



**Report on Budgetary**  
**and**  
**Financial Management**  
**Financial year 2024**

Brussels, March 2025



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# 1 INTRODUCTION

## 1.1 LEGAL FRAMEWORK

### **Establishment**

The Chips Joint Undertaking is a public-private partnership that supports research, development, and manufacturing capacities in the European semiconductor ecosystem. Chips JU is the successor to KDT JU and ECSEL JU, supporting their ongoing projects.

Through the Chips JU, European industry, SMEs and Research and Technology Organisations (RTOs) - represented by Industry Associations - are supported and co-financed by the Participating States and the European Union.

The setting up of the joint undertakings under Horizon Europe is regulated through Council Regulation (EU) 2021/2085 of 19 November 2021, published in the Official Journal on 30 November 2021 (date of entry into force of the Single Basic Act (SBA)), which was subsequently amended by Council Regulation (EU) 2023/1782 of 25 July 2023 to establish Chips JU.

The transition from KDT to Chips JU was the result of the Chips Act that the Commission launched on 8th February 2022 to confront semiconductor shortages and strengthen Europe's technological leadership. As a consequence, the scope and the budget of the JU were enlarged significantly, and the Single Basic Act (SBA) was amended accordingly.

Under the amended Single Basic Act, the Key Digital Technologies Joint Undertaking is renamed as Chips Joint Undertaking.

### **Mission**

Our mission is to accelerate technological innovation and foster sustainable growth across essential industries by advancing cutting-edge research and development. Through strategic initiatives, we aim to bolster Europe's competitive edge in the global semiconductor market. By promoting collaboration between public and private sectors, we work to create resilient supply chains, improve production capabilities, and drive the adoption of environmentally responsible technologies.

### **Main operational activities**

The Chips JU delivers on the following general objective through the involvement and commitment of partners in designing and implementing of research and innovation activities with European added value:

- Reinforce the EU's strategic autonomy in electronic components and systems;
- Establish Union scientific excellence and innovation leadership in emerging components and systems technologies, including in activities related to lower TRLs; and promote the active involvement of SMEs, which, for all research and innovation activities, including those related to the Chips for Europe Initiative established by Regulation (EU) 2023/1781, shall represent at least one third of the total number of participants in indirect actions and at least 20 % of public funding should go to them;



- Ensure that components and systems technologies address Europe's societal and environmental challenges;
- Achieve large-scale technological capacity building and support related research and innovation activities throughout the Union's semiconductor value chain to enable development and deployment of cutting-edge semiconductor technologies, next-generation semiconductor technologies and cutting-edge quantum technologies and the innovation of established technologies that will reinforce advanced design, systems integration and chip production capabilities in the Union, thereby increasing the competitiveness of the Union; and contribute to the achievement of the green and digital transitions, in particular by reducing the climate impact of electronic systems, improving the sustainability of next-generation chips and strengthening the circular economy processes, contribute to quality jobs within the semiconductor ecosystem and address security-by-design principles, which provide protection against cybersecurity threats;
- Support research and development for establishing design and production capabilities in Europe for strategic application areas;
- Launch a balanced portfolio of large and small projects supporting the fast transfer of technologies from the research to the industrial environment;
- Foster a dynamic EU-wide ecosystem based on digital value-chains with simplified access to newcomers;
- Support research and development for enhancing component technologies that guarantee security, trust and energy-efficiency for critical infrastructures and sectors in Europe;
- Foster mobilisation of national resources and ensure coordination of EU and national research and innovation programmes in the field of electronic components and systems;
- Establish coherence between the Strategic Research and Innovation Agenda of the Chips Joint Undertaking and EU policies so that electronic components and systems technologies contribute efficiently.
- Build advanced technology and engineering capacities for accelerating the innovative development of cutting-edge quantum chips and associated semiconductor technologies;
- Establish a network of competence centers across the Union by enhancing existing or creating new facilities.

## Governance

The Joint Undertaking is headed by an Executive Director, who is appointed by the Governing Board. The Governing Board has overall responsibility for the strategic orientation and the operations of the Chips JU and supervises the implementation of its activities. It brings together the three groups of the JU's members:

- Three associations (EPoSS, AENEAS and Inside Industry Association) which are Industrial Associations representing the actors from the areas of micro- and nano-electronics, smart integrated systems and embedded/cyber-physical systems;
- The European Union (through the European Commission);
- Participating States.

In accordance with its rules of procedure, the Governing Board is composed of one delegation for the European Commission, one for each private member and one for each Participating State. Each delegation is made of a lead delegate, who holds the voting rights, and supported by additional representatives. The Governing Board elects a chair and three vice-chairs.



Other bodies of Chips JU are: the Public Authorities Board, which is composed of representatives of the public authorities (the European Commission and Participating States) and the Private Members Board, which is composed of representatives of the Private Members.

### **Sources of financing**

In accordance with Council Regulation (EU) No 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and under Article 187 of the Treaty on the Functioning of the European Union, the Chips Joint Undertaking is jointly funded by the European Union and the members other than the EU, namely the Participating States and the Private Members.

The administrative costs of the Chips Joint Undertaking are covered by means of the financial contributions by the EU and by the Private Members and are divided by a ratio of 70%-30% respectively. The Participating States do not contribute to administrative costs.

The beneficiaries of the indirect actions/projects are partially financed by the contributions by the EU through the JU Office. These beneficiaries are also partially financed by the direct contributions of their respective Participating State. The remaining contributions to cover the total eligible costs are in-kind contributions that are defined in the Council Regulation as “contributions by Private Members, constituent entities or the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs incurred by them in implementing indirect actions less the contribution of that joint undertaking and of the Participating States of that joint undertaking to those costs”.

The in-kind contributions result from the activities carried out by the JU’s members other than the Union, funded by the JU when in relation of awarded actions (IKOP) and/or not funded by the JU (usually Additional Activities and/or IKAA).

They are not revenues for Chips JU in accordance with the budgetary reporting principles, hence they are not reported in the budgetary tables and serve no purpose other than the achievement of the SBA objectives. The same applies to the Participating States' contributions as long as these have not entrusted the Joint Undertaking with the payment of their contributions to their national beneficiaries.

Both the in-kind contributions from the Private Members and the contributions from the Participating States constitute the essential component of the “partnership” nature of the Joint Undertaking.



## 1.2 FINANCIAL FRAMEWORK AND LEGAL BASIS OF THE REPORT

The present report has been drafted in accordance with Article 26 of the Council Regulation (EU) No 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe, its amendment (Council regulation (EU) No 2023/1782) and with Article 53 of the Financial Rules of Chips Joint Undertaking and will be made available to the European Parliament, the European Commission, the Council and the Court of Auditors.

### 1.3 Budgetary principles

The Joint Undertaking's budget is the instrument which, for each financial year, forecasts and implements the revenue and expenditure considered necessary for the Joint Undertaking.

The budget is established and implemented in compliance with the principles of **unity** and **budgetary accuracy**, **annuality**, **equilibrium**, **unit of account**, **universality**, **specification**, **sound financial management** and **transparency**:

- ✓ **Unity and budget accuracy:** No revenue shall be collected and no expenditure effected unless booked to a line in the budget of the JU. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure which is considered necessary.
- ✓ **Annuality:** Appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December. As specified in the Financial Rules, the JU is subject to an exception to the annuality principle, specific only to the Joint Undertakings (the "N+3" rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.
- ✓ **Equilibrium:** Revenue and expenditure shown in the budget must be in balance.
- ✓ **Unit of account:** The budget is drawn up and implemented in euro (EUR) and the accounts are presented in euro.
- ✓ **Universality:** Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.
- ✓ **Specification:** Appropriations are earmarked for specific purposes at least by title and chapter.
- ✓ **Sound financial management:** Appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.
- ✓ **Transparency:** The budget is established and implemented, and the accounts presented in compliance with the principle of transparency. The budget and any amending budgets are published on the website of the Joint Undertaking within four weeks of adoption and are transmitted to the Commission and the Court of Auditors.



## 2 BUDGET 2024 OVERVIEW

2024 was the second year after the launch of the Chips JU, with the signature of Chips Act on 13 September 2023. The Chips Act entered into force on 21 September 2023, and with it the Regulation on the Chips Joint Undertaking (JU).

In 2024 the following calls were launched:

- **HORIZON-JU-Chips-2024-1-IA** with a total budget of EUR 143.000.000
- **HORIZON-JU-Chips-2024-2-RIA** with a total budget of EUR 67.000.000
- **HORIZON-JU-Chips-2024-3-RIA** with a total budget of EUR 6.000.000
- **HORIZON-Chips-2024-RIA-CPL-5** with a total budget of EUR 100.000.000
- **HORIZON-Chips-FPA-QAC-1** without budget
- **HORIZON-Chips-FPA-QAC-2** without budget
- **DIGITAL-Chips-2024-SG-CCC-1** with a total budget of EUR 116.000.000
- **DIGITAL-Chips-2024-CSA-CCC-2** with a total budget of EUR 4.000.000
- **DIGITAL-Chips-2024-CSA-CDP-1** with a total budget of EUR 25.000.000
- **DIGITAL-Chips-2024-SG-CPL-5** with a total budget of EUR 40.000.000

In this second year of the JU, the following activities were undertaken:

- Monitoring of the H2020 projects including the financial closure of certain H2020 projects;
- Evaluation and selection of the projects from calls 2024;
- Grant preparation, signature and launch for the selected projects from calls 2023 and 2024;
- Implementation of the administrative and operational budget;
- Other tasks relating to communication, audits, finance and administration;
- Preparation of the WP2025 including the preparation of focus topics.

