

Annex 1

4.1. Budget information

The draft budget 2017 is in line with the preliminary budget presented in the Fiche Financière and with the draft budget sent to GB members on 22 February 2016 except for the following two elements:

- 1) Due to the impact from the adjustment of the EFTA contribution from 2.73 % (initial assumption in the Fiche Financière) to 2.44 % (final EFTA rate for 2017), there is a total reduction of:
 - i) EUR 267,093 in commitment appropriations (EUR 266,772 for operational expenditure and EUR 321 for administrative expenditure) and
 - ii) EUR 404,634 in payment appropriations for operational expenditure of H2020 and EUR 321 in payment appropriations for administrative expenditure.

- 2) Reactivation of EUR 25,861,251 of unused commitment appropriations from operations from year 2016, resulting mainly from the outcome of the call 2016 evaluations (EUR 25,682,353), from unused appropriations of call 2015 (EUR 12,013) and from unused appropriations of studies included in AWP 2015 (EUR 166,885). These appropriations will be used for 2017 operational activities.

It is noted that the budget of the FCH 2 JU shall be adapted to take into account the amount of the Union contribution as laid down in the budget of the Union.

The amendment of the 2017 budget introduces:

A. On revenue side

Decrease of payment appropriations for EC operational expenditure for FP7 by EUR 11,813,852.85 and increase of payment appropriations for EC operational expenditure for H2020 by the same amount.

These unused payment appropriations come from 2016 FP7 operational payments. There will be no change in the total amount of new payment appropriations this year. The change corresponds to a budget shift from FP7 to H2020 that overall will have no impact in the total amount of payment appropriations needed for both FP7 and H2020 payments.

B. On expenditure side

On administrative budget:

1. Increase of payment appropriations by reactivation of unused payment appropriations from year 2016 for an amount of EUR 805,268.54.

The unused payment appropriations correspond to payments due under commitments done in 2015 and 2016. These outstanding payments are re-entered in the budget to cover obligations of open commitments for administrative costs. The corresponding commitment appropriations were automatically carried forward at the beginning of the year 2017 (under C8 credits).

2. Increase of commitment and payment appropriations by reactivation of unused appropriations from year 2016 for an amount of EUR 20,000.00.

The unused commitment and payment appropriations from administrative costs of 2016 amount to EUR 754,699.32. From this amount, EUR 20,000.00 are reactivated in 2017 and the remaining EUR 734,699.32 will be reactivated in the initial budget of 2018.

The additional commitment and payment appropriations will be used to cover the increased needs for administrative costs, totalling EUR 124,000, in the following budget lines:

- 1) Immovable property (+ EUR 61,494) where additional costs are envisaged for fitting out of premises.
- 2) Communication costs (+ EUR 55,000) to cover for additional events and publications.
- 3) Expenditure related to recruitment (+ EUR 7,506) since as of 01/01/2017 there is an increase for the allowances due to the SNEs.

On the other side, savings of EUR 104,000 are coming from:

- 1) Staff costs (- EUR 43,000) due to the changes in the Staff Establishment Plan where the changes in reclassifications compared to the initial budget result in budgetary surplus.
- 2) IT costs (- EUR 27,000) due to the decision not to be part of the “early adopters” of the Commission HR IT tool SysPer as it would currently not satisfy the principle of sound financial management.
- 3) Service contracts costs (- EUR 26,000) due to the fact that the first H2020 audits foreseen to be carried out by the Common Audit Service (CAS) of the Commission will be paid by the latter contrary to the initial indications.
- 4) Expert contracts and meetings costs (- EUR 8,000).

On operational budget:

Reactivation of unused payment appropriations from operations from year 2016 which amount to EUR 17,050,367.05

These unused payment appropriations correspond to:

- a) An amount of EUR 16,070,566.54 from FP7 payment appropriations to cover cost claims that were expected to be paid in 2016, however due to on-going clarification process and/or amendments, the related payments could not be made before year-end. These appropriations are reactivated as follows:
 - i. EUR 4,256,713.69 are reactivated in 2017 FP7 payment appropriations to cover the foreseen payment needs of FP7 interim and final payments.
 - ii. EUR 11,813,852.85 are reactivated in 2017 H2020 payment appropriations to allow more payments of call 2017 pre-financings this year.
- b) An amount of EUR 979,800.51 from H2020 payment appropriations that were expected to cover the pre-financing of call 2015 and payment of studies and the annual JRC activities. However, the Grant Agreement Preparation phase resulted in a slightly reduced level of pre-financing compared to the initial forecast, whereas the annual JRC rolling plan commitment was lower by EUR 387,500 than the initial estimation. These unused payment appropriations are added to this year’s H2020 payment appropriations.

