

Brussels, 29.5.2020
COM(2020) 459 final

2018/0224 (COD)

Amended proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination,

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on establishing the specific programme implementing Horizon Europe – the Framework Programme for Research and Innovation,**

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing the Neighbourhood, Development and International Cooperation Instrument,**

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The COVID-19 pandemic constitutes a widespread and severe public health crisis. It severely affects citizens, societies and economies worldwide. The extent of the health crisis and the policy responses taken to control it are unprecedented. As a result, the depth of its socio-economic impact is extraordinarily uncertain. Already at this stage, it is certain that it presents unprecedented and acute challenges for the financial and economic systems of Member States. According to the Commission's spring economic forecasts¹, the EU GDP is forecast to contract by about 7.5 % this year - far deeper than during the global financial crisis in 2009 - and to rebound by only 6% in 2021.

In response, Member States have adopted exceptional discretionary economic and financial measures. Together with the effect of so-called "automatic stabilizers", i.e. payments foreseen under unemployment insurance and social security systems combined with loss in tax revenue, those measures have a considerable bearing on their public finances with aggregate general government deficit surging from 0.6% of GDP in 2019 to 8.5% of GDP in both the euro area and the EU this year.

The COVID-19 pandemic crisis is having a major impact also on societies all around the globe, starting with health systems, and moving to severe global social and economic consequences. Our response strategy needs to be comprehensive, coherent and integrated, tackling both the public health and the socio-economic challenges. The least developed countries are the most vulnerable to COVID-19, given their weak, non-resilient health systems and complex socio-economic and governance challenges. It is already evident that COVID-19 will have a major impact on the economic and macroeconomic systems in our partner countries. Governments will be challenged to sustain macro-economic stability and maintain fiscal space to protect the most vulnerable, their companies, their workers, and continue providing basic social services.

This exceptional situation calls for a coherent and unified approach at the level of the Union.

A comprehensive plan for European recovery will need massive public and private investment at European level to energise the economy, create high-quality jobs and invest in repairing the immediate damage wrought by the Coronavirus. The Commission is therefore proposing to harness the full power of the EU budget to mobilise investment and frontload financial support in the crucial first years of recovery based on:

A European Union Recovery Instrument as an exceptional measure based on

Article 122 of TFEU, the financing of which will be based on an empowerment provided in the proposal for the Own Resources Decision. The funds will enable implementation of fast-acting measures to protect livelihoods, increase prevention and strengthen resilience and recovery in response to the crisis.

- **A reinforced Multi-Annual Financial Framework for 2021-2027**

The recovery and resilience measures under the European Recovery Instrument will be carried out through the already existing implementation vehicles under a number of specific Union programmes proposed by the Commission under the multiannual financial framework for 2021-2027, including:

¹ European Economic Forecast, Institutional Paper 125. May 2020.

- the Framework Programme for Research and Innovation and its implementing Specific Programme Horizon Europe,
- the Neighbourhood, Development and International Cooperation Instrument
- the European Agricultural Fund for Rural Development

It is therefore necessary to amend the Commission proposals related to the above Union programmes.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

EU action is justified by Articles 43(2), 173(3), 182(1) and (4), 183, 188, 209, 212 of the Treaty on the Functioning of the European Union.

• Subsidiarity (for non-exclusive competence)

The explanatory memorandum of the [ERI] details the subsidiary and proportionality considerations.

Furthermore, the explanatory Memoranda of the following Commission proposals detail the subsidiary and proportionality considerations applicable to the concerned programmes:

- COM (2018) 392 for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council (hereinafter referred to as “Commission proposal COM (2018) 392”),
- COM (2018) 435: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination (hereinafter referred to as “Commission proposal COM (2018) 435”),
- COM (2018) 436 for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the specific programme implementing Horizon Europe – the Framework Programme for Research and Innovation (hereinafter referred to as “Commission proposal COM (2018) 436”),
- COM (2018) 460: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument (hereinafter referred to as “Commission proposal COM (2018) 460”),

• Choice of the instrument

This proposal amends Commission proposals COM (2018) 392, COM (2018) 435, COM (2018) 436 and COM (2018) 460.

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

- **Stakeholder consultations**

The explanatory memorandum of the following initial Commission proposals detail the public and stakeholders consultations carried out: COM (2018) 392, COM (2018) 435, COM (2018) 436 and COM (2018) 460.