Overall, in 2024, the total available appropriations reached EUR 1,062,816,190.27 for commitment and EUR 724,397,816.46 for payment appropriations. The budget implementation reached 99% in terms of commitment appropriations and 67% in terms of payment appropriations.

Especially, in Title 3 the implementation rate in payment appropriations reached 67% as well. The breakdown of implementation across the three programs is as follows:

- **Horizon 2020 (H2020): 37%** implementation rate
- **Horizon Europe (HEU): 96%** implementation rate, demonstrating near-full execution
- **Digital Europe Programme (DEP): 6%** implementation rate, significantly impacting the overall execution rate

As regards the implementation rate of *the legacy programme, Horizon 2020 (H2020)*, no commitment and payment appropriations were transferred by the European Commission to Chips JU in 2024. The programme is in its final phase and last ongoing projects are paid by the available payment appropriations on the line. All available H2020 payment appropriations stem from promptly collected recoveries and unused appropriations from the past, reactivated in accordance with the N+3 rule.

The main reason for the lower overall rate is the under-implementation of **DEP**, which is a new program for our organization. Since the beginning of the programme **DEP funds were primarily allocated to procurement contracts with a small share of grants** (87% vs 13% in 2023 and 60% vs 40% in 2024). The initial financial forecast for payments was based on the commitments indicated in the Legislative Financial Statement for 2024 and experience with grants where a certain level of pre-financing





payments is disbursed upfront based on the conclusion of the legal commitment. However, the novelty and uncertainty of the pilot lines projects together with the complexity of the set-up of the acquisition procedure to procure the different pieces of equipment of the pilot lines led to delays in negotiations with consortia, the EC and Participating States. Furthermore, the bulk of procurement payments are only made after the acceptance of the equipment and since these procurement contracts are managed by external entities, the level of uncertainty and the complexity of forecasting payment is significantly increased.

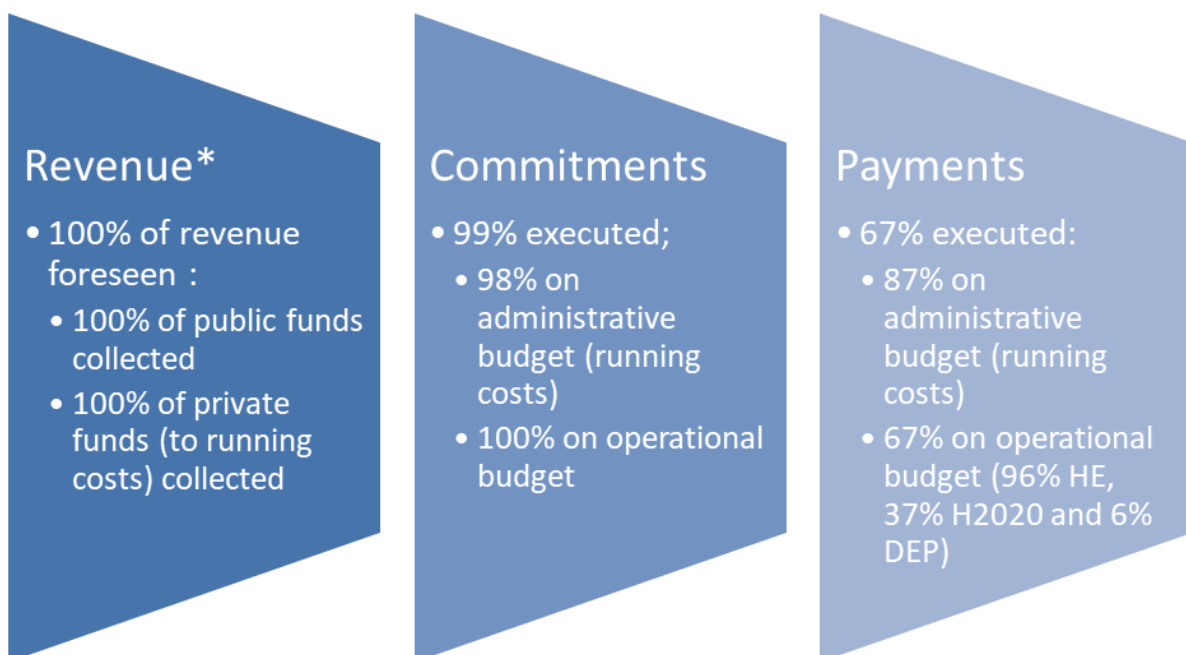
Despite these challenges under DEP, the **strong execution rate in Horizon Europe (96%) drove upwards the overall execution rate** for Title 3 compared to the previous year. Further improvements in **DEP implementation** are expected in 2025 as the program matures and administrative bottlenecks are addressed.

Note: Date of data extraction

*The budget implementation data presented below in tables 1-2 and 4-12 is the data serving as a basis for the Chips JU provisional accounts for the financial year 2024 issued at the end of February 2025 (not yet audited by the European Court of Auditors) and may be revised in the final accounts for the year 2024.*

*The data presented in the rest of tables were extracted from ABAC Datawarehouse during March 2025.*

*It should be noted that due to the rounding of figures into thousands of euro (kEUR), some financial data in the tables below may appear not to add-up.*



*\*Reactivated unused appropriations from previous budgetary years and recoveries are not included.*



## 2.1 BUDGET STRUCTURE

The budget of the Chips JU is divided into 3 titles:

**TITLE 1** Staff expenditure

**TITLE 2** Administrative expenditure

**TITLE 3** Operational expenditure

Upon the launching of the new Chips JU in 2023, a new budget structure was introduced that has been kept for 2024. On the statement of revenue side, the new structure provides a clearer and more visible presentation of members' contributions and unused appropriations by year of origin and by type (administrative, ECSEL/H2020, Chips/HEurope, Chips/DEP). On the statement of expenditure side, the new budget structure includes one additional budget line under Title 3 that covers Chips projects under Digital Europe programme (3500).

In accordance with the financial rules and Financial Regulation, appropriations under Title 1 and Title 2 are non-differentiated while appropriations under Title 3 are differentiated.

Each title comprises the following chapters:

### **TITLE 1 - STAFF EXPENDITURE**

#### **1100 – Staff salaries and allowances**

This chapter is intended to cover the cost of remuneration of temporary and contract staff in accordance with the Staff Regulations. It also covers the costs of the employer's social security contributions in accordance with the applicable Staff Regulations, as well the cost of non-statutory staff like interim and trainees who are contracted for a short period.

#### **1200 – Recruitment and transfer**

This chapter covers the recruitment costs for new staff as well as some expenditure foreseen in the relevant provisions of the Staff Regulations.

#### **1300 – Mission expenses**

The missions' appropriation is intended to cover expenditure on transport, payment of daily mission allowances and ancillary or exceptional expenses incurred by staff in interest of the service, in accordance with the Staff Regulations.

#### **1400 – Socio-medical infrastructure and training**

This chapter relates to costs of the annual medical check-up of staff members and the complementary health insurance. This chapter also encompasses expenses related to staff training and HR tools as outlined in the Service Level Agreement (SLA) with DG HR.

### **TITLE 2 - ADMINISTRATIVE EXPENDITURE**

#### **2000 – Rental of buildings and associated costs**

The JU is operating since 2011 in its premises located in the White Atrium building, 60 Avenue de la Toison d'Or in Brussels. The office location, the meeting rooms and consequently a number of expenses, such as security and safety of staff and installations, cleaning and maintenance are shared with other JUs.

**2100 – Information and communication technology**

This chapter covers the cost for IT infrastructure and technical support of Chips JU. The costs are mainly covering the IT infrastructure, the service management contract and equipment of the JU, as well the SLAs costs related to services provided by the Commission, such as the financial and accounting tools, the document and mail management tools, web hosting and support and cybersecurity services.

**2200 – Movable property and associated costs**

This chapter relates to purchase of furniture, office equipment and archiving facilities.

**2300 – Current administrative expenditure**

This chapter primarily covers expenses associated with office supplies, translations, and the provision of accounting services.

**2400 – Postage and telecommunications**

This chapter relates to the costs for internet connections and telecommunications services including replacement and upgrade.

**2500 – Meetings and representation costs**

The chapter covers the costs of meetings that are taking place inside or outside of the JU premises. Under this chapter are also covered the costs of the Governing Board and the Public Authorities Board meetings.

**2600 – Meeting experts costs**

This chapter covers all expenses associated with expert advisers, such as scientific advisers and senior experts, who are not directly engaged in project reviews or evaluations.

**2800 – Communication activities**

This chapter covers the JU communication activities focussed on the branding, promotion and visibility of the new Chips JU as detailed in the Work Programme.

**2900 – Audit and legal costs**

This appropriation covers external and internal audits, legal assistance and related costs.

**Title 3 – OPERATIONAL EXPENDITURE****3200 – ECSEL projects under Horizon 2020 programme**

This shall exclusively cover costs related to payments for projects under H2020 programme.

**3300 – Chips projects under Horizon Europe programme**

This chapter covers exclusively costs related to commitments and payments for projects under Horizon Europe programme and any public procurement related to operational activities in line with Chips Work Programme.

