



EUROPEAN COMMISSION  
European Innovation Council and  
Small & Medium-sized Enterprises Executive Agency (EISMEA)

# **REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT OF THE EUROPEAN INNOVATION COUNCIL AND SMALL & MEDIUM-SIZED ENTERPRISE EXECUTIVE AGENCY (EISMEA)**

**Financial Year 2021**

## Table of Contents

<b>1. OVERVIEW OF THE BUDGET .....</b>	<b>3</b>
1.1. Initial budget, amending budgets and final budget.....	3
1.2. Budget implementation.....	6
1.2.1. 2021 appropriations (C1) .....	6
1.2.2. 2020 appropriations carried-forward to 2021 (C8).....	9
<b>2. REVENUE .....</b>	<b>10</b>
<b>3. GLOSSARY ON TERMS, ABBREVIATIONS AND ACRONYMS USED IN THE REPORT.....</b>	<b>11</b>

This report on the budgetary and financial management of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA) (hereafter the Agency) for the financial year 2021 has been prepared in accordance with Articles 51 to 57 of the Standard Financial Regulation for the Executive Agencies.

## **1. OVERVIEW OF THE BUDGET**

### **1.1. Initial budget, amending budgets and final budget**

The European Innovation Council and Small and Medium-sized Enterprises Executive Agency (EISMEA) was established on 1 April, 2021<sup>1</sup>. With a focus on innovation and the single market, it will create strong synergies to support the recovery of the European economy. The agency has been entrusted with the implementation of the following (parts of) Union programmes:

The agency will implement the following programmes over a period of seven years:

- (a) Horizon Europe, pillar III: the European Innovation Council (EIC) and European Innovation Ecosystems (EIE);
- (b) European Regional Development Fund: Interregional Innovation Investments;
- (c) Single Market Programme: SME Pillar; Internal market; support to standardisation; and Consumers.

The first 2021 operating budget (hereafter referred to as administrative budget) of the Agency was adopted by Steering Committee on 16 December 2020 and it amounted to EUR 46 209 551 (including EFTA and Third Countries contributions). The budget was amended four times.

In March 2021, the first amendment took place after the evaluation of Agency's obligations. Due to this fact the Agency implemented the following budgetary transfers within chapters:

- (1) expenses relating to seconded national experts were increased in order to cover payments linked to two SNEs who would start working in EISMEA;
- (2) budget for experts and external meetings increased to respond to urgent operational needs enabling provisional measures to contract experts evaluators for Horizon Europe calls ready for publications and subsequent applications to be evaluated.

The second amendment of the budget was carried out again in May 2021 in order to contract experts for a limited number of days necessary for the evaluation of one H2020 Call and two COSME calls and to be able to cover missions' expenses of staff.

In June 2021, the third amendment took place (reduction of EUR 1 018 411) following an in-depth revision of the tasks and resources planned in the Commission implementing decision<sup>1</sup> establishing the Agency and the financial statement accompanying the mandate of the Agency<sup>2</sup>. The significant change in the budget can be explained by the fact that the revision is based on two components that are added up:

- For the period 1 January 2021 to 31 March 2021, EASME has proceeded with an estimation of the costs incurred during that period which amounts to EUR 13 071 370<sup>3</sup>.
- For the period 1 April 2021 to 31 December 2021, EISMEA has estimated the budget necessary to cover the costs necessary to the implementation of the tasks and resources planned in the

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<sup>1</sup> COMMISSION IMPLEMENTING DECISION (EU) 2021/173 of 12 February 2021 establishing the European Innovation Council and SMEs Executive Agency.

<sup>2</sup> COMMISSION DECISION C(2021)949 of 12 February 2021 delegating powers to the European Innovation Council and SMEs Executive Agency with a view to the performance of tasks linked to the implementation of Union programmes in the field of Innovative Europe, Single Market and Interregional Innovation Investments comprising, in particular, implementation of appropriations entered in the general budget of the Union.

<sup>3</sup> Calculation based (i) on the real costs incurred until 18 March 2021 and (ii) on the estimated costs expected to be invoiced after 31 March 2021 for the defined period.

Commission implementing decision<sup>4</sup> establishing the Agency and the financial statement accompanying the mandate of the Agency<sup>5</sup>.