- **Evaluations and Impact assessment**

The explanatory memorandum of the following initial Commission proposals detail the outcome of *ex-post* and interim evaluations carried out to support the proposal: COM (2018) 392, COM (2018) 435, COM (2018) 436 and COM (2018) 460.

4. BUDGETARY IMPLICATIONS

The Union will make available a total of EUR 14 647 million for the Horizon Europe – the Framework Programme for Research and Innovation, a total of EUR 16 483 million for the European Agricultural Fund for Rural Development and a total of EUR 11 448 million for the increase of the External action guarantee under the Neighbourhood, Development and International Cooperation Instrument. Beneficiaries listed in Annex I of the Instrument for Pre-Accession Assistance (IPA) will be eligible under such an increase. The additional financing will be made available through the European Recovery Instrument based on empowerment provided in the new Own Resources Decision.

More budgetary implications details are provided in the Legislative Financial Statement.

5. OTHER ELEMENTS

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

The proposal consists of targeted modifications to the following Commission's proposals: COM (2018) 392, COM (2018) 435, COM (2018) 436 and COM (2018) 460.

The main amendments introduced aim at:

- Enabling the implementation of the measures laid down in the proposal for Regulation establishing a European Union Recovery Instrument through the delivery mechanisms of the Framework programme for Research and Innovation, the Neighbourhood, Development and International Cooperation Instrument and the European Agricultural Fund for Rural Development;
- Enabling financing from the European Union Recovery Instrument as external assigned revenues in accordance with Article 21(5) of the Financial Regulation;
- Ensuring compliance with the targeted deadlines laid down in Article 4 of the proposal for Regulation establishing a European Union Recovery Instrument through proper cross referencing;

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Commission Proposals COM(2018) 435, COM (2018) 436, COM (2018) 460, COM (2018) 392 are amended as follows:

1. Commission Proposal COM (2018) 435 for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination is amended as follows:
 - (1) The following recital (15a) is inserted:

“(15a) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under this Programme should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [ERI].;
 - (2) The following Article 9a is inserted:

Article 9a

Resources from the European Union Recovery Instrument

Measures referred to in Article 2 of Regulation [ERI] shall be implemented under this Programme through amounts referred to in point (v) of Article 3(2)(a) of that Regulation [ERI], subject to its Article 4(4) and (8).

These amounts shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation.”

2. The following Article 4a is inserted into Commission Proposal COM (2018) 436 for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the specific programme implementing Horizon Europe – the Framework Programme for Research and Innovation:

“Article 4a

Resources from the European Union Recovery Instrument

In accordance with Article 9a of Regulation [Framework programme Regulation] measures referred to in Article 2 of Regulation [ERI] shall be implemented under this Specific Programme through amounts referred to in point (v) of Article 3(2)(a) of that Regulation [ERI], subject to its Article 4(4) and (8).”

3. Commission Proposal COM (2018) 460 for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument is amended as follows:

- (1) The following recital 36a is inserted:

“(36a) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Neighbourhood, Development and International Cooperation Instrument should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [ERI].”

- (2) The following Article 6a is inserted:

“Article 6a

Resources from the European Union Recovery Instrument

- (1) Under the External Action Guarantee, the amount referred to in the second subparagraph of Article 26(3), shall be granted in accordance with the conditions set out in Article 4(6) of Regulation [ERI], except for macro-financial assistance operations which shall be granted as set out in Article 4(7) of that Regulation [ERI]. This amount shall also support operations in beneficiaries listed in Annex I to Regulation IPA III.

- (2) The amount referred to in point (iii) of Article 3(2)(c) of Regulation [ERI] shall be used for the provisioning of the External Action Guarantee under this Regulation, in addition to the resources mentioned in the first subparagraph of Article 211(4) of the Financial Regulation, and for measures referred to in the second sentence of Article 2(2) of Regulation [ERI], subject to its Article 4(8).

In addition to the resources referred to in the second subparagraph of Article 211(4) of the Financial Regulation, an amount of up to EUR 11 285 762 000 shall be taken into account for calculating the provisioning resulting from the provisioning rate referred to in Article 211(1) of the Financial Regulation.

The amount referred to in the first sub-paragraph shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation.”

- (3) Article 26 is amended as follows:

- (a) Paragraph 3 is replaced by the following:

“3. Under the External Action Guarantee, the Union may guarantee operations, signed between 1 January 2021 and 31 December 2027, up to EUR 130 000 000 000.

