec/2003/77(1)/oj)).

- (19) In order to ensure smooth transition, Decision [2008/376/EC](#) should continue to apply to the financing of actions resulting from proposals submitted to calls published until 31 December 2026.
- (20) For reasons of clarity on the rules applicable to actions, it is appropriate to defer the application of this Decision to 1 January 2027,

HAS ADOPTED THIS DECISION:

## *Chapter I*

### *General Provisions*

#### *Article 1*

##### *Subject matter*

This Decision establishes the Research Programme of the Research Fund for Coal and Steel ('the Research Programme') and lays down the objectives of the Programme and its budget, the multiannual technical guidelines for the implementation of the Research Programme and the multiannual financial guidelines for managing 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').

#### *Article 2*

##### *Definitions*

For the purposes of this Decision, the following definitions apply:

- (1) 'coal' means any of the following:
- (a) hard coal, including the high and medium-ranking 'A' coals (sub-bituminous coals) as defined in the international codification system of coal of the United Nations Economic Commission for Europe;
  - (b) hard coal briquette;
  - (c) coke and semi-coke derived from hard coal;
  - (d) lignite, including the low-ranking 'C' coals (or ortho-lignites) and the low-ranking 'B' coals (or meta-lignites) as defined in the codification referred to in point (a);
  - (e) coke and semi-coke derived from lignite;
- (2) 'legal entity' means any of the following:
- (a) a natural person;
  - (b) a legal person created and recognised as such under Union, national or international law, which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations;
  - (c) an entity which does not have legal personality as referred to in Article 200(2), point (c), of Regulation (EU, Euratom) [2024/2509](#);
- (3) 'action results' means any tangible or intangible outcome of a given action, such as data, knowledge or know-how, independent of its form or nature and whether or not it can be protected, as well as any rights attached to it, including intellectual property rights;

- (4) ‘steel’ means any of the following:
- (a) raw materials for iron and steel production;
  - (b) pig iron (including hot metal) and ferro-alloys;
  - (c) crude and semi-finished products of iron, ordinary steel or special steel (including products for reuse and rerolling);
  - (d) hot-finished products of iron, ordinary steel or special steel (coated or uncoated products, excluding steel castings, forgings and powder metallurgy products);
  - (e) end products of iron, ordinary steel or special steel (coated or uncoated);
  - (f) products of the first-stage processing of steel that can enhance the competitive position of the iron and steel products referred to in points (a) to (e);
- (5) ‘valorisation’ means the use of action results in the activities other than those covered by the action concerned, including commercial deployment.

### *Article 3* *Programme objectives*

1. The Research Programme shall support the competitiveness of sectors related to the coal and steel industry by providing support for collaborative research in those sectors, including on dual-use civil and military applications.
2. The Research Programme shall also provide support for clean steel breakthrough technologies, contributing to the objectives of climate neutrality in the Union, and reinforcing Union 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, particularly those facing significant social, economic or environmental challenges arising from the transition of the coal and steel sectors.
3. The Research Programme shall promote valorisation to enhance the market relevance of research outcomes and support their potential for scalable deployment.
4. The Research Programme shall be consistent with the political, scientific, and technological objectives of the Union, and shall complement the activities carried out in the Member States.
5. The Research Programme shall support synergies aiming at accelerating technological development to deployment status.
6. The Research Programme shall support research projects aimed at the objectives set out for coal in Article 4 and for steel in Article 5.

### *Article 4* *Research objectives for coal*

1. Research projects shall aim to accelerate the transition towards a climate-neutral Union economy by 2050, with the objective of supporting the phasing out of fossil fuels, especially coal, and supporting the social, economic and ecological revitalisation of coal regions, developing alternative activities on former mine sites and avoiding or addressing the environmental damage from coal mines in the process

of closure, formerly operating coal mines and the regions in which coal mines are located.