The main variations of the third amendment were as follows: the Agency (1) recalculated the salaries based on the staff breakdown as foreseen in the Agency's SFS and described in the establishment plan and in addition, the amount planned for interim staff was increased to ensure business continuity during this year's transitional period. (2) Following the reduced space allocation for the Agency chapter 21 was reduced and at the same time (3) chapter 22 was increased in accordance with the Digital Workplace with DIGIT, the Home office equipment package offered to teleworkers as from June 2021 and the LISO externalised in DIGIT. (4) Due to an amount foreseen for the purchase furniture for the new office spaces as well as an increased provision to cover possible problems or litigations arising from on-going contracts and grant agreements chapter 23 was increased. In addition, there was a decrease of: (5) expenses relating to mission due to travel restriction linked to COVID-19 pandemic (6) external audits explained by the transfer of the EMFF and LIFE programmes to another executive agency, as well as the delayed signature of the new Framework Contract for external audits and (7) programme related IT expenses linked to the transfer of the LIFE programme to another executive agency.

In November the fourth amendment was necessary in order to allow equipping 19 hybrid meeting rooms for the Agency.

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<sup>4</sup> COMMISSION IMPLEMENTING DECISION (EU) 2021/173 of 12 February 2021 establishing the European Innovation Council and SMEs Executive Agency.

<sup>5</sup> COMMISSION DECISION C(2021)949 of 12 February 2021 delegating powers to the European Innovation Council and SMEs Executive Agency with a view to the performance of tasks linked to the implementation of Union programmes in the field of Innovative Europe, Single Market and Interregional Innovation Investments comprising, in particular, implementation of appropriations entered in the general budget of the Union.

**Report on the budgetary and financial management of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA)**  
**Financial year 2021**

The below summary table explains how the budget was defined from the initial to the final budget:

Budget line	Description	Initial budget (EUR)	Budget amendment No 1 (EUR) [transfers]	Budget amendment No 2 (EUR) [transfers]	Budget amendment No 3 (EUR)	Budget amendment No 4 (EUR) [transfers]	Final budget (EUR)
1111	Temporary Agents - Remunerations	9 861 000	-	-	484 000	-	10 345 000
1112	Temporary Agents - Allowances	2 505 000	-	-	155 000	-	2 660 000
1121	Contract Agents - Remuneration	15 830 000	(56 580)	-	(873 420)	-	14 900 000
1122	Contract Agents - Allowances	4 315 000	(15 420)	-	(199 580)	-	4 100 000
1131	Seconded National Experts - Allowances and Charges (PM)	-	72 000	-	38 000	-	110 000
1141	Support services & trainees	957 186	-	-	217 814	-	1 175 000
1211	Recruitment expenses	10 000	-	-	-	-	10 000
1221	Individual entitlements of staff	483 140	-	-	-	-	483 140
1231	Training	440 000	-	-	-	-	440 000
1241	Medical Service	148 750	-	-	(18 750)	-	130 000
1242	Mobility & social expenses for the Staff	903 875	-	-	27 625	-	931 500
1251	Representation expenses, Events and Internal meetings	30 000	-	-	-	-	30 000
<b>Title 1</b>	<b>Staff expenditure</b>	<b>35 483 951</b>	<b>-</b>	<b>-</b>	<b>(169 311)</b>	<b>-</b>	<b>35 314 640</b>
2111	Rental of building and associated expenses	5 300 000	-	-	(143 000)	-	5 157 000
2211	ICT Purchases, Hard - and Software & Maintenances	224 000	-	-	(19 000)	125 000	330 000
2212	ICT Services	2 408 000	-	-	147 000	(125 000)	2 430 000
2311	Furniture, Technical Installations and associated expenses	127 500	-	-	175 000	-	302 500
2312	Office Supplies, documentation & correspondence	43 000	-	-	(16 000)	-	27 000
2313	Charges, insurances & other operating expenses	96 100	-	-	18 900	-	115 000
<b>Title 2</b>	<b>Infrastructure and operating expenditure</b>	<b>8 198 600</b>	<b>-</b>	<b>-</b>	<b>162 900</b>	<b>-</b>	<b>8 361 500</b>
3111	Experts and external meetings	85 000	1 725 000	11 000	(1 756 000)	-	65 000
3112	Missions: Programme Management	400 000	(400 000)	5 000	136 000	-	141 000
3113	External Audits	568 000	(436 000)	(16 000)	54 000	-	170 000
3114	Communication, Information and Linguistic services	724 000	(364 000)	-	514 000	-	874 000
3115	Seminars & specific Training	-	-	-	-	-	-
3116	Programme related IT expenses	750 000	(525 000)	-	40 000	-	265 000
<b>Title 3</b>	<b>Programme support expenditure</b>	<b>2 527 000</b>	<b>-</b>	<b>-</b>	<b>(1 012 000)</b>	<b>-</b>	<b>1 515 000</b>
<b>Total budget</b>		<b>46 209 551</b>	<b>-</b>	<b>-</b>	<b>(1 018 411)</b>	<b>-</b>	<b>45 191 140</b>