An amount of up to EUR 70 000 000 000 of that amount shall be allocated for operations implementing measures referred to in the second subparagraph of Article 2(1) of Regulation [ERI], and shall only be available as of the date referred to in Article 4(3) of that Regulation.”;

(b) Paragraph 6 is replaced by the following:

“6. The EFSD+ and the External Action Guarantee may support financing and investment operations in partner countries in the geographical areas referred to in Article 4(2). The provisioning of the External Action Guarantee shall be financed from the budget of the relevant geographic programmes established by Article 6(2)(a) without prejudice to Article 6a and shall be transferred into the common provisioning fund. The EFSD+ and the External Action Guarantee may also support operations in beneficiaries listed in Annex I to Regulation [IPA III]. The funding for these operations under the EFSD+ and for the provisioning of the External Action Guarantee shall be financed from Regulation [IPA], without prejudice to Article 6a(1) of this Regulation. The provisioning of the External Action Guarantee for loans to third countries referred to in Article 10 (2) of Regulation EINS shall be financed from that Regulation.”;

(4) In Article 39, paragraph 1 is replaced by the following:

“1. Decision No 466/2014/EU and Regulation (EC, Euratom) No 480/2009 are repealed with effect from 1 January 2021. Regulation (EU) 2017/1601 is repealed with effect from 31 December 2021.”

4. Commission Proposal COM (2018) 392 for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council is amended as follows:

(1) The following new recital (71a) is inserted:

(71a) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the European Agricultural Fund for Rural Development should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [ERI].”

(2) The following new Article 84a is inserted:

Article 84a

Resources from the European Union Recovery Instrument

(1) Measures referred to in Article 2 of Regulation [ERI] shall be implemented under the EAFRD with an amount of EUR 16 483 million in current prices of

the amount referred to in point (vii) of Article 3(2)(a) of that Regulation, subject to its Article 4(3), (4) and (8).

This amount shall constitute external assigned revenues in accordance with Article 21(5) of the Financial Regulation.

It shall be made available as additional resources for budgetary commitment under the EAFRD for the years 2022, 2023 and 2024 in addition to the global resources set out in Article 83 as follows:

- 2022: EUR 8 117 million
 - 2023: EUR 4 140 million;
 - 2024: EUR 4 226 million.
- (2) The breakdown of the additional resources referred to in paragraph 1 for each Member State shall be set in accordance with Article 83(3).
 - (3) De-commitment rules as set out in Article 32 of the [COM Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the CAP] shall apply to the budgetary commitments based on the additional resources referred to in paragraph 1 of this Article.
 - (4) Article 86 shall not apply to the additional resources referred to in paragraph 1 of this Article.
 - (5) Up to 4 % of the total additional resources referred to in paragraph 1 may be allocated to technical assistance at the initiative of the Member States under EAFRD contributions to the CAP Strategic Plans of the Member States.
 - (6) The additional resources referred to in paragraph 1 shall be used under a new specific objective complementing the specific objectives set out in Article 6 to support operations preparing the recovery of the economy.”

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

FRAMEWORK OF THE PROPOSAL/INITIATIVE

Title of the proposal/initiative

Amended Proposals for REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination (COM(2018)435); DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the specific programme implementing Horizon Europe – the Framework Programme for research and Innovation (COM(2018)436); REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common Agricultural Policy (CAP Strategic Plans) (COM(2018) 392); REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument

Policy area(s) concerned (Programme cluster)

01 Research and Innovation
15 External Action
08 Agriculture and Maritime policy

The proposal/initiative relates to:

- ☐ a new action
- ☐ a new action following a pilot project/preparatory action²
- ☐ the extension of an existing action
- ☒ a merger or redirection of one or more actions towards another/a new action

Grounds for the proposal/initiative

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

These targeted amendments of Horizon Europe – the Framework, the Specific Programme for Research and Innovation and the Neighbourhood, Development and International Cooperation Instrument (NDICI) and of the EAFRD interventions under the CAP Strategic Plans are proposed within the framework of the revised MFF proposal including the European Union Recovery Instrument (EURI). This new instrument will provide funds to these programmes for a limited period of time above the ceilings set for commitment and payment appropriations by the MFF, as external assigned revenue under the meaning of Article 21 of the Financial Regulation.

