Amending budget 9/2020: increase of payment appropriations in line with updated forecasts of expenditure and other adjustments to expenditure and revenue

2020/0298(BUD) - 09/10/2020 - Commission draft budget

PURPOSE: presentation of draft amending budget No 10/2020 which aims to increase of payment appropriations in line with updated forecasts of expenditure and other adjustments to expenditure and revenue.

CONTENT: the purpose of draft amending budget (DAB) No 10 for the year 2020 is threefold:

(1) Increase the level of payment appropriations in line with the updated forecast and after having taken into account the redeployments proposed in the 'Global transfer'

The 'Global transfer' is an annual exercise organised at corporate level within the Commission for which all Directorates Generals and Services are requested to review by early September their respective payment implementation of the current budget until the end of the year concerned. This exercise aims to ensure maximum implementation of the budget in payment appropriations at the end of the year by matching additional needs with expected under-implementation. An *ad hoc* request for transfer is annually submitted to Parliament and Council in early October as a result.

DAB No 8 for the year 2020 was decoupled from the 'Global transfer exercise' and included only requests for which urgent action from the Union was requested such as a significant request for additional payment appropriations (i.e. EUR 6 190 million), focused exclusively on two specific elements: provide additional payment appropriations (i) to the Emergency Support Instrument (ESI) to finance the COVID-19 vaccines strategy and (ii) for cohesion following the adoption of the Corona Response Investment Initiative Plus (CRII+).

In addition to the requests included in DAB No 8, the 2020 'Global transfer' exercise resulted in additional gross payment needs of EUR 2 125.2 million, only partially offset by expected payment under-implementation of EUR 595.4 million. The additional payments requested in this DAB No 10 aims at closing the gap of EUR 1 529.8 million.

Increased payments are requested in the following areas

Competitiveness of enterprises and small and medium-sized enterprises (COSME)

As a result of the COVID-19 crisis, many Small and Medium-Sized Enterprises (SMEs) across the Union experienced a sudden lack of liquidity. In conjunction with the implementing partner (the European Investment Fund), additional payment appropriations of EUR 93.8 million are needed to allow the European Commission to honour its contractual obligations vis-à-vis the EIF.

Connecting Europe Facility (CEF) - CF contribution

The implementation of the cohesion strand of the Connecting Europe facility for Transport (CEF-CF) is progressing faster than expected and the payment needs for the rest of the year exceed the current

availabilities. The Commission considered that a reinforcement of EUR 100 million in payment appropriations is needed in order to respect the payment deadlines and honour all legal obligations.

European Agricultural Fund for Rural Development (EAFRD)

The COVID-19 crisis has not slowed down the financial implementation of the programmes financed by the EAFRD.

The Commission considered that a reinforcement of EUR 750 million in payment appropriations is needed in order to cover all expected payment applications to be paid in 2020.

Global EU response to Covid-19

There is a need for reinforcement in payment appropriations of the following instruments by EUR 586 million in total as follows:

Instrument for Pre-Accession Assistance (IPA II)

Additional appropriations for a total of EUR 210 million are needed to cover payments for contracts for Montenegro, Albania, Kosovo, Serbia, North Macedonia and Turkey as well as budget support payments for Serbia, Albania and North Macedonia.

European Neighbourhood Instrument (ENI)

Additional payment appropriations for a total of EUR 286 million are needed to cover the accelerated disbursements of several budget support programmes for Morocco, Tunisia, Jordan, Algeria, Georgia and Armenia.

Development Cooperation Instrument (DCI)

Additional payment appropriations for a total of EUR 90 million are therefore needed to cover accelerated disbursements for Nepal, Myanmar, Cambodia, Tajikistan, Uzbekistan and Afghanistan.

(2) Other adjustments on expenditure - more limited expenditure adjustments

These concern the level of appropriations of the European Agriculture Guarantee Fund (EAGF) and some decentralised agencies (ESMA, EIOPA, EBA and ELA). The overall increase in payment appropriations (EUR 1 569.3 million) requested concerns headings 1a 'Competitiveness for Growth and Jobs', 1b 'Economic, Social and Territorial Cohesion', 2 'Sustainable Growth – Natural Resources' and 4 'Global Europe'.

The increase of commitment appropriations in heading 2 is slightly rebalanced by savings in heading 1a agencies resulting in an overall increase in commitments of EUR 36.4 million.

(3) Adjustments to the revenue side to incorporate the impact of exchange rate differences and additional fines collected

To reduce the risk of a budgetary deficit by the end of 2020 an amount of minus EUR 716 million is proposed by the Commission to be entered in the budget to offset exchange rate differences till the end of the year.

It is proposed to increase the forecasts introduced in the budget 2020 (EUR 218 million) by EUR 128 million. This will reduce accordingly the own resources contributions from Member States to the EU budget.

The overall impact on the revenue side is a decrease of other revenue by EUR 588 million rebalanced by a corresponding increase in the GNI contributions.