List of budget amendments adopted by the Steering Committee:

	Date	Main subject - description	Impact on Commitment & Payment Appropriations (EUR)
1	March 2021	Revision of all expenditure	Movements within chapters
2	May 2021	Revision of programme supporting expenditure	Movement only within the title 3
3	June 2021	Revision of Infrastructure and operating expenditure	Title 1 (169 311) Title 2 162 900 Title 3 (1 012 000)
4	November 2021	Revision of all expenditure	Movement only within the title 2

## **1.2. Budget implementation**

### **1.2.1. 2021 appropriations (C1)**

The execution of commitment appropriations amounts to EUR 42 525 351 and the execution of payment appropriations amounts to EUR 39 826 344.

Budget title	Budget 2021		Commitments made in 2021 (EUR)	Payments made in 2021 (EUR)
	Amount (EUR)	% by title		
Title: 1 Staff expenditure	35 314 640	78%	33 873 266	33 277 891
Title: 2 Infrastructure and operating expenses	8 361 500	19%	7 575 434	6 296 056
Title: 3 Programme support expenditure	1 515 000	3%	1 076 650	252 398
<b>Total</b>	<b>45 191 140</b>	<b>100%</b>	<b>42 525 351</b>	<b>39 826 344</b>

The split of the administrative budget per programme delegated to the Agency is shown in the table below<sup>6</sup>:

Programme	Budget 2020 (EUR)	Budget 2021 (EUR)
COSME	9 916 195	2 971 745
H2020	30 679 526	7 439 118
LIFE	5 543 517	1 756 124
EMFF	3 101 566	904 382
HE	-	23 442 069
SMP	-	8 024 322
ERDF	-	653 380
<b>Total</b>	<b>49 240 804</b>	<b>45 191 140</b>

The implementation of the final budget appropriations, fund source C1, is at a level of 94% for commitments (2020: 98 %) and 88% for payments (2020: 92 %).

In 2021, the difference between commitments and payments amounts to EUR 2 699 006 (last column of the below table). The Agency carried forward this amount to 2022 as it corresponds to legal commitments contracted in 2021 but not yet paid on 31 December 2021 (mainly payments related to rent, communication, support services and trainees and ICT services).

<sup>6</sup> Initial foreseen 'ex ante'-budget, not actual costs paid by parent DGs 'ex post'.

**Report on the budgetary and financial management of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA)**  
**Financial year 2021**