As a general rule, the financial support and the relevant actions carried out by the Commission should be frontloaded by the end of 2024 and, as regards the non-repayable financial support, for at least 60 percent of the total, be undertaken by the end of 2022. The remaining years after 2024 until the end of the MFF should

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

therefore be used by the Commission to foster the implementation of the relevant actions on the ground and to achieve the expected recovery in the relevant economic and social sectors and promoting resilience and convergence.

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

(1) In order to contain the spread of the Coronavirus disease ('COVID-19'), which on 11 March 2020 was declared a pandemic by the World Health Organisation, Member States and third countries have adopted a set of unprecedented measures. Those measures have caused significant disturbances of economic activities. In particular, those measures have disrupted supply chains and production and have caused absences from the workplace. More broadly, those measures have already led to or will lead to severe deterioration of the financial situation of many businesses in the Union and in third countries.

(2) The crisis has spread quickly in the territory of the Union and in third countries. A sharp contraction of growth in the Union is now foreseen for 2020 and may last into 2021. Recovery risks being very uneven in the different Member States, increasing the divergence between national economies. The different fiscal ability of Member States to provide financial support where it is needed most for recovery and the divergence of national measures endangers the single market.

(3) A comprehensive set of measures for economic recovery are needed, requiring substantial amounts of public and private investment to energise the economy, create high-quality jobs and invest in repairing the immediate damage brought by the COVID-19 pandemic.

(4) This exceptional situation calls for a coherent and unified approach at the level of the Union to prevent further deterioration of the economy and to boost a balanced recovery of the economic activity, ensuring continuity and increase in investments for the green and digital transition. In this context, it is therefore necessary to establish an EU Recovery Instrument to address the consequences of the COVID-19 pandemic or the immediate funding needs to avoid its re-emergence.

(5) Under this logic, the instrument should reinforce the support, via Horizon Europe, to health and climate related research and innovation activities. This will contribute to strengthened preparedness to effectively and rapidly respond to emergencies and investment in science-driven solutions as well as ensuring consistency with the European Green Deal goals.

(6) Trade and economic relations with neighbouring and developing countries, including Western Balkans, countries of the European Neighbourhood and African countries, are of high relevance for the economy in the Union. For that reason, and in line with the global role and responsibility of the Union as well as its values, financial resources from the Recovery Instrument via NDICI should also be used to provide support for the efforts of those countries to fight the impact of the COVID-19 pandemic and recover from it.

(7) The instrument should also reinforce support, through the European Agricultural Fund for Rural Development (EAFRD), making available for Member States

exceptional additional resources to provide assistance to the farming and food sectors that have been hardly hit, for fostering crisis repair in the context of the COVID-19 outbreak and preparing the recovery of the economy.

Lessons learned from similar experiences in the past

For external relations, the Mid-term review report of the External Financing Instrument³ concludes that in the current context of multiple crises and conflicts, the EU's multi-annual financial framework needs to be able to adjust swiftly to changing priorities and unforeseen events, and to deliver rapidly on the ground. The instruments similarly need sufficient financial and other kinds of flexibility for external action to respond to the many challenges for the EU on the world stage. This flexibility needs to be built up at different levels. This means starting from the budget, which should include more substantial reserves, through to multi-annual programming, and greater simplification at implementation level to increase efficiency and effectiveness. This proposal responds to this conclusion by increasing the availability of additional resources to tackle the unforeseen crisis caused by the COVID-19 pandemic.

Research and Innovation, and in particular the European flagship programme Horizon Europe, delivers on citizens' priorities, boosts the Union's productivity and competitiveness, is crucial for sustaining our socio-economic model and values and enabling solutions that address challenges in a more systemic way. Under the current extraordinary circumstances, Europe needs quick R&I-driven solutions and deeper scientific understanding of communicable diseases. The reinforcement would allow for strong R&I investments into affordable and innovative protective measures, virology, vaccines, treatments and diagnostics, and the translation of research findings into public health policy measures. It is essential to devote more resources to climate R&I in support of the competitiveness of EU industry in related economic sectors and to ensure a recovery consistent with the EGD goals. R&I investments can help tackle dramatic increases in emissions and nature degradation with high impact on health (e.g. zoonotic diseases). The reinforcement would support firms that perform R&I to phase out fossil fuels and invest in disruptive technologies in EGD areas. It would provide financial and scale up means for emerging and breakthrough innovations by SMEs, start-ups, and midcaps. The proposal complements other specific measures already taken providing relief to the agricultural sector. Regulatory measures were taken, such as adaptation of state aid rules or facilitating the availability of seasonal workers.

