EUROPEAN
COMMISSION

Brussels, 28.8.2020
COM(2020) 900 final

DRAFT AMENDING BUDGET N°8 TO THE GENERAL BUDGET 2020

Increase of payment appropriations for the Emergency Support Instrument to finance the COVID-19 vaccines strategy and for the impact of the Corona Response Investment Initiative Plus

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 N°1/2020[3], adopted on 17 April 2020,

– amending budget N°2/2020[4], adopted on 17 April 2020,

– amending budget N°3/2020[5], adopted on 17 June 2020,

– amending budget N°4/2020[6], adopted on 17 June 2020,

– amending budget N°5/2020[7], adopted on 10 July 2020,

– draft amending budget No 7/2020[8], adopted on 3 July 2020,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget N°8/2020 to the 2020 budget.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the general statement of revenue and in 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 OJ L 254, 04.8.2020.
6 OJ L 254, 04.8.2020.
7 OJ L XXX, XX.X.2020.
8 COM(2020) 424, 6.7.2020

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EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 8 for the year 2020 is to provide EUR 6,2 billion in payment appropriations to incorporate (i) additional needs for payments appropriations for the Emergency Support Instrument (ESI) to finance the COVID-19 vaccines strategy and (ii) the additional payment needs for cohesion following the adoption of the Corona Response Investment Initiative Plus (CRII+)[9].

2. INCREASE IN PAYMENT APPROPRIATIONS FOR THE EMERGENCY SUPPORT INSTRUMENT (ESI)

When the Emergency Support Instrument was activated in April 2020 in the framework of the COVID-19 crisis, a very broad series of potential support actions were envisaged based on an initial needs assessment drawn by the Commission in collaboration with Member States. Emergency support funding was aimed to be deployed were it would be most needed and where it would bring clear EU added value. Given the wide range of possible actions, it was originally foreseen that, of the EUR 2,7 billion in commitments authorised by the budget authority, only around half of the payments, EUR 1,38 billion, would be needed in 2020, with the rest arising in following years.

As the crisis evolved, the Commission has adopted several decisions[10] to use Emergency Support funding to support a series of actions such as: assistance to transport essential goods, medical teams and patients affected by COVID-19 (mobility package); procurement of essential health-related products; support for the increase in testing capacities; making more treatments available for COVID-19 patients; support for the interoperability of digital tracing apps and the distribution of disinfection robots for hospitals.

In the course of the evolution of the pandemic and as higlighted in the Commission Communication on a vaccine strategy[11], it has become clear that a permanent solution to the crisis will most likely be brought about by the development and deployment of an effective and safe vaccine against the virus. Consequently, the search for an effective vaccine has become a priority and the Commission has concluded an agreement with all Member States to negotiate and conclude Advance Purchase Agreements (APAs) on behalf of all Member States with vaccine manufacturers. In these APAs, ESI provides the necessary up-front financing to de-risk essential investments in order to increase the speed and scale of manufacturing successful vaccines. In return, they provide the right to Member States to buy a specific number of vaccine doses within a given timeframe and at a given price. The Commission has already concluded one APA with a vaccine manufacturer in August 2020 and is currently conducting advanced negotiations with a number of other manufacturers.

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9 Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 amending Regulations (EU) No 1301/2013 and (EU) No 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak, OJ L 130, 24.4.2020, p. 1.

10 Commission Decision C(2020)2794 on the financing of Emergency Support under Council Regulation (EU) 2016/369; Commission Decision C(2020)4193 amending Decision C(2020)2794 as regards the financing of the Vaccine Instrument; Commission Decision C(2020)5162 amending Decision C(2020) 2794 as regards the financing of additional actions under the Emergency Support Instrument and the increase of the budget of the Vaccine Instrument.

11 COM(2020)245 final of 17 June 2020.

The APA incentivises vaccine manufacturers to build up production capacity substantially faster than in the context of usual vaccine development, for which they require upfront cash to de-risk their investments implying early upfront payments from the Commission following very closely in time the commitments (often within days after the signature of the contract).

As a result, the current payment appropriations under the ESI are insufficient to cover the contractual obligations that the Commission envisages to take in the short-term with vaccine manufacturers. In order to allow the European Union to secure access to a portofolio of vaccine candidates to maximise the chance of having an effective and safe vaccine available as soon as possible, it is therefore paramount to make the additional payments available as soon as possible. In view of the above, it is proposed to make available sufficient payment appropriations under the ESI in 2020 to cover (a) all the relevant commitments that the Commission will undertake with vaccine manufacturers on behalf of Member States as well as (b) the other ongoing actions. Payment needs in future years will be reduced accordingly.

Considering the reforcement of EUR 140 million already approved by the budget authority in the course of July 2020, the amount of additional payment appropriations needed in 2020 is EUR 1 090 million bringing the total payments for ESI to EUR 2 610 million. The remaining EUR 90 million will be paid in 2021 for commitments not related to the vaccine strategy.

It is also proposed to transfer EUR 53,75 million in commitments and payments from the administrative support expenditure line to the operational line of the Instrument. The total amount of commitment and payment appropriations on the support line of ESI will thus be decreased to EUR 250 000.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
Section III – Commission			
18 01 04 05	Support expenditure for emergency support within the Union	-53 750 000	-53 750 000
18 07 01	Emergency support within the Union	53 750 000	1 143 750 000
Total		**0**	**1 090 000 000**

3. INCREASE IN PAYMENT APPROPRIATIONS LINKED TO THE CRII+

The Commission has proposed in March and April 2020 two packages of measures: the Coronavirus Response Investment Initiative (CRII)[12] and the Coronavirus Response Investment Initiative Plus (CRII+)[13], which were swiftly adopted by the European Parliament and the Council.

