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

date of receipt: 2 April 2013

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

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Subject: Draft amending budget No 2 to the general budget 2013 - General statement of  
revenue - Statement of expenditure by section - Section III - Commission

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Delegations will find attached Commission document COM(2013) 183 final.

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Brussels, 27.3.2013  
COM(2013) 183 final

**DRAFT AMENDING BUDGET N° 2  
TO THE GENERAL BUDGET 2013**

**GENERAL STATEMENT OF REVENUE**

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

**DRAFT AMENDING BUDGET N° 2  
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 Union<sup>1</sup>, and in particular Article 41 thereof,
- the general budget of the European Union for the financial year 2013 adopted on 12 December 2012<sup>2</sup>,
- the draft amending budget No 1/2013<sup>3</sup>, adopted on 18 March 2013,

The European Commission hereby presents to the budgetary authority the draft amending budget No 2 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.

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<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> OJ L 66, 8.3.2013, p. 1.

<sup>3</sup> COM(2013) 156.

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## 1. INTRODUCTION

Draft amending budget (DAB) No 2 for the year 2013 covers the following:

- an increase in the forecast of other revenue stemming from fines and penalties, amounting to EUR 290 million;
- an increase of payment appropriations of EUR 11,2 billion across headings 1a, 1b, 2, 3a, 3b and 4 of the multi-annual financial framework (MFF). This is with the aim of meeting outstanding needs to the end of the year, so that obligations stemming from past and current commitments can be honoured, financial penalties avoided, and beneficiaries can receive the funds envisaged by the agreed EU policies, for which Parliament and Council authorised the related commitment appropriations in previous annual budgets. The requested additional payment appropriations will reduce the level of outstanding commitments (*'reste à liquider'*, RAL) as well as the risk of rolling over onto 2014 abnormal levels of unpaid bills.

In accordance with Art. 41(2) of the Financial Regulation, the request for additional payment appropriations takes account of the possibilities for internal redeployment, and therefore reflects the net increase in the level of payments that is required to meet year-end needs across the 2013 budget. In turn, the increase in the revenue from fines and penalties will lessen the effect of the DAB No 2/2013 on Member States' GNI-based contributions.

The total amount of payment appropriations requested is EUR 11 225,2 million, leaving an unallocated margin of EUR 14,8 million under the 2013 ceiling for payments of the multi-annual financial framework, which is expected to cover known requests in the pipeline for the mobilisation of the EU Solidarity Fund.

The requested payment appropriations will allow all the legal obligations left pending at the end of 2012, and those arising in 2013, to be covered in the 2013 budget. This will avoid any abnormal carry-over into 2014 of payment needs that should have been addressed in the financial year 2013. Since the 'N+3' decommitment rule under cohesion policy ends this year, experience leads the Commission to consider that it will receive an increased share of payment claims very late in the year, too late for payment. These claims will be met in the beginning of 2014.

The request for EUR 11 225,2 million is detailed below. It brings the level of payment appropriations very close to the MFF payments ceiling set for 2013. This proposal means that no further amending budgets can be proposed later in the year without requiring an amendment to the MFF (which would require unanimity in the Council). Under current and foreseeable circumstances the Commission does not intend to request further payment appropriations in 2013.

## 2. INCREASE IN REVENUE

The voted budget 2013 contains an initial estimate of revenue of EUR 100 million from fines and penalties under revenue chapter 7 1 — 'Fines of the revenue side of the budget'. Taking into account the amounts that at this stage of the year are cashed or are expected to be cashed, it is proposed to increase the initial forecasts for revenue from fines and penalties by EUR 290 million, of which EUR 270 million relates to fines (revenue article 7 1 0) and EUR 20 million to penalty payments imposed on a Member State (revenue article 7 1 2). In accordance with Article 83 of the Financial Regulation, the Commission shall record the amounts received by way of fines, penalties and sanctions as soon as the decisions imposing them may no longer be overruled by the Court of Justice of the European Union. This increase in revenue from fines and penalties will reduce accordingly the effect of the present draft amending budget on Member States' GNI-based contributions.

In April 2013, the Commission will propose a further revision of the revenue side of the budget in order to budget any surplus resulting from the implementation of the budget year 2012, which will be entered as revenue in the 2013 budget, in accordance with Article 18 of the Financial Regulation.

### **3. GENERAL CONTEXT: SHORTAGE OF PAYMENT APPROPRIATIONS**

#### **3.1 Voted budget 2013: a low starting point for payments**

The authorised budget for 2013 set the level of payment appropriations at EUR 132,8 billion, EUR 5 billion below the Commission's draft budget proposal and EUR 2,9 billion below the final level of payments in the 2012 budget, creating a very tight situation for payments as from early 2013 and a shortfall in payment appropriations earlier than last year. This is in the knowledge that the Commission's request for payment appropriations in the 2013 draft budget had been drawn up assuming that the payment needs related to the financial year 2012 would be fully paid in 2012, so as not to create an abnormal backlog of unpaid payment claims at year-end. However, the additional payment appropriations authorised in the Amending Budget No 6/2012 were lowered by EUR 2,9 billion in respect to the amount proposed by the Commission, and were not at the level of all payment claims received at that moment.