2. Special attention shall be given to strengthening Union leadership in managing the transition of formerly operating coal mines and coal-related infrastructure through technological and non-technological solutions, while supporting technology and non-technology transfer. Research activities with those objectives shall present tangible climate and environmental benefits in line with the objective of climate neutrality by 2050.
3. Issues concerning safety in coal mines in the process of closure and formerly operating coal mines with a view to improving working conditions, occupational health and safety, as well as environmental issues harmful to health shall be taken into account in the research projects.
4. Research projects shall seek to eliminate the impact of coal mines in the process of closure and of formerly operating mines on the atmosphere, water and soils.
5. Research projects shall envisage new and improved technologies to avoid environmental pollution, including methane leakage, associated greenhouse emissions and contamination of water tables, of coal mines in the process of closure, formerly operating mines and their surroundings (including the atmosphere, land, soils and water), solutions for managing and reusing mining wastes, improving circularity, restoring environment, and technologies to restore and protect sites from long-term effects.

#### *Article 5* *Research objectives for steel*

1. Research projects shall aim to develop, demonstrate and improve near-zero-carbon iron and steel production processes with a view to raising product quality, increasing productivity and decreasing strategic dependencies.
2. Research projects shall focus on meeting the requirements of steel users to develop new net-zero-carbon products and on creating new lead markets, while reducing emissions and environmental impacts, in accordance with the objectives of Directive 2003/87/EC of the European Parliament and of the Council<sup>18</sup>, Directive 2010/75/EU of the European Parliament and of the Council<sup>19</sup>, [Regulation (EU) ...<sup>20</sup>] and Regulation (EU) 2024/1781 of the European Parliament and of the Council<sup>21</sup>.
3. In both steel production and steel use, the research projects shall enable the conservation of resources, the preservation of ecosystems, the transition to a circular economy and safety issues.

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<sup>18</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: <http://data.europa.eu/eli/dir/2003/87/oj>).

<sup>19</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial and livestock rearing emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17, ELI: <http://data.europa.eu/eli/dir/2010/75/oj>).

<sup>20</sup> [reference to be inserted after IAA adoption]

<sup>21</sup> Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC (OJ L, 2024/1781, 28.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1781/oj>)

4. Research projects shall pay particular attention on the continuous development of skills adapted to the evolution of the sector towards new net-zero-carbon processes, as well as the improvement of working conditions, and promotion of high health and safety standards.
5. Research projects shall accelerate the use of digital technologies, including artificial intelligence and machine learning, in steel production and use.

#### *Article 6* *Budget*

1. The financial envelope of the Research Programme for the period 1 January 2027 to 31 December 2030 shall consist of the following:
  - (a) any amounts of the annual allocation which were made available to the Research Fund for Coal and Steel as a result of the cancellation of budgetary commitments;
  - (b) any remaining assets and profits generated by remaining assets;
  - (c) the amounts of previous annual allocations not yet entered in the budget.
2. The financial envelope shall be committed in its entirety through two work programmes covering the years 2027 to 2028 and 2029 to 2030. The work programmes shall provide for yearly calls for proposals in accordance with Article 10.

#### *Article 7* *Eligibility*

1. Any legal entity, established within the territory of a Member State may participate in the Research Programme and apply for financial assistance.
2. Any legal entity in candidate countries may participate in the Research Programme without receiving any financial contribution, unless otherwise provided under the relevant European Agreements and their additional Protocols, and in the decisions of the respective Association Councils.
3. Any legal entity from third countries may participate in the Research Programme on the basis of individual projects without receiving any financial contribution, provided that such participation is in the Union's interest.

#### *Article 8* *Implementation and financial contribution*

1. The Research Programme shall be implemented in accordance with Regulation (EU, Euratom) 2024/2509, under direct management by the Commission, through executive agencies.
2. Funding may be provided in the form of grants in accordance with Regulation (EU, Euratom) 2024/2509.

#### *Article 9* *Security*

1. Dual-use research projects carried out under the Research Programme shall comply with the applicable national security rules, including rules on the protection of EU



classified information against unauthorised disclosure, and shall comply with any other relevant Union and national law.

