



Brussels, 2 June 2020
(OR. en)

8505/20

Interinstitutional File:
2020/0107(COD)

DEVGEN 68
SUSTDEV 65
ACP 41
RELEX 393
ECOFIN 459
CODEC 448
ASIM 31
MAMA 66
COEST 98
COAFR 150

PROPOSAL

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

date of receipt: 28 May 2020

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: COM(2020) 407 final

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND
OF THE COUNCIL amending Regulation (EU) 2017/1601 establishing the
European Fund for Sustainable Development (EFSD), the EFSD
Guarantee and the EFSD Guarantee Fund

Delegations will find attached document COM(2020) 407 final.

Encl.: COM(2020) 407 final



EUROPEAN
COMMISSION

Brussels, 28.5.2020
COM(2020) 407 final

2020/0107 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2017/1601 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund

EN

EN

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

The Coronavirus disease outbreak ('COVID-19') has been declared as a pandemic by the World Health Organization (WHO) on 11 March 2020. Since then, countries across the world have adopted extraordinary measures to respond to and contain the outbreak.

As a result of the pandemic, a sharp contraction of growth is predicted. The measures taken by the Member States and partner countries in response to the crisis have severely disrupted supply chains and production and have caused absences from the workplace. In addition, the provision of many services has become impossible or very difficult. At the same time, consumer demand has dropped. The measures have already led to or will lead to severe deterioration of the financial situation of many businesses.

The COVID-19 pandemic crisis is having a major impact on societies around the globe, starting with health systems, and moving to severe global social and economic consequences. The response strategy of the Union should be comprehensive, coherent and integrated, tackling both the public health and the socio-economic challenges. The least developed countries are the most vulnerable to COVID-19, given their weak, non-resilient health systems and complex socio-economic and governance challenges. It is already evident that COVID-19 will have a major impact on the economic and macroeconomic systems in our partner countries. Governments will be challenged to sustain macro-economic stability and maintain fiscal space to protect the most vulnerable, their companies, their workers, and continue providing basic social services.

This exceptional situation calls for a coherent and unified approach at the level of the Union, valid for both the internal and external dimension. To prevent further deterioration of the economy and to boost a balanced, unified and equal recovery of the economic activity, an exceptional and coordinated programme of economic support should be put in place. Therefore, substantial amounts of public and private investment are needed to find innovative solutions, energise the economy, create high-quality jobs and invest in repairing the immediate damage brought by the COVID-19 outbreak.

In view of that the Commission proposes an ambitious package including an increase in the ceilings under the 2014-2020 Multi-annual Financial Framework to enable the implementation of measures within the Union and beyond in response to the impact of the COVID-19 pandemic, such as measures supporting affected businesses, cohesion support to Member States, capacity building to enhance future crisis preparedness and other relevant policy areas and related measures.

It is proposed that those measures are carried out under specific Union instruments and programmes and in accordance with the relevant Union acts laying down rules for those instruments and programmes.

It is therefore necessary to enable the implementation of those measures through the delivery mechanisms under Regulation (EU) 2017/1601 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- Legal basis**

EU action is justified by Articles 209(1) and 212(2) of the Treaty on the Functioning of the European Union.

- Subsidiarity and proportionality**

The explanatory memorandum of the original Commission proposal details the subsidiarity and proportionality considerations applicable to the European Fund for Sustainable Development: COM(2016)586 – Proposal for a Regulation of the European Parliament and of the Council on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund.

- Choice of the instrument**

This regulation amends Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- Stakeholder consultations**

The explanatory memorandum of the following initial Commission proposal details the public and stakeholders consultations carried out: COM (2016) 586.

- Evaluations and impact assessments**

The explanatory memorandum of the following initial Commission proposal details the Evaluations and impact assessment carried out to support the proposal: COM(2016) 586.

4. BUDGETARY IMPLICATIONS

The Union will make available an additional amount of EUR 1 040 million for the European Fund for Sustainable Development, increasing the EU guarantee by EUR 2 078 million and bringing the total Union guarantee ceiling to EUR 3 578 million.