#### **3.2 Declarations accompanying the voted budget 2013**

When agreeing on a reduction of the level of payment appropriations for 2013 as compared to the Commission's draft budget, the European Parliament and the Council in a joint statement with the Commission, signed on 10 December 2012 'asked the Commission to initiate any necessary action according to the Treaty and, in particular, to request additional payment appropriations in an Amending Budget if the appropriations entered in the 2013 budget prove insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources), heading 3 (Citizenship, freedom, security and justice) and heading 4 (EU as a global player)'. For their part, the Council and the European Parliament undertook to 'take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations'.

Moreover, the European Parliament and the Council agreed on a joint statement on payment needs for 2012, since the additional payment appropriations authorised in the Amending Budget No 6/2012 were lowered by EUR 2,9 billion in respect to the amount proposed by the Commission, and were not at the level of all payment claims received at that moment. As part of this joint declaration, the Commission undertook to 'present at an early stage in the year 2013 a draft amending budget devoted to the sole purpose of covering the 2012 suspended payment claims as soon as the suspensions are lifted, and the other pending legal obligations without prejudice to the proper implementation of the 2013 budget'. Similarly, the Council and the European Parliament undertook to 'take position on this draft amending budget as quickly as possible in order to cover any outstanding gap'.

In light of these two declarations, the Commission now presents a draft amending budget covering payment needs across headings both for reasons of consistency and sound financial management, providing the Budgetary Authority with a full overview of the updated payment needs until the end of the year, at as early a stage of the year as possible, and allowing the Union budget to assume its financial obligations towards national and local authorities as well as other final beneficiaries within acceptable time limits.

### 3.3 Review of payment needs 2013

The Commission has undertaken a careful assessment of needs to meet obligations in 2013. On that basis this draft amending budget aims at adjusting the level of payment appropriations available across budget lines to address identified payment shortages. In terms of breakdown of the additional payment appropriations by MFF heading, EUR 9,0 billion (corresponding to 80 % of the overall reinforcement) are requested for heading 1b, whereas some further EUR 2,2 billion cover needs in other expenditure headings (see table below).

*In EUR million*

Payment appropriations by MFF Heading	2013 Budget (incl. DAB 1)	DAB 2	Share in DAB 2	Proposed increase compared to	
				2013 Draft Budget	2013 Budget (incl. DAB 1)
1a Competiveness for Growth and Employment	11 904,0	982,6	8,8 %	-5,0 %	8,3 %
1b Cohesion for Growth and Employment	47 348,4	9 001,1	80,2 %	15,1 %	19,0 %
2 Preservation and Management of Natural Resources	57 487,0	608,5	5,4 %	0,3 %	1,1 %
3a Freedom, Security and Justice	917,7	128,4	1,1 %	12,8 %	14,0 %
3b Citizenship	639,1	15,2	0,1 %	-0,2 %	2,4 %
4 EU as a Global Player	6 409,4	489,5	4,4 %	-5,1 %	7,6 %
5 Administration	8 430,4				
6 Compensations	75,0				
<b>Total</b>	<b>133 211,0</b>	<b>11 225,2</b>	<b>100,0 %</b>	<b>4,8 %</b>	<b>8,4 %</b>
<i>Of which headings 1a, 2, 3a, 3b and 4</i>	<i>77 357,2</i>	<i>2 224,1</i>	<i>19,8 %</i>	<i>-0,9 %</i>	<i>2,9 %</i>

As shown in the table, when excluding heading 1b, the request for additional payment appropriations for the other headings combined remains slightly below the corresponding level of payment appropriations requested in the draft budget 2013. This shows that the Commission has carefully reassessed its payment needs. In the particular case of heading 3a, however, the assessment of year-end needs has led the Commission to request additional payment appropriations as compared to the 2013 draft budget, notably to take into account the growing needs for intermediate and final payments for the four Funds under *Solidarity and Management of migration flows*.

The sections below set out the net impact of the updated year-end needs for payment appropriations, by MFF heading.

## 4. REINFORCEMENT OF PAYMENTS BY HEADING OF THE FINANCIAL FRAMEWORK

### 4.1. Heading 1a — Competiveness for Growth and Employment

The level of payment appropriations in the voted budget 2013 for heading 1a is EUR 177,5 million below the level of payment appropriations authorised in the final budget 2012 and EUR 1,7 billion below the Commission's request in the 2013 draft budget. However, the level of commitment appropriations for heading 1a in the 2013 budget increases by 4,8 % over the 2012 budget, in line with the trend from previous years. Moreover, the implementation of payment appropriations in 2012 was significantly higher than in previous years, which shows the implementation of the programmes on the ground. These facts, combined with a careful analysis of the specific needs of individual budget lines, underpin the need for a significant increase of payment appropriations in 2013.



