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COMMISSION

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DRAFT AMENDING BUDGET No 5 TO THE GENERAL BUDGET 2020

Continuation of the support to refugees and host communities in response to the Syria crisis in Jordan, Lebanon and Turkey

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],

– amending budget No°1/2020[3], adopted on 17 April 2020,

– amending budget No°2/2020[4], adopted on 17 April 2020,

– draft amending budget No°3/2020[5], adopted on 15 April 2020,

– draft amending budget No°4/2020[6], adopted on 30 April 2020,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No°5/2020 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).

1 OJ L 193, 30.7.2018.
2 OJ L 57, 27.2.2020.
3 OJ L 126, 21.4.2020.
4 OJ L 126, 21.4.2020.
5 COM(2020) 180, 15.4.2020.
6 COM(2020) 190, 30.4.2020.

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EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 5 for the year 2020 is to continue providing support to refugees and host communities in response to the Syria crisis. Under the MFF heading 4 *Global Europe*, EUR 100 million in commitment and payment appropriations will be provided as resilience support to refugees and host communities in Jordan and Lebanon whereas EUR 485 million in commitment appropriations and EUR 68 million in payment appropriations will be provided to ensure the continuation of the urgent humanitarian support to refugees in Turkey.

2. RESILIENCE SUPPORT TO REFUGEES AND HOST COMMUNITIES IN JORDAN AND LEBANON

In 2020, the conflict in Syria has entered into its 10th year. With no immediate end in sight, this crisis continues to threathen the stability of the entire region, in particular its neighbouring countries Jordan and Lebanon which are hosting the largest number of refugees per capita in the world. Both countries have displayed extraordinary solidarity with refugees from the conflict in Syria. Already struggling with complex domestic situations, they continue to need assistance in view of the protracted nature of the crisis. The EUR 214 million allocated for resilience support in response to the Syria crisis for Lebanon and Jordan for 2020 is already fully committed. As long as there are no conditions for a safe return of the refugees, the EU's assistance continues to be essential, helping to maintain stability in complex environments on the ground. In addition, the impact of Covid-19 has added a complex new dimension to the already difficult situation of countries hosting large numbers of refugees. Lebanon is facing an acute economic and financial crisis, with the Government defaulting on a Eurobond repayment and announcing that it will restructure all its foreign and domestic currency denominated bonds. The current level of debt is approximately 170 % of GDP and recent data indicates that the economy contracted by 6,9 % in 2019. In Jordan, the Covid-19 crisis is likely to push the country from weak growth into a deep recession, impeding domestic and external demand, in particular in the tourism sector, which accounts for around 11 % of GDP. The crisis will also exert pressure on public spending, further worsening Jordan's fiscal position.

Therefore, EUR 100 million in new commitment and payment appropriations is urgently needed to fund projects in the areas of access to education, support to livelihoods and provision of health, sanitation, water and waste services and social protection to host communities and refugees (Syrian refugees and Palestinian refugees from Syria) in Jordan and Lebanon.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
Section III – Commission			
22 04 01 03	Mediterranean countries — Confidence building, security and the prevention and settlement of conflicts	100 000 000	100 000 000
Total		**100 000 000**	**100 000 000**

3. URGENT HUMANITARIAN SUPPORT TO REFUGEES IN TURKEY

Under the EU-Turkey Statement, the Commission and Member States committed in two tranches EUR 6 billion in EU assistance to refugees in Turkey for 2016-2019, delivered through the Facility for Refugees in Turkey. The operational envelope of this funding has been committed in full and contracting will be finalised in the course of 2020. Disbursements reached EUR 3,2 billion as of end-April 2020.

The second tranche of EUR 3 billion has been programmed to ensure Facility sustainability and a gradual managed take-over of Facility-funded initiatives by the Turkish authorities. However, Turkish authorities are not yet able to provide provide cash assistance to the most vulnerable of the approximately 4 million refugees in Turkey in the medium- to long-term. At the March 2019 EU-Turkey Association Council, Turkey requested EU support beyond the Facility to support refugees. Several Member States also asked to continue support to refugees in Turkey in recent months.

In this context, there is an urgent need to provide EUR 485 million to fund the continuation of the two main EU humanitarian support actions, the Emergency Social Safety Net (ESSN) and the Conditional Cash Transfer for Education (CCTE).

- The ESSN provides monthly cash transfers to some 1,7 million refugees and is expected to run out of money in March 2021 at the latest. EUR 400 million is needed to extend it until end 2021. Many complex issues such as revision of targeting criteria and implementation of the strategic transition to development programming require timely consultation and coordination with Turkish authorities and Implementing Partners. For this reason and in order to prepare the contracting in time, the commitment would need to be made by summer 2020.
- The CCTE provides cash to refugee families whose children attend school instead of working. The current contract ends in October 2020. EUR 85 million is urgently needed in order to allow the programme to run for an additional year and up to the end of December 2021.