This proposal prolongs until 31 December 2021 the investment period during which the EFSD guarantee agreements for supporting financing and investment operations can be concluded with the eligible counterparts.

More details on the budgetary implications are provided in the Legislative Financial Statement.

5. OTHER ELEMENTS

- Detailed explanation of the specific provisions of the proposal**

The legal framework consists of targeted modifications to the Regulation (EU) 2017/1601 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

The main amendments introduced aim at:

- Extending the geographic scope of the EFSD to the beneficiaries in the Western Balkans listed in Annex I of Regulation 231/2014¹.
- Increasing the contribution to the European Fund for Sustainable Development from the Union budget in view of implementing operations in response of the impact of the COVID-19 pandemic.
- Prolonging the investment period during which the EFSD guarantee agreements for supporting financing and investment operations can be concluded with the eligible counterparts.

¹ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p.11).

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2017/1601 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 209(1) and 212(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The COVID-19 pandemic crisis is having a major impact on societies around the globe, starting with health systems, and moving to severe global social and economic consequences. The response strategy of the Union should be comprehensive, coherent and integrated, tackling both the public health and the socio-economic challenges both within the Union as well as in cooperation with its partner countries, notably in Africa, in the European Neighbourhood and with the beneficiaries in the Western Balkans listed in Annex I to Regulation (EU) No 231/2014 of the European Parliament and of the Council². The COVID-19 pandemic will have a major impact on the economic and macroeconomic systems in partner countries. Governments will be challenged to sustain macro-economic stability and maintain fiscal space to protect the most vulnerable, their companies, their workers, and continue providing basic health care and social services. It is expected in particular that small and medium sized enterprises will run short of liquidity and working capital, putting millions of jobs at risk. Local currency financing is likely to become even more difficult to obtain, while depreciating currencies make hard currency financing even riskier. Similar issues will affect renewable energy and other infrastructure projects financed by fee income.
- (2) In addition to the necessary measures and their consequences that third countries need to take to tackle the COVID-19 pandemic, the socio-economic situation in the Western Balkans will be further aggravated by the challenges the Union itself is facing due to the proximity and interdependency of those countries with the Union economy and their economic and social links with the Union. Therefore, the coverage of the European Fund for Sustainable Development should be extended to the Western Balkans with a view to assist them in a sustainable socio-economic recovery and resilience, re-establishing supply chains and sustaining macro-economic stability.

² Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 mars 2014 establishing an Instrument for Pre-Accession assistance (IPA II) (OJ L 77, 15.3.2014, p. 11).

(3) The Commission has at its disposal a powerful tool for mitigating investment risks, the European Fund for Sustainable Development ('EFSD'), the financing arm of the External Investment Plan launched in 2017. That instrument, currently covering the European Neighbourhood and Sub-Saharan Africa, is implemented in partnership with international financial institutions and development and finance institutions of the Member States. Globally, the EFSD is one of the largest public guarantee programmes in support of private sector investment for development.

(4) Article 137(2) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community provides that the United Kingdom and projects located in the United Kingdom shall only be eligible in respect of financial operations guaranteed by the Union budget under the European Fund for Sustainable Development (EFSD) provided that those financial operations were approved by the entities and bodies, including the EIB and the European Investment Fund ('EIF'), or by persons entrusted with the implementation of part of those actions before the date of entry into force of the Withdrawal Agreement. Furthermore, Article 143(1) of the Withdrawal Agreement limits the liability of the United Kingdom for its share of the contingent liabilities of the Union to those contingent liabilities, which arise from financial operations decided by the Union before the date of the entry into force of the Withdrawal Agreement. Any contingent liability of the Union under this Regulation is subsequent to the date of the withdrawal of the United Kingdom from the Union. Therefore, this Regulation should not apply to and in the United Kingdom.