The overall request for reinforcement of payment appropriations in heading 1a amounts to EUR 982,6 million, broken down as follows:

<b>Budget Line</b>	<b>Heading</b>	<b>Payments (EUR million)</b>
02 02 01	Competitiveness and Innovation Framework Programme — Entrepreneurship and Innovation Programme	60,000
02 02 15	European Earth monitoring programme (GMES)	10,500
02 03 01	Operation and development of the internal market, particularly in the fields of notification, certification and sectoral approximation	0,650
02 03 04 01	Support to standardisation activities performed by CEN, Cenelec and ETSI	1,900
02 04 01 01	Space research	34,500
02 04 01 02	Security research	50,000
02 04 01 03	Research related to transport (Galileo)	40,000
02 05 01	European satellite navigation programmes (EGNOS and Galileo)	20,000
04 05 01	European Globalisation Adjustment Fund (EGF)	13,000
08 02 01	Cooperation — Health	200,000
08 03 01	Cooperation — Food, agriculture and fisheries, and biotechnology	65,000
08 05 01	Cooperation — Energy	20,000
08 06 01	Cooperation — Environment (including climate change)	40,000
08 08 01	Cooperation — Socioeconomic sciences and the humanities	12,495
08 10 01	Ideas	35,000
08 13 01	Capacities — Research for the benefit of small and medium-sized enterprises (SMEs)	20,000
08 14 01	Capacities — Regions of knowledge	2,727
08 15 01	Capacities — Research potential	0,805
08 16 01	Capacities — Science in society	8,000
08 18 01	Capacities — Risk-sharing finance facility (RSFF)	0,751
08 21 01	Euratom — Nuclear fission and radiation protection	7,150
08 22 03 01	Completion of the sixth EC framework programme (2003 to 2006)	7,804
09 03 01	Competitiveness and Innovation Framework Programme — Information and Communication Technologies Policy Support Programme (ICT PSP)	32,000
09 04 01 01	Support for research cooperation in the area of information and communication technologies (ICTs — Cooperation)	85,000
10 02 01	Non-nuclear activities of the Joint Research Centre (JRC)	2,000
10 03 01	Nuclear activities of the Joint Research Centre (JRC)	2,000
10 05 01	Decommissioning of nuclear installations and waste management	4,000
12 04 01	Specific activities in the field of financial services, financial reporting and auditing	1,443
14 02 01	Implementation and development of the internal market	0,500
14 04 02	Customs 2013	9,000
14 05 03	Fiscalis 2013	6,000
15 02 02	Erasmus Mundus	6,000
15 02 22	Lifelong learning programme	120,000
15 07 77	People	45,000
26 03 01 01	Interoperability Solutions for European Public Administrations (ISA)	10,000
29 02 03	Completion of the Union Statistical Programme 2008 to 2012	9,376
<b>Total</b>		<b>982,601</b>

### **Research Framework Programmes: EUR 678,2 million**

The request for additional payment appropriations for heading 1a is mostly related to the payment needs of the Research Framework Programmes, which were heavily cut in the voted budget 2013. The review of year-end payment needs carried out in March 2013 generally confirmed the Commission's request contained in the draft budget 2013, also taking into account that actual execution in 2012 was 11 % above the level of execution in 2011. That is why it is proposed to increase the level of payments for a series of research budget lines. This will enable the Commission to meet its needs for intermediate payments and final payments, as well as for pre-financing payments in order to respect payment time limits as laid down in the new Financial Regulation, notably as regards time to grant and time to pay. It is important for the Commission to be able to sign the grant agreements foreseen in 2013 on time as a large number of stakeholders (universities, research institutions, SMEs, and industries) are depending on EU support to go ahead with their research projects. Delaying the signature of these grant agreements would disrupt the already complex planning and programming process leading to delay in the recruitment of scientists, difficulties in their availability and instabilities of consortiums and would go counter to the EU's priority objectives.

### **Competitiveness and Innovation Framework Programme: EUR 92,0 million**

As a consequence of the severe cuts in the voted budget 2013, the *CIP — Entrepreneurship and Innovation Programme* (EIP) and the *CIP — Information and Communication Technologies Policy Support Programme* (ICT-PSP) are expected to run out of payment appropriations in June and September 2013, respectively. The additional appropriations requested will enable the Commission to meet its needs for pre-financing payments linked to commitments signed in 2012, as well as for intermediate payments and final payments, while respecting payment time limits as laid down in the new Financial Regulation, notably as regards time to grant and time to pay. For Eco-innovation and Entrepreneurship actions, failure to increase payment appropriations would lead to an interruption of interim and final payments on ongoing contracts and grant agreements by June 2013. In turn, this would cause significant damage to the beneficiaries, which in many cases are European small and medium-sized enterprises (SMEs). On all these contracts, interest on late payments would accumulate until additional appropriations become available.

### **GMES and Galileo: EUR 30,5 million**

The two key European satellite navigation systems (GMES and EGNOS-Galileo) are entering into their operational phase, and additional payment appropriations (amounting to EUR 10,5 million for GMES and EUR 20 million for EGNOS-Galileo) are needed to pay contracts, notably for the agreements with the *European Space Agency* (ESA), related to the satellites, the launches, the ground segment and the operations. Without this reinforcement, the ESA will not receive the agreed amount and contractors will be paid with a later deadline. That would result in delays in programme implementation and postponement of the start of the operational phase at the end of 2014, as well as to cost overruns.

