Amending budget 5/2017: European Fund for Sustainable Development (EFSD); Emergency Aid Reserve (EAR)

2017/2135(BUD) - 28/07/2017 - Commission draft budget

PURPOSE: to present draft amending budget No 5 to the general budget 2017.

BACKGROUND: in publishing its communication on the establishment of a **new partnership framework with third countries** under the European Agenda on Migration, the Commission proposed a variety of measures to address the most urgent needs of refugees and to support host communities, while emphasising the need for a long term strategy to address the root causes of migration.

Following the endorsement of this proposal by the European Council and in response to its invitation, the Commission presented a communication towards the **new European External Investment Plan (EIP)** to boost investments in Africa and the Neighbourhood.

The EIP is based on three pillars: (i) the European Fund for Sustainable Development (EFSD), (ii) technical assistance and (iii) improving investment climate and overall policy environment. **The EFSD constitutes the integrated financial package of the EIP**, combining financing of blending facilities and an EFSD Guarantee (EUR 1 500 million), backed by an EFSD Guarantee Fund (EUR 750 million, of which EUR 350 million from the EU budget and EUR 400 million from the European Development Fund).

On 14 September 2016, the Commission submitted a proposal for a Regulation establishing the EFSD, the EFSD Guarantee and the EFSD Guarantee Fund.

CONTENT: the draft amending budget (DAB) presented by the Commission has two objectives:

1. To provide the financing from the general budget 2017 for the European Fund for Sustainable Development (EFSD): further to the adoption of the final compromise on the draft EFSD Regulation between the European Parliament, the Council and the Commission, the adoption of the EFSD Regulation by the Council will follow in September 2017.

The Commission is therefore requesting in the present DAB the necessary appropriations in order to provide for the contribution from the general budget to the EFSD Guarantee Fund in 2017 (**EUR 275 million in commitment and payment appropriations**). The remaining contribution of EUR 75 million from the general budget to the Fund is to be provided in 2018–2020.

The Commission proposes to mobilise the flexibility instrument in order to cover in full the increase in commitment and payment appropriations requested for the financing of the EFSD. This DAB is accompanied by the proposal for the mobilisation of the Flexibility Instrument.

2. To reflect in the general budget 2017 the outcome of the **mid-term revision** of the MFF regulation 2014-2020 as regards the increase of the annual amount of the Emergency Aid Reserve (EAR), from EUR 280 million to **EUR 300 million** in 2011 prices.

It is thus necessary to reflect this increase in the general budget 2017 by adding EUR 22.8 million (in current princes) to the EAR in commitment appropriations. As regards payment appropriations, the Commission considers that the amount available in the general budget 2017 (EUR 315 million) will suffice to meet its estimated needs.

Overall, this DAB **increases the level of commitment appropriations by EUR 297.8 million** whereas the level of payment appropriations remains unchanged.