Budget line	Description	Appropriation (1) (EUR)	Committed (2) (EUR)	% Committed (2/1)	Paid (3) (EUR)	% Paid (3/1)	Balance Commitment (1-2) (EUR)	Balance Payment (2-3) (EUR)
<b>Title: 1 Staff expenditure</b>		<b>35 314 640</b>	<b>33 873 266</b>	<b>96%</b>	<b>33 277 891</b>	<b>94%</b>	<b>1 441 374</b>	<b>595 375</b>
<b>Chapter 11 – Remunerations, allowances &amp; charges</b>		<b>33 290 000</b>	<b>32 194 948</b>	<b>97%</b>	<b>31 863 948</b>	<b>96%</b>	<b>1 095 052</b>	<b>331 000</b>
1111	Temporary Agents - Remunerations	10 345 000	10 034 205	97%	10 034 205	97%	310 795	-
1112	Temporary Agents - Allowances	2 660 000	2 538 979	95%	2 538 979	95%	121 021	-
1121	Contract Agents - Remuneration	14 900 000	14 509 677	97%	14 509 677	97%	390 323	-
1122	Contract Agents - Allowances	4 100 000	4 021 015	98%	4 021 015	98%	78 985	-
1131	Seconded National Experts	110 000	82 390	75%	82 390	75%	27 610	-
1141	Support services & trainees	1 175 000	1 008 682	86%	677 682	58%	166 318	331 000
<b>Chapter 12 – Professional development &amp; social expenditure</b>		<b>2 024 640</b>	<b>1 678 318</b>	<b>83%</b>	<b>1 413 943</b>	<b>70%</b>	<b>346 322</b>	<b>264 375</b>
1211	Recruitment expenses	10 000	-	0%	-	0%	10 000	-
1221	Individual entitlements of staff	483 140	415 072	86%	380 072	79%	68 068	35 000
1231	Training	440 000	258 581	59%	234 581	53%	181 419	24 000
1241	Medical Service	130 000	98 319	76%	58 319	45%	31 681	40 000
1242	Mobility & social expenses for the Staff	931 500	896 346	96%	740 971	80%	35 154	155 375
1251	Representation expenses, Events and Internal meetings	30 000	10 000	33%	-	0%	20 000	10 000
<b>Title: 2 Infrastructure and operating expenses</b>		<b>8 361 500</b>	<b>7 575 435</b>	<b>91%</b>	<b>6 296 056</b>	<b>75%</b>	<b>786 065</b>	<b>1 279 379</b>
<b>Chapter 21 – Building expenditure</b>		<b>5 157 000</b>	<b>4 859 555</b>	<b>94%</b>	<b>4 175 471</b>	<b>81%</b>	<b>297 445</b>	<b>684 084</b>
2111	Rental of building and associated expenses	5 157 000	4 859 555	94%	4 175 471	81%	297 445	684 084
<b>Chapter 22 – ICT expenses</b>		<b>2 760 000</b>	<b>2 411 381</b>	<b>87%</b>	<b>2 092 874</b>	<b>76%</b>	<b>348 619</b>	<b>318 507</b>
2211	ICT Purchases, Hard - and Software & Maintenances	330 000	311 155	94%	309 922	94%	18 845	1 233
2212	ICT Services	2 430 000	2 100 226	86%	1 782 952	73%	329 774	317 274
<b>Chapter 23 – Movable property and current operating expenditure</b>		<b>444 500</b>	<b>304 499</b>	<b>69%</b>	<b>27 711</b>	<b>6%</b>	<b>140 001</b>	<b>276 788</b>
2311	Furniture, Technical Installations and associated expenses	302 500	231 499	77%	21 901	7%	71 001	209 598
2312	Office Supplies, documentation & correspondence	27 000	17 000	63%	-	0%	10 000	17 000
2313	Charges, insurances & other operating expenses	115 000	56 000	49%	5 810	5%	59 000	50 190
<b>Title: 3 Programme support expenditure</b>		<b>1 515 000</b>	<b>1 076 649</b>	<b>71%</b>	<b>252 397</b>	<b>17%</b>	<b>438 351</b>	<b>824 252</b>
<b>Chapter 31 – Programme management expenditure</b>		<b>1 515 000</b>	<b>1 076 649</b>	<b>71%</b>	<b>252 397</b>	<b>17%</b>	<b>438 351</b>	<b>824 252</b>
3111	Experts and external meetings	65 000	23 638	36%	13 500	21%	41 362	10 138
3112	Missions: Programme Management	141 000	60 352	43%	40 352	29%	80 648	20 000
3113	External Audits	170 000	150 465	89%	5 750	3%	19 535	144 715
3114	Communication, Information and Linguistic services	874 000	715 900	82%	139 817	16%	158 100	576 083
3116	Programme related IT expenses	265 000	126 294	48%	52 978	20%	138 706	73 316
<b>Total</b>		<b>45 191 140</b>	<b>42 525 350</b>	<b>94%</b>	<b>39 826 344</b>	<b>88%</b>	<b>2 665 790</b>	<b>2 699 006</b>

The breakdown of the administrative budget by type of expenditure (see above table) shows that total staff expenditure (title 1) accounts for about 71% of total commitments, i.e. EUR 31 863 948.