### **European Globalisation Adjustment Fund (EGF): EUR 13,0 million**

In the voted budget 2013, an amount of EUR 50 million in payment appropriations was entered on the EGF line. However, EGF applications in excess of this amount have already been submitted to the Commission. To cover the payment needs related to these applications, a reinforcement of payment appropriations amounting to EUR 13,0 million is requested.

## **Lifelong Learning and Erasmus Mundus: EUR 126,0 million**

The voted budget 2013 combined an increase in commitment appropriations for *Lifelong Learning* and *Erasmus Mundus* with a reduction in payment appropriations, as compared to the draft budget. Taking into account the high level of payment implementation in recent years, it is proposed to align the level of payments for these programmes with the execution in 2012, taking into account the reinforced level of commitments in 2013. Therefore, a reinforcement of payment appropriations amounting to EUR 120,0 million is requested for *Lifelong Learning* and EUR 6,0 million for *Erasmus Mundus*. Without these additional appropriations, the Commission would not be in a position to make the operational appropriations available to the National Agencies. As a consequence, they would face serious difficulties to implement the decentralised actions.

## **Other programmes and actions: EUR 42,9 million**

The review of payment needs has confirmed the payment requests contained in the draft budget 2013 for a number of other programmes under heading 1a, notably in the field of financial services, the internal market, customs and taxation and statistics. Past implementation levels for these programmes have been high, and certain programmes are expected to run out of payment appropriations at an early stage of the year, which may in turn lead to interest on late payments.

### **4.2. Heading 1b — Cohesion for Growth and Employment**

The overall request for reinforcement of payment appropriations in heading 1b amounts to EUR 9 billion, broken down as follows:

<b>Budget Line</b>	<b>Heading</b>	<b>Payments (EUR million)</b>
04 02 01	Completion of the European Social Fund (ESF) — Objective 1 (2000 to 2006)	860,000
04 02 17	European Social Fund (ESF) — Convergence	1 620,000
04 02 19	European Social Fund (ESF) — Regional competitiveness and employment	773,000
13 03 01	Completion of European Regional Development Fund (ERDF) — Objective 1 (2000 to 2006)	515,000
13 03 04	Completion of European Regional Development Fund (ERDF) — Objective 2 (2000 to 2006)	86,000
13 03 06	Completion of Urban (2000 to 2006)	0,150
13 03 16	European Regional Development Fund (ERDF) — Convergence	1 797,000
13 03 18	European Regional Development Fund (ERDF) — Regional competitiveness and employment	833,000
13 03 19	European Regional Development Fund (ERDF) — European territorial cooperation	182,000
13 04 01	Cohesion Fund — Completion of previous projects (prior to 2007)	250,000
13 04 02	Cohesion Fund	2 085,000
	<b>Total</b>	<b>9 001,150</b>

## **Closure of 2000-2006 programmes: EUR 1 711 million**

Regarding the completion of the programmes of the previous period 2000-2006, the Commission is ready to proceed with payments of the final balance for many programmes. However, the corresponding appropriations on the various budget lines concerned are either fully exhausted or will be exhausted soon. The Commission expects to close most of the Structural Funds programmes this year. Therefore it is necessary to reinforce payment appropriations in the 2013 budget by EUR 1,7 billion, in order not to delay unduly the 2000-2006 closure process nor to burden the budget 2014 with requests for these closures. This is, however, with the exception of the Cohesion Fund, to which different rules applied in the period 2000-2006.

Already in its draft amending budget No 6/2012, the Commission identified a missing amount of around EUR 1,4 billion for programmes in heading 1b that were ready to be closed in 2012, of which EUR 0,3 billion were finally covered in the end-of-the-year transfer. The remaining amount from 2012 of around EUR 1,1 billion had to be charged on the 2013 budget.

As a consequence, at the beginning of March 2013, the individual budget lines for closure of 2000-2006 programmes by structural fund and objective had already reached (nearly) full implementation of the payment appropriations in the 2013 budget: the implementation rates stood at 100 % for *ESF — Objective 1* and for *ERDF — Objective 1*, 97 % for *Urban* and 94 % for *ERDF — Objective 2*.

However, further programmes under the Structural Funds are now ready for closure requiring an additional amount of EUR 1 461 million, to cover payment needs related to uncontested amounts resulting from a detailed analysis of closure documents.

As regards the completion of previous projects under the Cohesion Fund, at the beginning of March 2013 37 % of the payment appropriations on this line in the 2013 budget had been implemented. The additional amount of EUR 250 million is required to cover estimated payment needs related to project closures until the end of the year.

### **2007-2013 programmes: EUR 7 290 million**

As far as the 2007-2013 programmes are concerned, EUR 16,2 billion of payment claims received before the end of last year have to be charged on the appropriations available in the 2013 budget. Accordingly, out of the EUR 45,2 billion in the 2013 budget for the 2007-2013 programmes, only EUR 28,9 billion remain available for the payment claims to be submitted in 2013.

