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2021/0078 (BUD)

**DRAFT AMENDING BUDGET No 2  
TO THE GENERAL BUDGET 2021**

**financing the COVID-19 response and including refinements and updates related to the  
final adoption of the Multiannual Financial Framework**

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 2021, as adopted on 18 December 2020<sup>2</sup>,
- draft amending budget No°1/2021<sup>3</sup>, adopted on 22 January 2021,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No 2 to the 2021 budget.

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

The changes to the general statement of revenue and to the individual 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 93, 17.3.2021.

<sup>3</sup> COM(2021) 30 final.

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## **EXPLANATORY MEMORANDUM**

### **1. INTRODUCTION**

The purpose of Draft Amending Budget (DAB) No 2 for the year 2021 is to provide additional funding for the prevention, preparedness and response to the COVID-19 pandemic as proposed in the Commission Communications on the Health Emergency Preparedness and Response Authority (HERA) Incubator<sup>4</sup>, COVID-19: a common path to safe and sustained re-opening<sup>5</sup> and the Digital Green Certificates<sup>6</sup>, and to provide room under the Emergency Support Instrument for the potential budgetary impact of further European initiatives related to the COVID-19 response. Moreover, the DAB introduces the necessary technical changes to the 2021 budget stemming from the political agreements reached on sectoral legal bases following the adoption of the multiannual financial framework (MFF) in December 2020<sup>7</sup>, as well as some adjustments in relation to the provisioning for the External Action Guarantee.

In particular, it covers the following elements:

- Reinforcement of the Emergency Support Instrument and of the European Centre for Disease Prevention and Control (ECDC) in the context of the COVID-19 response, for a total amount of EUR 216,2 million in commitment and EUR 208,1 million in payment appropriations.
- Budgetary neutral adjustments:
  - resulting from the adoption of the Commission implementing decision of 12 February 2021 establishing the new generation of executive agencies<sup>8</sup>, and the corresponding Commission delegating decisions setting out the major components of the mandate and tasks entrusted to them<sup>9</sup>;
  - resulting from the adoption of the Commission proposal for a Council Regulation establishing the Joint Undertakings under Horizon Europe of 23 February 2021<sup>10</sup>, setting out the major components of the mandate and contribution to EU priorities of the new European partnerships as from 2021;
  - to the planned amounts from NextGenerationEU (NGEU) for 2021 by programme and budget line, to reflect the impact of the finalisation of the legal bases of the programmes that will benefit from NGEU top-ups including REACT-EU;
  - to increase the provisioning of the European Fund for Sustainable Development (EFSD+) in 2021 by EUR 700 million in commitment appropriations, to be compensated by a corresponding decrease in later years of the 2021-2027 period;
- Other adjustments and technical updates:

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<sup>4</sup> COM(2021) 78 of 17.2.2021.

<sup>5</sup> COM(2021) 129 of 17.3.2021.

<sup>6</sup> COM(2021) 130 of 17.3.2021.

<sup>7</sup> OJ L 433, 22.12.2020 p. 11.

<sup>8</sup> OJ L 50, 15.2.2021, p. 9.

<sup>9</sup> C(2021) 947, C(2021) 948, C(2021) 949, C(2021) 950, C(2021) 951 and C(2021) 952.

<sup>10</sup> COM(2021) 87 final.

- adjustment of the establishment plans of the European Union Agency for the Space Programme (EUSPA) and the European Public Prosecutor's Office (EPPO), as well as reinforcement of the European Fisheries Control Agency (EFCA) by EUR 2 million and corresponding adjustment of its establishment plan, taking into account the impact of the latest legislative or political developments on their operations for 2021;
- a correction to the 2021 level of appropriations of the European Economic and Social Committee (EESC), following the adoption of EESC budgetary authority transfer DEC1/2020 in 2020, which prefinanced building expenditure originally foreseen for 2021 for an amount of EUR 5,5 million in commitment and payment appropriations.

Additionally, taking into account the provisions under Article 10 (1) of the 2014-2020 MFF Regulation<sup>11</sup>, it is proposed to carry-over to the EUSF budget line in 2021 an amount of EUR 47 981 598 in both commitment and payment appropriations, corresponding to the unused portion of 2020 appropriations.

Overall, the net impact of this DAB on expenditure in the 2021 budget is an amount of EUR 260 681 598 in commitment and EUR 252 581 598 in payment appropriations.

## 2. FINANCING THE COVID-19 RESPONSE

### 2.1. Overview of additional funding needs

Faced with urgent needs related to the COVID-19 response in 2021, in particular to finance preparatory work for digital green certificates, reinforce sequencing through the HERA Incubator, waste-water monitoring and specialised RT-PCR assays, the Commission proposes to use this DAB No 2 to reinforce the Emergency Support Instrument and the EU contribution to the European Centre for Disease Prevention and Control (ECDC) in 2021, for a total amount of EUR 216,2 million in commitment appropriations and EUR 208,1 million in payment appropriations. In parallel, the Commission has proposed a budgetary authority transfer from the Solidarity and Emergency Aid Reserve (SEAR) to address immediate needs for the ESI and ECDC, for an amount of EUR 121,5 million. The breakdown of the amounts between the two budgetary instruments depends on the urgency of obtaining additional funding. In this context, the Commission has also identified some sources of redeployment in the current budget, for an amount of around EUR 7,5 million. Overall, as shown in the table below, this leads to a total additional amount of COVID-related funding in 2021 of EUR 345,2 million.

