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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	28 June 2019
To:	Mr Eugen Orlando TEODOROVICI, President of the Council of the European Union

Subject:	Proposal for transfer of appropriations No DEC 11/2019 within Section III - Commission - of the general budget for 2019
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Delegations will find attached Commission document DEC 11/2019.

Encl.: DEC 11/2019



BRUSSELS, 28/06/2019

GENERAL BUDGET - 2019
SECTION III - COMMISSION TITLES: 04, 13, 19, 21, 22

TRANSFER OF APPROPRIATIONS N° DEC 11/2019

FROM**CHAPTER - 1305** Instrument for Pre-Accession Assistance -- Regional development and regional and territorial cooperationITEM - 13 05 63 02 Cross-border cooperation (CBC) -- Contribution from Heading 4
Commitments -29 020 100,00**CHAPTER - 2202** Enlargement process and strategyITEM - 22 02 03 02 Support for economic, social and territorial development and related progressive alignment with the Union acquis
Payments -17 520 100,00**TO****CHAPTER - 0403** Employment, Social Affairs and InclusionARTICLE - 04 03 14 European Training Foundation (ETF)
Commitments 20 100,00
Payments 20 100,00**CHAPTER - 1903** Common foreign and security policy (CFSP)ITEM - 19 03 01 04 Other crisis management measures and operations
Payments 16 000 000,00ARTICLE - 19 03 02 Support to non-proliferation and disarmament
Commitments 8 500 000,00**CHAPTER - 1906** Information outreach on the Union's external relationsARTICLE - 19 06 01 Information outreach on the Union's external relations
Commitments 1 500 000,00
Payments 1 500 000,00**CHAPTER - 2102** Development Cooperation Instrument (DCI)ITEM - 21 02 07 03 Human development
Commitments 9 000 000,00**CHAPTER - 2204** European Neighbourhood Instrument (ENI)ITEM - 22 04 01 03 Mediterranean countries -- Confidence building, security and the prevention and settlement of conflicts
Commitments 10 000 000,00

I. DECREASE

I.1

a) Heading

13 05 63 02 - Cross-border cooperation (CBC) -- Contribution from Heading 4

b) Figures at 12/06/2019

	Commitments
1 Appropriations in budget (Initial Budget + AB)	45 726 802,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	45 726 802,00
4 Appropriations already used	16 535 750,81
5 Appropriations available (3-4)	29 191 051,19
6 Decrease proposed	29 020 100,00
7 Total appropriations up to year end (5-6)	170 951,19
8 Decrease as percentage of appropriations in budget (6/1)	63,46 %
9 Decrease, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 12/06/2019	0,00
3 Implementation rate [(1-2)/1]	n/a

d) Detailed grounds for the decrease

An amount of EUR 29 million in commitment appropriations can be made available for other needs in Heading 4 since an equivalent amount arising from recoveries could be used instead on this budget line. The recoveries stem from completion of projects under the previous Instrument for Structural Policies for Pre-accession (ISPA) and under completion of Cross-border cooperation.

I.2

a) Heading

22 02 03 02 - Support for economic, social and territorial development and related progressive alignment with the Union acquis

b) Figures at 12/06/2019

	Payments
1 Appropriations in budget (Initial Budget + AB)	678 080 653,00
2 Transfers	-128 000 000,00
3 Total appropriations for the year (1+2)	550 080 653,00
4 Appropriations already used	30 931 611,74
5 Appropriations available (3-4)	519 149 041,26
6 Decrease proposed	17 520 100,00
7 Total appropriations up to year end (5-6)	501 628 941,26
8 Decrease as percentage of appropriations in budget (6/1)	2,58 %
9 Decrease, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

c) Receipts arising from recovery (carried over from previous year)

	Payments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 12/06/2019	0,00
3 Implementation rate [(1-2)/1]	n/a

d) Detailed grounds for the decrease

Delays in the process for the continuation of a direct grant in the field of healthcare, coupled with the continuing depreciation of the Turkish lira, made it possible for the Commission to transfer payment appropriations from the Instrument for Pre-accession (IPA) to Humanitarian Aid in 2019.

Continuing currency depreciation means that an additional EUR 17,5 million in payment appropriations can be made available for reinforcement of other budget lines in Heading 4.