In regard to chapter 11 - throughout the year 2021, salaries were calculated by PMO with which the Agency has had a Service Level Agreement (SLA) since 2005. On this basis, the Agency processes and authorises the related payments to staff. Training costs are mostly covered by the SLA with DG HR.

The table below provide an overview of the staffing evolution in 2021:

	Staff on 31/12/2020	Staff on 31/12/2021	Foreseen by 31/12/2021	% establishment plan 2021
Seconded Officials	27	36	38	95%
Temporary Agents	81	63	76	83%
Contract Agents	375	269	295	91%
Seconded National Experts	-	2	2	100%
<b>Total</b>	<b>483</b>	<b>370</b>	<b>411</b>	<b>90%</b>

On 31 December 2021, EISMEA employed 370 staff, thus achieving 90% of its staffing plan.

This was EISMEA's first year of operation staff were recruited from previous Executive Agencies (EASME, REA, CHAFEA) as well as the European Commission. EISMEA launched a total of 61 selection procedures for various profiles. 18 were external procedures to establish reserve lists (6 were for temporary agent posts and 12 were for contract agent posts). EISMEA published 3 procedures in the framework of the inter-agency market for contracts agents, and the Agency participated in 2 joint-recruitment procedures with other Executive Agencies.

As for professional development & social expenditure (chapter 12), the specific budget lines cover the following activities:

- ✓ Recruitment expenses (budget line 1211) covered the reimbursement of travel expenses incurred during the selection and recruitment procedures of new candidates in 2021;
- ✓ Individual entitlements of staff (budget line 1221) covered the cost of the calculation of staff mission expenses and the establishment of individual rights for all staff members. The services are provided to the Agency by PMO according to a service level agreement (SLA);
- ✓ Trainings (budget line 1231) ordered in 2021 covered the following: Commission trainings managed under the SLA signed with DG HR, other external trainings and teambuilding activities;
- ✓ Medical services (budget line 1241) provided by DG HR based on the SLA;
- ✓ Mobility and social expenses for the staff (budget line 1242) covered school transport costs and services linked to the "Centre de la Petite Enfance" (OIB).
- ✓ Representation expenses, events and internal meetings covered representation costs and mainly other expenses related to the organisation of internal meetings.

In 2021, EUR 7 575 435 (17% of the total budget) were committed to infrastructure and operating expenses (title 2).

The majority of expenses (66%) related to building expenditure (chapter 21), which included rental costs for the space occupied in the Covent Garden building and charges related to it provided by OIB (charges for water/heating/cooling/electricity as well as maintenance of some common technical installations) and DG HR (security and access control services on the building foreseen in an SLA).

ICT expenses (chapter 22) represent 32% of title 2 and concern mainly:

- ✓ ICT purchases, hardware, software and maintenance;
- ✓ ICT services: provisions of IT systems and the ITIC helpdesk based on SLA with DG BUDG and DGIT and consultants costs.

The movable property and current operating expenditure (chapter 23) represents only 2% of the title 2 and relates to purchases of furniture, technical installations and associated expenses, office supplies and other operating expenses.



As for title 3 – programme support expenditure, which represented 2% of the total budget:

- ✓ 66% related to communication, information and linguistic services (budget line 3114) and covered expenses relating to communication activities of the Agency on different programmes, as well as horizontal communication, translation and interpretation costs;
- ✓ 14% represented external audits (budget line 3113): specific contracts for ex-post audits on the legacy performed by external contractors, on the costs and expenses reported by beneficiaries of a community financial contribution (grant). The management of the grants is covered by the operational budget of the Agency;
- ✓ 12% covered programme related IT expenses (budget line 3116) and related to specific contracts to further develop the IT tools (H2022);
- ✓ 2% covered finance experts, meetings with NCP's (National Contact Points) and several kick-off meetings and catering during meetings with external contractors (budget line 3111);
- ✓ about 6% was consumed to cover missions expenses (budget line 3112).