*Amounts in EUR million*

| Action                     | SEAR transfer<br>DEC 5/2021 | DAB 2/2021 | Financing from<br>existing<br>envelopes 2021 | Total funding<br>2021 |
|----------------------------|-----------------------------|------------|----------------------------------------------|-----------------------|
| Digital Green Certificates | 31,0                        | 12,0       | 3,0                                          | <b>46,0</b>           |
| Specialised RT-CPR assays  | 31,0                        | 34,0       | -                                            | <b>65,0</b>           |
| HERA Incubator sequencing  | 46,0                        | 60,0       | 4,0                                          | <b>110,0</b>          |

<sup>11</sup> Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, OJ L 347, 20.12.2013, p. 884.

|                                          |              |              |            |              |
|------------------------------------------|--------------|--------------|------------|--------------|
| Passenger Locator Form exchange platform | 2,5          | -            | 0,5        | 3,0          |
| Wastewater monitoring                    | 11,0         | 10,2         | -          | 21,2         |
| Further emerging needs                   |              | 100,0        |            | 100,0        |
| <b>Total</b>                             | <b>121,5</b> | <b>216,2</b> | <b>7,5</b> | <b>345,2</b> |

The table below shows the additional financing needs for the Emergency Support Instrument and the European Centre for Disease Prevention and Control (ECDC) in 2021, for the part to be financed through this draft amending budget.

EUR

| Budget line  | Name                                                      | Commitment appropriations | Payment appropriations |
|--------------|-----------------------------------------------------------|---------------------------|------------------------|
| 06 07 01     | Emergency support within the Union                        | 156 200 000               | 148 100 000            |
| 06 10 01     | European Centre for Disease Prevention and Control (ECDC) | 60 000 000                | 60 000 000             |
| <b>Total</b> |                                                           | <b>216 200 000</b>        | <b>208 100 000</b>     |

## 2.2. Emergency Support Instrument

The Emergency Support Instrument (ESI) covers a broad scope of eligible actions. It was activated in 2020<sup>12</sup> to provide an immediate response to the outbreak of COVID-19, mostly in order to support the health sectors in the Member States and to finance Advance Purchase Agreements (APAs) on behalf of all Member States with vaccine manufacturers.

The Commission proposes to reinforce the Emergency Support Instrument in 2021 by a total amount of EUR 231,7 million in commitment appropriations, of which EUR 156,2 million in this draft amending budget. The measures to be channelled through the Emergency Support Instrument would include in particular:

- Preparatory work to establish a common framework for a Digital Green Certificate<sup>13</sup> of individuals' vaccination, testing and recovery status, so as to put in place an EU level approach to issuing, verifying and accepting interoperable certificates to facilitate free movement during the COVID-19 pandemic;
- Developing, evaluating and adjusting new RT-PCR assays for each new emerging variant before they can be rolled out, while ensuring sufficient sequencing capacity in the Member States, as set out in the Commission Communication on the HERA Incubator<sup>14</sup>;
- Wastewater monitoring, which has proved to be an effective, reliable and inexpensive instrument to identify the presence of a virus. As set out in the Commission Communication

<sup>12</sup> Council Regulation (EU) 2020/521 of 14 April 2020 activating the emergency support under Regulation (EU) 2016/369, and amending its provisions taking into account the COVID-19 outbreak, OJ L 117, 15.4.2020, p. 3.

<sup>13</sup> Proposal for a Regulation of the European Parliament and of the Council on a framework for the issuance, verification and acceptance of interoperable certificates on vaccination, testing and recovery to facilitate free movement during the COVID-19 pandemic (Digital Green Certificate), COM(2021) 130 of 17.3.2021.

<sup>14</sup> Communication from the Commission to the European Parliament, the European Council and the Council: HERA Incubator: Anticipating together the threat of COVID-19 variants, COM(2021) 78 of 17.2.2021.

on COVID-19: A common path to safe and sustained re-opening<sup>15</sup>, a common approach to establish a systematic surveillance of SARS-CoV-2 and its variants in wastewaters in the EU allows for very early detection, which enables screening among large population groups in order to identify where more detailed analysis is needed;

- Further work in the development of the Passenger Locator Form exchange platform to increase the number of Member States participating, in parallel with establishing a legal basis in EU law for the cross-border exchange of personal data through an implementing act. In the current pilot phase of the project, the exchange platform is technically ready to connect with the digital repositories of three already participating Member States.
- In addition to the funding needs identified at this stage, it is proposed to create room under the Emergency Support Instrument - for an amount of EUR 100 million - for the potential budgetary impact of emerging needs as the pandemic evolves. In this respect, it is important to underline that the dynamically evolving nature of the pandemic requires rapid policy responses that cannot always be foreseen, which will also need to be financed at short notice.

In the context of the legislative proposal for the Digital Green Certificates, the Commission has identified the possibility to finance an annual amount of EUR 3 million relating to the operation and maintenance of the system from the Digital Europe Programme, once its legal basis will have entered into force. A further amount of EUR 0,5 million for maintenance of the Passenger Locator Form exchange platform has been made available under the Commission prerogative budget line in the Transport area in 2021 (budget item 02 20 04 01).

The amount of payment appropriations requested for the Emergency Support Instrument in 2021 (EUR 148,1 million) takes into account the specific payment needs identified in the legislative financial statement for the Commission proposal concerning Digital Green Certificates, of which EUR 8,1 million would occur in 2022.

### **2.3. European Centre for Disease Prevention and Control**

The Commission proposes to give the European Centre for Disease Prevention and Control (ECDC) a key role in strengthening the capacity of Member States to detect and monitor new variants of SARS-CoV-2 viruses ('sequencing'). Reaching the target of 5 % of genome sequencing of positive tests in the Member States will help to identify variants, monitor their spread in populations, and screen their impact on transmissibility. Moreover, it is important to step up research and data exchange on variants.

ECDC has already set up an emergency framework contract enabling in particular the Member States with limited or no whole genome sequencing capacity to send samples to one or more commercial laboratories contracted by ECDC to do sequencing, for which ECDC has been able to redeploy an amount of EUR 4 million within its current budget. In order to make this capacity more widely available to all Member States, it is proposed to expand ECDC's framework contract by reinforcing the EU contribution to ECDC in 2021, for a total amount of EUR 106 million in commitment and payment appropriations, of which EUR 60 million in this draft amending budget. The reinforced EU contribution to ECDC will also be used to cover costs related to the transport of viral samples for sequencing, as well as to support capacity building in the Member States, ahead of the creation of the Health Emergency Preparedness and Response Authority (HERA).