The Commission has also adapted the rules and introduced changes to the two dedicated agricultural funds, the EAGF and the EAFRD to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative) as well as all other measures aimed at addressing the current unprecedented situation. The measures are consistent with the Commission's proposal for a European Union Recovery Instrument set out by the proposed Regulation (EU) XXX/XX.

³ COM(2017) 720 final

Compatibility and possible synergy with other appropriate instruments

On top of the synergies already listed for Horizon Europe, NDICI and the EAFRD interventions under the CAP Strategic Plans in the previous Commission 2018 respective proposals, this specific initiative in the context of the revised MFF proposal sets strong synergies between these programmes and the new European Union Recovery Instrument, set out by the proposed Regulation (EU) XXX/XX. The latter will allow to provide funds to these sectorial programmes for a limited period of time above the ceilings of the MFF as a result of the complementarity of objectivities and functioning of these instruments and in light of rationale and added value presented in the section 1.4.2. above.

Duration and financial impact

☐ limited duration

☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

☐ Financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ unlimited duration

Implementation with a start-up period from 2021 onwards,

followed by full-scale operation.

Management mode(s) planned⁴

☒ Direct management by the Commission

X by its departments, including by its staff in the Union delegations;

X by the executive agencies

☐ Shared management with the Member States

☒ Indirect management by entrusting budget implementation tasks to:

X third countries or the bodies they have designated;

X international organisations and their agencies (to be specified);

X the EIB and the European Investment Fund;

X bodies referred to in Articles 70 and 71 of the Financial Regulation;

X public law bodies;

X bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

X bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

X persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

Comments:

The Commission may decide to delegate part of the implementation of the Horizon Europe reinforcement to an executive agency, in line with the management mode decided for the activities which will be reinforced.

⁴ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

MANAGEMENT MEASURES

Monitoring and reporting rules

Specify frequency and conditions.

See the legislative financial statements of Commission proposals: COM(2018) 460 final, COM(2018) 435 final, COM(2018) 436 final, (COM(2018) 392) final

Management and control system(s)

See the legislative financial statements of Commission proposals: COM(2018) 460 final, COM(2018) 435 final, COM(2018) 436 final, (COM(2018) 392) final

Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

See the legislative financial statements of Commission proposals: COM(2018) 460 final, COM(2018) 435 final, COM(2018) 436 final, (COM(2018) 392) final

ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

Headings of the multiannual financial framework and new expenditure budget line(s) proposed

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Heading 1. Single Market, Innovation and Digital	Diff./Non-diff. ⁵	from EFTA countries ⁶	from candidate countries ⁷	from third countries	within the meaning of Article [21(2)(b)] of the Financial Regulation
1	01 01 01 01, 01 01 01 02, 01 01 01 03, 01 01 01 61, 01 01 01 62, 01 01 01 62, 01 01 01 63, 01 01 01 64 Support expenditure for “Horizon Europe”, including contributions to Executive Agencies implementing the programme	Non-diff.	YES	YES	YES	NO
1	01 02 02 10 Cluster Health	Diff.	YES	YES	YES	NO
1	01 02 02 40 Cluster Digital, Industry and Space	Diff.	YES	YES	YES	NO

⁵ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁶ EFTA: European Free Trade Association.

⁷ Candidate countries and, where applicable, potential candidates from the Western Balkans.

1	01 02 02 50 Cluster Climate, Energy and Mobility	Diff.	YES	YES	YES	NO
1	01 02 03 01 European Innovation Council	Diff.	YES	YES	YES	NO
	Heading 3. Natural resources and environment	Diff./Non-diff. ⁸	from EFTA countries ⁹	from candidate countries ¹⁰	from third countries	within the meaning of Article [21(2)(b)] of the Financial Regulation
3	08 01 02 Support expenditure for the "European Agricultural Fund for Rural Development (EAFRD)	Non-diff.	NO	NO	NO	NO
3	08 03 01 03 Rural development types of interventions under the CAP Strategic Plans financed from EURI	Diff.	No	No	No	NO
3	08 03 02 EAFRD – Operational technical assistance	Diff.	No	No	No	NO
	Heading 6. Neighbourhood and the World	Diff./Non-diff. ¹¹	from EFTA countries ¹²	from candidate countries ¹³	from third countries	within the meaning of Article [21(2)(b)] of the Financial Regulation
6	15 01 01 Support expenditure for the Neighbourhood, Development and International Cooperation Instrument	Non-diff.	NO	NO	NO	NO
6	15 02 01 07 EURI provisioning of the External Action Guarantee	Diff.	YES	YES	YES	NO

⁸ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁹ EFTA: European Free Trade Association.