2. Where appropriate, proposals shall include a security self-assessment identifying any security issues and detailing how those issues will be addressed in order to comply with the relevant Union and national law.
3. Where appropriate, the Commission shall carry out a security scrutiny procedure for proposals raising security issues.
4. Legal entities participating in a project shall ensure the protection against unauthorised disclosure of EU classified information used or generated by the action. They shall provide proof of personal security clearance or facility security clearance from the relevant national security authorities, prior to the start of the activities concerned.
4. If independent external experts have to deal with EU classified information, the appropriate security clearance shall be required before those experts are appointed.
5. Where appropriate, the Commission may carry out security checks.
6. Proposals or actions which do not comply with the security rules under this Article may be rejected or terminated at any time.

## *Chapter II*

### *Technical guidelines*

#### *Article 10*

##### *Calls*

1. Calls for proposals shall be published twice a year. The content and publication of calls for proposals shall be consistent with Article 197 of Regulation (EU, Euratom) 2024/2509.
2. The proposals shall relate to the research objectives laid down in Articles 4 and 5, and where applicable, to the priority objectives listed in the call conditions.
3. The evaluation, award and selection procedure for funded projects shall take place in conformity with Articles 201, 202 and 203 of Regulation (EU, Euratom) 2024/2509.
4. For the purposes of Article 153(3) of Regulation (EU, Euratom) 2024/2509, the evaluation committee may be composed partially or fully of independent external experts.

#### *Article 11*

##### *Grants*

1. Projects based on selected proposals shall form the subject of a grant agreement. Grant agreements shall follow the corporate model grant agreements drawn up by the Commission, taking into account, as appropriate, the nature of the activities concerned.
2. Participants shall implement actions in compliance with the conditions and obligations set out in this Decision, Regulation (EU, Euratom) 2024/2509 and the grant agreement.

*Article 12*  
*Funding rates*

1. A single funding rate per action shall apply for all activities it funds. The maximum rate per action shall be fixed in the call conditions.
2. Up to 100 % of total eligible costs of an action under the Research Programme may be reimbursed.

In the case of legal entities which by their legal form are for-profit making or which have a legal or statutory purpose to distribute profits to their shareholders or individual members, 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.

*Article 13*  
*Indirect costs*

1. Indirect eligible costs shall be 25% of the total direct eligible costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs. Where appropriate, indirect costs included in unit costs or lump sums shall be calculated using the flat rate referred to in the first sentence.
2. Notwithstanding paragraph 1, if provided for in the call conditions, indirect costs may be declared in the form of a lump sum or unit costs.

*Article 14*  
*Eligible costs*

1. By way of derogation from Article 193(2) of Regulation (EU, Euratom) 2024/2509, costs of resources made available by third parties by means of in-kind contributions shall be eligible up to the direct eligible costs of the third party.
2. By way of derogation from Article 195(2) of Regulation (EU, Euratom) 2024/2509, income generated by the valorisation shall not be considered to be revenues of the action.

*Article 15*  
*Managing action results*

Beneficiaries shall manage their action results in accordance with the obligations set out in the call conditions and grant agreement.

*Article 16*  
*Use of the mutual insurance mechanism*

Contributions to a mutual insurance mechanism established by Article 37 of Regulation (EU) 2021/695 shall cover the risk associated with the recovery of sums due by beneficiaries and shall be considered as a sufficient guarantee under Article 155 of Regulation (EU, Euratom) 2024/2509. No additional guarantee or security shall be accepted from beneficiaries or imposed upon them.

*Article 17*  
*Technical reports*

1. For all projects the beneficiaries shall draw up periodical reports. Such reports shall be used to describe the technical progress made. The reports shall be also shared with the Commission's innovation centre for industrial transformation and emissions referred to in Article 27a of Directive 2010/75/EU.
2. On completion of the work, the beneficiaries shall provide the Commission with a final report comprising an assessment of exploitation and impact. The Commission shall publish that report in full or in summarised form depending on the strategic relevance of the project.