The support staff for these two humanitarian projects were previously financed from Member States' bilateral contributions under the Facility for Refugees in Turkey. Since it is now proposed to fully finance the continuation of the contracts by the EU budget, there will be a need to continue to finance from the EU budget the contract agents directly involved in the implementation. It is estimated that 15 FTEs (full-time equivalent) contract agents will continue to be needed from 2021 for 3 years for the full implementation and financial follow-up. The budget for these staff, and their number, will be ring-fenced within the administrative support expenditure of the programme.

EUR

Budget line	**Name**	**Commitment appropriations**	**Payment appropriations**
Section III – Commission			
23 02 01	Delivery of rapid, effective and needs-based humanitarian aid and food assistance	485 000 000	68 000 000
Total		**485 000 000**	**68 000 000**

In addition, humanitarian projects in protection, health and education in emergencies will end in summer 2020. EU 50 million will be provided from within the existing 2020 budget for humanitarian aid to continue those activities for an additional year.

EUR 68 million in payment appropriations are requested in order to cover pre-financing under the CCTE in 2020.

4. FINANCING

All redeployment possibilities under heading 4 *Global Europe* have been exhausted. The unallocated margin under this heading of EUR 103,4 million allows the financing of EUR 100 million in commitment appropriations to support for resilience to host communities in Jordan and Lebanon. The remaining portion of this margin (EUR 3,4 million) is however insufficient to cover the urgent humanitarian support to refugees in Turkey.

Therefore, the Commission proposes to mobilise the Contingency Margin, the last resort special instrument, for the balance (EUR 481,6 million), with a corresponding offset against the margins available in 2020 under heading 5 *Administration* (EUR 16,2 million) and heading 2 *Sustainable growth: natural resources* (EUR 465,3 million)[7].

[7] COM(2020) 422, 3.6.2020.

5. SUMMARY TABLE BY MFF HEADING

In EUR

Heading	Budget 2020 (incl. AB 1-3 & DAB 3-4/2020)		Draft Amending Budget 5/2020		Budget 2020 (incl. AB 1-2 & DAB 3-5/2020)	
	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*	
Of which offset against Contingency margin			*- 465 323 871*		*- 465 323 871*	
Margin	*513 978 949*				*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
Sub-ceiling	*43 888 000 000*				*43 888 000 000*	
Rounding difference excluded from margin calculation	*888 000*				*888 000*	
Of which offset against Contingency margin			*- 428 351 235*		*- 428 351 235*	
EAGF Margin	*477 006 313*				*48 655 078*	
3. Security and citizenship	**7 152 374 489**	**5 278 527 141**			**7 152 374 489**	**5 278 527 141**
Of which under Flexibility Instrument	*1 094 414 188*				*1 094 414 188*	
Of which under global margin for commitments	*2 392 402 163*				*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**	**585 000 000**	**168 000 000**	**10 991 572 239**	**9 112 061 191**
Of which under Contingency margin			*481 572 239*		*481 572 239*	
Ceiling	*10 510 000 000*				*10 510 000 000*	
Margin	*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	*- 966 558 138*		*- 16 248 368*		*- 982 806 506*	
Margin	*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	*- 966 558 138*		*- 16 248 368*		*- 982 806 506*	
Margin	*149 138 730*				*132 890 362*	
Total	**171 667 759 110**	**154 755 105 917**	**585 000 000**	**168 000 000**	**172 252 759 110**	**154 923 105 917**
Of which under Flexibility Instrument	***1 094 414 188***	***1 017 029 444***			***1 094 414 188***	***1 017 029 444***
Of which under global margin for commitments	***2 662 000 000***				***2 662 000 000***	
Of which under Contingency margin	***714 558 138***		***481 572 239***		***1 196 130 377***	
Ceiling	***168 797 000 000***	***172 420 000 000***			***168 797 000 000***	***172 420 000 000***
Of which offset against Contingency margin	***- 966 558 138***		***- 481 572 239***		***-1 448 130 377***	
Margin	***633 655 078***	***18 681 923 527***			***48 655 078***	***18 513 923 527***
Other special Instruments	**860 261 208**	**690 998 208**			**860 261 208**	**690 998 208**
Grand Total	**172 528 020 318**	**155 446 104 125**	**585 000 000**	**168 000 000**	**173 113 020 318**	**155 614 104 125**