¹⁰ Candidate countries and, where applicable, potential candidates from the Western Balkans.

¹¹ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

¹² EFTA: European Free Trade Association.

¹³ Candidate countries and, where applicable, potential candidates from the Western Balkans.

Estimated impact on expenditure

Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework	< 1, 3 & 6 >	[Heading 1- Single Market, Innovation and Digital, Heading 3 – Natural resources and Environment, Heading 6 - Neighbourhood and the World]
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In addition to the financial envelope defined in Article 9 of the proposed Regulation COM(2018)435 ('Horizon Europe Framework Programme Regulation') and Article 4 of the proposed Decision on the Horizon Europe Specific Programme, EUR 14 647 million (in current prices) will be available as external assigned revenues, within the meaning of Article 21(5) of the Financial Regulation as financing from the European Union Recovery Instrument. Out of this up to EUR 689,160 million may be dedicated to administrative expenditure, including external staff costs.

The indicative breakdown of the expenditure from external assigned revenue is as follows:

[Horizon Europe]			2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
Operational expenditure from EURI external assigned revenues	Commitments	(1)	4 919,020	4 739,320	2 558,890	1 740,610					13 957,840
	Payments	(2)	433,668	3 479,853	2 708,187	2 475,285	1 978,160	1 860,712	909,443	112,532	13 957,840
Administrative support expenditure from EURI external assigned revenues	Commitments = Payments	(3)	126,980	197,680	132,110	106,390	51,000	37,000	38,000		689,160
Total external assigned revenues	Commitments	=1+3	5 046,000	4 937,000	2 691,000	1 847,000	51,000	37,000	38,000		14 647,000
	Payments	=2+3	560,648	3 677,533	2 840,297	2 581,675	2 029,160	1 897,712	947,443	112,532	14 647,000

In addition to the financial envelope defined in Article 83 of the proposed Regulation COM(2018) 392 ('EAFRD interventions under the CAP Strategic Plans'), EUR 16 483 million (in current prices) will be available as external assigned revenues for the years 2022-2024¹⁴ within the meaning of Article 21(5) of the Financial Regulation as financing from the European Union Recovery Instrument. Out of this up to EUR 6,000 million may be dedicated to administrative expenditure, including external staff costs. Operational technical assistance is included in the amount for operational expenditure and will be calculated when the breakdown of the additional resources referred to in paragraph 1 for each Member State will be set in accordance with Article 83(3) of COM(2018) 392.

The indicative breakdown of the expenditure from external assigned revenue is as follows:

[EAFRD]			2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
Operational expenditure financed from EURI external assigned revenues	Commitments	(1)		8 116,000	4 139,000	4 222,000					16 477,000
	Payments	(2)		2 029,000	3 875,350	4 938,950	3 531,000	1 680,500	422,200		16 477,000
EAFRD – Operational technical assistance (contribution from EURI external assigned revenues)	Commitments	(1)		p.m.	p.m.	p.m.					p.m.
	Payments	(2)		p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Administrative support expenditure (contribution from EURI external assigned revenues)	Commitments = Payments	(3)		1,000	1,000	1,000	1,000	1,000	1,000		6,000
Total external assigned revenues	Commitments	=1+3		8 117,000	4 140,000	4 223,000	1,000	1,000	1,000		16 483,000
	Payments	=2+3		2 030,000	3 876,350	4 939,950	3 532,000	1 681,500	423,200		16 483,000

In addition to the financial envelope defined in Article 6 of Regulation COM(2018) 460 final, ('NDICI'), EUR 11 448,070 million (in current prices) will be available as external assigned revenues, within the meaning of Article 21(5) of the Financial Regulation as financing from the European Union Recovery Instrument. Out of this up to EUR 162,308 million may be dedicated to administrative expenditure, including external staff costs.