In 2012 the Commission received around EUR 50,6 billion in payment claims. It is expected that payment claims submitted in 2013 will exceed this amount of EUR 50,6 billion, since the end of the ‘N+3’ rule will force Member States that previously benefitted from this rule to submit at the end of 2013 payment claims covering up to two annual tranches. This would also constitute a continuation of the trend observed over the last three years during which payment claims have substantially increased year after year.

Member States’ forecasts for 2013, submitted in September 2012 and reduced by 20 % to take account of past experience of forecast accuracy, would suggest that payment claims amounting to around EUR 55 billion are likely to be received by the end of the year. As explained above, this amount would be in line with the Commission’s own assessment of needs.

However, the monthly profile of submission of payment claims could be significantly different this year, since the end of the ‘N+3’ rule is likely to lead to an increased share of payment claims sent only in the very last days of the year, as Member States will seek to minimise decommitment risks. Such late claims cannot be processed by the Commission before the end of the year.

Overall, without an adequate reinforcement, the gap between the payment appropriations available for 2013 and the expected payment claims would lead to a considerable unpaid backlog at the end of 2013. This would put an unsustainable burden on the 2014 budget and would delay the reimbursement of the payment claims submitted by the Member States by many months as compared to the legal deadlines.

Based on the assumptions described above, the Commission requests an amount of EUR 7,3 billion in additional payment appropriations. The requested reinforcement includes the amount of around EUR 1,4 billion identified by the Commission when preparing the draft amending budget No 6/2012 for which interruptions or suspensions have already been lifted or will soon be lifted.

The unpaid claims carried over from 2012 account for a substantial share of the appropriations in the 2013 budget, varying from 24 % for the *Cohesion Fund*, 29 % for *ERDF — Convergence*, 36 % for *ESF — Convergence*, 60 % for *ESF — Regional competitiveness* and 62 % for *ERDF — Territorial Cooperation* to 90 % for *ERDF — Regional competitiveness*. The requested reinforcements, amounting to EUR 7 290 million in total, are needed to cover estimated payment needs without shifting an unsustainable level of unpaid claims into 2014. Without these reinforcements, the lines are expected to reach full implementation during the course of the first semester or in early Autumn 2013 at the latest.

#### 4.3. Heading 2 — Preservation and Management of Natural Resources

The overall request for reinforcement of payment appropriations in heading 2 amounts to EUR 608,5 million, broken down as follows:

Budget Line	Heading	Payments (EUR million)
05 04 02 01	Completion of the European Agricultural Guidance and Guarantee Fund, Guidance Section — Objective 1 regions (2000 to 2006)	95,916
05 04 02 02	Completion of the special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland (2000 to 2006)	2,189
05 04 05 01	Rural development programmes	460,000
07 03 07	LIFE+ (Financial Instrument for the Environment — 2007 to 2013)	10,000
11 06 12	European Fisheries Fund (EFF) — Convergence objective	33,995
11 06 13	European Fisheries Fund (EFF) — Outside convergence objective	6,390
	<b>Total</b>	<b>608,490</b>

##### **05 04 02 01 — Completion of the European Agricultural Guidance and Guarantee Fund, Guidance Section — Objective 1 regions (2000 to 2006) (EUR 95,9 million)**

In its draft amending budget No 6/2012, the Commission identified an amount of around EUR 110 million that was needed to proceed with closure of old programmes, notably in Portugal. As this reinforcement was not granted in 2012 and as no appropriations have been budgeted on this budget line in 2013, the Commission proposes a reinforcement of EUR 95,9 million. The difference with the amount identified last year will be covered by assigned revenues.

##### **05 04 02 02 — Completion of the special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland – Peace (2000 to 2006) (EUR 2,2 million)**

The reinforcement is needed to proceed with the closure of this programme.

##### **05 04 05 01 — Rural development programmes (EUR 460 million)**

The estimate of payment needs on this line has been revised upwards following the Commission's latest analysis of implementation concerning the Rural Development Programmes.

Payment claims relating to the last quarter of 2012 (Q4) are charged on the 2013 budget and amount to EUR 4,7 billion. This is around 37 % of the appropriations available in the 2013 budget and leaves only EUR 7,8 billion for the remainder of 2013, which is clearly insufficient to meet year-end needs. The first quarterly declaration of expenditure and Member States' forecasts until the end of the year, as submitted in January 2013, suggest a total level of payment needs of EUR 14,7 billion.

However, as for the Cohesion Policy, the Commission has corrected downwards Member States' forecasts based on past experience. For Q1 and Q2 a reduction of approximately 20 % has been

applied, whereas for Q3 the actual declared amount in previous years has been used to estimate claims, as this figure is rather stable.

A reinforcement of Rural Development programmes of EUR 460 million is proposed, taking into account the above mentioned correction of Member States' forecasts, payments of EUR 101 million relating to unpaid claims for 2012 and estimated assigned revenues of around EUR 200 million. Without this reinforcement, part of the declarations by Member States for the third quarter of 2013 would remain unpaid, payment deadlines would not be respected and payments to be made in 2014 would increase.