*Article 18*  
*Final activity review*

1. The Commission shall conduct a final review of activities after the closing of the Research Programme. The report containing the review shall be forwarded to the Coal and Steel Committee.
2. The Commission may appoint independent highly qualified experts to assist with the final activity review.

***Chapter III***

***Financial guidelines***

*Article 19*  
*Financial guidelines*

1. The assets shall be managed to provide annual or semi-annual payments within the limits of the annual allocations in order to finance collaborative research in the sectors related to the coal and steel industry. The annual or semi-annual payments shall be financed by the net revenue from the investments and by the cash amounts generated by selling part of the assets, up to the amount of annual allocations.
2. The Commission shall review Articles 20 to 26 where it considers it appropriate. To that end, the Commission shall reassess the operation and effectiveness of the financial guidelines and shall propose any amendments where it considers it appropriate.

*Article 20*  
*Use of funds*

1. The assets of the ECSC in liquidation, including both its loan portfolio and its investments, shall be used as necessary to meet the remaining obligations of the ECSC in liquidation, in terms of its outstanding borrowings, of its commitments resulting from previous operating budgets, and of any unforeseeable liability.
2. The assets not necessary to meet the remaining obligations of the ECSC in liquidation shall be prudently invested by the Commission, in accordance with the chosen investment horizon and used to fund research in the sectors related to the coal and steel industry.

## Article 21

### *Investment horizon, objective and risk tolerance*

1. The assets shall be invested with the objective of preserving, and where possible enhancing, the value of those assets to meet the liquidity needs arising from the funding calls (the ‘investment objective’). The investment objective shall be pursued over the investment horizon and delivered with a high confidence level.
2. The assets shall be managed in accordance with prudential rules and the principles of sound financial management and in accordance with the rules and procedures set out by the accounting officer of the Commission and with the risk management framework of the Commission.
3. The investment objective shall be served through the implementation of a prudent investment strategy based on diversification across eligible asset classes, geographical areas, issuers and maturities (the ‘investment strategy’). The investment strategy shall be set out taking into account the investment horizon and the size of remaining assets, and to ensure that necessary funds are available in a sufficiently liquid form as and when needed.
4. The investment strategy shall be expressed in the form of a strategic asset allocation, which shall set out the indicative target allocations to different categories of eligible financial assets.
5. The Commission shall reflect the strategic asset allocation in a strategic benchmark (the ‘benchmark’), against which the performance of the assets shall be compared.
6. The investment strategy and the benchmark shall be set out by the Commission, in accordance with the rules adopted pursuant to Article 60 of Regulation (EU, Euratom) 2024/2509. In case the assets are only invested in current bank accounts and term deposits, an investment benchmark and investment strategy shall not be required.
7. The investment strategy and the benchmark may be modified by the Commission in the event of a duly documented and motivated change in economic conditions, a substantial change in the needs and situation of the contributing instruments or a significant change in inflow or outflow estimates. The procedure for modification of the investment strategy shall be the same as for its initial adoption.
8. The investment strategy shall be established taking into account the investment horizon and risk tolerance of the assets.

## Article 22

### *Asset allocation principles and eligible investments*

1. Sufficient diversification among and within all asset classes shall be assured to reduce investment risks. In principle, the riskier or less liquid an asset, the less concentrated the exposure shall be.
2. Exposure to the different asset classes and diversification may also be achieved via investments into collective investment undertakings or exchange-traded products.
3. The assets shall be invested only in the following instruments denominated in euro:
  - (a) money market assets;
  - (b) fixed income securities;