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<sup>15</sup> Communication from the Commission to the European Parliament, the European Council and the Council: A common path to safe and sustained re-opening, COM(2021) 129 of 17.3.2021.

In order to enable ECDC to allocate this substantial amount of funding to the Member States, in full respect of financial rules, it is proposed to reinforce ECDC's staff by 10 establishment plan posts and five contract agents in 2021, as a frontloading of the 2022 staff increase foreseen for the ECDC in the Health package of 11 November 2020<sup>16</sup>. The estimated salary costs of some EUR 1 million are included in the EUR 60 million requested for ECDC in the draft amending budget.

The updated establishment plan of the ECDC is set out in the budgetary annex.

### **3. DECENTRALISED AGENCIES AND EPPO**

#### **3.1. European Union Agency for the Space Programme**

Following the agreement reached by Parliament and Council on the Space programme Regulation in December 2020, a staff increase is proposed for the European Union Agency for the Space Programme (EUSPA), consisting of 41 additional establishment plan posts and 11 Seconded National Experts in 2021, in order to facilitate the implementation of the EU Space programme. The Regulation as agreed by Parliament and Council gives substantial additional tasks to EUSPA, including as regards guaranteeing continuity of service and ensuring security of infrastructure and systems such as Copernicus, Galileo/EGNOS and satellite communications. The related additional budgetary resources will be transferred to EUSPA from the Space programme's budget lines through a Commission autonomous transfer upon adoption of the Space programme Regulation.

The updated establishment plan of the EUSPA is set out in the budgetary annex.

#### **3.2. European Fisheries Control Agency**

In the aftermath of the UK withdrawal, the EFCA needs to carry out increased control activities, as set out in more detail in a revised legislative financial statement. This increased workload requires four additional establishment plan posts and two contract agents, as well as an increase in the EU contribution to the agency of EUR 2 million. The Commission intends to redeploy a further EUR 2 million from the European Maritime Fisheries and Aquaculture Fund (EMFAF), by means of a Commission autonomous transfer. The additional staff and resources will allow EFCA to charter and deploy up to two additional Offshore Patrol Vessels and aircraft missions in waters adjoining the United Kingdom. The agency will also create a unified information system and a coordination cell to support the implementation of the EU-UK Trade and Cooperation Agreement.

The updated establishment plan of the EFCA is set out in the budgetary annex.

#### **3.3. European Public Prosecutor's Office**

The agreement reached on the voted budget 2021 included eight additional establishment plan posts for the European Public Prosecutor's Office (EPPO). Following reconsideration of the needs, it is proposed to update the breakdown by function group and grades of these eight posts in the establishment plan.

The updated establishment plan of the EPPO is set out in the budgetary annex.

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<sup>16</sup> COM(2020) 726.

## 4. EXECUTIVE AGENCIES

### 4.1. Establishing the 2021-2027 executive agencies

On 12 February 2021, the Commission adopted the decision<sup>17</sup> establishing the new generation of executive agencies and the corresponding Commission delegating decisions setting out the major components of the mandate and tasks entrusted to them. The effective date of the delegation of tasks to the new generation of executive agencies will be 1 April 2021.

In the Amending Letter No 1 to the Draft General Budget 2021<sup>18</sup>, the Commission explained why, at that point in time, it had to base the assumptions relating to the amounts to be delegated to the executive agencies on the envelopes of the spending programmes set in the European Council agreement of July 2020. Given the uncertainty surrounding the allocation of these credits, the budgetary remarks on the support lines of the executive agencies in the Amending Letter did not yet include any estimates of expenditure.

The voted budget 2021 confirmed the assumptions for the executive agencies as set out in the Amending Letter. However, the political agreement on the 2021-2027 MFF of 10 November 2020 included a significant increase in the budget of a series of programmes, which are partly or fully delegated to executive agencies. This concerns in particular Erasmus+, Horizon Europe, EU4Health, Creative Europe, as well as the Citizens, Equality, Rights and Values programme. The corresponding impact of increased budgets to be delegated to the executive agencies was reflected in the documents which the Commission submitted to the Committee on Executive Agencies (“CEA package”) in December 2020.

Since then, two further developments have had a relatively minor impact on the delegation of tasks to the executive agencies. First, the political agreement reached on 11 December 2020 on the internal budgetary allocation of Horizon Europe has modified the breakdown of appropriations and staff for the agencies implementing the programme, so as to reflect the related workload, without a net overall impact. Second, the Commission Decisions of 12 February 2021 reflect that the delegation of tasks will now effectively take place on 1 April 2021, as opposed to the previously expected date of 1 January 2021. The delayed recruitment of additional staff in 2021 creates a saving in relation to the executive agencies of some EUR 8,3 million, which reduces the need to reinforce the running costs of the executive agencies through this draft amending budget accordingly.

### 4.2. Impact on appropriations

As set out above, the envelopes of appropriations to be delegated to the executive agencies in the 2021-2027 period have increased overall as compared to the assumptions used in the Amending Letter, also considering the delay in the start of the corresponding operations, with a corresponding impact on the workload and resources needs in the executive agencies in 2021. The table below shows the necessary increase of support expenditure for the 2021-2027 programmes by executive agency.

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<sup>17</sup> Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU (OJ L 50, 15.2.2021, p. 9).

<sup>18</sup> COM(2020) 748 final of 13.11.2020.

The total amount of EUR 3 538 850 is broken down in more detail in the budgetary annex. Together with the amounts on the administrative support lines relating to the ongoing implementation “legacy” of the 2014-2020 programmes delegated to the executive agencies, this represents an 1 % increase overall in the running costs of the executive agencies.

