

Annex

4.1. Budget information of the FCH 2 JU 2018 Annual Work Plan and Budget

The draft budget 2018 is in line with the preliminary budget presented in the Fiche Financière and with the draft budget sent to GB members on 8 February 2017 except for the following three elements:

- 1) Due to the impact from the adjustment of the EFTA contribution from 2.44 % (initial assumption in the Fiche Financière) to 2.33 % (final EFTA rate for 2018), there is a total reduction of:
 - i) EUR 85,764 in commitment appropriations (EUR 80,729 for operational expenditure and EUR 5,035 for administrative expenditure) and
 - ii) EUR 107,474 in payment appropriations (EUR 102,439 for operational expenditure of H2020 and EUR 5,035 for administrative expenditure).

- 2) Reactivation of EUR 1,847,044.11 of unused commitment appropriations from operations from year 2017, resulting mainly from the outcome of the call 2017 evaluations (EUR 1,767,086.22) and from unused appropriations of the amount reserved for JRC annual plan 2016 (EUR 79,957.89) These appropriations will be used for 2018 operational activities.

- 3) Reactivation of EUR 43,353.60 of unused commitment and payment appropriations from administrative costs from year 2017, stemming from de-commitments.

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 1st amendment to the 2018 budget introduced:

A. *On the revenue side*

- i. A decrease by EUR 0.54 for the EC contribution to administrative expenses in order to align the contribution to the Commission Decision of 5.12.2017 on the Union financial contribution to the FCH 2 JU for 2018. Consequently, Industry and Research Grouping contributions are also decreased by EUR 0.47 and EUR 0.08 respectively. The Members contributions are now clear of decimals.
- ii. Reactivation of unused commitment and payment appropriations from 2017 administrative expenses (EUR 200,001) and unused commitment appropriations from 2017 operational expenses (EUR 640,499.45).
- iii. Reactivation of unused payment appropriations from 2017 open commitments under administrative expenses (EUR 800,116.47)
- iv. Reactivation of unused payment appropriations from 2017 operational expenses (EUR 20,126,736.99).

B. *On the expenditure side*

Administrative budget:

- i. Increase of commitment and payment appropriations by reactivation of unused appropriations from year 2017 for an amount of EUR 800,116.47.

The unused payment appropriations correspond to payments due under commitments done in 2016 and 2017. 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 2018 (under C8 credits).

- ii. Increase of commitment and payment appropriations by reactivation of unused appropriations from year 2017 for an amount of EUR 200,000.

The unused commitment and payment appropriations from administrative expenses of 2017 that can be reused amount to EUR 451,768.25. From this amount, EUR 200,001 are reactivated in 2018 budget and the remaining EUR 251,767.25 will be reactivated either in 2018 through amendment or in the initial budget of 2019.

These additional commitment and payment appropriations will be used to cover the increased needs for administrative costs totalling EUR 227,600, in the following budget lines:

- 1) IT costs (+ EUR 27,600) to provide for migration costs to the Commission HR IT tool SysPer
- 2) Service contracts costs (+ EUR 200,000) for a study on EU H2 Roadmap, impacts and added value

On the other side, savings of EUR 27,600 are coming from:

- 1) Staff in active employment (- EUR 11,000) due to recognised delays in recruitment. It is noted that 2 additional trainees are now included in the budget, the cost of whom is covered by the savings.
- 2) Rental and building costs (- EUR 16,600) as this amount was the contingency in case of any additional work to be carried out in 2018. However, since nothing is foreseen for this year, this amount can be released.

Operational budget:

- i. Reactivation of unused commitment appropriations from year 2017 which amount to EUR 640,499.45 with the following split:
 - 1) EUR 367,890.78 under FP7 operational costs. This amount stems from unused FP7 reactivations of 2017 after assessing the specific cases in which re-commitments may be needed.
 - 2) EUR 272,608.67 under H2020 operational costs that will be added to the available commitment appropriations of the current year.
- ii. Reactivation of unused payment appropriations from operations from year 2017 which amount to EUR 20,126,736.99 to be used for:
 - 1) EUR 9,653,457.34 for FP7 operational to cover the foreseen payment needs of interim and mostly final claims.
 - 2) EUR 10,473,279.65 for H2020 operational to cover for the projected needs of mostly interim and final payments.

