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from: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

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revenue - Statement of expenditure by section - Section III - Commission

Delegations will find attached Commission document COM(2013) 156 final.

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**DRAFT AMENDING BUDGET N° 1
TO THE GENERAL BUDGET 2013**

GENERAL STATEMENT OF REVENUE

**STATEMENT OF EXPENDITURE BY SECTION
Section III – Commission**

**DRAFT AMENDING BUDGET N° 1
TO THE GENERAL BUDGET 2013**

GENERAL STATEMENT OF REVENUE

**STATEMENT OF EXPENDITURE BY SECTION
Section III – Commission**

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,
- the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the Financial Regulation applicable to the general budget of the Union¹, and in particular Article 41 thereof,
- the general budget of the European Union for the financial year 2013 adopted on 12 December 2012²,

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 1 to the 2013 budget.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the statement of revenue and expenditure by section are available on EUR-Lex (<http://eur-lex.europa.eu/budget/www/index-en.htm>). An English version of the changes to this statement is attached for information as a budgetary annex.

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 66, 8.3.2013, p. 1.

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1. INTRODUCTION

Draft Amending Budget (DAB) No 1 for the year 2013 concerns the incorporation into the 2013 Budget of both the commitment and payment appropriations necessary to cover expenditure related to the accession of the Republic of Croatia (hereafter Croatia) to the European Union on 1 July 2013, in full respect of the Treaty concerning the accession of the Republic of Croatia³ (hereafter Treaty of Accession). In parallel with this exercise, the Commission is presenting a proposal for the revision of the multi-annual financial framework 2007-2013⁴, in order to accommodate these changes, as foreseen under point 29 of the Interinstitutional Agreement on budgetary discipline and sound financial management.

The increases proposed in DAB No 1 are EUR 655,1 million in commitment appropriations and EUR 374,0 million in payment appropriations. This reflects the financial package agreed at the Accession Conference of 30 June 2011, but excludes heading 5, in line with the Commission's restricted approach on administrative expenditure, and since the needs related to accession are already included in the 2013 budget.

(in million EUR, at current prices)

DAB 1/2013	2013	
	Commitments	Payments
1. Sustainable growth	496,6	167,4
<i>1a Competitiveness for growth and employment</i> ⁽¹⁾	47,2	17,6
<i>1b Cohesion for growth and employment</i>	449,4	149,8
<i>of which Structural Funds</i>	299,6	89,9
<i>of which Cohesion Fund</i>	149,8	59,9
2. Preservation and management of natural resources	10,2	2,6
<i>European Fisheries Fund</i>	8,7	2,2
<i>Other CFP support, Life +</i> ⁽¹⁾	1,5	0,4
3. Citizenship, freedom, security and justice	73,3	42,2
<i>3a Freedom, security and justice</i> ⁽¹⁾	2,1	1,1
<i>Schengen facility</i>	40,0	40,0
<i>3b Citizenship</i> ⁽¹⁾	2,2	1,1
<i>Transition Facility</i>	29,0	
4. EU as a global player		86,8
6. Compensations (Cash-flow facility)	75,0	75,0
Total	655,1	374,0

1) Non pre-allocated expenditure given for illustrative purposes only.

The Treaty of Accession defines pre-allocated amounts for the Transition Facility, the Schengen Facility, the Cash-Flow Facility, the Structural Funds, the Cohesion Fund and the European Fisheries Fund. The indicative amounts for non pre-allocated expenditure were presented in the EU common position on Chapter 33 (Financial and Budgetary provisions)⁵.

The allocation of both the commitment and payment appropriations on the budget lines has been made according to the repartition proposed by the Treaty of Accession, while taking also into account the possibility to properly implement the additional funding before the end of the year.

³ OJ L 112, 24.4.2012, p. 1;

⁴ COM(2013) 157.

⁵ Conference on Accession to the European Union – Croatia, Accession Document No 30/11 (CONF-HR 17/11) of 29.6.2011.