The impact on commitment and payment appropriations is as follows:

- European Climate, Infrastructure and Environment Executive Agency

*Amounts in EUR*

| Budget line  | Name                                                                                                                                          | Commitment appropriations | Payment appropriations |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| 01 01 01 74  | European Climate, Infrastructure and Environment Executive Agency — Contribution from Horizon Europe                                          | 9 967                     | 9 967                  |
| 02 01 40 74  | European Climate, Infrastructure and Environment Executive Agency — Contribution from the renewable energy financing mechanism                | -91 425                   | -91 425                |
| 08 01 03 74  | European Climate, Infrastructure and Environment Executive Agency — Contribution from the European Maritime and Fisheries Fund                | -7 038                    | -7 038                 |
| 09 01 01 74  | European Climate, Infrastructure and Environment Executive Agency — Contribution from the Programme for Environment and Climate Action (LIFE) | -183 656                  | -183 656               |
| <b>Total</b> |                                                                                                                                               | <b>-272 152</b>           | <b>-272 152</b>        |

- European Education and Culture Executive Agency

*Amounts in EUR*

| Budget line  | Name                                                                                  | Commitment appropriations | Payment appropriations |
|--------------|---------------------------------------------------------------------------------------|---------------------------|------------------------|
| 07 01 02 75  | European Education and Culture Executive Agency — Contribution from Erasmus           | -889 025                  | -889 025               |
| 07 01 04 75  | European Education and Culture Executive Agency — Contribution from Creative Europe   | 881 865                   | 881 865                |
| 07 01 05 75  | European Education and Culture Executive Agency — Contribution from Rights and Values | 2 582 865                 | 2 582 865              |
| <b>Total</b> |                                                                                       | <b>2 575 705</b>          | <b>2 575 705</b>       |

- European Health and Digital Executive Agency

*Amounts in EUR*

| Budget line | Name                                                                                                      | Commitment appropriations | Payment appropriations |
|-------------|-----------------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| 01 01 01 73 | European Health and Digital Executive Agency — Contribution from Horizon Europe                           | -1 801 754                | -1 801 754             |
| 02 01 23 73 | European Health and Digital Executive Agency — Contribution from the Connecting Europe Facility — Digital | -318 317                  | -318 317               |
| 02 01 30 73 | European Health and Digital Executive Agency — Contribution from the Digital Europe Programme             | -63 623                   | -63 623                |

|              |                                                                                                           |                  |                  |
|--------------|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
| 03 01 01 73  | European Health and Digital Executive Agency — Contribution from the Single Market Programme (incl. SMEs) | -219 379         | -219 379         |
| 06 01 05 73  | European Health and Digital Executive Agency — Contribution from the EU4Health Programme                  | 4 508 102        | 4 508 102        |
| <b>Total</b> |                                                                                                           | <b>2 105 209</b> | <b>2 105 209</b> |

- European Innovation and SMEs Executive Agency

*Amounts in EUR*

| Budget line  | Name                                                                                                                         | Commitment appropriations | Payment appropriations |
|--------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| 01 01 01 76  | European Innovation Council and SMEs Executive Agency — Contribution from Horizon Europe                                     | -1 151 442                | -1 151 442             |
| 03 01 01 76  | European Innovation Council and SMEs Executive Agency — Contribution from the Single Market Programme (incl. SMEs)           | -107 515                  | -107 515               |
| 05 01 01 76  | European Innovation Council and SMEs Executive Agency — Contribution from the programme Interregional Innovation Investments | -138 303                  | -138 303               |
| <b>Total</b> |                                                                                                                              | <b>-1 397 260</b>         | <b>-1 397 260</b>      |

- European Research Council Executive Agency

*Amounts in EUR*

| Budget line  | Name                                                                          | Commitment appropriations | Payment appropriations |
|--------------|-------------------------------------------------------------------------------|---------------------------|------------------------|
| 01 01 01 71  | European Research Council Executive Agency — Contribution from Horizon Europe | 302 000                   | 302 000                |
| <b>Total</b> |                                                                               | <b>302 000</b>            | <b>302 000</b>         |

- European Research Executive Agency

*Amounts in EUR*

| Budget line  | Name                                                                                                                                              | Commitment appropriations | Payment appropriations |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| 01 01 01 72  | European Research Executive Agency — Contribution from Horizon Europe                                                                             | 631 865                   | 631 865                |
| 20 03 14 72  | European Research Executive Agency — Contribution for the implementation of the research programme for coal and steel and non-research programmes | -406 337                  | -406 337               |
| <b>Total</b> |                                                                                                                                                   | <b>225 528</b>            | <b>225 528</b>         |

The net increase in the running costs of the executive agencies of EUR 3 538 850 is fully offset by a corresponding net decrease of administrative and/or operational appropriations for the programmes which they will implement. The impact on commitment and payment appropriations is as follows:

*Amounts in EUR*

| Budget line | Name | Commitment appropriations | Payment appropriations |
|-------------|------|---------------------------|------------------------|
|-------------|------|---------------------------|------------------------|