(5) Regulation (EU) 2017/1601 of the European Parliament and of the Council³ should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) 2017/1601 is amended as follows:

(1) In Article 2, point 4 is replaced by the following:

“(4) ‘partner country’ means a country that is a signatory to the ACP-EU Partnership Agreement, a country that is listed in Annex I to Regulation (EU) No 232/2014, a country that is eligible for geographic cooperation under Regulation (EU) No 233/2014 of the European Parliament and of the Council, or a beneficiary in the Western Balkans listed in Annex I to Regulation (EU) No 231/2014*;

*Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p.11).”;

(2) Article 3 is amended as follows:

³ Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund (OJ L 249, 27.9.2017, p. 1).

(a) Paragraphs 1 and 2 are replaced by the following:

“1. The purpose of the EFSD as an integrated financial package, supplying financing capacity in the form of grants, guarantees and other financial instruments to eligible counterparts, shall be to support investments and increased access to financing, primarily in Africa, the European Neighbourhood and the Western Balkans, in order to foster sustainable and inclusive economic and social development and promote the socio-economic resilience of partner countries, including, where appropriate, in the context of the European Neighbourhood Policy, EU policy towards the Western Balkans in particular in the context of the EU enlargement policy, and the Partnership Framework with third countries under the European Agenda on Migration, with a particular focus on sustainable and inclusive growth, on the creation of decent jobs, on eliminating inequalities and promoting gender equality and the empowerment of women and young people, on ensuring accessibility in line with Article 9 of the UN Convention on the Rights of Persons with Disabilities and on socioeconomic sectors and micro, small and medium-sized enterprises, while maximising additionality, delivering innovative products and crowding in private sector funds.

2. The EFSD shall be guided by the objectives of the Union’s external action as set out in Article 21 TEU and of Union policy in the field of development cooperation as set out in Article 208 TFEU and the internationally agreed development effectiveness principles. The EFSD shall contribute to the achievement of the Sustainable Development Goals of the 2030 Agenda, in particular poverty eradication, and, where appropriate, to the implementation of the European Neighbourhood Policy and EU policy towards the Western Balkans in particular in the context of the EU enlargement policy, thus addressing both the COVID-19 pandemic and the specific socioeconomic root causes of migration and fostering sustainable reintegration of migrants returning to their countries of origin, and strengthening transit and host communities.”;

(b) Paragraph 4 is replaced by the following:

“4. The EFSD shall be consistent with the objectives set out in the external financing instruments established by Regulations (EU) No 231/2014, (EU) No 232/2014, (EU) No 233/2014 and (EU) 2015/323 and with the priorities contained in national or regional programmes and strategy papers, where available.”;

(3) In Article 5, paragraphs 2 and 3 are replaced by the following:

“2. The strategic board shall advise the Commission on the strategic orientation and priorities of EFSD Guarantee investments and contribute to their alignment with the guiding principles and objectives of the Union’s external action, development policy, the European Neighbourhood Policy and EU policy towards the Western Balkans in particular in the context of the EU enlargement policy, as well as with the purpose of the EFSD as set out in Article 3. It shall also support the Commission in setting overall investment goals as regards the use of the EFSD Guarantee and monitor an appropriate and diversified geographical and thematic coverage for investment windows, while giving special attention to countries identified as experiencing fragility or conflict, Least Developed Countries (LDCs) and heavily indebted poor countries.

3. The strategic board shall also support overall coordination, complementarity and coherence between the regional investment platforms, between the three pillars of the EIP, between the EIP and the Union’s other efforts on migration, on the COVID-19 pandemic and on the implementation of the 2030 Agenda, as well as with the relevant Union external financing instruments and trust funds, and with the external lending mandate operations managed by the EIB, including the EIB’s Economic Resilience Initiative, and the ACP Investment Facility, without prejudice to the EIB’s internal governance rules.”;

(4) In Article 7, paragraph 2 is replaced by the following:

“2. The EFSD Guarantee shall support financing and investment operations in partner countries in Africa, the European Neighbourhood and in the beneficiaries in the Western Balkans listed in Annex I to Regulation (EU) No 231/2014.”;

(5) Paragraph 2 of Article 8 is replaced by the following:

“2. The investment period during which the EFSD guarantee agreements for supporting financing and investment operations can be concluded with the eligible counterparts shall last until 31 December 2021.”;

(6) In Article 9(1) , the introductory sentence and point (a) are replaced by the following:

“1. The financing and investment operations eligible for support through the EFSD Guarantee in accordance with the purpose of the EFSD set out in Article 3 shall be consistent and aligned with Union policies, in particular the Union’s development policy, the European Neighbourhood Policy and EU policy towards the Western Balkans in particular in the context of the EU enlargement policy, as well as with Union and international support to ensure complementarity with other initiatives and shall support the following objectives:

(a) contributing to sustainable development in its economic, social and environmental dimensions, and to the implementation of the 2030 Agenda and, where appropriate, the European Neighbourhood Policy and EU policy towards the Western Balkans in particular in the context of the EU enlargement policy, with a particular focus on the eradication of poverty, the creation of decent jobs, economic opportunities, skills and entrepreneurship, promoting in particular gender equality and the empowerment of women and young people, while pursuing and strengthening the rule of law, good governance and human rights.”;

(7) Article 12 is amended as follows:

(a) Paragraph 1 is replaced by the following:

“1. Without prejudice to paragraph 2, the EFSD Guarantee shall not, at any time, exceed EUR 3 578 000 000.”;

(b) In paragraph 2, the fourth subparagraph is replaced by the following:

“Aggregate net payments from the general budget of the Union under the EFSD Guarantee shall not exceed EUR 3 578 000 000. Without prejudice to paragraph 4, payments for guarantee calls shall be made, where necessary, by the contributing Member States or other contributors on *pari passu* basis with the Union.”;

(8) Article 15 is amended as follows:

“Article 15

Funding of the EFSD from the general budget of the Union

A contribution of EUR 1 390 000 000 shall be provided by the general budget of the Union.”

(9) The following Article 15a is inserted:

“Article 15a

Support measures

The amount referred to in Article 15 may be used for technical and administrative assistance, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.”.

Article 2

This Decision shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

CONTEXT OF THE PROPOSAL	1
2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY	2
• Legal basis	2
• Subsidiarity and proportionality	2
• Choice of the instrument	2
3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS	2
• Stakeholder consultations	2
• Evaluations and impact assessments	2
4. BUDGETARY IMPLICATIONS	2
5. OTHER ELEMENTS	2
• Detailed explanation of the specific provisions of the proposal	2
1. FRAMEWORK OF THE PROPOSAL/INITIATIVE	3
1.1. Title of the proposal/initiative	3
1.2. Policy area(s) concerned	3
1.3. ABB Activity: International economic and financial affairs The proposal/initiative relates to:	3
1.4. Objective(s)	3
1.4.1. General objective(s)	3
1.4.2. Specific objective(s)	3
1.4.3. Expected result(s) and impact	3
1.4.4. Indicators of performance	3
1.5. Grounds for the proposal/initiative	4
1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative	4
1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.	4
1.5.3. Lessons learned from similar experiences in the past	4
1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments	4
1.5.5. Assessment of the different available financing options, including scope for redeployment	4
1.6. Duration and financial impact of the proposal/initiative	5
1.7. Management mode(s) planned	5

2.	MANAGEMENT MEASURES.....	7
3.	ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE	7
3.1.	Heading(s) of the multiannual financial framework and expenditure budget line(s) affected.....	7
3.2.	Estimated financial impact of the proposal on appropriations.....	8
3.2.1.	Summary of estimated impact on operational appropriations.....	8
3.2.2.	Summary of estimated impact on administrative appropriations.....	10
3.2.3.	Compatibility with the current multiannual financial framework.....	12
3.2.4.	Third-party contributions	12
3.3.	Estimated impact on revenue	13

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for amendment of

REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund

1.2. Policy area(s) concerned

01

1.3. ABB Activity: International economic and financial affairs The proposal/initiative relates to:

- a new action
- a new action following a pilot project/preparatory action⁴

the extension of an existing action

a merger or redirection of one or more actions towards another/a new action

1.4. Objective(s)

1.4.1. General objective(s)

This targeted amendment of the EFSD Regulation is proposed within the framework of the the response to the Covid-19 pandemic and its consequences. The amendment will also extend the geographical scope of the Regulation to the Western Balkans.