**07 03 07 — LIFE+ (Financial Instrument for the Environment – 2007 to 2013) (EUR 10,0 million)**

Implementation of payment appropriations for LIFE+ has significantly increased in 2012, which demonstrates that the programme is now at cruising speed. The review of payment needs for 2013 has confirmed the need for additional payment appropriations compared to the 2012 budget, in order to process second pre-financing payments and settle final payments as more action grants are reaching the end of their implementation period (usually between 3 and 7 years).

**11 06 12 — European Fisheries Fund — Convergence objective (EUR 34,0 million)**

The payment needs have been re-assessed following the Commission's latest analysis of implementation concerning the European Fisheries Fund. This assessment confirmed the needs identified in the draft budget 2013. As for the Cohesion Policy, this need is reinforced by a high level of unpaid payment claims at the end of 2012 (representing 100 % of the appropriations in the 2013 budget) that will have to be covered by the 2013 budget. Without this reinforcement part of the 2013 payment claims would remain unpaid, payment deadlines would not be respected and the backlog of payments to be made in 2014 would increase.

**11 06 13 — European Fisheries Fund — outside Convergence objective (EUR 6,4 million)**

The payment needs have been re-assessed following the Commission's latest analysis of implementation concerning the European Fisheries Fund. This assessment confirmed the needs identified in the draft budget 2013. As for the Cohesion Policy, this need is reinforced by a high level of unpaid payment claims at the end of 2012 (representing 60 % of the appropriations in the 2013 budget) that will have to be covered by the 2013 budget. Without this reinforcement part of the 2013 payment claims would remain unpaid, payment deadlines would not be respected and the backlog of payments to be made in 2014 would increase.

**4.4. Heading 3a — Freedom, Security and Justice**

The overall request for reinforcement of payment appropriations in heading 3a amounts to EUR 128,35 million, broken down as follows:

Budget Line	Heading	Payments (EUR million)
18 02 04	Schengen information system (SIS II)	3,000
18 02 06	External Borders Fund	21,000
18 02 09	European Return Fund	27,000
18 03 03	European Refugee Fund (ERF)	30,000
18 03 05	European Migration Network	1,000
18 03 09	European Fund for the Integration of third-country nationals	28,500
18 03 14 02	European Asylum Support Office — Contribution to Title 3	1,500

Budget Line	Heading	Payments (EUR million)
18 03 17	Preparatory action — Enable the resettlement of refugees during emergency situations	0,650
18 05 08	Prevention, preparedness and consequence management of terrorism	2,000
18 05 09	Prevention of and fight against crime	12,500
18 08 01	Prince — Area of freedom, security and justice	1,200
<b>Total</b>		<b>128,350</b>

### **Solidarity and management of migration flows: EUR 107,5 million**

The reinforcement of payment appropriations requested for the four Funds under Solidarity and Management of migration flows (*External Borders Fund, European Return Fund, European Fund for the Integration of Third Country Nationals and European Refugee Fund*), as well as the *European Migration Network*, covers the updated needs for intermediate and final payments to be made on grants and contracts from 2011 and 2012, as well as pre-financing payments on 2012 and 2013 calls. This is against the background of postponement of certain pre-financings for the year 2012, which further increases the need for reinforcement in 2013. The amounts requested are calculated assuming that the ‘Schengen reserve’ currently in the 2013 budget will be lifted and hence, that the amounts in reserve will be made available.

### **Security and safeguarding liberties: EUR 14,5 million**

The reinforcement of payment appropriations requested for *Prevention, preparedness and consequence management of terrorism* and *Prevention of and fight against crime* covers the updated needs for intermediate and final payments to be made on grants and contracts from 2011 and 2012, as well as pre-financing payments on 2012 and 2013 calls. The amounts requested are calculated assuming that the ‘Schengen reserve’ will be lifted and hence, that the amounts in reserve will be made available.

### **Other programmes and actions: EUR 6,35 million**

The review of payment needs for 2013, also in light of actual implementation in 2012, has confirmed the payment requests contained in the draft budget for the *Schengen Information System (SIS II)* and *Prince – Area of freedom, security and justice*. As regards SIS-II, the amount requested is calculated assuming that the reserve linked to the progress of the programme and the Delegation of tasks to the eu.LISA agency will be lifted and hence, that the amount in reserve will be made available.

## **4.5. Heading 3b — Citizenship**

The overall request for reinforcement of payment appropriations in heading 3b amounts to EUR 15,15 million, broken down as follows:

Budget Line	Heading	Payments (EUR million)
09 02 06	Preparatory action — Erasmus for Journalists	0,150
15 04 44	Culture Programme (2007 to 2013)	3,500
15 04 66 01	MEDIA 2007 — Support programme for the European audiovisual sector	2,500
17 03 06	Union action in the field of health	9,000
<b>Total</b>		<b>15,150</b>

The reinforcement of payment appropriations requested for heading 3b relates to the *Culture, Media and Health* programmes. For the *Culture* and *Media* programmes, this is mainly due to the lack of payment appropriations in 2012, which has pushed pre-financing payments into 2013. Moreover, for

the *Media* programme, final reports are arriving more quickly than initially foreseen, which leads to swifter implementation of projects. Finally, the reinforcement requested for the *Health* programme is consistent with the high level of implementation in 2012, which proves the absorption capacity of the programme.