The 2nd amendment to the 2018 budget introduced a decrease of EUR 23,300,000 in payment appropriations (EUR 10,100,000 from FP7 and EUR 13,200,000 from H2020 appropriations respectively), that reflect the outcome of the 2018 Global Transfer of the European Commission.

The revenue of FCH 2 JU for the year 2018 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 2018 CA	Budget 2018 PA	Amendment 2018.1 CA	Amendment 2018.1 PA	Amended Budget 2018.1 CA	Amended Budget 2018.1 PA	Amendment 2018.2 CA	Amendment 2018.2 PA	Amended Budget 2018.2 CA	Amended Budget 2018.2 PA	Remarks
2001	European Commission subsidy for operational expenditure (FP 7)		25,686,390			0	25,686,390		-10,100,000	0	15,586,390	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking
2002	European Commission subsidy for administrative expenditure	2,341,924	2,341,924	-1	-1	2,341,923	2,341,923			2,341,923	2,341,923	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking includes EFTA (2.33% in 2018)
2003	Industry Grouping contribution for administrative expenditure	2,014,054	2,014,054	-0	-0	2,014,054	2,014,054			2,014,054	2,014,054	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking
2004	Research Grouping contribution for administrative expenditure	327,869	327,869	-0	-0	327,869	327,869			327,869	327,869	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking
2005	European Commission subsidy for operational expenditure (H 2020)	75,099,696	95,296,147			75,099,696	95,296,147		-13,200,000	75,099,696	82,096,147	Council Regulation 559/2014 of 6 May 2014 on the establishment of the Fuel Cells and Hydrogen 2 Joint Undertaking includes EFTA (2.33% in 2018)
2006	JTI revenues									2,176,332	2,176,332	Interest, income from liquidated damages & others
	sub total title revenues	79,783,543	125,666,384	-1	-1	79,783,542	125,666,383	0	-23,300,000	81,959,874	104,542,715	
3008	C2 reactivation of appropriations for administrative expenditure (2015)					0	0			0	0	FCH 2 JU Financial rules article 6 - unused PA for administrative costs re-entered to be used for administrative costs
3009	C2 reactivation of appropriations for operational expenditure (2015)					0	0			0	0	FCH 2 JU Financial rules article 6 - de-committed CA for operational activities re-entered to be used for operational activities
3010	C2 reactivation of appropriations for administrative expenditure (2016)	734,699	734,699			734,699	734,699			734,699	734,699	FCH 2 JU Financial rules article 6 - unused PA for administrative costs re-entered to be used for administrative costs
3011	C2 reactivation of appropriations for operational expenditure (2016)	1,847,044				1,847,044	0			1,847,044	0	FCH 2 JU Financial rules article 6 - de-committed CA for operational activities re-entered to be used for operational activities
3012	C2 reactivation of appropriations for administrative expenditure (2017)	43,354	43,354	200,001	1,000,117	243,355	1,043,471			243,355	1,043,471	FCH 2 JU Financial rules article 6 - unused PA for administrative costs re-entered to be used for administrative costs
3013	C2 reactivation of appropriations for operational expenditure (2017)			640,499	20,126,737	640,499	20,126,737			640,499	20,126,737	FCH 2 JU Financial rules article 6 - de-committed CA for operational activities re-entered to be used for operational activities
	sub total reactivation	2,625,097	778,053	840,500	21,126,854	3,465,597	21,904,907	0	0	3,465,597	21,904,907	
	TOTAL REVENUES	82,408,640	126,444,437	840,499	21,126,853	83,249,140	147,571,290	0	-23,300,000	85,425,472	126,447,622	

