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COMMISSION

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DRAFT AMENDING BUDGET No 2 TO THE GENERAL BUDGET 2020

Providing emergency support to Member States and further reinforcement of the Union Civil Protection Mechanism/rescEU to respond to the COVID-19 outbreak

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 (…)[1], and in particular Article 44 thereof,

– the general budget of the European Union for the financial year 2020, as adopted on 27 November 2019[2],

– draft amending budget No°1/20[3], adopted on 27 March 2020,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No 2 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).

1 OJ L 193, 30.7.2018.
2 OJ L 57, 27.2.2020.
3 COM(2020) 145, 27.3.2020.

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EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 2 for the year 2020 is to provide EUR 3 000,0 million in commitment appropriations and EUR 1 530,0 million in payment appropriations under heading 3 *Security and Citizenship* to finance the provision of emergency support within the Union through the Emergency Support Instrument, which is proposed to be re-activated to help tackle the consequences of the COVID-19 outbreak and to further reinforce the Union Civil Protection Mechanism/rescEU to allow wider stock-piling and coordination of essential resource distribution across Europe[4].

2. PROVIDING EMERGENCY SUPPORT TO MEMBER STATES THROUGH THE RE-ACTIVATION OF THE EMERGENCY SUPPORT INSTRUMENT WITHIN THE UNION

2.1. Context

Given the depth of the crisis following the COVID-19 outbreak as well as the extent and nature of the needs requiring support from the EU budget in the immediate future, the Commission proposes in parallel to this DAB that the Council reactivates and amends Council Regulation 2016/369 on the provision of emergency support within the Union[5] to equip the EU with a broader toolbox commensurate to the large scale of the current COVID-19 pandemic.

The Emergency Support Instrument (ESI) was created in March 2016 and was activated for a period of 3 years to address the emergency situation which had arisen following the massive influx of refugees in Greece. It was designed as a general purpose tool to fight crises within the EU and intervenes only in exceptional circumstances of severe difficulties. It can be mobilised to address **any crisis requiring humanitarian aid** and covers a broad scope of eligible actions: "*Emergency support … may include any of the humanitarian aid actions and may consequently encompass assistance, relief and, where necessary, protection operations to save and preserve life in disasters or in their immediate aftermath*"[6]**.**

The measures foreseen under the Union Civil Protection Mechanism (rescEU), the Civil Protection Mechanism, the Coronavirus Response Investment Initiative to deploy European Structural and Investment Funds and other Union instruments are contributing to partly address the public health emergency; however, the scale and scope of the challenge requires to address effectively the public health related humanitarian consequences of the outbreak within the Union. Emergency support provided under the ESI promotes complementarity to and consistency with actions of the affected Member States, as well as synergies with actions financed at EU level under other funds and instruments.

In view of the above, support under the Emergency Support Regulation (No 2016/369) is proposed to be activated and provided with the necessary appropriations as soon as possible. This will allow the Union to deploy measures preventing and mitigating severe consequences in one or more Member States and to address in a coordinated manner the needs related to the COVID-19 disaster, by complementing any assistance provided under other EU instruments.

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4 On top of the reinforcement (EUR 80,0 million, out of which EUR 10,0 million by redeployment within the Union Civil Protection Mechanism) included in DAB No 1/2020 (COM(2020) 145, 27.3.2020).

5 COM(2020) 175, 2.4.2020.

6 Council Regulation 2016/369 Art 3(2)

2.2. Actions to be financed through the ESI

Given the urgency of the situation and the serious nature of the COVID-19 outbreak related public health crisis in all Member States, the Commission proposes to provide EUR 2 700,0 million in commitment appropriations and EUR 1 380,0 million in payment appropriations to the ESI.

Support may be used to finance inter alia the following actions:

– wider and faster stock-piling and coordination of essential resource distribution across Europe;

– meeting the transport needs for protective gear to be imported from international partners as well as transport across the EU;

– transportation of patients in need to cross-border hospitals which can offer free capacity;

– cross-border cooperation to alleviate the pressure on health systems in the most affected EU regions;

– central procurement and distribution of essential medical supplies to hospitals and emergency supply of protective gear for hospital staff, such as respirators, ventilators, personal protective equipment, reusable masks, medicines, therapeutics and laboratory supplies and disinfectants;

– increasing and converting production capacities of EU enterprises to ensure rapid production and deployment of equipment and material needed to urgently address supplies shortages of essential products and medicines;

– increasing care facilities and resources, including temporary and semi-permanent field hospitals and support for reconverted facilities;

– increasing the production of testing kits and support for acquiring key basic substances;

– boosting the swift development of medication and testing methods;

– developing, purchasing and distributing testing supplies (testing kits, reagents, hardware).