#### 4.6. Heading 4 — EU as a Global Player

The overall request for reinforcement of payment appropriations in heading 4 amounts to EUR 489,5 million, broken down as follows:

Budget Line	Heading	Payments (EUR million)
04 06 01	Instrument for Pre-Accession Assistance (IPA) — Human resources development	35,500
13 05 02	Instrument for Pre-Accession Assistance (IPA) — Regional development component	127,000
13 05 03 02	Cross-border cooperation (CBC) and participation of candidate and potential candidate countries in Structural Funds' transnational and interregional cooperation programmes — Contribution from Heading 4	7,000
19 04 01	European Instrument for Democracy and Human Rights (EIDHR)	20,000
19 06 01 01	Crisis response and preparedness (Instrument for Stability)	42,000
19 06 02 01	Actions in the area of risk mitigation and preparedness relating to chemical, nuclear and biological materials or agents (Instrument for Stability)	6,000
19 06 03	Trans-regional actions in the areas of organised crime, trafficking, protection of critical infrastructure, threats to public health and the fight against terrorism (Instrument for Stability)	5,000
19 08 01 01	European Neighbourhood and Partnership financial cooperation with Mediterranean countries	10,000
19 08 01 02	European Neighbourhood and Partnership financial assistance to Palestine, the peace process and UNRWA	70,000
19 08 01 03	European Neighbourhood and Partnership financial cooperation with eastern Europe	35,000
19 09 01	Cooperation with developing countries in Latin America	20,000
19 10 01 01	Cooperation with developing countries in Asia	10,000
20 02 03	Aid for trade — Multilateral initiatives	2,000
21 03 01	Non-State actors in development	10,000
21 03 02	Local authorities in development	7,000
21 05 02	Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM)	5,000
21 06 02	Relations with South Africa	10,000
22 02 07 01	Regional and horizontal programmes	22,000
23 02 01	Humanitarian aid	43,000
23 02 02	Food aid	3,000
<b>Total</b>		<b>489,500</b>

#### Instrument for Pre-Accession assistance (IPA): EUR 191,5 million

The reinforcement of payment appropriations requested for IPA programmes (*Human resources development, Regional development, Cross-border cooperation (CBC) and Regional and horizontal programmes*) is mostly due to the level of unpaid payment claims received in 2012 and the updated forecasts for payment claims to be received in 2013, also in view of avoiding the risk of 'N+3' decommitments, against the background of large reductions of payment appropriations in the voted budget as compared to the draft budget. The amounts requested in this draft amending budget are calculated assuming that the additional payment appropriations requested for IPA programmes ('*Rural development*' and '*Transition and institution building assistance*') in DAB No 1/2013 (Croatia) will be approved.



### **European Neighbourhood and Partnership Instrument (ENPI): EUR 115 million**

The reinforcement of payment appropriations requested for ENPI (*Mediterranean countries, Palestine and Eastern Europe*) is mostly due to the large reductions of payment appropriations in the voted budget for these budget lines as compared to the draft budget. At the same time, additional commitment appropriations were allocated in the 2011 and 2012 budgets in the context of the reinforcement of these lines following the review of the European Neighbourhood policy and the Amending Letter No 1/2012. In particular the ‘*Support for Partnership, Reform and Inclusive Growth*’ (SPRING) programme and the ‘*Eastern Partnership Integration and Cooperation*’ (EaPIC) incentive programmes were created in these years. Needs for payment appropriations were updated in January 2013, in the framework of the Headquarters’ and Delegations’ regular year-end reporting. The current estimate of the needs for the year is based on the most conservative of the delegations’ requests, and the consumption of appropriations on the Neighbourhood lines has been at 100% for the last two years. If further reinforcement is not made, some types of payment will incur interest charges. Other types of payment, such as large budget support payments, if delayed, would not incur charges but will inflict damage on the fragile economies of partner countries and on our political relations with those countries.

### **Development Cooperation Instrument (DCI): EUR 62,0 million**

The reinforcement of payment appropriations requested for DCI (mostly related to *Latin America, Asia and South Africa*, as well as *Non-State Actors and Local authorities in Development*) is mostly due to the lack of payment appropriations in 2012, which resulted in postponement of payments. As a consequence, certain programmes are expected to run out of payment appropriations in the third quarter of 2013. Finally, the reinforcement of payment appropriations requested for the *Global Health Fund* is mostly due to the fact that payments for the fees for this Fund should match the level of commitments.

### **Instrument for Stability (IfS): EUR 53,0 million**

The reinforcement of payment appropriations requested for the *Instrument for Stability* is mostly due to the lack of payment appropriations in 2012, which resulted in postponement of payments amounting to EUR 10 million, in combination with a large reduction of payment appropriations in the voted budget 2013. The request for additional payment appropriations is meant to cover existing contractual obligations with external partners, as well as a high level of mandatory advance payments.