2. ADJUSTMENTS BY HEADING OF THE FINANCIAL FRAMEWORK

2.1. Heading 1a - Competiveness for Growth and Employment

Budget Line	Heading	Commitments (EUR)	Payments (EUR)
02 04 01 03	Research related to transport (Galileo)	3 327 535	998 000
08 02 01	Cooperation — Health	3 527 530	1 058 000
08 03 01	Cooperation — Food, agriculture and fisheries, and biotechnology	1 601 419	480 000
08 04 01	Cooperation — Nanosciences, nanotechnologies, materials and new production technologies	2 702 062	810 000
08 05 01	Cooperation — Energy	893 047	267 000
08 06 01	Cooperation — Environment (including climate change)	1 484 726	445 000
08 07 01	Cooperation — Transport (including aeronautics)	1 381 746	414 000
08 08 01	Cooperation — Socioeconomic sciences and the humanities	496 988	149 000
08 10 01	Ideas	7 563 109	2 268 000
08 12 01	Capacities — Research infrastructures	330 775	99 000
08 13 01	Capacities — Research for the benefit of small and medium-sized enterprises (SMEs)	1 210 455	363 000
08 14 01	Capacities — Regions of knowledge	120 639	36 000
08 15 01	Capacities — Research potential	327 567	98 000
08 16 01	Capacities — Science in society	280 771	84 000
08 17 01	Capacities — International cooperation activities	175 805	52 000
08 18 01	Capacities — Risk-sharing finance facility (RSFF)	221 512	66 000
08 19 01	Capacities — Support for coherent development of research policies	59 414	17 000
08 20 01	Euratom — Fusion energy	318 290	95 000
08 21 01	Euratom — Nuclear fission and radiation protection	247 380	74 000
09 04 01 01	Support for research cooperation in the area of information and communication technologies (ICTs — Cooperation)	5 931 335	1 779 000
10 02 01	Non-nuclear activities of the Joint Research Centre (JRC)	191 156	57 000
15 02 22	Lifelong learning programme	9 750 000	6 389 000
15 07 77	People	4 250 000	1 275 000
32 06 01	Research related to energy	757 030	227 000
Total		47 150 291	17 600 000

With respect to the Seventh Framework Programme for Research (FP7), in which Croatia has already participated as a Candidate Country, the additional commitment appropriations (EUR 37,4 million) will be allocated proportionally to the activities and actions foreseen in the annual 2013 FP7 Work programmes. This will result in the FP7 Cooperation specific programme benefiting by around EUR 22 million which will be distributed across all the research themes of this programme. Some EUR 2,7 million will be allocated to the FP7 Capacities specific programme, EUR 7,6 million goes to the Ideas specific programme and around EUR 4,3 million is for the People specific programme. The FP7 EURATOM indirect actions activities also will benefit by EUR 0,6 million. The rest (EUR 0,2 million) will be allocated to the FP7 EC direct actions.

The additional payment appropriations (EUR 11,2 million) will be used for paying the pre-financing of the respective commitments.

The additional appropriations for Lifelong Learning (EUR 9,8 million in commitments and EUR 6,4 million in payments) will be used to finance the participation of Croatia in actions in decentralised management, notably those promoting mobility – Comenius, Erasmus, Leonardo da Vinci and Grundtvig, as well as those in centralised management, such as multi-lateral projects and networks, as well as studies and conferences.

The total level of commitment appropriations requested (EUR 47,2 million) is very slightly lower than the EUR 47,4 million indicative amount in the financial package, but reflects what can be implemented.