**3400 – Contract experts costs**



This chapter encompasses expenses pertaining to compensating experts engaged in project evaluation and monitoring their implementation.

### **3500 – Chips projects under Digital Europe programme**

This chapter covers exclusively costs related to commitments and payments for projects under Digital Europe programme and any public procurement related to operational activities in line with Chips Work Programme.

## **2.2 INITIAL, AMENDING AND FINAL BUDGET**

Chips JU Governing Board approved the initial annual budget for year 2024 on 21<sup>st</sup> November 2023 by Chips GB Decision 2023.53.

On 1<sup>st</sup> July 2024, Chips JU's Governing Board adopted GB Decision 2024.76 **amending for the first time** the initially adopted budget. Applying article 6.5 of the JU Financial Rules that foresees the reactivation of unused appropriations from previous budget exercises which should be used in priority and the Chips JU's Governing Board adopted decision 2024.66 on the transfer of the management of nine research projects from the Commission to the Joint Undertaking, this first amendment served for:

- The increase of administrative commitment appropriations under Titles 1 and 2 in order to honour payments due under administrative commitments entered in previous years;
- The increase of the commitment appropriations under title 3 for Chips projects, under Horizon Europe by reactivating unused appropriations deriving from the Joint Undertaking's 2022 budget exercise and by receiving appropriations from the European Commission for the implementation of nine projects under the call HORIZON-CL4-2023-DIGITAL-EMERGING-01-CNECT;
- The increase of payment appropriations under title 3, for ECSEL projects under Horizon 2020 by reactivating unused appropriations deriving from the Joint Undertaking's 2022 budget exercise.
- Overall, following the first budget amendment, the final adopted budget of the Joint Undertaking for year 2024 provided for EUR 1,056,532,210.18 for commitment and EUR 544,594,339.31 for payment appropriations.

On 29 October 2024, Chips JU's Governing Board adopted GB Decision 2024.90 **amending for the second time** the initially adopted budget. Applying article 6.5 of the JU Financial Rules that foresees the reactivation of unused appropriations from previous budget exercises which should be used in priority, this second amendment served for:

- The increase of administrative commitment and payment appropriations under Titles 1 and 2 by reactivating unused appropriations deriving from the Joint Undertaking's 2021 and 2022 budget exercise in order to honour payments due under administrative commitments entered in previous years;
- The increase of the payment appropriations under title 3 for Chips projects, under Horizon Europe by reactivating unused appropriations deriving from the Joint Undertaking's 2022 and 2023 budget exercise to honour operational payments due under commitments entered in previous financial years (programme HORIZON EUROPE) Undertaking's 2022 budget exercise.
- Overall, following the second budget amendment, the final adopted budget of the Joint Undertaking for year 2024 provided for EUR 1,056,555,590.02 for commitment and EUR 718,137,216.21 for payment appropriations (excluding available assigned revenues).



Finally, in 2024 there were not any budget transfers between chapters or titles.

EUR '000								
Commitment appropriations	Budget appropriations				Additional appropriations			Total approp. available
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
Total Title 1	5 555	0	0	5 555	17	0	17	5 572
Total Title 2	2 206	0	0	2 206	23	38	61	2 268
Total Title 3	973 336	15 417	0	988 754	60 000	6 223	66 223	1 054 977
<b>GRAND TOTAL</b>	<b>981 098</b>	<b>15 417</b>	<b>0</b>	<b>996 515</b>	<b>60 040</b>	<b>6 261</b>	<b>66 301</b>	<b>1 062 816</b>

Payment appropriations	Budget appropriations				Additional appropriations			Total approp. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
Total Title 1	5 555	0	0	5 555	0	0	0	5 555
Total Title 2	2 206	0	0	2 206	23	38	61	2 268
Total Title 3	511 747	0	0	511 747	198 606	6 223	204 829	716 575
<b>GRAND TOTAL</b>	<b>519 508</b>	<b>0</b>	<b>0</b>	<b>519 508</b>	<b>198 629</b>	<b>6 261</b>	<b>204 890</b>	<b>724 398</b>

*Table 1. Budget amendments and transfers*



## 2.3 BUDGET REVENUE

According to the financial rules of the Joint Undertaking, revenues are funds made available to the Joint Undertaking by different sources to cover administrative and operational expenditure for a year and form part of the annual budget.

In accordance with the provisions of the legal framework applicable to the Chips JU, there are two main contributors to the budget of the Chips JU:

- The **EU budget** (including EFTA contribution) with a decision of the European Parliament and the Council upon proposal of the Commission. This contribution is intended to fund projects (operational costs) and 70% of the running costs.
- The **Industry** represented by the Private Members AENEAS, EPoS and INSIDE contributing to 30% of the running costs.

The table below outlines the breakdown of the revenue received in 2024.

		Income appropriations		Entitlements established			Revenue				Out-
	Item	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	standing
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
2001	Eu admin budget	5 446	5 446	5 404	0	5 404	5 404	0	5 404	99 %	0
2002	Eu operational he	299 716	299 716	511 747	0	511 747	511 747	0	511 747	171 %	0
2004	Eu operational dep	212 030	212 030							-	
	Total Chapter 20	517 192	517 192	517 150	0	517 150	517 150	0	517 150	100 %	0
	<b>Total Title 2</b>	<b>517 192</b>	<b>517 192</b>	<b>517 150</b>	<b>0</b>	<b>517 150</b>	<b>517 150</b>	<b>0</b>	<b>517 150</b>	<b>100 %</b>	<b>0</b>
3001	Private members cont	2 316	2 316	2 316	0	2 316	2 316	0	2 316	100 %	0
	Total Chapter 30	2 316	2 316	2 316	0	2 316	2 316	0	2 316	100 %	0
	<b>Total Title 3</b>	<b>2 316</b>	<b>2 316</b>	<b>2 316</b>	<b>0</b>	<b>2 316</b>	<b>2 316</b>	<b>0</b>	<b>2 316</b>	<b>100 %</b>	<b>0</b>
5002	Unused administrative n-2		23							-	
	Total Chapter 50		23							-	
	<b>Total Title 5</b>		<b>23</b>							<b>-</b>	
6001	Unused horizon europe n-1		159 956							-	
6002	Unused horizon europe n-2		13 564							-	
6005	Unused h2020 n-2	20 000	25 086							-	
	Total Chapter 60	20 000	198 606							-	
	<b>Total Title 6</b>	<b>20 000</b>	<b>198 606</b>							<b>-</b>	
7001	Administrative recov	0	0	14	24	38	14	24	38	-	0
7003	Horizon 2020 recover	0	0	6 060	163	6 223	6 060	163	6 223	-	0
	Total Chapter 70	0	0	6 074	187	6 261	6 074	187	6 261	-	0
	<b>Total Title 7</b>	<b>0</b>	<b>0</b>	<b>6 074</b>	<b>187</b>	<b>6 261</b>	<b>6 074</b>	<b>187</b>	<b>6 261</b>	<b>-</b>	<b>0</b>
	<b>GRAND TOTAL</b>	<b>539 508</b>	<b>718 137</b>	<b>525 540</b>	<b>187</b>	<b>525 727</b>	<b>525 540</b>	<b>187</b>	<b>525 727</b>	<b>73 %</b>	<b>0</b>

Table 2. Chips Revenue 2024

In 2024, the Joint Undertaking collected from the **Private Members contributions** of a total amount of EUR 2,315,923.00. This amount was allocated among the 3 Associations as follows:

- AENEAS EUR 1,251,569
- EPoS EUR 397,677 and
- INSIDE EUR 666,677

Regarding the **EC contribution from the EU budget**, during 2024, the Chips Joint Undertaking has recovered under the **Horizon 2020 programme**:

- EUR 583,563.00 for the administrative budget.



Regarding the **EC contribution from the EU budget**, during 2024, the Chips Joint Undertaking has recovered for its activities under the **Horizon Europe programme**:

- EUR 3,451,669.00 for the administrative budget;
- EUR 299,716,202.00 for the operational budget (Horizon Europe projects).

Finally, regarding the **EC contribution from the EU budget**, during 2024, the Chips Joint Undertaking has recovered from the European Commission for its activities under the **Digital Europe programme**:

- EUR 1,368,588.00 for the administrative budget;
- EUR 212,030,332.00 for the operational budget (Digital Europe projects).

### Unused appropriations

Article 6.5 of the Financial Rules of the Chips Joint Undertaking (Chips GB 2021.02 Annex 12) defines that *“Given the needs of the JU, the unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.”*. This article is applied in both administrative (as of 2018) and operational appropriations.

As far as **unused administrative appropriations** are concerned, these become available mainly:

- ✓ For commitments: from appropriations that were not consumed through the conclusion of administrative contracts (via public procurement) and contracts that were partially executed and the corresponding commitments were cancelled.
- ✓ For payments: from appropriations that correspond to non-contracted and partially executed/cancelled commitments, as well as appropriations that were not consumed during the year for the payment of existing contracts and need to be reactivated in the coming years to honour those contracts.

Regarding the administrative appropriations, the administrative cash and not the available budget appropriations - as the latter represent only the authorisation to commit/pay - is the main driver in order to define the amounts to reactivate. A thorough cash-in/cash-out follow up is maintained in order to allow Chips JU to define the administrative appropriations to be proposed for reactivation. At the end of 2024 and according to the Chips JU available cash balance, the part of the administrative budget that was not used was carried over to 2025 budget.