The FCH 2 JU 2018 amended budget amounts to a total of EUR 85,425,472 in CA and EUR 126,447,622 in PA with the following breakdown:

Title Chapter Article Item	Heading	Budget 2018 CA	Budget 2018 PA	Amended Budget 2018.1 CA	Amended Budget 2018.1 PA	Budget 2018.1.3 CA	Budget 2018.1.3 PA	Internal assigned revenues (CA+PA)	Amendment 2018.2 CA	Amendment 2018.2 PA	Amended Budget 2018.2 CA	Amended Budget 2018.2 PA	Comments
1	STAFF EXPENDITURE												
1 1	STAFF IN ACTIVE EMPLOYMENT	3,352,600	3,352,600	3,341,600	3,397,788	3,326,600	3,382,788				3,326,600	3,382,788	Salaries for temporary staff and contract agents, family allowances, expatriation and foreign residence allowances, unemployment insurance against accidents and occupational disease, annual costs
1 2	EXPENDITURE RELATED TO RECRUITMENT	46,400	46,400	46,400	48,400	46,400	48,400				46,400	48,400	Miscellaneous expenditure on staff recruitment: installation and expenses
1 3	MISSION AND TRAVEL	137,700	137,700	137,700	168,946	137,700	168,946	650			138,350	169,596	Mission expenses
1 4	SOCIOMEDICAL INFRASTRUCTURE	40,000	40,000	40,000	54,036	45,000	59,036				45,000	59,036	Training, medical service and mobility costs
1 5	ENTERTAINMENT AND REPRESENTATION EXPENSES	5,600	5,600	5,600	8,249	5,600	8,249				5,600	8,249	Representation and receptions
	TOTAL TITLE 1	3,582,300	3,582,300	3,571,300	3,677,420	3,561,300	3,667,420	650	-	-	3,561,300	3,668,070	
2	INFRASTRUCTURE												
2 0	INVESTMENTS IN IMMOVABLE PROPERTY RENTAL OF BUILDINGS AND ASSOCIATED COST	370,400	370,400	353,800	374,234	353,800	374,234	667			354,467	374,901	Rent, works, insurance, common charges (water/gas/electricity), maintenance, security and surveillance
2 1	INFORMATION TECHNOLOGY	209,200	209,200	236,800	339,595	289,800	392,595	4,985			294,785	397,580	IT purchases, software licences, software development
2 2	MOVABLE PROPERTY AND ASSOCIATED COSTS	5,000	5,000	5,000	5,000	13,000	13,000				13,000	13,000	Purchases and rental of office equipment, maintenance and repairs
2 3	CURRENT ADMINISTRATIVE EXPENDITURE	7,000	7,000	7,000	7,529	7,000	7,529				7,000	7,529	Office supplies, library, translation service, bank charges and miscellaneous office expenditure
2 4	CORRESPONDENCE, POSTAGE AND TELECOMMUNICATIONS	12,000	12,000	12,000	20,738	12,000	20,738				12,000	20,738	Telephones, video conferences and postal services
2 5	EXPENDITURE ON FORMAL AND OTHER MEETINGS	90,000	90,000	90,000	104,436	90,000	104,436	4,662			94,662	109,098	Official meetings such as SRG, Scientific Committee, Government
2 6	COMMUNICATION COSTS	440,000	440,000	440,000	774,046	535,000	869,046				535,000	869,046	External communication and events
2 7	SERVICE CONTRACTS	282,000	282,000	482,000	625,917	372,000	515,917				372,000	515,917	Studies and audits
2 8	EXPERT CONTRACTS AND MEETINGS	464,000	464,000	464,000	533,102	428,000	497,102				428,000	497,102	Costs related to expert contracts (evaluations, mid-term reviews)
	TOTAL TITLE 2	1,879,600	1,879,600	2,090,600	2,784,597	2,100,600	2,794,597	10,313	-	-	2,110,913	2,804,910	
	TOTAL TITLE 1+2 (ADMINISTRATIVE EXPENDITURE)	5,461,900	5,461,900	5,661,900	6,462,016	5,661,900	6,462,016	10,963	-	-	5,672,863	6,472,980	
3	OPERATIONAL EXPENDITURE												
3 0 0 1	Implementing the research agenda of FCH JU: FP7		25,686,390	367,891	35,339,847	367,891	35,339,847	1,591,815		-10,100,000	1,959,705	26,831,662	This appropriation shall cover the operational costs of the JU FP7 grants (pre-financings, interim and final payments) and studies
3 0 0 2	Implementing the research agenda of FCH JU: H2020	76,946,740	95,296,147	77,219,349	105,769,427	77,219,349	105,769,427	573,554		-13,200,000	77,792,903	93,142,981	This appropriation shall cover the operational costs of the JU H2020 grants (pre-financings, interim and final payments), studies and JRC contribution.
	TOTAL TITLE 3 (OPERATIONAL EXPENDITURE)	76,946,740	120,982,537	77,587,240	141,109,274	77,587,240	141,109,274	2,165,369	-	- 23,300,000	79,752,609	119,974,642	
	TOTAL EXPENDITURE	82,408,640	126,444,437	83,249,140	147,571,290	83,249,140	147,571,290	2,176,332	-	- 23,300,000	85,425,472	126,447,622	