|              |                                                                                   |                   |                   |
|--------------|-----------------------------------------------------------------------------------|-------------------|-------------------|
| 01 01 01 03  | Other management expenditure for "Horizon Europe"<br>— Indirect research          | 2 009 364         | 2 009 364         |
| 02 01 30 01  | Support expenditure for the "Digital Europe Programme"                            | 63 623            | 63 623            |
| 02 03 03 01  | Connecting Europe Facility (CEF) — Digital                                        | 318 317           | 318 317           |
| 02 20 04 02  | Support activities for the European energy policy and internal energy market      | 91 425            | 91 425            |
| 03 01 01 01  | Support expenditure for the "Single Market Programme (incl. SMEs)"                | -102 485          | -102 485          |
| 03 02 04 01  | Ensuring high level of consumer protection and product safety                     | 210 000           | 210 000           |
| 03 02 06     | Contributing to a high level of health and welfare for humans, animals and plants | 219 379           | 219 379           |
| 05 02 01     | ERDF — Operational expenditure                                                    | 138 303           | 138 303           |
| 06 06 01     | EU4Health Programme                                                               | -4 508 102        | -4 508 102        |
| 07 01 02 01  | Support expenditure for "Erasmus+"                                                | 889 025           | 889 025           |
| 07 05 01     | Culture                                                                           | -308 653          | -308 653          |
| 07 05 02     | Media                                                                             | -573 212          | -573 212          |
| 07 06 02     | Promote citizens engagement and participation in the democratic life of the Union | -2 582 865        | -2 582 865        |
| 08 01 03 01  | Support expenditure for the "European Maritime and Fisheries Fund"                | 7 038             | 7 038             |
| 09 01 01 01  | Support expenditure for the "Programme for Environment and Climate Action (LIFE)" | 183 656           | 183 656           |
| 20 01 02 01  | Remuneration and allowances — Headquarters and representation offices             | 406 337           | 406 337           |
| <b>Total</b> |                                                                                   | <b>-3 538 850</b> | <b>-3 538 850</b> |

Additionally, NGEU proceeds for an amount of EUR 6 901 457 are allocated to the support lines of three executive agencies (the European Innovation Council and SMEs Executive Agency, the European Climate, Infrastructure and Environment Executive Agency and the European Health and Digital Executive Agency) to cover the administrative cost for the implementation of the NGEU contribution under Horizon Europe in 2021.

The budgetary annex also shows the updated budgetary remarks of the administrative support lines of the relevant executive agencies to reflect the additional “NextGenerationEU” (“NGEU”) appropriations for Horizon Europe, as set out in the documents submitted to the Committee on Executive Agencies in December 2020.

#### 4.3. Impact on human resources

Regulation No 58/2003 requires that any delegation of tasks to an executive agency should be cost efficient and consistent with the principle of sound financial management. As set out above, compared to the assumptions used in the voted budget 2021, the executive agencies will have to manage larger envelopes of operational appropriations effectively. Including staff for implementation tasks related to

NGEU appropriations, this implies a further 26 temporary agents posts and 79 contract agents positions, i.e. 105 Full-time equivalents (FTE) in the executive agencies in 2021.

To ensure budget neutrality with regard to administrative expenditure over the 2021-2027 period as a whole, as a result of delegating additional tasks of programme management related to the 2021-2027 MFF, the Commission will reduce its human resources to offset the additional staff in the executive agencies. Similarly, expenditure related to posts ‘frozen’ in the Commission establishment plans to take account of secondments to the executive agencies will also be reduced accordingly.

The table below shows the way in which the Commission proposes to offset the additional human resources in the executive agencies, for the 2021-2027 period as a whole and specifically for 2021:

| <b>Offsetting of the increased human resources in the executive agencies</b>                                                    | <b>Human resources (FTE) 2021</b> | <b>Human resources (FTE) 2021-2027</b> |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------------|
| Increase in human resources of six executive agencies stemming from further delegation compared to the authorised level in 2020 | +445                              | +679                                   |
| Reduction of human resources under heading 7 resulting from delegating tasks currently managed by the Commission                | -31                               | -58                                    |
| Reduction of human resources under other headings resulting from delegating tasks currently managed by the Commission           | -139                              | -368                                   |

In 2021 the Commission will take account of the impact of the delegation of tasks to executive agencies as follows:

- **Heading 7 – European Public Administration:**
  - 20 posts will be offset from the Commission’s establishment plan, by freezing 16 posts to cater for additional secondments from the Commission to executive agencies and by reducing four posts. In addition, 11 contract agents will be reduced from the headcount of external staff paid under the Global Envelope.
  - The 2021 budget for salaries of the operating establishment plan already reflects the impact of the delegation package, since the corresponding reduction was already included in Amending Letter 1/2021. The corresponding administrative appropriations of the Global Envelope will now be reduced by EUR 0,45 million.
- **Indirect Research:**
  - 72 posts will be offset from the Commission’s indirect research establishment plan, by freezing 48 posts to cater for additional secondments from the Commission to executive agencies and by reducing 24 posts. In addition, 57 contract agents will be reduced from the headcount of external staff paid under indirect research. Moreover, linked to the previous delegation package, 2 frozen posts on research will be freed, and hence reduced from the establishment plan.
  - The corresponding appropriations intended for the salaries of these officials and external staff on the relevant budget lines of indirect research will be reduced by EUR 6,9 million and EUR 2,4 million respectively, by means of Commission autonomous transfers.
- **Direct Research:**
  - 10 posts will be reduced from the Commission’s direct research establishment plan, for which the necessary offsetting for the delegation package will be completed in 2022.

The modified establishment plans are set out in the budgetary annex.

## 5. JOINT UNDERTAKINGS

Further to the Commission proposal of 23 February 2021 to create the new generation of Joint Undertakings under Horizon Europe<sup>19</sup>, it is proposed to create the corresponding budget lines under the relevant clusters of Pillar II of Horizon Europe (i.e. budget item 01 02 02 XX), as follows:

- cluster 1 “Health” will finance the Innovative Health Initiative Joint Undertaking and the Global Health European and Developing Countries Clinical Trials Partnership Programme 3 (EDCTP3) Joint Undertaking;
- cluster 4 “Digital, Industry and Space” will finance the Key Digital Technologies Joint Undertaking and the Smart Networks and Services Joint Undertaking. This is in addition to the High-Performance Computing Joint Undertaking (EuroHPC), for which a budget line already exists;
- cluster 5 “Climate, Energy and Mobility” will finance the Single European Sky ATM Research 3 Joint Undertaking, the Clean Aviation Joint Undertaking, the Europe's Rail Joint Undertaking and the Clean Hydrogen Joint Undertaking; and
- cluster 6 “Food, Bioeconomy, Natural Resources, Agriculture and Environment” will finance the Circular Bio-based Europe Joint Undertaking.