### **European Instrument for Democracy and Human Rights (EIDHR): EUR 20,0 million**

The reinforcement of payment appropriations requested for *Democracy and Human Rights* is mostly due to the lack of payment appropriations in 2012, which resulted in postponement of payments. As a consequence, the implementation rate of payments at the beginning of March 2013 already stood at 40 %, and the programme risks to run out of payment appropriations in the third quarter of 2013.

### **Humanitarian aid: EUR 46,0 million**

The reinforcement of payment appropriations requested for *Humanitarian aid* and *Food aid* is mostly due to the fact that the level of payments in the 2013 budget is EUR 80 million below the level of commitments, whereas the implementation of payments historically is close to 100 % of commitment appropriations, as well as to the increase in the level of outstanding commitments at the end of 2012. For this reason, 34 % of the payment appropriations in the voted budget 2013 had already been implemented at the beginning of March 2013. Furthermore, with the deteriorating situation in major crises such as Mali, Sahel, Syria and Horn of Africa, the emergency aid reserve may have to be used again in 2013.

## **Other programmes and actions: EUR 2,0 million**

The reinforcement of payment appropriations requested for *Aid for Trade* is mostly due to the fact that additional payments are necessary to meet existing and future commitments in the 2013 budget, against the background of a large reduction in payments in the voted budget as compared to the draft budget.

## **5. CONCLUSION**

The review of payment needs in the 2013 budget has revealed a major shortage of payment appropriations, amounting to EUR 11,2 billion. After this DAB No 2/2013, the amount of EUR 14,8 million which remains available under the payment ceiling of the multi-annual financial framework for 2013, is expected to meet the payment needs related to a series of connected applications received for the EU Solidarity Fund (EUSF). Subject to confirmation of eligibility, the Commission will shortly present a draft amending budget linked to the proposal to mobilise the EUSF.

## 6. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	Revised 2013 Financial framework		Budget 2013 (incl. DAB 1/2013)		DAB 2/2013		Budget 2013 (incl. DAB 1-2/2013)	
	CA	PA	CA	PA	CA	PA	CA	PA
<b>1. SUSTAINABLE GROWTH</b>								
1a. Competitiveness for growth and employment <i>Margin</i>	15 670 000 000		16 168 150 291 <i>1 849 709</i>	11 904 027 361		982 600 734	16 168 150 291 <i>1 849 709</i>	12 886 628 095
1b. Cohesion for growth and employment <i>Margin</i>	54 974 000 000		54 958 049 037 <i>15 950 963</i>	47 348 394 736		9 001 150 000	54 958 049 037 <i>15 950 963</i>	56 349 544 736
<b>Total Margin<sup>4</sup></b>	<b>70 644 000 000</b>		<b>71 126 199 328</b> <i>17 800 672</i>	<b>59 252 422 097</b>		<b>9 983 750 734</b>	<b>71 126 199 328</b> <i>17 800 672</i>	<b>69 236 172 831</b>
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES</b> 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
<b>Total Margin</b>	<b>61 310 000 000</b>		<b>60 159 241 416</b> <i>1 150 758 584</i>	<b>57 487 002 491</b>		<b>608 490 470</b>	<b>60 159 241 416</b> <i>1 150 758 584</i>	<b>58 095 492 961</b>
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>								
3a. Freedom, Security and Justice <i>Margin</i>	1 703 000 000		1 440 827 200 <i>262 172 800</i>	917 683 652		128 350 000	1 440 827 200 <i>262 172 800</i>	1 046 033 652
3b. Citizenship <i>Margin</i>	746 000 000		738 364 000 <i>7 636 000</i>	639 099 615		15 150 000	738 364 000 <i>7 636 000</i>	654 249 615
<b>Total Margin</b>	<b>2 449 000 000</b>		<b>2 179 191 200</b> <i>269 808 800</i>	<b>1 556 783 267</b>		<b>143 500 000</b>	<b>2 179 191 200</b> <i>269 808 800</i>	<b>1 700 283 267</b>
<b>4. EU AS A GLOBAL PLAYER</b>								
<i>Margin<sup>5</sup></i>	9 595 000 000		9 583 118 711 <i>275 996 289</i>	6 409 414 260		489 500 000	9 583 118 711 <i>275 996 289</i>	6 898 914 260
<i>Margin<sup>6</sup></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
<b>6. COMPENSATION</b>	75 000 000		75 000 000	75 000 000			75 000 000	75 000 000
<b>Total Margin<sup>7,8</sup></b>	<b>153 168 000 000</b>	<b>144 285 000 000</b>	<b>151 553 441 395</b> <i>2 464 673 605</i>	<b>133 210 987 855</b> <i>11 240 012 145</i>		<b>11 225 241 204</b>	<b>151 553 441 395</b> <i>2 464 673 605</i>	<b>144 436 229 059</b> <i>14 770 941</i>

<sup>4</sup> The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million).

<sup>5</sup> The 2013 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 264,1 million).

<sup>6</sup> 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.

<sup>7</sup> 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).

<sup>8</sup> 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).