Revenues

The members' contribution to administrative costs in the 2018 budget refers only to H2020. As of 2018, no FP7 contribution for administrative costs will be asked.

As per article 13.2 of the Statutes of the Council Regulation No 559/2014 of 06/05/2014, the Union shall contribute 50%, the Industry Grouping 43% and the Research Grouping 7% to the administrative budget.

Internal assigned revenues of the year amount to EUR 2,176,332 (recovery orders cashed from audits and pre-financing of projects) and are included in the budget tables above.

Expenditure

Overall the administrative budget (Titles 1 and 2) is increased by 8% in terms of commitment appropriations compared to 2017.

In more details:

Title 1 – Staff

Title 1 (staff costs) represents 63 % of the administrative costs in the 2018 budget. It mainly covers salaries (93%) and other budget lines cover missions, training & socio-medical costs, recruitment costs and representation expenses.

Following the first amendment and the 3 budget transfers, the increase in title 1 in 2018 compared to 2017 (9% or EUR 284,250) is explained by the following:

- *in staff in active employment (+ EUR 252,000)*
1 additional contract agent at FGII (already included in the initial budget) and 2 additional trainees (for second intake 2018) are included in the budget compared to 2017. An indexation of 3% is assumed.
- *in recruitment (+ EUR 28,890)*
The difference is due to the additional recruitment expenses (installation and daily subsistence allowances) foreseen for 2 recruitment procedures (for the FG II and the replacement of an AST 4).
- Mission expenses are indexed to the anticipated inflation rate (2 %).
- Socio-medical infrastructure and entertainment and representational expenses remain at the same level as in 2017.
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Title 2 – Infrastructure

Title 2 represents 37 % of the administrative costs in 2018.

Following the first amendment and the 3 budget transfers, the budget of this title is increased by 8 % (amounting to EUR 428,291) compared to 2017 and explained as follows:

- Service contracts costs are increased by EUR 137,500, due to the inclusion of a provision for a study recommended by the Commission Services and private members (and made possible with the 1st budget amendment) and due to the need for contracting audit services for the annual accounts of 2018 and 2019. The initial provision for FP7 audits was reduced.
- *Information technology (+ EUR 68,961)*
The increase is due to the inclusion for SysPer and eSubmission costs, the transition to the new provider from RealDolmen to CANCOM and additional web developments that were not

foreseen at the time of drafting the initial budget.

