EUROPEAN
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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the Contingency Margin in 2020 to continue humanitarian support to refugees in Turkey

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EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020[1] ('MFF Regulation') allows for the mobilisation of the Contingency Margin of up to 0,03 % of Gross National Income for the EU-28 to react to unforeseen circumstances as a last resort instrument. In the technical adjustment of the MFF for 2020[2], based on Article 6 of the MFF Regulation, the absolute amount of the Contingency Margin for the year 2020 is set at EUR 5 096,8 million.

The Commission submits today Draft Amending Budget (DAB) No 5/2020[3] to continue providing support to refugees and host communities in response to the Syria crisis in Jordan, Lebanon and Turkey. Under heading 4 *(Global Europe)*, the Commission proposes in this DAB to allocate, in commitment appropriations, EUR 100 million as resilience support to refugees and host communities in Jordan and Lebanon and EUR 485 million to ensure the continuation of the urgent humanitarian support to refugees in Turkey.

After having carried out a detailed analysis of the possibility to reallocate significant amounts within heading 4 *(Global Europe)*, the Commission concluded that there is no room for redeployments in 2020. The unallocated margin still available under this heading (EUR 103,4 million) just allows the financing of EUR 100 million in commitment appropriations to support for resilience to host communities in Jordan and Lebanon. The remaining portion of this margin (EUR 3,4 million) is however largely insufficient to cover the urgent humanitarian support to refugees in Turkey.

Because of the full exhaustion of the envelopes of the other two special instruments of the MFF Regulation (Global Margin for Commitments and Flexiblity Instrument), the Commission proposes, as a last resort, to mobilise the Contingency Margin for 2020 for an amount of EUR 481,6 million to ensure the full financing of commitment appropriations related to expenditure under heading 4 in the general budget of the European Union for the financial year 2020, over and above the commitment ceiling.

2. JUSTIFICATION OF THE MOBILISATION

2.1. INTRODUCTION

Under the EU-Turkey Statement, the Commission and Member States committed in two tranches EUR 6 billion in EU assistance to refugees in Turkey for 2016-2019, delivered through the Facility for Refugees in Turkey. The operational envelope of this funding has been committed in full and the contracting will be finalised in the course of 2020. Disbursements reached EUR 3,2 billion as of end-April 2020.

[1] OJ L347, 20.12.2013, p.884.
[2] COM(2020) 173, 2.4.2020.
[3] COM(2020) 421, 3.6.2020.

The second tranche of EUR 3 billion has been programmed to ensure Facility sustainability and a gradual, managed take-over of Facility-funded initiatives by the Turkish authorities. However, Turkish authorities are not yet able to continue to provide the support required to the around 4 million refugees in Turkey in the medium- to long-term. At the March 2019 EU-Turkey Association Council, Turkey requested EU support beyond the Facility to support refugees. Several Member States also asked to continue support to refugees in Turkey in recent months. Due to the COVID-19 outbreak, the economic situation in Turkey is deteriorating and vulnerable refugees are among the hardest hit by the crisis.

Against this background and in order to avoid a discontinuation of the two projects with severe humanitarian and political consequences, there is an urgent need to provide the necessary means to fund the continuation of the two main EU humanitarian support actions, the Emergency Social Safety Net (ESSN) and the Conditional Cash Transfer for Education (CCTE).

The ESSN, that provides monthly cash transfers to some 1,7 million refugees, is expected to run out of money in March 2021 at the latest and EUR 400 million is needed to extend it until the end of 2021.

The CCTE provides cash to refugee families whose children attend school instead of working. The current contract for CCTE ends in September 2020 and EUR 85 million is urgently needed in order to allow the programme to run for an additional year up to the end of December 2021.

2.2. THE CONTINGENCY MARGIN AS THE LAST RESORT INSTRUMENT

Article 13(1) of the MFF Regulation defines the Contingency Margin as a last resort instrument to react to unforeseen circumstances. In accordance with point 14 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management[4], the Commission has carried out an analysis of the possibility to reallocate significant amounts within heading 4 *(Global Europe)* but concluded there is no scope for further redeployment in 2020.