The Commission will ensure full coordination so that actions financed under the ESI complement other existing instruments such as rescEU or the Asylum, Migration and Integration Fund (AMIF) in certain areas (for instance in reception facilities for migrants). The deployment will be adapted to the development of the outbreak and coordinated with measures undertaken by Member States to maximise impact.

EUR

Budget line	**Name**	**Commitment appropriations**	**Payment appropriations**
Section III – Commission			
18 01 04 05	Support expenditure for emergency support within the Union	54 000 000	54 000 000
18 07 01	Emergency support within the Union	2 646 000 000	1 326 000 000
Total		**2 700 000 000**	**1 380 000 000**

3. FURTHER REINFORCEMENT OF THE UNION CIVIL PROTECTION MECHANISM (WITHIN THE UNION)

As part of the EU's response to the COVID-19 outbreak, UCPM facilitates cooperation between Member States. In addition to the joint procurement and as a further safety net, the Commission has adopted a new Implementing Act under UPCM/rescEU in order to **support Member States in purchasing some of the needed equipment** (including therapeutics, medical equipment, Personal Protective Equipment, laboratory supplies), thus increasing the volume, complimenting and widening the scope of priority items purchased through the joint procurement. The rescEU direct grant will provide 100 % financing from the EU budget, which includes full financing for development of the these capacities and full financing of deployment. The equipment purchased will be hosted by one or more Member States, while decision-making is organised at EU level, providing emergency supplies over and beyond the national stocks. It will be available to all Member States and will be used in case of insufficient national capacity.

As announced with the Draft Amending Budget No 1/2020[7], the Commission redeployed EUR 10,0 million in commitment appropriations to support COVID-19 medical countermeasures and equipment from within the existing UCPM/rescEU budget for 2020 (prevention and preparedness within the Union) and proposed a reinforcement of EUR 70,0 million in commitment and EUR 40,0 million in payment appropriations.

In view of the rapid development of the crisis and the associated needs in the Member States, the scale of our stock-piling efforts needs to be further reinforced. rescEU can contribute to wider stock-piling, coordination and distribution of essential medical supplies in high demand to hospitals, including protective gear for hospital staff (masks, goggles, overalls, nano-materials for medical use, disinfectants), ventilators (both invasive and non-invasive ventilators) needed for an effective response. Stocks are to be used to dispatch at short notice necessary medical equipment successively to those MS and regions experiencing outbreaks and epidemic peaks in infections, making an efficient and effective use of reusable equipment where it is most needed.

A further reinforcement of EUR 300,0 million in commitment and EUR 150,0 million in payment appropriations are therefore proposed.

The reinforced rescEU and the re-activated ESI will be complementary and will ensure the most efficient provision of the needed medical equipment.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
Section III – Commission			
23 03 01 01	Disaster prevention and preparedness within the Union	300 000 000	150 000 000
Total		**300 000 000**	**150 000 000**

4. FINANCING

Given the absence of margins and room for redeployment under heading 3 of the multiannual financial framework (MFF), the Commission proposes to mobilise the following special instruments for the total amount of EUR 3 000,0 million:

- The remaining Global Margin for Commitments for an amount of EUR 2 042,4 million[8]. An amendment of the MFF Regulation removing the limitations in the scope of this instrument is proposed in parallel to this Amending budget[9];

[7] COM(2020) 145 final, 27.3.2020.

[8] This amount takes into the remaining margin from 2019 (EUR 1 316,9 million) made available for 2020 in the "Technical adjustment in respect of special instrument" COM(2020) 173, 2.4.2020.

[9] COM(2020) 174, 2.4.2020. This amendment of Regulation No 1311/2013 should enter into force at the latest on the same day as the final adoption of this DAB.