As far as **unused operational appropriations** are concerned, these become available mainly:

- ✓ For commitments: from appropriations that were not consumed through the conclusion of Grant agreements.
- ✓ For payments: from appropriations that were not consumed during the year and/or cashed recoveries.



On payment appropriations side, at the end of year 2024 and after the completion of all payments, the Chips JU had a total amount of EUR 239,012,803.39 of **unused H2020, HE and DEP operational appropriations**, stemming from the same budget year (EUR 219,203,011.91 from C1 fund source, i.e. 2024 budget appropriations, EUR 13,992,579.27 from C2 fund source, i.e. reactivated appropriations from the previous budget years and 5,817,212.21 from C4 fund source, i.e. recovered amounts during 2024). These appropriations shall be proposed to the Chips JU Governing Board for reactivation in the next years (until 2027) according to the financial rules of the JU and based on the needs.

Fund source in 2024	Total unused PA at end 2024
C1	219,203,011.91
C2	13,992,579.27
C4	5,817,212.21
<b>Total</b>	<b>239,012,803.39</b>

*Table 3. Unused operational payment appropriations at the end of 2024*

## 2.4 BUDGET EXPENDITURE

### Administrative expenditure (Title 1 – Staff expenditure and Title 2 – Administrative expenditure)

The total administrative budget for year 2024 reached

- for commitment appropriations a total of EUR 7,839,641.35 (EUR 7,761,486 from EU Budget 2024 and Private Members contributions, EUR 40,402.42 from reactivated appropriations, EUR 37,752.93 from assigned revenues)
- for payment appropriations, the total amount reached EUR 7,822,618.77 (EUR 7,761,486 from EU Budget 2024 and Private Members contributions, EUR 23,379.84 from reactivated appropriations, EUR 37,752.93 from assigned revenues).

Under Title 1 the Chips JU budget execution reached 100% in terms of commitment appropriations and 93% in terms of payment appropriations. This title was mainly used for salaries of the JU staff, as well as staff trainings and medical costs.

Under Title 2 the execution reached 93% in terms of commitment appropriations and 74% in terms of payment appropriations. This title was mainly used for building costs, IT infrastructure, communication activities.

The lower implementation rate in Title 2 is primarily due to deliberate cost-saving measures across key budget lines, in line with our organization's commitment to financial efficiency.

A significant reduction occurred in **the communication budget line (implementation rate: 58%)**, where we actively sought synergies with private members and leveraged framework contracts with the European Commission. For example, our flagship **Chips event in 2024** incurred a cost of **€236,015, approximately 18% lower than in 2023**, thanks to cost-sharing arrangements with industrial organizations supporting the administrative budget. In addition, many invoices related to communication activities in 2024 did not reach Chips JU by the end of the year. Their prompt submission by the end of 2024 would have increased the implementation rate of the payment appropriations on the communication line to **71%**.





Beyond communication activities, cost-saving efforts extended to **Budget Line 2200 – Movable Property and Associated Costs**, where the implementation rate stood at **8%**. Instead of proceeding with planned acquisitions, the organization opted for a **needs-based approach**, replacing only damaged chairs and purchasing new furniture solely when necessary. Additionally, routine communication materials such as **business cards, brochures, publications, and printed materials** were procured through the **EU agency OIB**, ensuring cost-effective sourcing and optimized pricing.

Without these savings, the overall implementation rate of the payment appropriations for Title 2 would have been close to **80%**.

### **Procurement and contracts**

Procurement and contracts are managed in accordance with the provisions of Chips JU Financial Rules and coordinated within the Chips Administration and Finance unit.

In order to reach its objectives and adequately support its operations and infrastructures, the JU allocated funds to procure the necessary services and supplies. In the context of sound financial management and efficiency, Chips JU made to the most possible extent use of the various Service Level Agreements (SLAs) already concluded with relevant Commission Services and made also use of inter-institutional framework contracts (e.g. IT services and equipment, interim staff services, external audit services).

### **Operational expenditure (Title 3 – Selected projects after annual calls)**

Under Title 3, the JU budget covers the operational expenditure related to the implementation of projects under the Horizon 2020 Programme (H2020), the Horizon Europe (HE) programme as well as Digital Europe Programme (DEP). Furthermore, in 2024 experts' costs related to H2020 and HE reviews and evaluations of projects related to HE and DEP were covered under this Title. In 2024, the Chips Joint Undertaking total available operational budget appropriations reached EUR 1,054,976,548.92 for commitment and EUR 716,575,197.69 for payment appropriations. The total implementation on the commitments side reached 100% and 67% on the payments side. More specifically, by programme:

- **Digital Europe program:** In 2024, the available commitment appropriations amounted to EUR 412,916,615.00, while payment appropriations totalled EUR 211,390,332.00, all originating from the EU budget. The implementation of commitment appropriations reached 100%, as the full amount was reserved under a global commitment covering the 2024 calls and procurement contracts. The implementation rate for payment appropriations stood at 6%.

This execution rate reflects the specific implementation profile of the programme. DEP, still in its initial stages within the organisation, allocated a significant share of its 2024 budget to procurement (60%) compared to grants (40%). The financial forecasts for payments were based on indicative commitments outlined in the Legislative Financial Statement and on standard grant disbursement patterns, which typically involve pre-financing upon contract signature. In contrast, procurement contracts related to pilot lines—covering the acquisition of specialised equipment—require more complex set-up procedures. These contracts involve extended negotiations with consortia and are managed by external entities. As a result, payment disbursements, which are predominantly made upon delivery and acceptance of



equipment, are subject to longer timelines and a higher degree of uncertainty, influencing the overall payment execution during the year.

- **Horizon Europe projects:** the available commitment appropriations during 2024 amounted to EUR 634,897,086.60. The implementation reached 100% as these appropriations were reserved under a global commitment to cover the calls for proposals that were launched during that year. On payments side, the total available budget for payment appropriations reached EUR 472,935,699.06 (EUR 299,416,202.00 from EU Budget 2024, plus EUR 173,519,497.06 from reactivated appropriations from previous years) and budget implementation reached 96%. All the payment appropriations were used for the pre-financing and the interim payments of the grants.
- **Horizon 2020 projects:** given the completion of the programme, no new commitment appropriations were foreseen in 2024. The JU recovered a total amount of EUR 6,222,847.32 (inscribed as C4 appropriations/assigned revenue). On payments side, the total available budget for payment appropriations reached EUR 31,309,166.63 (EUR 25,086,319.31 from previous years reactivated appropriations and EUR 6,222,847.32 from recoveries/assigned revenue) and budget implementation reached 37%. All payments were used for interim and final payments for grants resulting from previous calls for proposals. As the programme approaches its final stages, payments under this budget line constitute a limited share of the total payments executed under Title 3. In 2024, payments related to Horizon 2020 projects accounted for 2.40% of the total operational expenditure.

### De-commitments

According to the principle of sound financial management and upon completion of the actions, during 2024, Chips Joint Undertaking proceeded to the following de-commitments:

- **Administrative budget:** during 2024 and upon completion of the activities, the Joint Undertaking proceeded to administrative de-commitments of a total amount of EUR 298,125.09. Previous years unused appropriations, amounted to EUR 40,402.42 were reactivated in the JU budget for the year 2024

### Outstanding commitments

At the end of 2024, the outstanding commitments of the JU amounted to:

- **Administrative budget:** EUR 1,874,321.99 corresponding to legal obligations related to running costs entered in 2024 and in previous financial years. However, this amount is mainly provisional as it is related to costs due under Service Level Agreements with the European Commission services. Under these agreements, a provisional amount is initially committed and then, upon receipt of the final costs the JU reassesses the final amount due.
- **Digital Europe Program:** EUR 693,946,872.08 corresponding to the launched 2024 Digital Europe calls under which the selection of the projects and the signature of grant agreements are to take place in the course of 2025 and to the Joint Procurement Agreements with the Research and Technology Organisations under the five (5) pilot lines the JU manages.
- **Horizon Europe projects:** EUR 851,799,498.21 corresponding to the launched 2024 Horizon Europe calls, under which the selection of the projects and the signature of grant agreements are to take place in the course of 2025.
- **Horizon 2020 projects:** EUR 63,643,292.27 corresponding for the major part to Calls 2020 projects and for the minor part to projects from the remaining Calls. A detailed breakdown by Call is provided under point 3.2.



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The tables below present the implementation of the JU budget in commitment and payment appropriations, as well as the commitments outstanding for all budget titles. The tables show the implementation on the total available appropriations which include the initial and the reactivated appropriations approved by the Governing Board of the Joint Undertaking throughout the year and on top of these, the amounts recovered (assigned revenue) by the JU up to 31 December 2024.