The relevant budget lines are set out in the budgetary annex. The appropriations corresponding to the Union contribution to these new bodies for 2021 will remain on the budget lines of the relevant clusters and will be transferred autonomously as soon as the proposal for the establishment of the Joint Undertakings is adopted by the Council.

## 6. REACT-EU

Further to the adoption of the REACT-EU Regulation on 23 December 2020<sup>20</sup>, it is proposed to create two new budget items related to NextGenerationEU, as follows:

- New budget item 07 02 07 01 - YEI — Operational expenditure — Financing under REACT-EU
- New budget item 05 02 05 03 – ETC — Operational expenditure — Financing under REACT-EU

## 7. FRONTLOADING OF THE PROVISIONING OF THE EFSD+

Following the delays in the adoption of the legal basis of the Neighbourhood, Development and International Cooperation Instrument (NDICI) and the consequent need to complete the programming and project cycles, as compared to the voted budget 2021, the Commission proposes to increase the provisioning of the EFSD+ on budget item 14 02 01 70 ‘NDICI - Provisioning of the Common Provisioning Fund’ by EUR 700 million in commitment appropriations, and accordingly decrease the

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<sup>19</sup> Proposal for a Council Regulation establishing the Joint Undertakings under Horizon Europe, COM(2021) 87 final.

<sup>20</sup> REGULATION (EU) 2020/2221 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU).

geographic budget lines for Africa, Asia and The Americas, which contribute to the EFSD+. The level of payment appropriations remains unchanged. This adjustment will allow the Africa, Asia and the Americas and the Caribbean geographic budget lines to:

- reduce the level of commitment appropriations in the first years of the MFF, and consequently increase them for later years, thereby sequencing better the appropriations with the programming and project cycle to be performed after the entering into force of the NDICI legal base;
- present a stable level of commitment appropriations on the above geographic budget lines from one year to another, as was the case under the previous MFF and for the European Development Fund (EDF).

Compared to the voted budget 2021, the impact in commitment appropriations is as follows:

*Amounts in EUR*

| <b>Budget line</b> | <b>Name</b>                                          | <b>Commitment appropriations</b> |
|--------------------|------------------------------------------------------|----------------------------------|
| 14 02 01 70        | NDICI — Provisioning of the common provisioning fund | 700 000 000                      |
| 14 02 01 20        | West Africa                                          | -206 429 300                     |
| 14 02 01 21        | East and Central Africa                              | -149 226 000                     |
| 14 02 01 22        | Southern Africa and Indian Ocean                     | -141 764 700                     |
| 14 02 01 30        | Middle East and Central Asia                         | -60 046 350                      |
| 14 02 01 31        | South and East Asia                                  | -69 595 890                      |
| 14 02 01 32        | The Pacific                                          | -15 047 760                      |
| 14 02 01 40        | The Americas                                         | -33 981 430                      |
| 14 02 01 41        | The Caribbean                                        | -23 908 570                      |
| <b>Total</b>       |                                                      | <b>0</b>                         |

## 8. OTHER ADJUSTMENTS AND TECHNICAL UPDATES

- The budgetary remarks are proposed to be updated to reflect the political agreements reached on sectoral legal bases following the adoption of the MFF. The corresponding modifications are provided in the budgetary annex.
- Under heading 7 “European Public Administration”, following the adoption of the budgetary transfer of appropriations EESC DEC 1/2020 to prefinance costs relating to the refurbishment of the VMA building in 2020, it is proposed to reduce the level of appropriations for rent and lease payments of the European Economic and Social Committee (EESC) in 2021 by an amount of EUR 5 500 000.

### Section VI - European Economic and Social Committee

*Amounts in EUR*

| <b>Budget line</b> | <b>Name</b>                                   | <b>Commitment appropriations</b> | <b>Payment appropriations</b> |
|--------------------|-----------------------------------------------|----------------------------------|-------------------------------|
| 2 0 0 0            | Rent                                          | -1 375 000                       | -1 375 000                    |
| 2 0 0 1            | Annual lease payments and similar expenditure | -4 125 000                       | -4 125 000                    |
| <b>Total</b>       |                                               | <b>-5 500 000</b>                | <b>-5 500 000</b>             |

- As indicated in the Annex 3 of the Commission's 'executability letter' transmitted in the context of the Draft Budget 2021, the Pilot Projects PP 03 21 02 "Media Ownership Monitor" and PP 07 20 05 "Media ownership monitor" in 2021 refer in essence to the same project. In the 2021 budget, it now appears twice; both under heading 1 and under heading 2b. The Commission proposes to make a technical correction and transfer the 2021 appropriations of PP 07 20 05 (amounting to EUR 300 000 payment appropriations) from heading 2b to heading 1, i.e. consolidating the available appropriations under Title 03 pilot project PP 03 21 02.

*Amounts in EUR*

| Budget line             | Name                                    | Commitment appropriations | Payment appropriations |
|-------------------------|-----------------------------------------|---------------------------|------------------------|
| 03 20 01<br>PP 03 21 02 | Pilot project — Media Ownership Monitor |                           | +300 000               |
| 07 20 01<br>PP 07 20 05 | Pilot project — Media ownership monitor |                           | -300 000               |
| <b>Total</b>            |                                         | <b>0</b>                  | <b>0</b>               |

- As indicated in the Commission's 'executability letter' transmitted in the context of the Draft Budget 2021, the "Internationalisation of the European Capital of Culture experiences and models" pilot project cannot be implemented, as the proposed activities are already covered by the future legal base of the Neighbourhood, Development and International Cooperation Instrument (NDICI), which foresees to cover cooperation activities in the cultural field and with partners from developing countries, including cities. In order to develop activities promoting sustainable urban development through culture, this project or parts of it could be considered in the framework of future projects under the NDICI. Accordingly, the Commission proposes to transfer the appropriations to the NDICI budget item 14 02 02 40 People — Global challenges and to delete budget item 07 20 01 PP 07 21 11.