- (c) regulated collective investments in debt and equity.
- 4. The assets shall obtain exposure to the asset classes referred to in paragraph 3 through investment in the following instruments or by engaging in the following operations:
  - (a) deposits;
  - (b) money market instruments and money market funds which offer daily liquidity, as regulated by Regulation (EU) 2017/1131 of the European Parliament and of the Council<sup>22</sup>;
  - (c) debt instruments, such as bonds, bills and notes, and securitised instruments in line with the simple, transparent and standardised criteria set out in Regulation (EU) 2017/2402 of the European Parliament and of the Council<sup>23</sup>;
  - (d) collective investment undertakings covered by Directive 2009/65/EC of the European Parliament and of the Council<sup>24</sup>, including exchange-traded funds which invest in equity or in debt instruments where maximum losses cannot exceed amounts invested;
  - (e) repurchase agreements in accordance with the principle established by Article 215(2) of Regulation (EU, Euratom) 2024/2509;
  - (f) reverse repurchase agreements;
  - (g) securities lending operations with recognised clearing systems, including Clearstream and Euroclear, or with leading financial institutions specialising in that type of operation.
- 5. Derivatives, in the form of forward and future contracts and swaps, shall be used solely for the purposes of efficient portfolio management and not for the purposes of speculation or leveraging of positions. Those derivatives may be used for adjustment of duration, mitigation of credit or other relevant risk or changes in asset allocation consistent with the investment policy.
- 6. The assets may be invested in liquid money market assets and bonds denominated in US dollars issued by sovereign and supranational entities solely for the purposes of diversification and exposure to another interest rate curve. Any currency risk shall be hedged by making appropriate use of swaps or other instruments for foreign exchange hedging, as specified in paragraph 5.
- 7. The Commission may in accordance with the rules adopted pursuant to Article 60 of Regulation (EU, Euratom) 2024/2509 enlarge the scope of eligible investments to include other asset classes and investment operations consistent with the investment strategy and objectives, as well as currencies of other advanced economies, as listed from time to time by the International Monetary Fund and subject to hedging of

<sup>22</sup> Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (OJ L 169, 30.6.2017, p. 8, ELI: <http://data.europa.eu/eli/reg/2017/1131/oj>).

<sup>23</sup> Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35, ELI: <http://data.europa.eu/eli/reg/2017/2402/oj>).

<sup>24</sup> Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32, ELI: <http://data.europa.eu/eli/dir/2009/65/oj>).

currency risk. Any decision to include new asset classes, investment operations or currencies of advanced economies shall be supported by a substantiated justification per asset class, operation or currency, of how the expanded investment possibilities will enhance the risk-return performance of the assets. That justification shall include an assessment of the operational capacities needed to support those new investment possibilities.

### *Article 23*

#### *Environmental, social, and governance considerations*

The investment strategy shall be implemented by favouring environmental, social and governance investments when available and possible, provided that they align with risk management criteria. The detailed guidelines applicable to environmental, social and governance investments may be set out by the Commission, in accordance with the rules adopted pursuant to Article 60 of Regulation (EU, Euratom) 2024/2509.

### *Article 24*

#### *Transfer to the general budget of the Union*

The net revenue from the investments of the assets, and the cash amounts generated by selling part or the totality of the assets, shall be transferred from the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel when necessary to meet the payment obligations from the budget line directed to research programmes for sectors related to the coal and steel industry.

### *Article 25*

#### *Remaining amounts*

Any unspent and recovered amounts remaining after the implementation of the last call shall be made available to the Research Fund for Coal and Steel.

### *Article 26*

#### *Accounting and management procedures*

1. The management of the funds shall be accounted for in the annual accounts for the ECSC in liquidation and, on completion of the liquidation, the annual accounts for the assets of the Research Fund for Coal and Steel. Those accounts shall be based upon and presented in accordance with the Commission's Accounting Rules as adopted by the Commission's accounting officer, taking into account the specific nature of the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel. The accounts shall be approved by the Commission and examined by the Court of Auditors. The Commission shall engage external firms to carry out an annual audit of its accounts.
2. The Commission shall carry out, in relation to the ECSC in liquidation and, on completion of the liquidation, the assets of the Research Fund for Coal and Steel, the management operations referred to in Articles 20 to 26 under the internal Commission rules and procedures.
3. A detailed report on management operations carried out under Articles 20 to 26 shall be drawn up annually by the Commission and sent to the Member States. In the annual report, the Commission shall include information on the use of the different



asset classes, on the reasons behind its choice to invest in specific asset classes and on the observed performance of each asset class.