## 2.4.1 IMPLEMENTATION IN COMMITMENT APPROPRIATIONS

### IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1100	Staff salaries and allowances	5 407	5 390	17	0	5 407	100 %	0	0	0	0	0	0	0
Total Chapter 11		5 407	5 390	17	0	5 407	100 %	0	0	0	0	0	0	0
1200	Recruitment and transfer costs	25	25	0	0	25	100 %	0	0	0	0	0	0	0
Total Chapter 12		25	25	0	0	25	100 %	0	0	0	0	0	0	0
1300	Mission expenses	60	60	0	0	60	100 %	0	0	0	0	0	0	0
Total Chapter 13		60	60	0	0	60	100 %	0	0	0	0	0	0	0
1400	Socio-medical infrastructure and training costs	80	80	0	0	80	100 %	0	0	0	0	0	0	0
Total Chapter 14		80	80	0	0	80	100 %	0	0	0	0	0	0	0
<b>Total Title 1</b>		<b>5 572</b>	<b>5 555</b>	<b>17</b>	<b>0</b>	<b>5 572</b>	<b>100 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 4. Implementation in Commitment Appropriations: Title 1 – Staff expenditure

	Item	Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
			from final adopt. budget	from re- activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re- activa- tions	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
2000	Rental of buildings and associated costs	772	670	0	0	670	87 %	0	0	0	77	0	25	102
Total Chapter 20		772	670	0	0	670	87 %	0	0	0	77	0	25	102
2100	IT and technical support costs	600	600	0	0	600	100 %	0	0	0	0	0	0	0
Total Chapter 21		600	600	0	0	600	100 %	0	0	0	0	0	0	0
2200	Movable property and associated costs	50	50	0	0	50	100 %	0	0	0	0	0	0	0
Total Chapter 22		50	50	0	0	50	100 %	0	0	0	0	0	0	0
2300	Current administrative expenditure	100	100	0	0	100	100 %	0	0	0	0	0	0	0
Total Chapter 23		100	100	0	0	100	100 %	0	0	0	0	0	0	0
2400	Postage and telecommunications	30	30	0	0	30	100 %	0	0	0	0	0	0	0
Total Chapter 24		30	30	0	0	30	100 %	0	0	0	0	0	0	0
2500	Meetings and representation costs	66	30	23	13	66	100 %	0	0	0	0	0	0	0
Total Chapter 25		66	30	23	13	66	100 %	0	0	0	0	0	0	0
2600	Meeting experts costs	50	0	0	0	0	0 %	0	0	0	50	0	0	50
Total Chapter 26		50	0	0	0	0	0 %	0	0	0	50	0	0	50
2800	Communication activities	550	550	0	0	550	100 %	0	0	0	0	0	0	0
Total Chapter 28		550	550	0	0	550	100 %	0	0	0	0	0	0	0
2900	Audit and legal costs	50	50	0	0	50	100 %	0	0	0	0	0	0	0
Total Chapter 29		50	50	0	0	50	100 %	0	0	0	0	0	0	0
Total Title 2		2 268	2 080	23	13	2 116	93 %	0	0	0	127	0	25	152

Table 5. Implementation in Commitment Appropriations: Title 2 –Running costs

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
3200	ECSEL projects under Horizon 2020 programme	6 223	0	0	183	183	3 %	0	0	0	0	0	6 040	6 040
Total Chapter 32		6 223	0	0	183	183	3 %	0	0	0	0	0	6 040	6 040
3300	KDT projects under Horizon Europe programme	634 897	574 897	60 000	0	634 897	100 %	0	0	0	0	0	0	0
Total Chapter 33		634 897	574 897	60 000	0	634 897	100 %	0	0	0	0	0	0	0
3400	Contract experts costs	940	940	0	0	940	100 %	0	0	0	0	0	0	0
Total Chapter 34		940	940	0	0	940	100 %	0	0	0	0	0	0	0
3500	CHIPS projects under Digital Europe Programme	412 917	412 917	0	0	412 917	100 %	0	0	0	0	0	0	0
Total Chapter 35		412 917	412 917	0	0	412 917	100 %	0	0	0	0	0	0	0
Total Title 3		1 054 977	988 754	60 000	183	1 048 936	99 %	0	0	0	0	0	6 040	6 040
GRAND TOTAL		1 062 816	996 388	60 040	196	1 056 624	99 %	0	0	0	127	0	6 065	6 192

Table 6. Implementation in Commitment Appropriations: Title 3 – Selected projects after annual calls and Grand Total

## 2.4.2 IMPLEMENTATION IN PAYMENT APPROPRIATIONS

EUR '000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. rev.	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
1100	Staff salaries and allowances	5 390	5 037	0	0	5 037	93 %	0	0	0	0	353	0	0	353
Total Chapter 11		5 390	5 037	0	0	5 037	93 %	0	0	0	0	353	0	0	353
1200	Recruitment and transfer costs	25	0	0	0	0	0 %	0	0	0	0	25	0	0	25
Total Chapter 12		25	0	0	0	0	0 %	0	0	0	0	25	0	0	25
1300	Mission expenses	60	43	0	0	43	71 %	0	0	0	0	17	0	0	17
Total Chapter 13		60	43	0	0	43	71 %	0	0	0	0	17	0	0	17
1400	Socio-medical infrastructure and training costs	80	78	0	0	78	97 %	0	0	0	0	2	0	0	2
Total Chapter 14		80	78	0	0	78	97 %	0	0	0	0	2	0	0	2
<b>Total Title 1</b>		<b>5 555</b>	<b>5 158</b>	<b>0</b>	<b>0</b>	<b>5 158</b>	<b>93 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>397</b>	<b>0</b>	<b>0</b>	<b>397</b>

Table 7. Implementation in Payment Appropriations: Title 1 – Staff expenditure

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. rev.	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
2000	Rental of buildings and associated costs	772	623	0	0	623	81 %	0	0	0	0	124	0	25	149
Total Chapter 20		772	623	0	0	623	81 %	0	0	0	0	124	0	25	149
2100	IT and technical support costs	600	563	0	0	563	94 %	0	0	0	0	37	0	0	37
Total Chapter 21		600	563	0	0	563	94 %	0	0	0	0	37	0	0	37
2200	Movable property and associated costs	50	4	0	0	4	8 %	0	0	0	0	46	0	0	46
Total Chapter 22		50	4	0	0	4	8 %	0	0	0	0	46	0	0	46
2300	Current administrative expenditure	100	54	0	0	54	54 %	0	0	0	0	46	0	0	46
Total Chapter 23		100	54	0	0	54	54 %	0	0	0	0	46	0	0	46
2400	Postage and telecommunications	30	12	0	0	12	40 %	0	0	0	0	18	0	0	18
Total Chapter 24		30	12	0	0	12	40 %	0	0	0	0	18	0	0	18
2500	Meetings and representation costs	66	30	9	13	52	79 %	0	0	0	0	0	14	0	14
Total Chapter 25		66	30	9	13	52	79 %	0	0	0	0	0	14	0	14
2600	Meeting experts costs	50	14	0	0	14	29 %	0	0	0	0	36	0	0	36
Total Chapter 26		50	14	0	0	14	29 %	0	0	0	0	36	0	0	36
2800	Communication activities	550	320	0	0	320	58 %	0	0	0	0	230	0	0	230
Total Chapter 28		550	320	0	0	320	58 %	0	0	0	0	230	0	0	230
2900	Audit and legal costs	50	37	0	0	37	74 %	0	0	0	0	13	0	0	13
Total Chapter 29		50	37	0	0	37	74 %	0	0	0	0	13	0	0	13
<b>Total Title 2</b>		<b>2 268</b>	<b>1 657</b>	<b>9</b>	<b>13</b>	<b>1 679</b>	<b>74 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>549</b>	<b>14</b>	<b>25</b>	<b>588</b>

Table 8. Implementation in Payments Appropriations: Title 2 –Running costs



	Item	Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. rev.	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
3200	ECSEL projects under Horizon 2020 programme	31 309	0	11 094	406	11 499	37 %	0	0	0	0	0	13 993	5 817	19 810
Total Chapter 32		31 309	0	11 094	406	11 499	37 %	0	0	0	0	0	13 993	5 817	19 810
3300	KDT projects under Horizon Europe programme	472 936	279 691	173 519	0	453 211	96 %	0	0	0	0	19 725	0	0	19 725
Total Chapter 33		472 936	279 691	173 519	0	453 211	96 %	0	0	0	0	19 725	0	0	19 725
3400	Contract experts costs	940	843	0	0	843	90 %	0	0	0	0	97	0	0	97
Total Chapter 34		940	843	0	0	843	90 %	0	0	0	0	97	0	0	97
3500	CHIPS projects under Digital Europe Programme	211 390	12 009	0	0	12 009	6 %	0	0	0	0	199 382	0	0	199 382
Total Chapter 35		211 390	12 009	0	0	12 009	6 %	0	0	0	0	199 382	0	0	199 382
<b>Total Title 3</b>		<b>716 575</b>	<b>292 544</b>	<b>184 613</b>	<b>406</b>	<b>477 562</b>	<b>67 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>219 203</b>	<b>13 993</b>	<b>5 817</b>	<b>239 013</b>
<b>GRAND TOTAL</b>		<b>724 398</b>	<b>299 359</b>	<b>184 622</b>	<b>418</b>	<b>484 400</b>	<b>67 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220 149</b>	<b>14 007</b>	<b>5 842</b>	<b>239 998</b>

Table 9. Implementation in Payments Appropriations: Title 3 –Selected projects after annual calls and Grand Total