1.4.2. Specific objective(s)

Specific objective

The increased guarantee ceiling, prolonged investment period and enlarged geographical scope shall contribute to addressing the Covid-19 pandemic and its consequences.

1.4.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The amended Regulation should help to mobilise additional investments to address the Covid-19 pandemic and its consequences, including supporting socio-economic recovery.

1.4.4. Indicators of performance

Specify the indicators for monitoring progress and achievements.

A common and minimum set of indicators that reflect project outputs and intended outcomes has been defined for monitoring the implementation of the European Fund for Sustainable Development (EFSD) Guarantee.

⁴

As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The investment period during which the EFSD guarantee agreements for supporting financing and investment operations can be concluded with the eligible counterparts shall last until 31 December 2021.

1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

The present amendment of the EFSD Regulation is proposed within the framework of the response to the Covid-19 pandemic and its consequences. Providing additional funds to the EFSD under the current MFF, thereby increasing its capacity to grant guarantees in partner countries, facilitates a swift reply to the Covid-19 pandemic in these regions.

This is in line with the global role, responsibility and values of the Union.

1.5.3. Lessons learned from similar experiences in the past

The entire amount of the initial EFSD guarantee envelope (EUR 1.54 bn including contributions from third parties) has been allocated to 28 guarantees. These are expected to leverage EUR 17.5 bn in investments. The existing pipeline and discussions with partner financial institutions confirm that the EFSD has the potential to more than double its signed guarantee operations until the end of 2021.

1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments

The additional guarantee amount is financed within the limits of the Commission proposal for a raised ceiling of the current MFF.

1.5.5. Assessment of the different available financing options, including scope for redeployment

There are no further possibilities of redeployment or use of margins or special instrument in the current MFF. The additional guarantee amount is therefore financed within the limits of the Commission proposal for a raised ceiling of the current MFF.

1.6. Duration and financial impact of the proposal/initiative

X limited duration

- in effect until 31/12/2020

X Financial impact until 2021 included, with reference to the period during which guarantee agreements can be concluded with the eligible counterparts.

unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) planned⁵

X **Direct management** by the Commission for the management of the EFSD guarantee fund.

- by its departments, including by its staff in the Union delegations;
- by the executive agencies

Shared management with the Member States

X **Indirect management** by entrusting budget implementation tasks to (for the Facilities and guarantees backed by the EFSD guarantee):

- third countries or the bodies they have designated;
- X international organisations and their agencies
- X the EIB and the European Investment Fund;
- bodies referred to in Articles 70 and 71 of the Financial Regulation;
- X public law bodies;
- X bodies governed by the private law of a Member State that provide adequate financial guarantees, by derogation from Article 58(1)(c)(vii) of Regulation (EU) No 966/2012;
- X bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- X bodies governed by the private law of a partner country that provide adequate financial guarantees, by derogation from Article 58(1)(c)(vii) of Regulation (EU) No 966/2012;
- X bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

⁵

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:

<https://myintradcomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

Comments

The provisioning of and management of the EFSF Guarantee Fund will be implemented directly by the Commission, whereas the instruments covered by the Guarantee will be implemented in indirect management.

2. MANAGEMENT MEASURES

The measures indicated in the Legislative financial statement accompanying the Commission's 2017 proposal for the EFSD Regulation apply (COM(2016) 586 final), mutatis mutandis.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			from EFTA countries ⁷	from candidate countries ⁸	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
4	01 03 08	Diff.	YES	YES	YES	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
4	01 01 04 01	Non-diff	NO	NO	NO	NO

⁶ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁷ EFTA: European Free Trade Association.