¹⁴ For activities such as the monitoring the implementation, including audit and financial management, participation to the closure process of the programmes, financed by administrative expenditure, commitments might be made until 2027 (see details in the table above).

The indicative breakdown of the expenditure from external assigned revenue is as follows:

[External Action Guarantee - NDICI]			2021	2022	2023	2024	2025	2026	2027	TOTAL
Operational expenditure from EURI external assigned revenues	Commitments	(1)	3 265,383	3 331,093	2 274,063	2 320,063	27,383	33,389	34,389	11 285,762
	Payments	(2)	23,133	1 883,383	1 883,383	1 883,383	1 883,383	1 888,389	1 840,709	11 285,762
Administrative support expenditure from EURI external assigned revenues	Commitments = Payments	(3)	24,617	24,617	24,617	24,617	24,617	19,611	19,611	162,308
Total external assigned revenues	Commitments	=1+3	3 290,000	3 355,710	2 298,680	2 344,680	52,000	53,000	54,000	11 448,070
	Payments	=2+3	47,750	1 908,000	1 908,000	1 908,000	1 908,000	1 908,000	1 860,320	11 448,070

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

	2021	2022	2023	2024	2025	2026	2027	TOTAL
Human resources								
Other administrative expenditure								

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	-	-	-	-	-	-	-	-
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Summary of estimated impact on appropriations of an administrative nature

☐ 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:

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
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HEADING 7 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 7 of the multiannual financial framework	-	-	-	-	-	-	-	-

Outside HEADING 7¹⁵ of the multiannual financial framework								
Human resources - external assigned revenue (research)	6,000	6,000	6,000	4,800	2,400	1,600	1,200	28,000
Other expenditure of an administrative nature - external assigned revenue (research)	120,980	191,680	126,110	101,590	48,600	35,400	36,800	661,160
Sub-total external assigned revenue (research)	126,980	197,680	132,110	106,390	51,000	37,000	38,000	689,160
Human resources - external assigned revenue (non-research) - NDICI	16,440	16,440	16,440	16,440	16,440	11,434	11,434	105,068
Other expenditure of an administrative nature - external assigned revenue (non-research) - NDICI	8,177	8,177	8,177	8,177	8,177	8,177	8,177	57,240
Human resources - external assigned revenue (non-research) - EAFRD	0,000	0,720	0,720	0,720	0,720	0,720	0,000	3,600
Other expenditure of an administrative nature - external assigned revenue (non-research) -	0,000	0,280	0,280	0,280	0,280	0,280	1,000	2,400

¹⁵ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

EAFRD								
Sub-total external assigned revenue (non-research)	24,617	25,617	25,617	25,617	25,617	20,611	20,611	168,307
Subtotal outside HEADING 7 of the multiannual financial framework	151,597	223,297	157,727	132,007	76,617	57,611	58,611	857,467

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints. Additional staff will be only external staff and will be financed solely from assigned revenues.

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:

Estimate to be expressed in full time equivalent units

Years		2021	2022	2023	2024	2025	2026	2027
• Establishment plan posts (officials and temporary staff)								
Headquarters and Commission's Representation Offices								
Delegations								
Research								
• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED ¹⁶								
Heading 7								
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters							
	- in Delegations							
Financed from the envelope of the programme ¹⁷	- at Headquarters							
	- in Delegations							
Other: external assigned revenue (research) ¹⁸		75	75	75	60	30	20	15
Other: external assigned revenue (non-research) - NDICI		150	150	150	150	150	105	105
Other: external assigned revenue (non-research) - EAFRD		0	9	9	9	9	9	
TOTAL		225	234	234	219	189	134	120

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which

¹⁶ AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

¹⁷ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

¹⁸ These estimates do not prejudice the additional staff needed in Executive Agencies and financed from assigned revenues, based on a thorough assessment of the impact on resources.

may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints. Additional staff will be only external staff and will be financed solely from assigned revenues.

Description of tasks to be carried out:

External staff	The external personnel will assist officials and temporary agents to contribute to the implementation of measures referred to in the ERI Regulation and to be implemented under the relevant programmes.
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Estimated impact on revenue

X 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 X

EUR million (to three decimal places)

Budget revenue line:	Impact of the proposal/initiative ¹⁹						
	2021	2022	2023	2024	2025	2026	2027
Article							

For assigned revenue, specify the budget expenditure line(s) affected.

[...]

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[...]

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