Member States are making full use of the flexibilities and liquidities offered by Cohesion funds to help those most impacted: healthcare workers and hospitals, SMEs, and workers. The implementation of the initiative is ongoing and Member States continue to adopt

[12] Regulation (EU) 2020/460 of the European Parliament and of the Council of 30 March 2020 amending Regulations (EU) No 1301/2013, (EU) No 1303/2013 and (EU) No 508/2014 as regards specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative), OJ L 99, 31.3.2020, p. 5–8

[13] Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 amending Regulations (EU) No 1301/2013 and (EU) No 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak, OJ L 130, 24.4.2020, p. 1

measures in line with the evolving needs. While standard cohesion support focuses on long-term investments for regional convergence, the CRII and CRII+ packages provided emergency response where it was most needed.

As a result of the Coronavirus Response Investment Initiative (CRII) adopted on 30 March 2020, around EUR 8 billion of investment liquidity were released for programmes under the Cohesion policy. In order to ensure that all non-committed support from the cohesion policy funds can be mobilised in 2020 to address the effects of the COVID-19 outbreak on Member States' economies and societies, the Commission has further proposed the CRII+, which was adopted by the European Parliament and Council. It provides on a temporary basis the possibility for Member States to request 100% EU co-financing for the programmes supported by the European Regional Development Fund, the European Social Fund and the Cohesion Fund for the accounting year starting on 1 July 2020 and ending on 30 June 2021, and increased transfer possibilities between funds as well as between categories of regions. As of 24 August 2020, 107 programmes, covering almost half of the cohesion policy envelope, have opted for the 100% EU-cofinancing rate.

The Commission performed an in-depth analysis of the forecasts submitted by Member States by the end of July 2020 at the level of each programme and considers that a reinforcement of EUR 5,1 billion in payment appropriations is needed in order to cover all expected payable payment applications to be paid in 2020.

The request for reinforcement of payment appropriations in heading 1b amounts to EUR 5,1 billion, broken down as follows:

EUR

Budget line	**Name**	**Commitment appropriations**	**Payment appropriations**
Section III – Commission			
04 02 60	European Social Fund — Less developed regions — Investment for growth and jobs goal	-	771 562 000
04 02 61	European Social Fund — Transition regions — Investment for growth and jobs goal	-	192 891 000
04 02 62	European Social Fund — More developed regions — Investment for growth and jobs goal	-	397 128 000
04 02 64	Youth Employment Initiative	-	68 419 000
04 06 01	Promoting social cohesion and alleviating the worst forms of poverty in the Union	-	70 000 000
13 03 60	European Regional Development Fund (ERDF) — Less developed regions — Investment for growth and jobs goal	-	1 882 287 000
13 03 61	European Regional Development Fund (ERDF) — Transition regions — Investment for growth and jobs goal	-	311 128 000
13 03 62	European Regional Development Fund (ERDF) — More developed regions — Investment for growth and jobs goal	-	424 520 000
13 03 63	European Regional Development Fund (ERDF) — Additional allocation for outermost and sparsely populated regions — Investment for growth and jobs goal	-	20 386 000
13 03 64 01	European Regional Development Fund (ERDF) — European territorial cooperation	-	122 353 000
13 04 60	Cohesion Fund — Investment for growth and jobs goal	-	839 326 000
Total		**0**	**5 100 000 000**

4. FINANCING

The draft amending budget No 6/2020[14] was based on the assumption that the 2014-20 MFF would be increased. However, following the conclusion of the European Council of 21 July, it is clear that this avenue will not be pursued and the draft amending budget No 6/2020 has become de facto obsolete. For this reason, this DAB N° 8 does not take into account that proposal and the expenditure is proposed starting from the level of the last adopted budget (AB 5/2020) and the financing as proposed in DAB N° 7/2020.

[14] COM(2020) 423, 3.6.2020

5. SUMMARY TABLE BY MFF HEADING

In EUR

Heading	Budget 2020 (incl. AB 1-5 & DAB 7/2020)		Draft Amending Budget 8/2020		Budget 2020 (incl. AB 1-5 & DAB 7-8/2020)	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth	**83 930 597 837**	**72 353 828 442**		**5 100 000 000**	**83 930 597 837**	**77 453 828 442**
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		5 100 000 000	58 645 823 855	55 145 756 850
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	*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
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	*48 655 078*				*48 655 078*	
3. Security and citizenship	**7 152 374 489**	**5 278 527 141**		**1 090 000 000**	**7 152 374 489**	**6 368 527 141**
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	**10 991 572 239**	**9 112 061 191**			**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						
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	*- 982 806 506*				*- 982 806 506*	
Margin						
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	*- 982 806 506*				*- 982 806 506*	
Margin	*132 890 362*				*132 890 362*	
Total	**172 252 759 110**	**154 923 105 917**		**6 190 000 000**	**172 252 759 110**	**161 113 105 917**
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	***1 196 130 377***				***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	***-1 448 130 377***				***-1 448 130 377***	
Margin	***48 655 078***	***18 513 923 527***			***48 655 078***	***12 323 923 527***
Other special Instruments	**860 261 208**	**690 998 208**			**860 261 208**	**690 998 208**
Grand Total	**173 113 020 318**	**155 614 104 125**		**6 190 000 000**	**173 113 020 318**	**161 804 104 125**