### ***Carry-forward to 2022***

The main appropriations to be carried forward to 2022 (EUR 2 699 006 - 6% of the total budget) are the following:

- Building charges: EUR 684 084 balance payments for the SLA's with OIB;
- Communication: EUR 576 083 mainly for social media communication experts (intra-muros), IT consultants and other contracts for communication and translations services;
- Support services and trainees expenses EUR 331 000 for interims and trainees for the second part of 2021;
- ICT services: EUR 317 274 amount necessary for the payment of the IT consultants for the 4<sup>th</sup> quarter 2021, for system administration services for EASME IT infrastructure and other IT projects;
- Furniture, Technical Installations and associated expenses: EUR 209 598 for purchase of electrical desk and office chairs and balance for the payment of the movers and logistical services.

### **1.2.2. 2020 appropriations carried-forward to 2021 (C8)**

The carry-forward of the appropriations from 2020 to 2021 amounted to EUR 3 058 675. Out of this amount, EUR 1 824 660 was paid, which represents 60% of the total commitments carried-forward (2020: 68%). The difference between commitments carried-forward from 2020 to 2021 and payments on those commitments totals to EUR 1 234 046 (2020: EUR 1 423 877) of which EUR 1 021 118 will be reimbursed to the Commission in 2022 (excluding transfer of C8 appropriations relating to external audits for LIFE and EMFF to CINEA – ToF exercise).

	Payments appropriations carried-forward from 2020 (RAL C8) (EUR)	% by title	Amounts paid (EUR)	ToF to CINEA (EUR)	Total unused payment appropriations carried-forward from 2020 (EUR)
Title: 1 Staff expenditure	652 591	21%	300 813	-	-
Title: 2 Infrastructure and operating expenses	1 353 008	44%	740 567	-	-
Title: 3 Programme support expenditure	1 053 077	35%	783 279	212 897	-
<b>Total</b>	<b>3 058 675</b>	<b>100%</b>	<b>1 824 659</b>	<b>212 897</b>	<b>-</b>

The main amounts that were unduly carried forward (EUR 1 021 118) and therefore had to be de-committed are the following:

**Report on the budgetary and financial management of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA)  
Financial year 2021**

- EUR 508 936 for rent;
- EUR 181 710 for mobility and social expenses;
- EUR 105 706 for medical expenses;
- EUR 54 866 for communication;
- EUR 42 866 for support services;
- EUR 37 430 for ICT services.

The details are presented in the table below:

Budget line	Description	Appropriation (1)	Paid (2)	% Paid (2/1)	Balance Commitment (1-2)	Balance carried-forward
<b>Title: 1 Staff expenditure</b>		<b>652 591</b>	<b>300 813</b>	<b>46%</b>	<b>351 778</b>	<b>-</b>
<b>Chapter 11 – Remunerations, allowances &amp; charges</b>		<b>147 500</b>	<b>104 634</b>	<b>71%</b>	<b>42 866</b>	<b>-</b>
1141	Support services & trainees	147 500	104 634	71%	42 866	-
<b>Chapter 12 – Professional development &amp; social expenditure</b>		<b>505 091</b>	<b>196 179</b>	<b>39%</b>	<b>308 912</b>	<b>-</b>
1221	Individual entitlements of staff	58 037	53 823	93%	4 214	-
1231	Training	58 305	41 023	70%	17 282	-
1241	Medical Service	105 706	-	0%	105 706	-
1242	Mobility & social expenses for the Staff	283 043	101 333	36%	181 710	-
<b>Title: 2 Infrastructure and operating expenses</b>		<b>1 353 008</b>	<b>740 567</b>	<b>55%</b>	<b>612 441</b>	<b>-</b>
<b>Chapter 21 – Building expenditure</b>		<b>945 200</b>	<b>436 264</b>	<b>46%</b>	<b>508 936</b>	<b>-</b>
2111	Rental of building and associated expenses	945 200	436 264	46%	508 936	-
<b>Chapter 22 – ICT expenses</b>		<b>307 962</b>	<b>259 336</b>	<b>84%</b>	<b>48 626</b>	<b>-</b>
2211	ICT Purchases, Hard - and Software & Maintenances	36 376	25 181	69%	11 195	-
2212	ICT Services	271 586	234 155	86%	37 431	-
<b>Chapter 23 – Movable property and current operating expenditure</b>		<b>99 846</b>	<b>44 967</b>	<b>45%</b>	<b>54 879</b>	<b>-</b>
2311	Furniture, Technical Installations and associated expenses	22 577	1 362	6%	21 215	-
2312	Office Supplies, documentation & correspondence	14 469	125	1%	14 344	-
2313	Charges, insurances & other operating expenses	62 800	43 480	69%	19 320	-
<b>Title: 3 Programme support expenditure</b>		<b>1 053 077</b>	<b>783 279</b>	<b>74%</b>	<b>269 797</b>	<b>-</b>
<b>Chapter 31 – Programme management expenditure</b>		<b>1 053 077</b>	<b>783 279</b>	<b>74%</b>	<b>269 797</b>	<b>-</b>
3113	External Audits	425 588	212 690	50%	212 897	-
3114	Communication, Information and Linguistic services	402 898	348 032	86%	54 866	-
3116	Programme related IT expenses	224 591	222 557	99%	2 034	-
<b>Total</b>		<b>3 058 675</b>	<b>1 824 659</b>	<b>60%</b>	<b>1 234 016</b>	<b>-</b>