## 2.4.3 COMMITMENTS OUTSTANDING

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
1100	Staff salaries and allowances	311	( 24)	16	271	5 407	5 022	0	385	656
Total Chapter 11		311	( 24)	16	271	5 407	5 022	0	385	656
1200	Recruitment and transfer costs	93	( 3)	0	90	25	0	0	25	115
Total Chapter 12		93	( 3)	0	90	25	0	0	25	115
1300	Mission expenses	67	( 30)	1	35	60	42	0	18	54
Total Chapter 13		67	( 30)	1	35	60	42	0	18	54
1400	Socio-medical infrastructure and training costs	46	( 7)	5	33	80	72	0	8	41
Total Chapter 14		46	( 7)	5	33	80	72	0	8	41
<b>Total Title 1</b>		<b>516</b>	<b>( 65)</b>	<b>22</b>	<b>429</b>	<b>5 572</b>	<b>5 136</b>	<b>0</b>	<b>436</b>	<b>865</b>

Table 10. Commitments Outstanding: Title 1 – Staff expenditure

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
2000	Rental of buildings and associated costs	46	0	17	29	670	606	0	64	93
Total Chapter 20		46	0	17	29	670	606	0	64	93
2100	IT and technical support costs	337	( 26)	89	222	600	474	0	126	347
Total Chapter 21		337	( 26)	89	222	600	474	0	126	347
2200	Movable property and associated costs	4	0	4	0	50	0	0	50	50
Total Chapter 22		4	0	4	0	50	0	0	50	50
2300	Current administrative expenditure	23	( 23)	0	0	100	54	0	46	46
Total Chapter 23		23	( 23)	0	0	100	54	0	46	46
2400	Postage and telecommunications	23	( 13)	4	7	30	8	0	22	29
Total Chapter 24		23	( 13)	4	7	30	8	0	22	29
2500	Meetings and representation costs	26	( 2)	7	17	66	45	0	21	38
Total Chapter 25		26	( 2)	7	17	66	45	0	21	38
2600	Meeting experts costs	68	( 38)	14	16	0	0	0	0	16
Total Chapter 26		68	( 38)	14	16	0	0	0	0	16
2800	Communication activities	217	( 129)	23	65	550	297	0	253	318
Total Chapter 28		217	( 129)	23	65	550	297	0	253	318
2900	Audit and legal costs	62	( 2)	24	35	50	13	0	37	72
Total Chapter 29		62	( 2)	24	35	50	13	0	37	72
<b>Total Title 2</b>		<b>806</b>	<b>( 233)</b>	<b>182</b>	<b>391</b>	<b>2 116</b>	<b>1 497</b>	<b>0</b>	<b>619</b>	<b>1 009</b>

Table 11. Commitments Outstanding: Title 2 –Running costs

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3200	ECSEL projects under Horizon 2020 programme	75 026	( 66)	11 317	63 643	183	183	0	0	63 643
Total Chapter 32		75 026	( 66)	11 317	63 643	183	183	0	0	63 643
3300	KDT projects under Horizon Europe programme	720 092	( 49 978)	206 573	463 540	634 897	246 638	0	388 259	851 799
Total Chapter 33		720 092	( 49 978)	206 573	463 540	634 897	246 638	0	388 259	851 799
3400	Contract experts costs	217	0	155	62	940	688	0	252	314
Total Chapter 34		217	0	155	62	940	688	0	252	314
3500	CHIPS projects under Digital Europe Programme	293 039	0	11 886	281 153	412 917	123	0	412 793	693 947
Total Chapter 35		293 039	0	11 886	281 153	412 917	123	0	412 793	693 947
<b>Total Title 3</b>		<b>1 088 373</b>	<b>( 50 044)</b>	<b>229 931</b>	<b>808 399</b>	<b>1 048 936</b>	<b>247 632</b>	<b>0</b>	<b>801 305</b>	<b>1 609 703</b>
<b>GRAND TOTAL</b>		<b>1 089 695</b>	<b>( 50 342)</b>	<b>230 135</b>	<b>809 218</b>	<b>1 056 624</b>	<b>254 265</b>	<b>0</b>	<b>802 359</b>	<b>1 611 578</b>

Table 12. Commitments Outstanding: Title 3 – Selected projects after annual calls and Grand Total

### 3 MULTI-ANNUAL OVERVIEW: PROJECTS EXECUTION - EVOLUTION BY CALL

#### 3.1 Horizon Europe projects execution

In 2024 six Horizon Europe Calls were launched, and for one of them (HORIZON-JU-Chips-2024-3-RIA) the signature of the resulting grant agreements took place in the same year.

Furthermore, in 2024 one additional call for pilot lines (HORIZON-Chips-2024-RIA-CPL-5) was launched. Each call for pilot line includes a call for expression of interest for the selection of a Hosting consortium, call for proposals for set-up, integration and process development, funded under the Horizon Europe Programme and a call for proposals for the operational activities of the pilot line, funded under the Digital Europe programme. More information about the DEP programme is provided in Section 3.3.

The selection of the projects and the signature of the resulting grant agreements will all take place during 2025. During 2024, Chips JU consolidated on Horizon Europe operations with the signature of twenty- one (21) grant agreements under 2023 calls.

In 2024, several pre-financing payments were made for projects stemming from calls: HORIZON-JU-CHIPS-2023-RIA-CPL, HORIZON-KDT-JU-2023-1-IA, HORIZON-KDT-JU-2023-2-RIA, HORIZON-JU-CHIPS-2024-3-RIA. The total payments for HE projects executed during 2024 reached an amount of EUR 453,210,919.04 which corresponded per type of payment as follows:

	amount		
<b>Prefinancing payments</b>	370.702.918,00		81,79%
<b>Interim payments</b>	82.158.965,66		18,13%
<b>Final and complem. payments</b>	349.035,38		0,08%
<b>Total</b>	<b>453.210.919,04</b>		<b>100,00%</b>

*Table 13. HE: Paid budget per type of payment*

During 2024 the JU made 25 prefinancing payments related to calls 2023 (21 with total amount EUR 365,911,787.60) and calls 2024 (4 with total amount EUR 4,791,130.40), 32 interim payments related to calls 2021 and 2022 and one final payment.

### 3.2 H2020 projects execution

Due to its status of legacy programme, no further calls were launched under H2020 in 2024. Chips JU manages and monitors H2020 projects to ensure proper finalisation of the last projects. The payment appropriations were used for the interim and final payments for grants resulting from previous calls for proposals. Due to the impact of Covid-19 an appreciable amount of H2020 projects have been extended and final payments were postponed to and beyond 2024. The total payments for H2020 projects executed during 2024 reached an amount of EUR 11,499,375.15 which corresponded per type of payment as follows:

	amount	
<b>Prefinancing payments</b>	0,00	0,00%
<b>Interim payments</b>	4.912.066,28	42,72%
<b>Final and complem. payments</b>	6.587.308,87	57,28%
<b>Total</b>	<b>11.499.375,15</b>	<b>100,00%</b>

*Table 14. H2020: Paid budget per type of payment*

During 2024, the JU dealt with 5 interim payments related to Calls 2019 and 2020, 7 complementary payments related to Calls 2016, 2019 and 2020 and 16 final payments, related to Calls 2017, 2019 and 2020.

### 3.3 DEP procurements and grants execution

In 2024, all available appropriations were reserved under a global commitment covering the 2024 DEP Calls as well as the DEP grant related to the 5th pilot line and the Joint Procurement Agreements (multiannual commitments).

As regards pilot lines 1-3 or Calls 2023, three (3) DEP grant agreements and seven (7) joint procurement agreements were prepared and signed in 2024.

During 2024, Chips JU made three (3) prefinancing payments with a total of EUR 11,885,553.04 related to DEP grants for pilot lines 1-3 (Calls 2023). No payments were disbursed in relation to the procurement contracts.

The table below shows the payment execution by call and financial year up until 31 December 2024.

	H2020&HE (Payments for H2020/HE Projects)															
	COMMITMENTS			PAYMENTS												EXECUTION
CALL	Initial Committed amount	De-committed amount	RAL on 31/12/2024	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total Paid 2014-2023	Total paid/initial	
Calls 2014	154.456.261,42	-13.857.920,20	243.715,86	55.690.901,06	40.332.205,81	30.379.684,28	4.056.432,94	9.148.302,12	747.099,15	0	0	0		140.354.625,36	90,87%	
Calls 2015	142.243.005,44	-10.346.587,93	5.119.536,26	0	58.683.961,96	37.571.933,96	26.200.278,00	7.039.357,30	1.431.531,69	408.349,47	0	0		131.335.412,38	92,33%	
Calls 2016	163.634.631,98	-3.574.192,13	7.929.487,82	0	0	91.089.642,86	28.628.217,56	13.335.235,04	10.262.426,49	5.967.342,51	2.919.682,62	1.169.516,79	78.044,00	153.450.107,87	93,78%	
Calls 2017	170.067.212,88	-496.622,90	5.490.163,06	0	0	0	87.613.851,34	24.378.912,31	29.203.853,14	8.786.168,00	8.395.774,67	1.249.884,98	1.902.030,89	161.530.475,33	94,98%	
Calls 2018	201.901.367,04	-1.313.293,91	10.656.495,33	0	0	0	799.644,00	107.200.606,37	41.025.091,85	28.354.695,55	2.406.049,27	9.166.383,95		188.952.470,99	93,59%	
Calls 2019	165.976.099,22	-6.340.683,02	4.831.630,34	0	0	0	0	399.583,00	88.254.197,58	27.191.160,79	27.622.979,13	4.858.677,97	4.123.233,51	152.449.831,98	91,85%	
Calls 2020	172.481.340,13	0	18.113.049,42	0	0	0	0	0	1.066.578,67	91.396.625,40	32.537.015,00	24.234.072,48	5.133.999,16	154.368.290,71	89,50%	
Calls 2021	208.016.000,00	-29828014,88	40.614.102,45	0	0	0	0	0	0	0	42.349.182,95	52.311.909,59	42.912.790,13	137.573.882,67	66,14%	
Calls 2022	254.348.430,00	-88950184,21	42.408.401,07	0	0	0	0	0	0	0	0,00	91.438.187,47	31.551.657,25	122.989.844,72	48,35%	
Calls 2023	533.819.812,00		160.213.508,27											373.606.303,73	69,99%	
Total	2.166.944.160,11	-154.707.499,18	295.620.089,88	55.690.901,06	99.016.167,77	159.041.261,10	147.298.423,84	161.501.996,14	171.990.778,57	162.104.341,72	116.230.683,64	184.428.633,23	459.308.058,67	1.716.611.245,74	79,22%	