- *Rental costs (- EUR 147,988)*
Rental costs were increased in 2017 due to the works and refurbishments in the building. No works are foreseen in 2018. The decreased costs in 2018 include rent, common utility charges, security and insurance services.
- Current administrative expenditure and postage and telephone costs are all decreased to the average consumption of the last 2 years.
- Movable property is increased by EUR 2,977 since there was replacement of some office equipment.
- Expenditure on formal and other meetings remain at the 2017 levels.
- Communication budget is increased by EUR 95,000 to cover certain additional services that were not foreseen in the initial budget such as the publicity campaign, posters design during the PRD and the participation in additional events.
- Expert contracts and meetings is decreased by 7,000 reflecting the lower than initially foreseen number of mid-term reviews.

Title 3 – Operational

Commitment appropriations correspond to H2020 programme and are decreased by 35% compared to 2017. They amount to EUR 77,792,903 (including EUR 2,119,653 of reactivations of non-used appropriations from 2017 and revenues of EUR 573,554) and are used for 2018 operational activities as described in section 3.2 of the AWP 2018.

Payment appropriations correspond to estimated needs to cover:

- 1) Payment obligations under FP7 projects (interim & final payments) for EUR 26,831,662 (taking into account the decrease of appropriations following the Global Transfer, the reactivation following the 1st amendment and revenues of EUR 1,5591,815), a decrease by 27% compared to 2017 level. The decrease is due to less interim and final payments foreseen
- 2) Payment obligations under H2020 projects for EUR 93,142,981, decreased by 40% as in 2017 the pre-financing of 2 calls (2016 and 2017) were included in the budget. The 2018 payment appropriations cover interim payments, part of the pre-financing for calls 2018, the payments in line with the JRC agreed rolling plan and payments of studies procured under the operational budget as described in section 3.2.

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 (2018-2020 and following years) to meet budget commitments entered into earlier financial years (before 2017).

SUMMARY SCHEDULE OF PAYMENTS (Operational)

2016 Outturn		2017 Outturn		2018 Budget		Difference (2018/2017)	
CA	PA	CA	PA	CA	PA	CA	PA
94,648,697	92,568,138	118,163,734	172,381,558	79,752,609	119,974,642	-33%	-30%

DETAILS OF PAYMENT SCHEDULE (Operational)

FP7

Commitments		Payments				Outstanding amount	Total
		2018	2019	2020			
Pre-2014 commitments still outstanding (RAL)	49,130,213	6,872,321	9,623,088	7,340,415	25,294,389	49,130,213	
TOTAL	49,130,213	6,872,321	9,623,088	7,340,415	25,294,389	49,130,213	

H2020

Commitments		Payments				Outstanding amount	Total
		2018	2019	2020			
Pre-2017 commitments still outstanding (RAL)	109,108,314	22,076,831	40,585,525	16,271,351	30,174,607	109,108,314	
2017 commitment appropriations still outstanding (RAL)	48,193,547	4,393,006	10,519,223	8,894,760	24,386,558	48,193,547	
2018 commitment appropriations	72,360,139	36,762,008	7,300,000	7,264,797	21,033,334	72,360,139	
TOTAL	229,661,999	63,231,845	58,404,748	32,430,908	75,594,499	229,661,999	

State of play on 21/11/2018 - RAL refers to open commitments on 21/11 - payments for 2018 refer to foreseen payments from 21/11/2018 until the end of the year

FP7: payments in 2019 include the payments initially foreseen and included as payment appropriations (PA) in the budget (4,750,000) and additional needs due to delays in project implementation (4,873,088). To meet the latter payment requirements, any unused PA will be re-activated in the 2019 budget

H2020: from the available 2019 commitment appropriations, an amount of 2,400,000 will still have to be committed for the studies in AWP 2018

Regarding 2019 payments, they include the initially foreseen as in the budget (105,618,082) and additional needs due to delays in project implementation (2,786,666). To meet the latter payment requirements, any unused PA will be re-activated in the 2019 budget