

Amending budget 6/2020: recovery plan for Europe

2020/2093(BUD) - 03/06/2020 - Commission draft budget

PURPOSE: presentation of draft amending budget No 6/2020 as regards the launch of the recovery plan for Europe.

CONTENT: the aim of this Draft Amending Budget (DAB) No 6 for the year 2020 is to provide EUR 11 540 million in commitment appropriations and EUR 6 540 million in payment appropriations to reflect the impact of the legislative proposals adopted by the Commission in the framework of the European Union economic recovery package and complements the [proposal](#) to revise the Multiannual Financial Framework Regulation for 2020.

Solvency support window within the European Fund for Strategic Investment (EFSI)

The proposal to amend the EFSI Regulation includes the creation of a specific solvency support instrument, that will mobilise private capital to support the solvency of companies affected by the COVID-19 crisis with a view to restore normal operations and enhancing a sustainable and profitable business track, preserving jobs and sustaining the competitiveness of European enterprises. The appropriations will increase the EFSI Guarantee fund, to support the guarantees granted under the new solvency support window, increase the envelope dedicated to the European Investment Advisory Hub and the European Investment Project Portal for solvency support measures and allow the solvency support instrument to start already in 2020. Administrative support expenditure are proposed to finance risk analysis and reporting costs, setting up and monitoring of compliance rules and IT costs.

Enhanced European Fund for Sustainable Development (EFSD)

An [amendment of the EFSD Regulation](#) was proposed within the framework of the response to the Covid-19 pandemic and its consequences. Providing additional funds to the EFSD under the current Multiannual Financial Framework will increase its capacity to grant guarantees in partner countries, and thus facilitates a swift reply to the Covid-19 pandemic in these regions. The amendment extends the geographic scope to the Western Balkans and also extends the investment period during which the EFSD guarantee agreements to support financing and investment operations can be concluded by one year, until 31 December 2021. A limited amount of administrative and technical support expenditure is proposed for the extension of the Regulation, notably for the amendment of EFSD support contracts to extend their scope to the Western Balkans.

REACT-EU Initiative

Under the [React-EU initiative](#), Member States will be entitled to use additional amounts under the Investment for growth and jobs goal from the European Regional Development Fund (ERDF) or the European Social Fund (ESF) to support operations fostering crisis repair in the context of the Covid-19 pandemic in the regions whose economy and jobs have been hit harder and preparing the recovery of their economies, or to voluntarily increase the allocation for programmes supported by the Fund for European Aid to the most deprived (FEAD).

Due to the extraordinary nature of the circumstances, specific rules for the implementation of the React-EU appropriations (significant level of initial pre-financing, 100% EU co-financing) are proposed. It is necessary that these resources are programmed under one or more new dedicated priority axes or, where appropriate, under a new dedicated operational programme.

Increasing the capital of the European Investment Fund (EIF)

The Commission and the European Investment Fund will increase their collaboration and the EIF shall be responsible for implementing additional guarantee amounts covered by the EU Budget under the Union economic recovery package. In order to maintain its financial capacity and to preserve its high grade profile in the financial markets, it has become essential that the capital of the EIF is increased. Once the capital increase of the EIF is confirmed by the Governing board, the Commission will present a proposal for a Decision of the European Parliament and of the Council on the participation of the European Union in the capital increase of the EIF.

Financing

Given that nearly all margins under the MFF ceilings and availabilities of special instruments for 2020 were exhausted after the [proposed Draft Amending Budget No 5](#), the only possibility to finance the launch of the recovery plan for Europe in 2020 is to increase the commitment ceilings for 2020 for sub-Headings 1a and 1b and Heading 4 as proposed in the revision of the MFF Regulation for 2020.

This Draft Amending Budget, which can only be finally adopted after the adoption of the MFF revision, will then be financed within the increased ceilings without recourse to any special instruments.

The proposed revision of the MFF Regulation increases the commitment ceilings and therefore does not apply to the UK.

DAB 6/2020 does not create any new rights or obligations for the UK: the UK will not contribute to the financing of this DAB and will not benefit from any of the programmes reinforced through it nor receive reimbursement from the investments made under it.

Lastly, in order to ensure full transparency dedicated budget lines are proposed to be created for all additional appropriations proposed in this DAB.