*Amounts in EUR*

| Budget line             | Name                                                                                                                                                                            | Commitment appropriations | Payment appropriations |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| 07 20 01 PP<br>07 21 11 | Internationalisation of the European Capital of Culture experiences and models. Sharing governance models and inter-cultural exchanges towards more co-creation and partnership | -160 000                  | -40 000                |
| 14 02 02 40             | People — Global challenges                                                                                                                                                      | +160 000                  | +40 000                |
| <b>Total</b>            |                                                                                                                                                                                 | <b>0</b>                  | <b>0</b>               |

## 9. EU SOLIDARITY FUND

An amount of EUR 47 981 598 of the 2020 EUSF allocation was not used by the end of that year. In line with Article 10 of Regulation (EU) 1311/2013, the Commission proposes to carry the full remaining amount over directly on the EUSF operational budget item 16 02 01 01. It will be used for the settlement of the applications presented by Austria, Belgium, Croatia, Czechia, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Portugal, Romania and Spain in response to the major public health emergency caused by the COVID-19 pandemic in early 2020. The remaining amount will be financed by means of a budgetary authority transfer (DEC 3/2021) from the Solidarity and Emergencyreserve.

The related appropriations are entered into the budget over and above the expenditure ceilings of the 2021-2027 MFF.

## 10. FINANCING

For the reasons set out in section 2, it is proposed to provide a total amount of EUR 216,2 million for the prevention, preparedness and response to the COVID-19 pandemic through this DAB No 2. Given the absence of margins and room for redeployment under heading 2b of the MFF, the Commission proposes to mobilise the Flexibility Instrument in line with Article 12 of the MFF Regulation<sup>21</sup>. Taking into account the transfer of the two pilot projects from Heading 2b, as set out in section 8, the Flexibility Instrument for 2021 is mobilised in commitment appropriations for an amount of EUR 216 040 000 for heading 2b Resilience and Values.

The 2021 payment appropriations related to the mobilisation of the Flexibility Instrument in 2018, 2019, 2020 and 2021 are estimated by the Commission at EUR 836,6 million. The estimated payment schedule of the related outstanding amounts for these years is detailed in the following table:

| <b>Flexibility Instrument - payment profile</b> |              |              |              |             |                |
|-------------------------------------------------|--------------|--------------|--------------|-------------|----------------|
| <b><i>Mobilisation year</i></b>                 | <b>2021</b>  | <b>2022</b>  | <b>2023</b>  | <b>2024</b> | <b>Total</b>   |
| 2018                                            | 34,2         | 0,0          | 0,0          | 0,0         | 34,2           |
| 2019                                            | 135,2        | 140,9        | 82,2         | 0,0         | 358,4          |
| 2020                                            | 413,7        | 66,2         | 39,9         | 0,0         | 519,8          |
| 2021                                            | 253,5        | 20,9         | 10,3         | 7,6         | 292,4          |
| <b>Total</b>                                    | <b>836,6</b> | <b>228,0</b> | <b>132,5</b> | <b>7,6</b>  | <b>1 204,7</b> |

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<sup>21</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027, OJ L 433 of 22.12.2020, p. 1.