In total, the reactivated payment appropriations will be used for operational payments 2017 and will be re-activated under the respective budget lines: EUR 4,256,713.69 for FP7 and EUR 12,793,653.36 for H2020.

The estimated revenue of FCH 2 JU for the year 2017 include contributions to the administrative costs from Industry Grouping and Research Grouping as well as the contribution of the Union for administrative costs and operational activities.

Title Chapter Article Item	Heading	Budget 2017 CA	Budget 2017 PA	Amendment 2017 CA	Amendment 2017 PA	Amended Budget 2017 CA	Amended Budget 2017 PA	Remarks
2001	<i>European Commission subsidy for operational expenditure (FP 7)</i>		32,178,026		-11,813,853	0	20,364,173	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking
2002	<i>European Commission subsidy for administrative expenditure</i>	1,801,377	1,801,377			1,801,377	1,801,377	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking includes EFTA (2.94% in 2015, 2.73% in 2016 and 2.44% in 2017)
2003	<i>Industry Grouping contribution for administrative expenditure</i>	2,058,391	2,058,391			2,058,391	2,058,391	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking
2004	<i>Research Grouping contribution for administrative expenditure</i>	342,877	342,877			342,877	342,877	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking
2005	<i>European Commission subsidy for operational expenditure (H 2020)</i>	94,234,786	142,933,563		11,813,853	94,234,786	154,747,416	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking includes EFTA (2.94% in 2015, 2.73% in 2016 and 2.44% in 2017)
2006	<i>JTI revenues</i>					0	0	Interest, income from liquidated damages & others
	<i>sub total title revenues</i>	98,437,431	179,314,234	0	0	98,437,431	179,314,234	
3008	<i>C2 reactivation of appropriations for administrative expenditure (2015)</i>	912,443	912,443			912,443	912,443	FCH 2 JU Financial rules article 6 - unused PA for administrative costs re-entered to be used for administrative costs
3009	<i>C2 reactivation of appropriations for operational expenditure (2015)</i>	25,861,251				25,861,251	0	FCH 2 JU Financial rules article 6 - de-committed CA for operational activities re-entered to be used for operational activities
3008	<i>C2 reactivation of appropriations for administrative expenditure (2016)</i>			20,000	825,269	20,000	825,269	FCH 2 JU Financial rules article 6 - unused PA for administrative costs re-entered to be used for administrative costs
3009	<i>C2 reactivation of appropriations for operational expenditure (2016)</i>			2,108,756	17,050,367	2,108,756	17,050,367	FCH 2 JU Financial rules article 6 - de-committed CA for operational activities re-entered to be used for operational activities
	<i>sub total reactivation</i>	26,773,694	912,443	2,128,756	17,875,636	28,902,450	18,788,078	
	TOTAL REVENUES	125,211,125	180,226,677	2,128,756	17,875,636	127,339,881	198,102,312	

The FCH 2 JU 2017 budget amounts to a total of EUR 127,339,881 in CA and EUR 198,102,312 in PA with the following breakdown:

Title Chapter Article Item	Heading	Budget 2017 CA	Budget 2017 PA	Amendment 2017 CA	Amendment 2017 PA	Amended Budget 2017 CA	Amended Budget 2017 PA	Comments
1	STAFF EXPENDITURE							
1 1	STAFF IN ACTIVE EMPLOYMENT	3,087,600	3,087,600	-43,000	-7,889	3,044,600	3,079,711	Salaries for temporary staff and contract agents, family allowances, expatriation and foreign residence allowances, unemployment insurance, insurance against accidents and occupational disease, annual travel costs
1 2	EXPENDITURE RELATED TO RECRUITMENT	115,294	115,294	7,506	8,106	122,800	123,400	Miscellaneous expenditure on staff recruitment: installation and travel expenses
1 3	MISSION AND TRAVEL	135,000	135,000		17,439	135,000	152,439	Mission expenses
1 4	SOCIOMEDICAL INFRASTRUCTURE	39,000	39,000		7,863	39,000	46,863	Training, medical service and mobility costs
1 5	ENTERTAINMENT AND REPRESENTATION EXPENSES	5,600	5,600		1,314	5,600	6,914	Representation and receptions
	TOTAL TITLE 1	3,382,494	3,382,494	-35,494	26,833	3,347,000	3,409,327	
2	INFRASTRUCTURE							
2 0	INVESTMENTS IN IMMOVABLE PROPERTY RENTAL OF BUILDINGS AND ASSOCIATED COST	339,000	339,000	61,494	66,494	400,494	405,494	Rent, works, insurance, common charges (water/gas/electricity), maintenance, security and surveillance
2 1	INFORMATION TECHNOLOGY	223,100	223,100	-27,000	120,678	196,100	343,778	IT purchases, software licences, software development
2 2	MOVABLE PROPERTY AND ASSOCIATED COSTS	10,023	10,023		2,363	10,023	12,386	Purchases and rental of office equipment, maintenance and repair
2 3	CURRENT ADMINISTRATIVE EXPENDITURE	11,471	11,471		5,973	11,471	17,444	Office supplies, library, translation service, bank charges and miscellaneous office expenditure
2 4	CORRESPONDENCE, POSTAGE AND TELECOMMUNICATIONS	15,000	15,000		7,097	15,000	22,097	Telephones, video conferences and postal services
2 5	EXPENDITURE ON FORMAL AND OTHER MEETINGS	47,000	47,000		18,382	47,000	65,382	Official meetings such as SRG, Scientific Committee, Governing Board
2 6	COMMUNICATION COSTS	345,000	345,000	55,000	218,684	400,000	563,684	External communication and events
2 7	SERVICE CONTRACTS	269,000	269,000	-26,000	326,507	243,000	595,507	Studies and audits
2 8	EXPERT CONTRACTS AND MEETINGS	473,000	473,000	-8,000	32,257	465,000	505,257	Costs related to expert contracts (evaluations, mid-term reviews)
	TOTAL TITLE 2	1,732,594	1,732,594	55,494	798,436	1,788,088	2,531,029	
	TOTAL TITLE 1+2 (ADMINISTRATIVE EXPENDITURE)	5,115,088	5,115,088	20,000	825,269	5,135,088	5,940,356	
3	OPERATIONAL EXPENDITURE							
3 0 0 1	Implementing the research agenda of FCH JU: FP7		32,178,026	2,108,756	4,256,714	2,108,756	36,434,740	This appropriation shall cover the operational costs of the JU regarding FP7 grants (pre-financings, interim and final payments) and studies.
3 0 0 2	Implementing the research agenda of FCH JU: H2020	120,096,037	142,933,563		12,793,653	120,096,037	155,727,216	This appropriation shall cover the operational costs of the JU regarding H2020 grants (pre-financings, interim and final payments), studies and JRC contribution.
	TOTAL TITLE 3 (OPERATIONAL EXPENDITURE)	120,096,037	175,111,589	2,108,756	17,050,367	122,204,793	192,161,956	
	TOTAL EXPENDITURE	125,211,125	180,226,677	2,128,756	17,875,636	127,339,881	198,102,312	

Overall the administrative budget (Titles 1 and 2) is decreased by 2.5% (- EUR 130,930) compared to 2016.

In more details:

Revenues

The members' contribution to administrative costs in the 2017 budget is presented in the following table:

	Amount (in EUR)
European Commission(1)	1,801,377
Industry Grouping(2)	2,058,391
Research Grouping(3)	342,877
Re-activation following 2015 budget execution	912,443
Reactivation following 2016 budget execution	20,000
Total revenues	5,135,088

(1) FP7 contribution: 1,744,619 corresponding to the remaining amount from commitment done in 2013 to cover running costs of period 2014-2017 under FP7

H2020 contribution: 56,758 as per article 13.2 of the Statutes of the Council Regulation No 559/2014 of 06/05/2014 (50% of the administrative costs under H2020)

(2) FP7 contribution: 2,009,579 as per article 2(1).1 of the Financing Agreement signed with Industry Grouping on 30/06/2014

H2020 contribution: 48,812 as per article 13.2 of the Statutes of the Council Regulation No 559/2014 of 06/05/2014 and article 2(1).2 of the Financing Agreement signed with Industry Grouping on 30/06/2014 (43% of the running costs expenditure under H2020)

(3) FP7 contribution: 334,931 as per article 2(1).1 of the Financing Agreement signed with Research Grouping on 30/06/2014

H2020 contribution: 7,946 as per article 13.2 of the Statutes of the Council Regulation No 559/2014 of 06/05/2014 and article 2(1).2 of the Financing Agreement signed with Research Grouping on 30/06/2014 (7% of the running costs expenditure under H2020)

Expenditure

Title 1 – Staff

Title 1 (staff costs) represents 65 % of the administrative costs in the 2017 budget. It mainly covers salaries (90%) and other budget lines cover missions, training & socio-medical costs, recruitment costs and representation expenses.

After the amendment, the increase in title 1 in 2017 compared to 2016 (+3% amounting to EUR 98,051) is explained by the following:

- *in staff in active employment (+ EUR 33,827)*

As of 2017 there is a provision for contributing to the costs of the European school. The increase due to indexation is offset with the decrease of interim needs. These costs are decreased by EUR 43,000 compared to the voted 2017 budget as explained on page 116.

- *in recruitment (+ EUR 80,800)*

the increase reflects the allowances paid to the 2 Seconded National Experts. The increase by EUR 7,506 compared to the voted 2017 budget is explained on page 116.

