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COM(2020) 423 final

**DRAFT AMENDING BUDGET No 6  
TO THE GENERAL BUDGET 2020**

**Reflecting in the budget 2020 the launch of the recovery plan for Europe**

Having regard to:

- the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (...) <sup>1</sup>, and in particular Article 44 thereof,
- the general budget of the European Union for the financial year 2020, as adopted on 27 November 2019 <sup>2</sup>,
- amending budget No°1/2020 <sup>3</sup>, adopted on 17 April 2020,
- amending budget No°2/2020 <sup>4</sup>, adopted on 17 April 2020,
- draft amending budget No°3/2020 <sup>5</sup>, adopted on 15 April 2020,
- draft amending budget No°4/2020 <sup>6</sup>, adopted on 30 April 2020,
- draft amending budget No°5/2020 <sup>7</sup>, adopted on 3 June 2020,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No°6/2020 to the 2020 budget.

## **CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION**

The changes to the general statement of revenue and section III are available on EUR-Lex (<https://eur-lex.europa.eu/budget/www/index-en.htm>).

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<sup>1</sup> OJ L 193, 30.7.2018.

<sup>2</sup> OJ L 57, 27.2.2020.

<sup>3</sup> OJ L 126, 21.4.2020.

<sup>4</sup> OJ L 126, 21.4.2020.

<sup>5</sup> COM(2020) 180, 15.4.2020.

<sup>6</sup> COM(2020) 190, 30.4.2020.

<sup>7</sup> COM(2020) 421, 3.6.2020.

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## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 6 for the year 2020 is to provide EUR 11 540,0 million in commitment appropriations and EUR 6 540,0 million in payment appropriations to reflect the impact of the legislative proposals adopted by the Commission on 27, 28 and 29 May in the framework of the European Union economic recovery package<sup>8</sup> and complements the proposal to revise the Multiannual Financial Framework Regulation for 2020<sup>9</sup>.

### 2. A SOLVENCY SUPPORT WINDOW WITHIN THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS (EFSI)

The proposal to amend the EFSI Regulation<sup>10</sup> 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.

*EUR*

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
01 01 04 01	Support expenditure for the European Fund for Strategic Investments (EFSI)	2 000 000	2 000 000
01 04 05 02	EFSI Guarantee fund — Solvency Support Instrument Window	4 980 000 000	2 490 000 000
01 04 06 02	EIAH and EIPP — Solvency Support Instrument Window	18 000 000	8 000 000
<b>Total</b>		<b>5 000 000 000</b>	<b>2 500 000 000</b>

### 3. REINFORCEMENT OF THE EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT (EFSD)

An amendment of the EFSD Regulation<sup>11</sup> 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<sup>12</sup>.

<sup>8</sup> COM(2020) 456, 27.5.2020.

<sup>9</sup> COM(2020) 446, 28.5.2020.

<sup>10</sup> COM(2020) 404, 29.5.2020.

<sup>11</sup> COM(2020) 407, 28.5.2020.

<sup>12</sup> Administrative support to the EFSD is currently mainly financed by the European Development Fund.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
01 01 04 02	Support expenditure for the European Fund for Sustainable Development (EFSD)	1 000 000	1 000 000
01 03 08 02	Provisioning of the EFSD Guarantee Fund — Response to the COVID-19 outbreak	1 039 000 000	1 039 000 000
<b>Total</b>		<b>1 040 000 000</b>	<b>1 040 000 000</b>

#### 4. SETTING UP THE NEW REACT-EU INITIATIVE

Under the React-EU initiative<sup>13</sup>, 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).

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Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
04 02 59	European Social Fund — Financing under REACT-EU	1 494 750 000	747 375 000
04 02 63 03	European Social Fund — Operational technical assistance — Financing under REACT-EU	5 250 000	2 625 000
04 06 03 01	FEAD — Operational expenditure — Financing under REACT-EU	p.m.	p.m.
04 06 03 02	FEAD — Operational technical assistance — Financing under REACT-EU	p.m.	p.m.
13 03 59	European Regional Development Fund (ERDF) — Financing under REACT-EU	3 487 750 000	1 743 875 000
13 03 65 03	European Regional Development Fund (ERDF) — Operational technical assistance — Financing under REACT-EU	12 250 000	6 125 000
<b>Total</b>		<b>5 000 000 000</b>	<b>2 500 000 000</b>

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. The budgetary structure will be adjusted accordingly: 3 new budget lines will be created under title 04 Employment, social affairs and inclusion for ESF, FEAD and under title 13 Regional and urban policy for ERDF in order to allow transparent implementation and reporting of the React-EU initiative. The split between the ESF and ERDF lines is indicative as the final allocation per Fund will be known when the programmes are adopted.

#### 5. INCREASING THE CAPITAL OF THE EUROPEAN INVESTMENT FUND (EIF)

The Commission and the European Investment Fund will increase their collaboration and the EIF is 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. The European Union should participate in such increase in line with its long lasting engagement with the EIF. The appropriations will be used to participate in the capital increase envisaged by the EIF in 2020.

<sup>13</sup> COM(2020) 451, 27.5.2020.

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. Pending the adoption of this Decision, the related appropriations will be put in the budget as a provision in line with Article 49 of the Financial Regulation.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
		p.m.	p.m.
40 02 41	Differentiated appropriations ( <i>Reserve for budget item 01 04 01 03 – European Investment Fund — European Investment Fund — Provision of paid-up shares of subscribed capital to provide support to the European economy and its recovery, in particular to small and medium-sized enterprises</i> )	500 000 000	500 000 000
01 04 01 04	European Investment Fund — Callable portion of subscribed capital to provide support to the European economy and its recovery, in particular to small and medium-sized enterprises	p.m.	p.m.
<b>Total</b>		<b>500 000 000</b>	<b>500 000 000</b>

## 6. 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 as Article 135(2) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community provides that amendments to Council Regulation (EU, Euratom) No 1311/2013 that are adopted on or after the date of entry into force of that Agreement shall not apply to the United Kingdom *insofar as those amendments have an impact on the United Kingdom's financial obligations*. Consequently this draft amending budget 6 does not create any new rights or obligations for the UK: the UK will not contribute to its 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. In order to ensure full transparency dedicated budget lines are proposed to be created for all additional appropriations proposed in this DAB.