2.2. Heading 1b - Cohesion for Growth and Employment

Budget Line	Heading	Commitments (EUR)	Payments (EUR)
04 02 17	European Social Fund (ESF) — Convergence	60 000 000	18 000 000
13 03 16	European Regional Development Fund (ERDF) — Convergence	228 400 000	68 520 000
13 03 19	European Regional Development Fund (ERDF) — European territorial cooperation	11 200 000	3 360 000
13 04 02	Cohesion Fund	149 800 000	59 920 000
Total		449 400 000	149 800 000

Article 33(1) in the Treaty of Accession foresees that an amount of EUR 449,4 million in commitment appropriations shall be allocated to Croatia under the Structural and Cohesion Funds in 2013 with one third of this amount (i.e. EUR 149,8 million) reserved for the Cohesion Fund according to Article 33(2). The provisional split between the European Regional Development Fund (ERDF) and the European Social Fund (ESF) will be adjusted at a later stage, if necessary, in line with the actual requests by the Croatian authorities.

As regards payment appropriations, Annex III to the Treaty of Accession provides in point 7.1(v) that pre-financing shall be paid in a single instalment and will represent 30 % of the contribution from the Structural Funds and 40 % of the contribution from the Cohesion Fund, corresponding to a total amount of EUR 149,8 million.

2.3. Heading 2 - Preservation and Management of Natural Resources

Budget Line	Heading	Commitments (EUR)	Payments (EUR)
11 06 12	European Fisheries Fund (EFF) — Convergence objective	8 700 000	2 175 000
11 07 01	Support for the management of fishery resources (collection of basic data)	750 000	375 000
11 08 01	Financial contribution to the Member States for expenses in the field of control	750 000	37 500
Total		10 200 000	2 587 500

For heading 2 of the multiannual financial framework (MFF) 2007-2013, the Commission proposes to increase commitment appropriations by EUR 10,2 million and payment appropriations by EUR 2,6 million. This level of commitments and payments is lower than the indicative amount in the financial package agreed at the Accession Conference of 30 June 2011, but reflects the realistic amount that can be implemented in the second half of 2013.

Regarding the Common Agricultural Policy (CAP), it is expected that the Accession on 1 July 2013 has no overall impact on the needs for market related expenditure as already foreseen in the Budget 2013. The reimbursement of direct payments granted to farmers for the year 2013 in Croatia has no impact on the EU Budget 2013 and will be financed from the EU Budget for the year 2014. This is fully in line with the normal calendar for the reimbursement of direct payments. Furthermore, according to Article 35 of the Treaty of Accession, support for rural development in 2013 will not be made under the European Agricultural Fund for Rural Development (EAFRD), but under the Rural Development Component referred to in Article 12 of the IPA Regulation (Council Regulation (EC) No 1085/2006).

For the European Fisheries Fund (EFF), the additional appropriations requested are intended to cover the operational programmes of the convergence objective for the year 2013, according to the provisions of Council Regulation (EC) No 1198/2006⁶. The amounts for commitment (EUR 8,7 million) and payment appropriations (25 % pre-financing of EUR 8,7 million) for 2013 are set out in Article 34 of the Treaty of Accession.

For other actions in the field of Maritime Affairs and Fisheries, a total amount of EUR 1,5 million in commitment appropriations and EUR 0,4 million in payment appropriations is requested to cover the inclusion of Croatia into the programmes for data collection, control and enforcement of the Common Fisheries Policy (CFP) financed from budget articles 11 07 01 and 11 08 01. The level of payment appropriations requested reflects the reduced pre-financing usually made in the first year of control measures and the 50 % advance made on data collection measures.

2.4. Heading 3a - Freedom, Security and Justice

Budget Line	Heading	Commitments (EUR)	Payments (EUR)
18 02 12	Schengen Facility for Croatia	40 000 000	40 000 000
18 03 04	Emergency measures in the event of mass influxes of refugees	2 100 000	1 100 000
Total		42 100 000	41 100 000

The Schengen Facility is a temporary instrument to help Croatia between the date of accession and the end of 2014 to finance actions at the new external borders of the Union for the implementation of the Schengen *acquis* and external border control. The amount of EUR 40 million in commitment and payment appropriations foreseen derives directly from article 31(2) of the Treaty of Accession.