- The increase in representation expenses is due to indexation (estimated at approximately 2%)

- The decrease in socio-medical infrastructure (- EUR 16,864) reflects a reassessment of foreseen needs based on past experience.
- Mission expenses remain at the 2016 level.

Title 2 – Infrastructure

Title 2 represents 35 % of the administrative costs in 2017.

The budget of this title is decreased by 11.4 % (amounting to EUR 228,981 compared to 2016). This is mainly due to the decrease in audits costs (under service contracts budget line) by EUR 233,775 and reflects (1) the maturity of FP7 programme: less assignments are expected in 2017 to reach the coverage level, (2) the fact that there will be a limited number of H2020 audits in 2017 as only few cost statements will be validated and (3) the fact that part of the H2020 audit costs is covered by the CSC. For the other budget lines, the following changes are noted:

- The decrease in current administrative expenditure and meetings reflects a reassessment of foreseen needs based on past experience.
- The decrease in communication costs is due to the reclassification of the costs of experts being invited to the PRD (from communication to experts' budget line). Experts budget line includes also evaluators for which the estimated costs are lower than in 2016.
- Experts costs are decreased by EUR 24,927 due to significantly less FP7 mid-term reviews expected (reflecting the end phase of most projects) and despite the fact that in 2017 the first H2020 mid-term reviews are foreseen. The costs for experts invited to the PRD are reclassified to this budget line.
- Only Ares is a new IT solution envisaged in 2017. The decrease by EUR 49,642 is due to the fact that the development of a new project data acquisition tool was contracted in 2016 under the 2016 budget.
- The increase by EUR 82,094 in rental costs is due to increased security needs estimated, additional costs for fitting out of premises and indexation of 2%.

Title 3 – Operational

Commitment appropriations amount to EUR 122,204,793 (including EUR 25,861,251 of reactivations of non-used appropriations from 2016 and EUR 2,108,756 of reactivation of non-used FP7 appropriations from 2016). The H2020 appropriations will cover the 2017 operational activities as described in section 3.2.

Payment appropriations correspond to estimated needs to cover (1) payment obligations under FP 7 projects (interim & final payments) for EUR 36,434,740 and (2) payment obligations under H2020 projects for EUR 155,727,216: pre-financings for calls 2016 and 2017, payments in line with the JRC agreed rolling plan and payments of studies procured under the operational budget as described in section 3.2. The increase by nearly EUR 107 M in the payment appropriations for H2020 compared to 2016 is due to the fact that the pre-financing for 2 calls (call 2016 and part of call 2017) will be paid in 2017.

Summary Statement of Schedule of Payments

The FCH 2 JU Schedule of payments represents a summary statement of the schedule of payments due in subsequent financial years (2017-2018 and following years) to meet budget commitments entered into earlier financial years (before 2016).

Budget 2017

SUMMARY SCHEDULE OF PAYMENTS (Operational)

2015 Outturn		2016 Outturn		2017 Budget		Difference (2017/2016)	
CA	PA	CA	PA	CA	PA	CA	PA
111,316,764	74,280,358	94,648,697	92,568,138	122,204,793	192,161,956	29%	108%

DETAILS OF PAYMENT SCHEDULE (Operational)

FP7

Commitments		Payments					Outstanding amount	Total
		2017	2018	2019	2020			
Pre-2014 commitments still outstanding (RAL)	91,597,273	35,796,905	25,686,390	5,632,343	6,179,523	18,302,112	91,597,273	
TOTAL	91,597,273	35,796,905	25,686,390	5,632,343	6,179,523	18,302,112	91,597,273	

H2020

Commitments		Payments					Outstanding amount	Total
		2017	2018	2019	2020			
Pre-2016 commitments still outstanding (RAL)	111,921,400	39,232,239	26,235,184	20,730,343	11,183,203	14,540,431	111,921,400	
2016 commitment appropriations still outstanding (RAL)	53,371,585	8,816,886	9,947,809	9,313,609	12,616,300	12,676,981	53,371,585	
2017 commitment appropriations	120,096,037	60,023,354	14,207,338	8,298,121	8,298,121	29,269,103	120,096,037	
TOTAL	285,389,022	108,072,479	50,390,331	38,342,073	32,097,624	56,486,515	285,389,022	

State of play on 31/01/2017 - RAL refers to open commitments on 31/01 - payments for 2017 refer to foreseen payments from 31/01 until the end of the year

2015 CA outturn refers to the global commitment for the call 2015 and the global and individual commitments for the studies included in AWP 2015

2016 CA outturn refers to the 16 individual commitments for the call 2016 and the balance of the global commitment on the call 2016 as well as the individual commitment for JRC and re-commitments for FP7 projects