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**BUDGET 7
COVID-19 164**

EXPLANATORY MEMORANDUM

Subject: Draft amending budget No 2 to the general budget for 2021 financing the COVID-19 response and including refinements and updates related to the final adoption of the multiannual financial framework: Council position of 23 April 2021

I. INTRODUCTION

On 24 March 2021, the Commission submitted to the Council draft amending budget (DAB) No 2 to the general budget for 2021.

The purpose of DAB No 2/2021 is to provide additional funding for the prevention, preparedness and response to the COVID-19 pandemic as proposed in the Commission Communications on the Health Emergency Preparedness and Response Authority (HERA) Incubator¹, COVID-19: a common path to safe and sustained re-opening² and the Digital Green Certificates³, and to provide room under the Emergency Support Instrument (ESI) for the potential budgetary impact of further European initiatives related to the COVID-19 response.

¹ Doc. 6375/21.

² Doc. 7228/21.

³ Doc. 7128/21 + ADD 1.

Moreover, the DAB introduces the necessary technical changes to the 2021 budget stemming from the political agreements reached on sectoral legal bases following the adoption of the multiannual financial framework (MFF) in December 2020⁴, as well as some adjustments in relation to the provisioning for the External Action Guarantee, as recorded in document 7304/21.

Additionally, taking into account the provisions under Article 10(1) of the 2014-2020 MFF Regulation⁵, it is proposed to carry-over the unused portion of the 2020 commitment and payment appropriations of the EU Solidarity Fund (EUSF) to the corresponding budget line in 2021.

Overall, the net impact of this DAB on expenditure in the 2021 budget is an amount of EUR 260 681 598 in commitment and EUR 252 581 598 in payment appropriations.

II. CONCLUSION

On 23 April 2021, the Council adopted its position on DAB No 2 to the general budget for 2021 as set out in the technical annex contained in Addendum 1 to this explanatory memorandum.

⁴ OJ L 433, 22.12.2020, p. 11.

⁵ 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.