II. INCREASE

II.1

a) Heading

04 03 14 - European Training Foundation (ETF)

b) Figures at 12/06/2019

	Commitments	Payments
1 Appropriations in budget (Initial Budget + AB)	20 488 990,00	20 488 990,00
2 Transfers	-20 100,00	-20 100,00
3 Total appropriations for the year (1+2)	20 468 890,00	20 468 890,00
4 Appropriations already used	20 468 889,61	10 000 000,00
5 Appropriations available (3-4)	0,39	10 468 890,00
6 Increase requested	20 100,00	20 100,00
7 Total appropriations up to year end (5+6)	20 100,39	10 488 990,00
8 Increase as percentage of appropriations in budget (6/1)	0,10 %	0,10 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments	Payments
1 Appropriations available at start of the year	57 010,39	57 010,39
2 Appropriations available on 12/06/2019	0,00	57 010,39
3 Implementation rate [(1-2)/1]	100,00 %	0,00 %

d) Detailed grounds for the increase

By the judgment of the Court of Justice in case T-298/16, the Commission was ordered to pay EUR 20 000 in indemnities to a contractor, with late interest payments starting to run as from March 2019. The commitment and payment concerned budget line 04 05 51 - Completion of actions (prior to 2014) — Instrument for Pre-Accession Assistance — Human resources development. This line has only a token entry *pro memoria* in the 2019 budget. As a temporary solution and given the limited possibilities for an internal transfer within the same chapter, in order to avoid late interest payments, the Commission made an internal transfer between chapters of EUR 20 100 in March 2019 from budget line 04 03 14 - European Training Foundation (ETF).

The purpose of the present transfer is to re-establish the appropriations on budget line 04 03 14 by transferring back the same amount of EUR 20 100 from budget line 13 05 63 02 - Cross-cooperation (CBC) – Contribution from Heading 4, which can make this amount available.

II.2

a) Heading

19 03 01 04 - Other crisis management measures and operations

b) Figures at 12/06/2019

	Payments
1 Appropriations in budget (Initial Budget + AB)	171 000 000,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	171 000 000,00
4 Appropriations already used	97 012 048,01
5 Appropriations available (3-4)	73 987 951,99
6 Increase requested	16 000 000,00
7 Total appropriations up to year end (5+6)	89 987 951,99
8 Increase as percentage of appropriations in budget (6/1)	9,36 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

c) Receipts arising from recovery (carried over from previous year)

	Payments
1 Appropriations available at start of the year	11 952 944,42
2 Appropriations available on 12/06/2019	0,00
3 Implementation rate [(1-2)/1]	100,00 %

d) Detailed grounds for the increase

Since the majority of civilian Common Security and Defence Policy (CSDP) missions have now been positively assessed for their sound financial management procedures (pillar assessment) in accordance with the Financial Regulation, the Commission has changed in 2019 its approach with regard to the level of pre-financings. Given the increased level of assurances through the pillar assessment, missions now receive a pre-financing of 100%, while previously the first and second pre-financings were as low as 50% in some cases.

This change is having an impact on the need for payment appropriations in 2019. Based on the most current forecasts, a reinforcement of EUR 16 million in payment appropriations is needed to cover the identified shortfall until the end of the year.

II.3

a) Heading

19 03 02 - Support to non-proliferation and disarmament

b) Figures at 12/06/2019

	Commitments
1 Appropriations in budget (Initial Budget + AB)	20 500 000,00
2 Transfers	4 900 000,00
3 Total appropriations for the year (1+2)	25 400 000,00
4 Appropriations already used	8 086 920,48
5 Appropriations available (3-4)	17 313 079,52
6 Increase requested	8 500 000,00
7 Total appropriations up to year end (5+6)	25 813 079,52
8 Increase as percentage of appropriations in budget (6/1)	41,46 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	618 327,84
2 Appropriations available on 12/06/2019	0,00
3 Implementation rate [(1-2)/1]	100,00 %

d) Detailed grounds for the increase

In accordance with the Inter-institutional Agreement between the European Parliament, the Council and the European Commission of December 2013 (point 24): "In the event of the amount of the CFSP (Common Foreign and Security Policy) budget chapter during the financial year being insufficient to cover the necessary expenses, the European Parliament and the Council shall seek a solution as a matter of urgency, on a proposal from the Commission, taking into account Article 3 of the Multiannual Financial Framework (MFF) Regulation and Point 10 of this Agreement."

The Common Foreign and Security Policy (CFSP) budget is highly unpredictable because of the varying needs related to the growing instability in different parts of the world. The needs have been growing sharply since 2017, following Council's decisions to enlarge the scope and size of some civilian Common Security and Defence Policy (CSDP) missions, to open a new mission in Iraq, to engage increasingly in CFSP operational actions (based on Art. 28 TEU), as well as the growing number of actions in the area of non-proliferation and disarmament. It is also very difficult to predict the exact funding needs of missions and operations at the time of the establishment of the budget, due to the swiftly changing situation on the ground.

For 2019-2020, Member States have set ambitious goals for the CFSP budget in their Budget Orientation Paper, prioritising the extension of the scope of current missions (Iraq, Sahel, Libya, Ukraine), proposing new operational actions and a possible second extension of the operational action in Yemen, as well as continuing the engagement on non-proliferation and disarmament.