## ***Chapter IV***

### ***Transitional and final provisions***

#### ***Article 27***

##### ***Decision on the approval of the funding of certain research projects***

1. The Commission shall adopt an implementing decision on the approval of the funding of research projects „, where the estimated amount of the Union contribution under the Research Programme is equal to or more than EUR 5 million;
2. This implementing acts shall be adopted in accordance with the examination procedure referred to in Article 28(3).

#### ***Article 28***

##### ***Management of the Research Programme and committee procedure***

1. The Commission shall manage the Research Programme. It shall be assisted by technical and advisory groups, established by a Commission Decision.
2. The Commission shall be assisted by the Coal and Steel Committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
4. Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

#### ***Article 29***

##### ***Repeal and transitional measures***

Decisions 2003/77/EC and 2008/376/EC are repealed.

However, Decision 2008/376/EC shall continue to apply to the financing of actions resulting from proposals submitted to calls published until 31 December 2026.

Where necessary, any remaining tasks of the Coal and Steel Committee established by Decision 2008/376/EC related to the actions referred to in the second subparagraph of this Article shall be undertaken by the Coal and Steel Committee referred to in Article 28 of this Decision.

#### ***Article 30***

##### ***Entry into force and application***

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

It shall apply from 1 January 2027.

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 action<sup>39</sup>
- ☒ 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

<sup>39</sup>

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

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.

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 organization 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) 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. <sup>40</sup>	from EFTA countries <sup>41</sup>	from candidate countries and potential candidates <sup>42</sup>	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

<sup>40</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>41</sup> EFTA: European Free Trade Association.

<sup>42</sup> 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
<b>TOTAL appropriations for DG RTD</b>	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
<b>TOTAL appropriations under HEADING 1</b> 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
<b>TOTAL appropriations Under Heading 1 to 6</b> 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)

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

### 3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	<b>01</b>	<b>Research and Innovation</b>
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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
<b>TOTAL appropriations for DG RTD</b>	Commitments	=1a+1b+3	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>600.000</b>	<b>200.000</b>	<b>80.000</b>
	Payments	=2a+2b+3	<b>112.000</b>	<b>227.000</b>	<b>273.000</b>	<b>216.000</b>	<b>196.000</b>	<b>39.000</b>	<b>40.000</b>	<b>25.000</b>	<b>1016.000</b>	<b>112.000</b>	<b>1128.000</b>

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
<b>TOTAL appropriations under HEADING 1 of the multiannual financial framework</b>	Commitments	=4+6	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>600.000</b>	<b>200.000</b>	<b>800.000</b>
	Payments	=5+6	<b>112.000</b>	<b>227.000</b>	<b>273.000</b>	<b>216.000</b>	<b>196.000</b>	<b>39.000</b>	<b>40.000</b>	<b>25.000</b>	<b>1016.000</b>	<b>112.000</b>	<b>1128.000</b>

<b>Heading of multiannual financial framework</b>	<b>7</b>	<b>‘Administrative expenditure’</b>
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EUR million (to three decimal places)

<b>DG: RTD</b>	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	<b>2034</b>		<b>GRAND TOTAL</b>
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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
<b>TOTAL DG &lt;.....&gt;</b>	Appropriations	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>							<b>0.000</b>

<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>							<b>0.000</b>
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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
<b>TOTAL appropriations under HEADINGS 1 to 7</b>	Commitments	<b>200.000</b>	<b>200.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>600.000</b>	<b>200.00</b>	<b>800.000</b>
of the multiannual financial framework	Payments	<b>112.000</b>	<b>227.000</b>	<b>273.000</b>	<b>216.000</b>	<b>196.000</b>	<b>39.000</b>	<b>40.000</b>	<b>25.000</b>	<b>1016.000</b>	<b>112.000</b>	<b>1128.000</b>

### 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 <sup>43</sup>	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 <sup>44</sup> ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
<b>TOTALS</b>																		

<sup>43</sup> Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

<sup>44</sup> 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
<b>• Establishment plan posts (officials and temporary staff)</b>									
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
<b>• External staff (inFTEs)</b>									
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
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.