## 2. REVENUE

In accordance with Article 5 of the Standard Financial Regulation for the Executive Agencies, the revenue of the agency shall comprise a grant awarded by the Communities and any other revenue, including assigned revenue within the meaning of Article 15 thereof.

Type of revenue	Draft budget	Amendments	Final budget	Entitlements established	Revenue received
Commission subsidy	45 191 140	-	45 191 140	43 071 370	43 071 370
Other income	-	-	-	7 551	5 786
<b>TOTAL</b>	<b>45 191 140</b>	<b>-</b>	<b>45 191 140</b>	<b>43 078 921</b>	<b>43 077 156</b>

To cover its administrative costs for 2021, the Agency receives a subsidy from the EU budget. This subsidy of EUR 43 071 370 was paid in five instalments (2 by the DG GROW and 3 by DG RTD).

The received other revenues consist recovery of missions and rent related expenses paid by the Agency in 2020.

### **3. GLOSSARY ON TERMS, ABBREVIATIONS AND ACRONYMS USED IN THE REPORT**

<b>Term</b>	<b>Definition</b>
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).
Adjustment	Amending budget or transfer of funds from one budget item to another.
Adopted budget	Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority. Cf. Budget.
Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
Amending budget	Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.
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.
Appropriations	Dedicated revenue received to finance specific items of expenditure. Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i> . 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(2).
Authorising Officer	The AO is responsible in each institution for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.
C1	Current Appropriations = Initial Budget + Amending Budget + Transfers
C2/C3	Appropriations non automatically carried over – carried over on Decision of the College
C4	Appropriations non automatically carried over – carried over on Decision of the College
C5	Appropriations arising from Internal Assigned Revenue cashed in the previous year and carried over to the current one
C8	Appropriations automatically carried forward from previous year to current year
IC1	Universal revenue voted in the budget
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 result	The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for Agencies.
Budget implementation	Consumption of the budget through expenditure and revenue operations.

**Report on the budgetary and financial management of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA)**  
**Financial year 2021**

Budget item / Budget line / Budget position	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: <i>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.</i>
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: <i>Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.</i>
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution. (Cf. Assigned revenue)
Economic result	Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.
Entitlements established	Entitlements are recovery orders that the European Union must establish for collecting income.
Exchange rate difference	The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.
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, p. 1)
Funds Source	Type of appropriations (e.g.: C1, C2, etc.)
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body, which pursues an aim of general European interest or has an objective forming part of an EU policy.
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 " <i>efficient execution of Union research, technological development and demonstration programmes</i> ".
Lapsing appropriations	Unused appropriations to be cancelled at the end of the financial year. <i>Lapsing</i> means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, which is represented by an appropriation.
Legal base (basic act)	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.

**Report on the budgetary and financial management of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA)  
Financial year 2021**

Operational appropriations	Operational appropriations finance the different policies, mainly in the form of grants or procurement.
Outstanding commitment	Legal commitments having not fully given rise to liquidation by payments. Cf. RAL.
Outturn	Cf. Budget result
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 ' <i>reste à liquider</i> ') 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. <i>Outstanding commitments</i> )
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.
Result	Cf. Outturn
Revenue	Term used to describe income from all sources financing the budget.
Rules of application	Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.
Surplus	Positive difference between revenue and expenditure (see Budget result) which has to be returned to the funding authority as provided in the Financial Regulation.
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 authorization.