- The Flexibility Instrument for an amount of EUR 243,0 million[10]; and
- The Contingency Margin for the balance (EUR 714,6 million) with a corresponding offset against the margin available in 2020 under heading 5 *Administration*[11].

[10] COM(2020) 171, 2.4.2020.
[11] COM(2020) 172, 2.4.2020.

5. SUMMARY TABLE BY MFF HEADING

In EUR

Heading	Budget 2020 (incl. DAB 1/2020)		Draft Amending Budget 2/2020		Budget 2020 (incl. DAB 1-2/2020)	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth	**83 930 597 837**	**72 353 828 442**			**83 930 597 837**	**72 353 828 442**
Ceiling	*83 661 000 000*				*83 661 000 000*	
Margin						
1a Competitiveness for growth and jobs	25 284 773 982	22 308 071 592			25 284 773 982	22 308 071 592
Of which under global margin for commitments	*93 773 982*				*93 773 982*	
Ceiling	*25 191 000 000*				*25 191 000 000*	
Margin						
1b Economic social and territorial cohesion	58 645 823 855	50 045 756 850			58 645 823 855	50 045 756 850
Of which under global margin for commitments	175 823 855				*175 823 855*	
Ceiling	*58 470 000 000*				*58 470 000 000*	
Margin						
2. Sustainable growth: natural resources	**59 907 021 051**	**57 904 492 439**			**59 907 021 051**	**57 904 492 439**
Ceiling	*60 421 000 000*				*60 421 000 000*	
Margin	*513 978 949*				*513 978 949*	
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
Sub-ceiling	*43 888 000 000*				*43 888 000 000*	
Rounding difference excluded from margin calculation	*888 000*				*888 000*	
EAGF Margin	*477 006 313*				*477 006 313*	
3. Security and citizenship	**4 152 374 489**	**3 748 527 141**	**3 000 000 000**	**1 530 000 000**	**7 152 374 489**	**5 278 527 141**
Of which under Flexibility Instrument	*851 374 489*		*243 039 699*		*1 094 414 188*	
Of which under global margin for commitments	350 000 000		*2 042 402 163*		*2 392 402 163*	
Of which under Contingency margin			*714 558 138*		*714 558 138*	
Ceiling	*2 951 000 000*				*2 951 000 000*	
Margin						
4. Global Europe	**10 406 572 239**	**8 944 061 191**			**10 406 572 239**	**8 944 061 191**
Ceiling	*10 510 000 000*				*10 510 000 000*	
Margin	*103 427 761*				*103 427 761*	
5. Administration	**10 271 193 494**	**10 274 196 704**			**10 271 193 494**	**10 274 196 704**
Ceiling	*11 254 000 000*				*11 254 000 000*	
Of which offset against Contingency margin	*- 252 000 000*		*- 714 558 138*		*- 966 558 138*	
Margin	*730 806 506*				*16 248 368*	
Of which: Administrative expenditure of the institutions	7 955 303 132	7 958 306 342			7 955 303 132	7 958 306 342
Sub-ceiling	*9 071 000 000*				*9 071 000 000*	
Of which offset against Contingency margin	*- 252 000 000*		*- 714 558 138*		*- 966 558 138*	
Margin	*863 696 868*				*149 138 730*	
Total	**168 667 759 110**	**153 225 105 917**	**3 000 000 000**	**1 530 000 000**	**171 667 759 110**	**154 755 105 917**
Of which under Flexibility Instrument	***851 374 489***	***893 079 197***	***243 039 699***	***123 950 247***	***1 094 414 188***	***1 017 029 444***
Of which under global margin for commitments	***619 597 837***		***2 042 402 163***		***2 662 000 000***	
Of which under Contingency margin			***714 558 138***		***714 558 138***	
Ceiling	***168 797 000 000***	***172 420 000 000***			***168 797 000 000***	***172 420 000 000***
Of which offset against Contingency margin	***- 252 000 000***		***- 714 558 138***		***- 966 558 138***	
Margin	***1 348 213 216***	***20 087 973 280***			***633 655 078***	***18 681 923 527***
Other special Instruments	**587 763 000**	**418 500 000**			**587 763 000**	**418 500 000**
Grand Total	**169 255 522 110**	**153 643 605 917**	**3 000 000 000**	**1 530 000 000**	**172 255 522 110**	**155 173 605 917**