The financing tables in the budgetary annex set out the financing of this amending budget by EU 27.

## 7. SUMMARY TABLE BY MFF HEADING

In EUR

Heading	Budget 2020 (incl. AB 1-2 & DAB 3-5/2020)		Draft Amending Budget 6/2020		Budget 2020 (incl. AB 1-2 & DAB 3-6/2020)	
	CA	PA	CA	PA	CA	PA
<b>1. Smart and inclusive growth</b>	<b>83 930 597 837</b>	<b>72 353 828 442</b>	<b>10 500 000 000</b>	<b>5 500 000 000</b>	<b>94 430 597 837</b>	<b>77 853 828 442</b>
<i>Ceiling</i>	83 661 000 000				94 161 000 000	
<i>Margin</i>						
1a Competitiveness for growth and jobs	25 284 773 982	22 308 071 592	5 500 000 000	3 000 000 000	30 784 773 982	25 308 071 592
<i>Of which under global margin for commitments</i>	93 773 982				93 773 982	
<i>Ceiling</i>	25 191 000 000				30 691 000 000	
<i>Margin</i>						
1b Economic social and territorial cohesion	58 645 823 855	50 045 756 850	5 000 000 000	2 500 000 000	63 645 823 855	52 545 756 850
<i>Of which under global margin for commitments</i>	175 823 855				175 823 855	
<i>Ceiling</i>	58 470 000 000				63 470 000 000	
<i>Margin</i>						
<b>2. Sustainable growth: natural resources</b>	<b>59 907 021 051</b>	<b>57 904 492 439</b>			<b>59 907 021 051</b>	<b>57 904 492 439</b>
<i>Ceiling</i>	60 421 000 000				60 421 000 000	
<i>Of which offset against Contingency margin</i>	- 465 323 871				- 465 323 871	
<i>Margin</i>	48 655 078				48 655 078	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	43 410 105 687	43 380 031 798			43 410 105 687	43 380 031 798
<i>Sub-ceiling</i>	43 888 000 000				43 888 000 000	
<i>Rounding difference excluded from margin calculation</i>	888 000				888 000	
<i>Of which offset against Contingency margin</i>	- 428 351 235				- 428 351 235	
<i>EAGF Margin</i>	48 655 078				48 655 078	
<b>3. Security and citizenship</b>	<b>7 152 374 489</b>	<b>5 278 527 141</b>			<b>7 152 374 489</b>	<b>5 278 527 141</b>
<i>Of which under Flexibility Instrument</i>	1 094 414 188				1 094 414 188	
<i>Of which under global margin for commitments</i>	2 392 402 163				2 392 402 163	
<i>Of which under Contingency margin</i>	714 558 138				714 558 138	
<i>Ceiling</i>	2 951 000 000				2 951 000 000	
<i>Margin</i>						
<b>4. Global Europe</b>	<b>10 991 572 239</b>	<b>9 112 061 191</b>	<b>1 040 000 000</b>	<b>1 040 000 000</b>	<b>12 031 572 239</b>	<b>10 152 061 191</b>
<i>Of which under Contingency margin</i>	481 572 239				481 572 239	
<i>Ceiling</i>	10 510 000 000				11 550 000 000	
<i>Margin</i>						
<b>5. Administration</b>	<b>10 271 193 494</b>	<b>10 274 196 704</b>			<b>10 271 193 494</b>	<b>10 274 196 704</b>
<i>Ceiling</i>	11 254 000 000				11 254 000 000	
<i>Of which offset against Contingency margin</i>	- 982 806 506				- 982 806 506	
<i>Margin</i>						
Of which: Administrative expenditure of the institutions	7 955 303 132	7 958 306 342			7 955 303 132	7 958 306 342
<i>Sub-ceiling</i>	9 071 000 000				9 071 000 000	
<i>Of which offset against Contingency margin</i>	- 982 806 506				- 982 806 506	
<i>Margin</i>	132 890 362				132 890 362	
<b>Total</b>	<b>172 252 759 110</b>	<b>154 923 105 917</b>	<b>11 540 000 000</b>	<b>6 540 000 000</b>	<b>183 792 759 110</b>	<b>161 463 105 917</b>
<i>Of which under Flexibility Instrument</i>	1 094 414 188	1 017 029 444			1 094 414 188	1 017 029 444
<i>Of which under global margin for commitments</i>	2 662 000 000				2 662 000 000	
<i>Of which under Contingency margin</i>	1 196 130 377				1 196 130 377	
<i>Ceiling</i>	168 797 000 000	172 420 000 000			180 337 000 000	172 420 000 000
<i>Of which offset against Contingency margin</i>	-1 448 130 377				-1 448 130 377	
<i>Margin</i>	48 655 078	18 513 923 527			48 655 078	11 973 923 527
<b>Other special Instruments</b>	<b>860 261 208</b>	<b>690 998 208</b>			<b>860 261 208</b>	<b>690 998 208</b>
<b>Grand Total</b>	<b>173 113 020 318</b>	<b>155 614 104 125</b>	<b>11 540 000 000</b>	<b>6 540 000 000</b>	<b>184 653 020 318</b>	<b>162 154 104 125</b>