Table 15. H2020/HE: Payments

Disclaimer: The table includes only grant payments under the H2020 and Horizon Europe programmes. Payments under the Digital Europe programme are not included, as regular payment flows are expected to begin from 2025 onwards due to the programme's recent launch

## H2020/HE CALLS BUDGET EXECUTION ON 31/12/2024

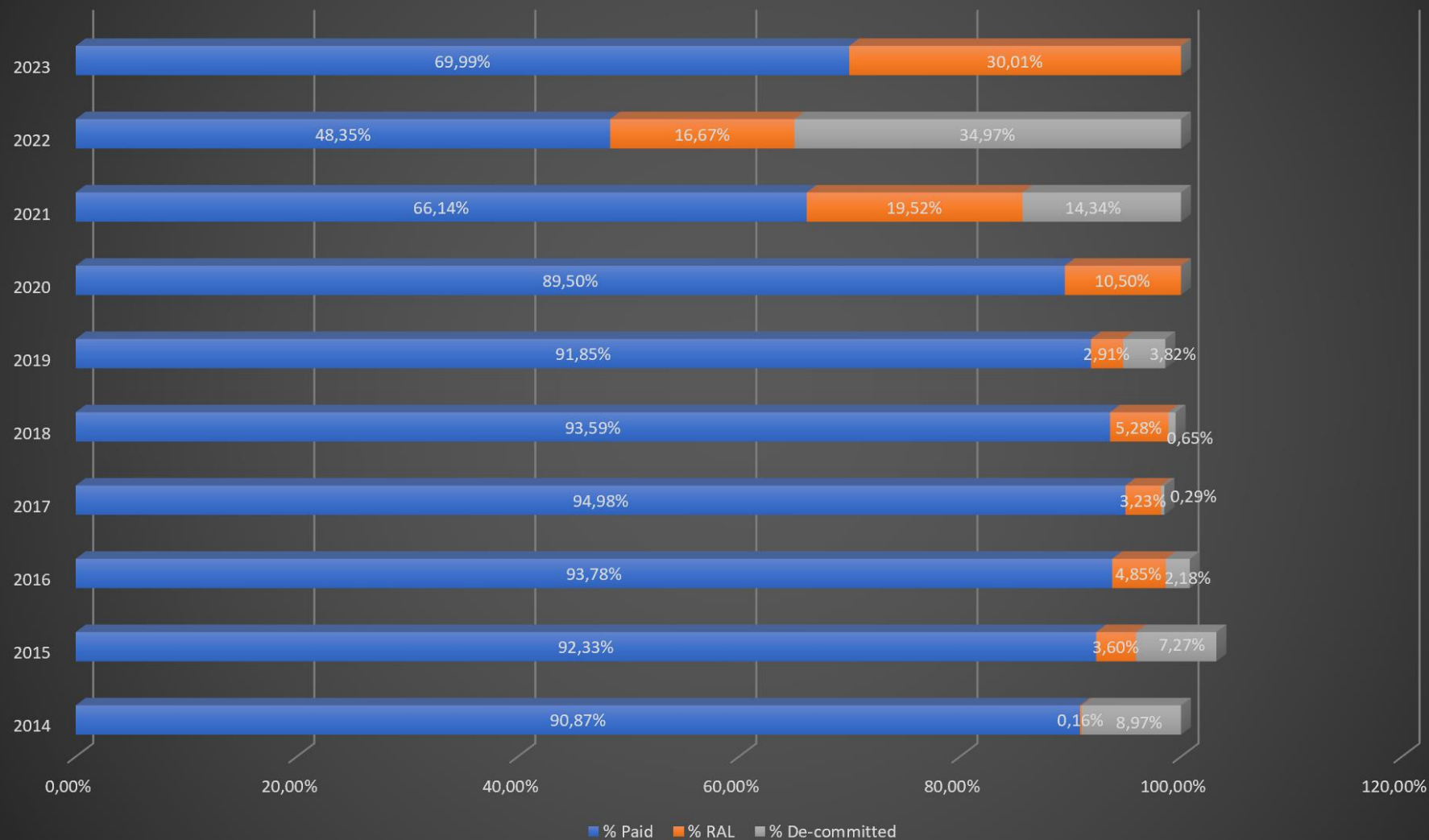


Table 16. H2020/HE payments and RAL by call



## 4 Members other than the Union contributions to the Joint Undertaking

During 2024, the Chips Joint Undertaking was managing in parallel 3 programmes: **Horizon 2020, Horizon Europe and Digital Europe programmes.**

### Horizon 2020 programme

Council Regulation (EU) N° 561/2014 of 06/05/2014 establishing the ECSEL Joint Undertaking foresees that over the period 2014-2024, ECSEL JU members are envisaged to make the following financial contributions:

for **administrative costs**:

- ✓ up to EUR 15,255,000 as financial contribution from the European Union;
- ✓ up to EUR 19,710,000 or 1 % of the sum of the total cost of all projects, whichever figure is higher, but not exceeding EUR 48,000,000 as financial contribution by the Private Members;
- ✓ EUR 4,455,000 as contribution to the administrative costs from the EU and the Private Members for the completion of the actions launched under FP7;

for **operational costs**:

- ✓ up to EUR 1,169,619,000 as financial contribution from the European Union;
- ✓ at least EUR 1,170,000,000 as financial contributions from ECSEL Participating States;
- ✓ at least EUR 1,657,500,000 (minus the aforementioned amount for administrative costs) as in-kind contributions by the Private Members or their constituent entities and affiliated entities consisting of the costs incurred by them in implementing indirect actions.

The Council Regulation establishes the obligation of the Participating States and the Private Members to report their contributions in order to monitor that they meet the objectives fixed as indicated above.

It must be mentioned that the final financial contribution to the projects by both Private Members (in-kind contributions) and Participating States can only be established at the end of a project when all payments by the JU and the National Funding Authorities have been executed (including possible adjustments) and the final national contributions have been communicated to the JU office by the National Funding Authorities. Only at this point and once all this information becomes available the in-kind contributions can be established and validated by the JU Governing Board.

Article 16.3.c of the Council Regulation establishing ECSEL JU defines the in-kind contributions as the total costs incurred by the Private Members or their constituent entities and affiliated entities less the contributions by the Joint Undertaking, the contribution of the Participating States and any other EU contribution to those costs.

The Council Regulation refers only to constituent entities and affiliated entities of the Private Members (i.e. members of the Industry Associations) and excludes from the reporting obligation of in-kind contributions the beneficiaries that are not members of any of the Industry Associations.

In the framework of **H2020** programme, the Governing Board has endorsed the following amounts of **in-kind contribution**.

GB decision on validation	IKOP certified
GB 2020.142 for IKOP 2019	102,558,952.49
GB 2021.153 for IKOP 2020	77,716,424.30
ED 2022.56 for IKOP 2021	120,291,734.91
GB 2023.41 for IKOP 2022	106,804,608.26
GB 2023.65 for IKOP 2023	200,658,035.73
GB 2024.95 for IKOP 2024	113,542,487.17
<b>Total</b>	<b>721.572.242,86</b>

*Table 17. H2020: Members contributions to operational activities as certified by the JU Governing Board*

As far as the **Participating States** contributions are concerned, based on the funding decisions of the Public Authorities Board (PAB) for Calls 2014, 2015, 2016, 2017, 2018, 2019 and 2020 it is possible to calculate their commitments as shown in the table below:

Call	Commitments
<b>2014</b>	138,069,446.89
<b>2015</b>	142,217,697.07
<b>2016</b>	133,695,801.00
<b>2017</b>	160,077,277.57
<b>2018</b>	198,036,920.52
<b>2019</b>	164,490,860.63
<b>2020</b>	169,617,999.74
<b>Total</b>	<b>981,943,503.42</b>

*Table 18. H2020: Commitments of Participating States as per PAB funding decisions*

On the payments side and based on the Council Regulation reporting obligation, the cumulative amount of H2020 contribution in cash communicated to Chips JU by the Participating states reached EUR **739,818,316.94** by the end of 2024.

### **Horizon Europe programme**

Council Regulation (EU) 2023/1782 of 25 July 2023 amending Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe, as regards the Chips Joint Undertaking foresees that over the period 2021-2027, Chips JU members are envisaged to make financial contributions.