As of 13 May, the implementation of the CFSP budget stands at 62% in commitment and 36% in payment appropriations. However, taking into account all planned renewals of missions and new proposed actions, a reinforcement of EUR 8,5 million in commitment appropriations is needed on budget line 19 03 02 to implement current planning.

II.4

a) Heading

19 06 01 - Information outreach on the Union's external relations

b) Figures at 12/06/2019

	Commitments	Payments
1 Appropriations in budget (Initial Budget + AB)	15 000 000,00	15 000 000,00
2 Transfers	3 000 000,00	1 500 000,00
3 Total appropriations for the year (1+2)	18 000 000,00	16 500 000,00
4 Appropriations already used	14 960 000,00	16 220 222,00
5 Appropriations available (3-4)	3 040 000,00	279 778,00
6 Increase requested	1 500 000,00	1 500 000,00
7 Total appropriations up to year end (5+6)	4 540 000,00	1 779 778,00
8 Increase as percentage of appropriations in budget (6/1)	10,00 %	10,00 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments	Payments
1 Appropriations available at start of the year	0,00	0,00
2 Appropriations available on 12/06/2019	0,00	0,00
3 Implementation rate [(1-2)/1]	n/a	n/a

d) Detailed grounds for the increase

In line with the priority given to it in the EU Global Strategy of 2016, the EU engages in strategic communication and public diplomacy in 143 EU Delegations worldwide. The funding is managed by the European External Action Service (EEAS). A reinforcement of EUR 1 million in commitment and payment appropriations is requested to step up EU's strategic communication plans in line with the increasing needs and challenges in this area.

In addition, EUR 0,5 million in commitment and payment appropriations is needed to effectively combat disinformation ('fake news') about the European Union as identified in the Joint Communication of the High Representative and the European Commission on an Action Plan on Disinformation, endorsed by the Foreign Affairs Council on 21 January 2019. Fighting disinformation figures prominently in the Strategic Agenda 2019-2024 of European Leaders adopted at the Sibiu Summit on 9 May 2019.

II.5

a) Heading

21 02 07 03 - Human development

b) Figures at 12/06/2019

	Commitments
1 Appropriations in budget (Initial Budget + AB)	238 149 346,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	238 149 346,00
4 Appropriations already used	102 500 000,00
5 Appropriations available (3-4)	135 649 346,00
6 Increase requested	9 000 000,00
7 Total appropriations up to year end (5+6)	144 649 346,00
8 Increase as percentage of appropriations in budget (6/1)	3,78 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	4 302,69
2 Appropriations available on 12/06/2019	244 045,25
3 Implementation rate [(1-2)/1]	-5 571,92 %

d) Detailed grounds for the increase

On 31 May 2018 the United Nations General Assembly formally adopted a resolution (72/279) laying the foundations of the UN Development System (UNDS) reform. It represents one of the three main reform strands (along with "Management" and "Peace and Security") put forward by UN Secretary-General Guterres, the implementation of which started on 1 January 2019.

The reform will be financed through, among others, a 1% levy on the earmarked third-party voluntary contributions to development activities. The overall amount of EU's contribution is estimated at EUR 27,1 million, based on the amounts channelled by the relevant EU External Actions Instruments through UN organisations.

Since most of the EU's contribution will be financed through the Development Cooperation Instrument (DCI), which is the appropriate legal base for supporting such UNDS reform, it is requested that the DCI is reinforced by EUR 9 million in commitment appropriations.

II.6

a) Heading

22 04 01 03 - Mediterranean countries -- Confidence building, security and the prevention and settlement of conflicts

b) Figures at 12/06/2019

	Commitments
1 Appropriations in budget (Initial Budget + AB)	423 718 409,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	423 718 409,00
4 Appropriations already used	120 000 000,00
5 Appropriations available (3-4)	303 718 409,00
6 Increase requested	10 000 000,00
7 Total appropriations up to year end (5+6)	313 718 409,00
8 Increase as percentage of appropriations in budget (6/1)	2,36 %
9 Increase, as a percentage of the final appropriations for the year, in the sum of transfers referred to in Article 30(1)(b) of the Financial Regulation	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 12/06/2019	0,00
3 Implementation rate [(1-2)/1]	n/a

d) Detailed grounds for the increase

The Commission proposes an amount of EUR 10 million in commitment appropriations to be used to fulfil part of the European Neighbourhood Instrument's response to the Syrian refugee crisis, in line with the pledges made in the 2018 and 2019 Syrian Conference. In particular, it will finance projects in Lebanon in areas such as education, health, water, sanitation and hygiene, and social protection in order to address the protracted needs of refugees and vulnerable host communities.