A further EUR 2,1 million in commitment appropriations and EUR 1,1 million in payment appropriations is proposed on budget article 18 03 04 'Emergency measures in the event of mass influxes of refugees'. These appropriations will increase the capacity of the Union to support Member States concerned by a sudden mass influx of refugees or displaced persons. These emergency measures are based on the solidarity between the Member States. Due to its geographical position, Croatia could be amongst the beneficiaries of these emergency measures.

2.5. Heading 3b - Citizenship

Budget Line	Heading	Commitments (EUR)	Payments (EUR)
15 05 55	Youth in Action	2 200 000	1 100 000
22 02 11	Transition facility for institution-building after accession	29 000 000	0
Total		31 200 000	1 100 000

⁶ OJ L 223, 15.8.2006, p. 1.

The Youth in Action programme finances actions, such as mobility, exchanges and participation in the European Voluntary Service, and is managed primarily in a decentralised way through national agencies. In accordance with the decision establishing the programme, the allocations to each Member State agency are made on the basis of objective criteria, such as population. This additional allocation will allow Croatia to fully participate in the programme, based on these objective criteria without reducing the allocations to the other Member States.

In accordance with article 30 of the Treaty of Accession a 'Transition Facility' will be provided for the first year after accession to assist Croatia in developing and strengthening its administrative and judicial capacity to implement and enforce Union law and to foster the exchange of best practice among peers. This assistance shall fund institution-building projects and limited small-scale investments connected to this. It is proposed to budget EUR 29 million in commitment appropriations as foreseen in article 30(4).

2.6. Heading 4 - EU as a Global Player

Budget Line	Heading	Payments (EUR)
05 05 02	Instrument for Pre-accession Assistance for Rural Development (IPARD)	27 700 000
22 02 01	Transition and institution-building assistance to candidate countries	59 112 500
Total		86 812 500

The total commitments outstanding for Croatia under the Instrument for Pre-Accession Assistance (IPA) amounted to EUR 220 million under the IPA-components 'Transition Assistance and Institution Building' and 'Rural development'. The payment claims to be received in 2013 will exceed the availabilities in the 2013 budget (as these 2 lines have been reduced by EUR 63,6 million and EUR 60,6 million respectively in the budgetary procedure), and so it is proposed to reinforce these two IPA-components by EUR 86,8 million in payment appropriations. This is especially important as the Treaty of Accession, in its art 35 1), specify that the amounts of the rural development for Croatia stay in Heading 4 even after the accession.

This is slightly higher than the indicative figure of EUR 77,6 million in payment appropriations originally envisaged in the financial package agreed at the Accession Conference of 30 June 2011. The additional EUR 9,2 million is offset by the lower request under heading 2, as mentioned under section 2.3 above.

2.7. Heading 6 - Compensation

Budget Line	Heading	Commitments (EUR)	Payments (EUR)
27 02 02	Temporary and lump-sum compensation for new Member States	75 000 000	75 000 000
Total		75 000 000	75 000 000

The Cash-flow Facility is a temporary instrument to help Croatia between the date of accession and the end of 2014 to improve cash-flow in the national budget. The amount of EUR 75 million in both commitment and payment appropriations should be included in the 2013 Budget, in accordance with article 32(2) of the Treaty of Accession.

5. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	Revised 2013 Financial framework		Budget 2013		DAB 1/2013		Budget 2013 (incl. DAB 1/2013)	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment <i>Margin</i>	15 670 000 000		16 121 000 000 49 000 000	11 886 427 361	47 150 291	17 600 000	16 168 150 291 1 849 709	11 904 027 361
1b. Cohesion for growth and employment <i>Margin</i>	54 974 000 000		54 508 649 037 465 350 963	47 198 594 736	449 400 000	149 800 000	54 958 049 037 15 950 963	47 348 394 736
Total Margin⁷	70 644 000 000		70 629 649 037 <i>514 350 963</i>	59 085 022 097	496 550 291	167 400 000	71 126 199 328 <i>17 800 672</i>	59 252 422 097
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES Of which market related expenditure and direct payments	48 583 000 000		43 956 548 610	43 934 188 711			43 956 548 610	43 934 188 711
Total Margin	61 310 000 000		60 149 041 416 <i>1 160 958 584</i>	57 484 414 991	10 200 000	2 587 500	60 159 241 416 <i>1 150 758 584</i>	57 487 002 491
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice <i>Margin</i>	1 703 000 000		1 398 727 200 304 272 800	876 583 652	42 100 000	41 100 000	1 440 827 200 262 172 800	917 683 652
3b. Citizenship <i>Margin</i>	746 000 000		707 164 000 38 836 000	637 999 615	31 200 000	1 100 000	738 364 000 7 636 000	639 099 615
Total Margin⁸	2 449 000 000		2 105 891 200 <i>343 108 800</i>	1 514 583 267	73 300 000	42 200 000	2 179 191 200 <i>269 808 800</i>	1 556 783 267
4. EU AS A GLOBAL PLAYER <i>Margin⁹</i>	9 595 000 000		9 583 118 711 <i>275 996 289</i>	6 322 601 760		86 812 500	9 583 118 711 <i>275 996 289</i>	6 409 414 260
5. ADMINISTRATION <i>Margin¹⁰</i>	9 095 000 000		8 430 690 740 <i>750 309 260</i>	8 430 365 740			8 430 690 740 <i>750 309 260</i>	8 430 365 740
6. COMPENSATION <i>Margin</i>	75 000 000		p.m. <i>75 000 000</i>	p.m.	75 000 000	75 000 000	75 000 000	75 000 000
TOTAL Margin^{11/12}	153 168 000 000	144 285 000 000	150 898 391 104 <i>3 119 723 896</i>	132 836 987 855 <i>11 614 012 145</i>	655 050 291	374 000 000	151 553 441 395 <i>2 464 673 605</i>	133 210 987 855 <i>11 240 012 145</i>

⁷ The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million).

⁸ The European Union Solidarity Fund (EUSF) amount is entered over and above the relevant headings as foreseen by the IIA of 17 May 2006 (OJ C 139 of 14.6.2006)

⁹ The 2013 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 264,1 million).

¹⁰ For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 86 million for the staff contributions to the pension scheme.

¹¹ The global margin for commitments does not take into account the appropriations related to the EGF (EUR 500 million), the EAR (EUR 264,1 million), and the staff contributions to the pensions scheme (EUR 86 million).

¹² The global margin for payments does not take into account the appropriations related to the EAR (EUR 80 million), and to the staff contributions to the pensions scheme (EUR 86 million).

Annex : Financial package agreed at the Accession Conference of 30 June 2011

(in million EUR, at current prices)

Croatia financial package (EUCP), accession on 1 July 2013	2013	
	Commitments	Payments
1. Sustainable growth	496,8	167,4
<i>1a Competitiveness for growth and employment</i> ⁽¹⁾	47,4	17,6
<i>1b Cohesion for growth and employment</i>	449,4	149,8
<i>of which Structural Funds</i>	299,6	89,9
<i>of which Cohesion Fund</i>	149,8	59,9
2. Preservation and management of natural resources	20,4	12,1
<i>market related expenditure</i> ⁽¹⁾	9,0	9,0
<i>direct payments</i>		
<i>demining reserve</i>		
<i>rural development</i>		
<i>European Fisheries Fund</i>	8,7	2,2
<i>Other CFP support, Life +</i> ⁽¹⁾	2,7	0,9
3. Citizenship, freedom, security and justice	73,3	42,2
<i>3a Freedom, security and justice</i> ⁽¹⁾	2,1	1,1
<i>Schengen facility</i>	40,0	40,0
<i>3b Citizenship</i> ⁽¹⁾	2,2	1,1
<i>Transition Facility</i>	29,0	
4. EU as a global player		77,6
5. Administration	22,0	22,0
6. Compensations (Cash-flow facility)	75,0	75,0
Total	687,5	396,3

(1) Non pre-allocated expenditure given for illustrative purposes only.