⁸ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

EUR million (to three decimal places)

Heading of multiannual financial framework		IV	
EFSD		2020	TOTAL

Operational expenditure			
01 03 08	Commitments	(1)	1 039,000
	Payments	(2)	1 039,000
Appropriations of an administrative nature financed from the envelope of specific programmes ⁹			
01 01 04 01 ¹⁰	Commitments = Payments	(3)	1,000
Total appropriations under Heading 4	Commitments	= (1)+(3)	1 040,000
	Payments	= (2)+(3)	1,000
			1 040,000

⁹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.
¹⁰ It is estimated that EUR 1,5 million will be needed as administrative appropriations in 2021, which will be financed from and committed under the successor administrative budget lines – normally under the Neighbourhood, Development and International Cooperation Instrument as well as the Instrument for Pre-accession Assistance III, as currently proposed.

Heading of multiannual financial framework	5	‘Administrative expenditure’
---	----------	------------------------------

EUR million (to three decimal places)

	2020	TOTAL
Commission		
• Human resources ¹¹		
• Other administrative expenditure		
TOTAL COMMISSION	Appropriations	

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	
--	---	--

EUR million (to three decimal places)

	2020	TOTAL
TOTAL appropriations under HEADING 1 to 5 of the multiannual financial framework	Commitments	1 040,000
	Payments	1 040,000

¹¹ It is estimated that 0,8 million will be needed in 2021, to be financed under the 2021 budget.

3.2.2. *Summary of estimated impact on administrative appropriations*

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:
- EUR million (to three decimal places)

	2020	TOTAL
--	------	-------

–

HEADING 5 of the multiannual financial framework		
Human resources		
Other administrative expenditure		
Subtotal HEADING 5 of the multiannual financial framework		

Outside HEADING 5 ¹² of the multiannual financial framework		
Human resources		
Other expenditure of an administrative nature	1,00	
Subtotal outside HEADING 5 of the multiannual financial framework	1,00	

TOTAL	1,00	
-------	------	--

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.2.1. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:
- Estimate to be expressed in full time equivalent units

¹²

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

	2020
• Establishment plan posts (officials and temporary staff)	
XX 01 01 01 (Headquarters and Commission's Representation Offices)	
XX 01 01 02 (Delegations)	
XX 01 05 01/11/21 (Indirect research)	
10 01 05 01/11 (Direct research)	
• External staff (in Full Time Equivalent unit: FTE)¹³	
XX 01 02 01 (AC, END, INT from the 'global envelope') ¹⁴	
XX 01 02 02 (AC, AL, END, INT and JPD in the delegations)	
01 01 04 01¹⁵	- at Headquarters - in Delegations
XX 01 05 02/12/22 (AC, END, INT - Indirect research)	
10 01 05 02/12 (AC, END, INT - Direct research)	
Other :	
TOTAL	

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	Operational and financial management of the European Fund for Sustainable Development as well as communication and visibility
External staff	Operational and financial management of the European Fund for Sustainable Development as well as communication and visibility

¹³ AC = Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD = Junior Professionals in Delegations.

¹⁴ It is estimated that 10 contract agents in headquarters will be financed under the global envelope in 2021.

¹⁵ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines). It is estimated that 10 contract agents in delegations will be financed in 2021 under the successor administrative budget lines – normally under the Neighbourhood, Development and International Cooperation Instrument as well as the Instrument for Pre-accession Assistance III, as currently proposed.

3.2.3. Compatibility with the current multiannual financial framework

The proposal/initiative:

- can be fully financed within the relevant heading of the Multiannual Financial Framework (MFF).
- requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.

Explain what is required, specifying the headings and budget lines concerned, the corresponding amounts, and the instruments proposed to be used.

- requires a revision of the MFF.

The additional funding is financed within the Commission's proposal for revision of the current MFF.

3.2.4. Third-party contributions

The proposal/initiative:

- does not provide for co-financing by third parties
- provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year N ¹⁶	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	Total
Specify the co-financing body						
TOTAL appropriations co-financed						

¹⁶

Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
 - on own resources
 - on other revenue
 - please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ¹⁷				
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)
Article						

For assigned revenue, specify the budget expenditure line(s) affected.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

¹⁷

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.