According to the Council Regulation (EU) 2023/1782 of 25 July 2023, the Union financial contribution to the Chips Joint Undertaking, including EEA appropriations, shall be up to EUR 4 175 000 000, including up to EUR 62 287 000 for administrative costs distributed as follows:

(a) up to EUR 2 725 000 000 from Horizon Europe;

(b) up to EUR 1 450 000 000 from DEP.

Based on this legal provision, the HE split is calculated as follows:

for **administrative costs**:

- ✓ up to EUR 34,862,000 as financial contribution from the **European Union**;
- ✓ up to EUR 14,745,360 as financial contribution by the **Private Members**;
- ✓ According to the Council Regulation (EU) 2021/2085, the Participating States shall not make a contribution to administrative costs.

for **operational costs**:

- ✓ up to EUR 2,690,138,000 as financial contribution from the **European Union**;
- ✓ total contribution that is commensurate to the amount of the Union contribution to operational costs as financial contribution from the Chips **JU Participating States**;
- ✓ at least EUR 2,511,164,000 as in-kind contributions by the **Private Members** or their constituent entities or affiliated entities. In kind contributions are defined in the Council Regulation as “contributions by Private Members, constituent entities or the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs incurred by them in implementing indirect actions less the contribution of that joint undertaking and of the Participating States of that joint undertaking to those costs”.

The Council Regulation establishes the obligation of the Participating States and the Private Members to report their contributions in order to monitor that they meet the objectives fixed as indicated above.

Article 2 of the Council Regulation establishing Chips JU defines ‘in-kind contributions to operational activities’ as contributions by Private Members, constituent entities or the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs incurred by them in implementing indirect actions less the contribution of that joint undertaking and of the Participating States of that joint undertaking to those costs.

The final financial contribution to the projects by both Private Members (in-kind contributions) and Participating States can only be established at the end of a project when all payments by the JU and the National Funding Authorities have been executed (including possible adjustments) and the final national contributions have been communicated by the National Funding Authorities. Only at this point and once all this information becomes available the in-kind contributions can be established and validated by the JU Governing Board.

Since the beginning of the HE programme the Governing Board has not validated any HE **in-kind contribution**.

As far as the **Participating States** contributions are concerned, based on the amending funding decisions of the Public Authorities Board (PAB) for Calls 2021, 2022, 2023 and 2024 it is possible to calculate their commitments as shown in the table below:

Call	Commitments
<b>2021</b>	146,070,897.77
<b>2022</b>	171,561,648.40
<b>2023</b>	627,747,414.55
<b>2024</b>	354,413,562.31
<b>Total</b>	1,299,793,523.03

*\*The totals for 2023 and 2024 calls are subject to change since some calls are still being negotiated and the relevant PAB decisions are pending*

*Table 19. HE: Commitments of Participating States as per PAB funding decisions*

On the payments side and based on the Council Regulation reporting obligation, the cumulative amount of HE contribution in cash provided by the Participating states reached EUR **104,432,474.17** by the end of 2024.

### **Digital Europe programme**

Council Regulation (EU) 2023/1782 of 25 July 2023 amending Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe, as regards the Chips Joint Undertaking foresees that over the period 2021-2027, Chips JU members are envisaged to make financial contributions.

According to the Council Regulation (EU) 2023/1782 of 25 July 2023, the Union financial contribution to the Chips Joint Undertaking, including EEA appropriations, shall be up to EUR 4 175 000 000, including up to EUR 62 287 000 for administrative costs distributed as follows:

(a) up to EUR 2 725 000 000 from Horizon Europe;

(b) up to EUR 1 450 000 000 from DEP.

Based on this legal provision, the DEP split is calculated as follows:

for **administrative costs**:

- ✓ up to EUR 27,421,000 as financial contribution from the **European Union**;
- ✓ up to EUR 11,585,640 as financial contribution by the **Private Members**.

for **operational costs**:

- ✓ up to EUR 1,411,189,000 as financial contribution from the **European Union**;
- ✓ total contribution that is commensurate to the amount of the Union contribution to operational costs as financial contribution from the **Chips JU Participating States**.

As far as the **Participating States** contributions are concerned, based on the funding decisions of the Public Authorities Board (PAB) for Calls 2023 and 2024 it is possible to calculate their commitments as shown in the table below:

Call	Commitments
2023	289,639,891.70
2024	195,710,773.10
Total	485,350,664.80

*\*The totals for 2023 and 2024 calls are subject to change since some calls and joint procurement agreements are still being negotiated and the relevant PAB decisions are pending*

*Table 20. DEP: Commitments of Participating States as per PAB funding decisions*

## 5 FINANCIAL MANAGEMENT

### 5.1 THE DIFFERENT FINANCIAL ACTORS

In 2024 Chips JU complied with the financial rules established with the Governing Board decision ECSEL GB 2020.138 on 26 February 2020 and re-approved with the Governing Board decision KDT GB 2021.02 on 10 December 2021. The same Financial Rules have been applicable as of 1st January 2021 pursuant to<sup>1</sup> and Delegated Regulation (EU) 2019/887.

With regard to the limited size of the Chips Joint Undertaking and the reorganisation of its organisation chart, the Executive Director has updated the financial circuits introducing the necessary adaptations for ensuring business continuity in budget and financial management with a Decision EDD 2024.150 on the implementation of the financial circuits.

In addition, in 2024 an ED decision 2024.212 updated the designation of user access rights, roles and teams in H2020, Horizon Europe, Digital Europe IT tools and H2020, Horizon Europe, Digital Europe workflows in IT tools.

Furthermore, in 2024 an ED Decision 2024.227 established the workflows and checklists for the pilot lines' hosting agreements, grant agreement and joint procurement agreement.

### 5.2 FINANCIAL IT SYSTEMS

For the financial management and monitoring of projects as well as the calls management under Horizon and DEP, Chips JU implements the common ICT tools designed, updated and maintained by the European Commission. Chips JU is also using ABAC (accounting system of the European Commission) for its financial management related to procurement and operational transactions. The financial and accounting systems have been implemented, deployed and tested in relation with the procedures set up by the services of the Commission relating to the transfer of responsibilities for financial management.

Following Article 25 of Chips JU Financial Rules, the Governing Board of Chips JU appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts of the Joint Undertaking.

The Single Basic Act establishing the new generations of JUs required, within one year following the date of entry into force of the Regulation, to establish back-office arrangements to provide horizontal support functions to the joint undertakings, by concluding service level agreements. The Back Office Arrangement for Accounting Services (BOA Acc) was established and took over the accounting services from the Accounting Officer the European Commission.

Following the decision of the Chips JU's Governing Board of 22nd November 2022 (Chips GB 2022.33), Andrei Hretu acts on behalf of BOA Acc as the Accounting Officer of Chips JU as of 1 December 2023.

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<sup>1</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

Further to the IT systems provided by the European Commission, the Joint Undertaking has developed an internal application for the calculation of in-kind contributions. Both the Private Members and the Participating States have been given secure access to this application. The Private Members contribute by identifying those beneficiaries that are members to their associations and the Participating States contribute by introducing their annual payments to their respective beneficiaries, the final payments and related to end of project information, all of which are essential elements for the calculation of in-kind contributions.

## 6 GLOSSARY

- **ABAC:** This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.
- **Accounting:** The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.
- **Administrative appropriations:** Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
- **Adopted Budget:** Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority.
- **Amending Budget:** Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
- **Appropriations:** Budget funding. The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments and commitment appropriations equal payment appropriations.
- **Assigned revenue External/Internal:** Main sources of external assigned revenue are financial contributions from third countries to programmes financed by the Union. Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request; (c) revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium. The complete list of items constituting assigned revenue is given in the Financial Regulation Art.21.
- **Budget:** Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.
- **Budget implementation:** Consumption of the budget through expenditure and revenue operations.
- **Budget item / Budget line /Budget position / Budget chapter:** As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding

nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

- **Budgetary authority:** Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers.
- **Budgetary commitment:** A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
- **Cancellation of appropriations:** Unused appropriations that may no longer be used.
- **Carryover of appropriations:** Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
- **Commitment appropriations:** Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Art. 7 FR: Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.
- **De-commitment:** Cancellation of a reservation of appropriations
- **Differentiated appropriations:** Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.
- **Expenditure:** Term used to describe spending the budget from all types of funds sources.
- **Financial regulation (FR):** Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union. (OJ L 298, 26.10.2012 and OJ L 193/30.07.2018)
- **Implementation:** Cf. Budget implementation
- **Income:** Cf. Revenue
- **Joint Undertakings (JUs):** A legal EU-body established under the TFEU. The term can be used to describe any collaborative structure proposed for the "efficient execution of Union research, technological development and demonstration programmes".
- **Legal base:** The legal base or basis is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
- **Legal commitment:** A legal commitment establishes a legal obligation towards third parties.
- **Non-differentiated appropriations:** Non-differentiated appropriations are for operations of an annual nature. (Art. 9 FR). In the EU Budget non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments.
- **Operational appropriations:** Operational appropriations finance the different policies, mainly in the form of grants or procurement.
- **Payment:** A payment is a cash disbursement to honour legal obligations.



- **Payment appropriations:** Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Art. 7 FR).
- **RAL:** Sum of outstanding commitments. Outstanding commitments (or RAL, from the French 'reste à liquider') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. Outstanding commitments)
- **Recovery:** The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement by the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor, usually a beneficiary.
- **Revenue:** Term used to describe income from all sources financing the budget.
- **Transfer:** Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.