## 11. SUMMARY TABLE BY MFF HEADING

|                                                                                                               | Budget 2021 (incl. DAB 1/2021) |                        | Draft Amending Budget 2/2021 |                    | Budget 2021 (incl. DAB 1-2/2021) |                        |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|------------------------------|--------------------|----------------------------------|------------------------|
|                                                                                                               | CA                             | PA                     | CA                           | PA                 | CA                               | PA                     |
| <b>1. Single Market, Innovation and Digital</b>                                                               | <b>20 816 559 767</b>          | <b>17 191 587 232</b>  |                              | <b>300 000</b>     | <b>20 816 559 767</b>            | <b>17 191 887 232</b>  |
| <i>Ceiling</i>                                                                                                | 20 919 000 000                 |                        |                              |                    | 20 919 000 000                   |                        |
| <i>Margin</i>                                                                                                 | 102 440 233                    |                        |                              |                    | 102 440 233                      |                        |
| <b>2. Cohesion, Resilience and Values</b>                                                                     | <b>52 861 898 534</b>          | <b>66 153 765 904</b>  | <b>216 040 000</b>           | <b>207 760 000</b> | <b>53 077 938 534</b>            | <b>66 361 525 904</b>  |
| <i>Of which under Flexibility Instrument</i>                                                                  | 76 382 534                     |                        | 216 040 000                  | 208 100 000        | 292 422 534                      |                        |
| <i>Ceiling</i>                                                                                                | 52 786 000 000                 |                        |                              |                    | 52 786 000 000                   |                        |
| <i>Margin</i>                                                                                                 | 484 000                        |                        |                              |                    | 484 000                          |                        |
| <b>2a. Economic, social and territorial cohesion</b>                                                          | <b>48 190 516 000</b>          | <b>61 867 897 545</b>  |                              |                    | <b>48 190 516 000</b>            | <b>61 867 897 545</b>  |
| <i>Ceiling</i>                                                                                                | 48 191 000 000                 |                        |                              |                    | 48 191 000 000                   |                        |
| <i>Margin</i>                                                                                                 | 484 000                        |                        |                              |                    | 484 000                          |                        |
| <b>2b. Resilience and values</b>                                                                              | <b>4 671 382 534</b>           | <b>4 285 868 359</b>   | <b>216 040 000</b>           | <b>207 760 000</b> | <b>4 887 422 534</b>             | <b>4 493 628 359</b>   |
| <i>Of which under Flexibility Instrument</i>                                                                  | 76 382 534                     |                        | 216 040 000                  | 208 100 000        | 292 422 534                      |                        |
| <i>Ceiling</i>                                                                                                | 4 595 000 000                  |                        |                              |                    | 4 595 000 000                    |                        |
| <i>Margin</i>                                                                                                 |                                |                        |                              |                    |                                  |                        |
| <b>3. Natural Resources and Environment</b>                                                                   | <b>58 568 566 908</b>          | <b>56 804 203 452</b>  | <b>2 000 000</b>             | <b>2 000 000</b>   | <b>58 570 566 908</b>            | <b>56 806 203 452</b>  |
| <i>Ceiling</i>                                                                                                | 58 624 000 000                 |                        |                              |                    | 58 624 000 000                   |                        |
| <i>Margin</i>                                                                                                 | 55 433 092                     |                        |                              |                    | 53 433 092                       |                        |
| <b>Of which: Market related expenditure and direct payments</b>                                               | <b>40 367 954 000</b>          | <b>40 353 742 883</b>  |                              |                    | <b>40 367 954 000</b>            | <b>40 353 742 883</b>  |
| <i>EAGF sub-ceiling</i>                                                                                       | 40 925 000 000                 |                        |                              |                    | 40 925 000 000                   |                        |
| <i>Rounding difference excluded for calculating the sub-margin</i>                                            |                                |                        |                              |                    |                                  |                        |
| <i>Net transfers between EAGF and EAFRD</i>                                                                   | 557 046 000                    |                        |                              |                    | 557 046 000                      |                        |
| <i>Net balance available for EAGF expenditure (sub-ceiling corrected by transfers between EAGF and EAFRD)</i> | 40 367 954 000                 |                        |                              |                    | 40 367 954 000                   |                        |
| <i>EAGF sub-margin</i>                                                                                        |                                |                        |                              |                    |                                  |                        |
| <b>4. Migration and Border Management</b>                                                                     | <b>2 278 829 759</b>           | <b>2 686 245 978</b>   |                              |                    | <b>2 278 829 759</b>             | <b>2 686 245 978</b>   |
| <i>Ceiling</i>                                                                                                | 2 467 000 000                  |                        |                              |                    | 2 467 000 000                    |                        |
| <i>Margin</i>                                                                                                 | 188 170 241                    |                        |                              |                    | 188 170 241                      |                        |
| <b>5. Security and Defence</b>                                                                                | <b>1 709 261 441</b>           | <b>670 628 243</b>     |                              |                    | <b>1 709 261 441</b>             | <b>670 628 243</b>     |
| <i>Ceiling</i>                                                                                                | 1 805 000 000                  |                        |                              |                    | 1 805 000 000                    |                        |
| <i>Margin</i>                                                                                                 | 95 738 559                     |                        |                              |                    | 95 738 559                       |                        |
| <b>6. Neighbourhood and the World</b>                                                                         | <b>16 097 196 204</b>          | <b>10 810 999 356</b>  | <b>160 000</b>               | <b>40 000</b>      | <b>16 097 356 204</b>            | <b>10 811 039 356</b>  |
| <i>Ceiling</i>                                                                                                | 16 247 000 000                 |                        |                              |                    | 16 247 000 000                   |                        |
| <i>Margin</i>                                                                                                 | 149 803 796                    |                        |                              |                    | 149 643 796                      |                        |
| <b>7. European Public Administration</b>                                                                      | <b>10 448 313 002</b>          | <b>10 449 588 091</b>  | <b>-5 500 000</b>            | <b>-5 500 000</b>  | <b>10 442 813 002</b>            | <b>10 444 088 091</b>  |
| <i>Ceiling</i>                                                                                                | 10 635 000 000                 |                        |                              |                    | 10 635 000 000                   |                        |
| <i>Margin</i>                                                                                                 | 186 686 998                    |                        |                              |                    | 192 186 998                      |                        |
| <b>of which: Administrative expenditure of the institutions</b>                                               | <b>8 035 824 720</b>           | <b>8 037 099 809</b>   | <b>-5 500 000</b>            | <b>-5 500 000</b>  | <b>8 030 324 720</b>             | <b>8 031 599 809</b>   |
| <i>Sub-ceiling</i>                                                                                            | 8 216 000 000                  |                        |                              |                    | 8 216 000 000                    |                        |
| <i>Sub-margin</i>                                                                                             | 180 175 280                    |                        |                              |                    | 185 675 280                      |                        |
| <b>Appropriations for headings</b>                                                                            | <b>162 780 625 615</b>         | <b>164 767 018 256</b> | <b>212 700 000</b>           | <b>204 600 000</b> | <b>162 993 325 615</b>           | <b>164 971 618 256</b> |
| <i>Ceiling</i>                                                                                                | 163 483 000 000                | 166 140 000 000        |                              |                    | 163 483 000 000                  | 166 140 000 000        |

|                                              |                 |                 |             |             |                 |                 |
|----------------------------------------------|-----------------|-----------------|-------------|-------------|-----------------|-----------------|
| <i>Of which under Flexibility Instrument</i> | 76 382 534      | 628 462 086     | 216 040 000 | 208 100 000 | 292 422 534     | 836 562 086     |
| <i>Margin</i>                                | 778 756 919     | 2 001 443 830   |             |             | 782 096 919     | 2 004 943 830   |
| <b>Thematic special instruments</b>          | 5 715 667 000   | 5 538 282 000   | 47 981 598  | 47 981 598  | 5 763 648 598   | 5 586 263 598   |
| <b>Total appropriations</b>                  | 168 496 292 615 | 170 305 300 256 | 260 681 598 | 252 581 598 | 168 756 974 213 | 170 557 881 854 |