Since the unallocated margin available under this heading (EUR 3,4 million) is insufficient to finance the proposed increase of commitment appropriations (and because both the Flexibility instrument and the Global margin for commitments have already been fully exhausted in 2020, the mobilisation of the Contingency Margin is the only available – the last resort – instrument to finance the remaining additional expenditure above the ceiling of heading 4 as proposed in DAB No 5/2020.

2.3. BUDGETARY IMPACT OF UNFORESEEN CIRCUMSTANCES IN 2020

The Commission proposes to mobilise EUR 481,6 million through the Contingency Margin to cover the additional needs related to the continuation of urgent humanitarian support to refugees in Turkey.

The corresponding payment appropriations will be accommodated within the ceiling for payments. There is no need to mobilise the Contingency Margin in payments.

4 OJ C 373, 20.12.2013, p. 1.

3. OFFSETTING THE CONTINGENCY MARGIN AGAINST THE MFF CEILINGS

Article 13(3) of the MFF Regulation requires that amounts made available through the mobilisation of the Contingency Margin shall be fully offset against the margins for the current or future financial years.

According to Article 13(4) of the MFF Regulation, the amounts offset shall not be further mobilised in the context of the MFF so that the total ceilings of commitment and payment appropriations laid down in the MFF for the current and future financial years shall not be exceeded. Consequently, the mobilisation of the Contingency Margin for commitment appropriations in 2020 under heading 4 and the related offsetting have to respect the total commitment ceiling for the year 2020, the last year of the current MFF period.

The Commission proposes to offset the proposed reinforcement of expenditure under heading 4 against the unallocated margin available under the expenditure ceiling of headings 5 *(Administration)* and 2 *(Sustainable growth: natural resources)*.

After the offsetting, a margin of EUR 48,7 million would still remain available under the expenditure ceiling of heading 2 *(Sustainable growth: natural resources)*.

No margin would remain available under the other expenditure ceilings.

The overall commitment ceiling for the whole MFF would remain unchanged.

4. ADDITIONAL ELEMENTS

The European Parliament and the Council are reminded that the publication of this Decision in the Official Journal of the European Union shall not intervene later than the publication of the DAB No 5/2020, in accordance with the last sentence of article 13(1) of the MFF Regulation.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management[1], and in particular point 14 thereof,

Having regard to the proposal from the European Commission,

Whereas,

(1) Article 13 of Council Regulation (EU, Euratom) No 1311/2013[2] has established a Contingency Margin of up to 0,03 % of the Gross National Income of the Union.

(2) In accordance with Article 6 of Regulation (EU, Euratom) No 1311/2013, the Commission has calculated the absolute amount of this Contingency Margin for 2020[3].

(3) After having examined all other financial possibilities to react to unforeseen circumstances within the 2020 commitment ceiling for heading 4 *(Global Europe)* of the multiannual financial framework (MFF), and given that no other special instruments are available in 2020 to react to such circumstances, it is necessary to mobilise the Contingency Margin to address the urgent need to provide humanitarian support to refugees in Turkey by increasing the commitment appropriations in the general budget of the Union for the financial year 2020, over and above the ceiling of heading 4 of the MFF.

(4) Having regard to this very particular situation, the last-resort condition set in Article 13(1) of Regulation (EU, Euratom) No 1311/2013 is fullfilled.

(5) This Decision is linked to financing included in amending budget No 5 to the general budget of the European Union for 2020. In order to ensure coherence with that amending budget, this Decision should apply from the date of its adoption.

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2020, the Contingency Margin shall be mobilised to provide the amount of EUR 481 572 239 in commitment appropriations over and above the commitment ceiling of heading 4 (*Global Europe)* of the multiannual financial framework.

[1] OJ C 373, 20.12.2013, p. 1.

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

[3] Communication from the Commission to the Council and the European Parliament– Technical adjustment in respect of special instrument instruments for 2020 (COM(2020) 173, 2.4.2020).

Article 2

The amount of EUR 481 572 239 referred to in Article 1 shall be offset against the margins under the commitment ceiling for the financial year 2020 of the following heading of the multiannual financial framework:

(a) heading 5 *(Administration):* EUR 16 248 368;

(b) heading 2 (Sustainable growth: natural resources): EUR 465 323 871.

Article 3

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

It shall apply from …[the day of its adoption**]

Done at Brussels,

For the European Parliament *The President*	*For the Council* *The President*

*[** Date to be inserted by Parliament before the publication in the OJ.]*