



Council of the  
European Union

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**COVER NOTE**

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From:	Mr Johannes HAHN, Member of the European Commission
date of receipt:	2 July 2021
To:	Ms Irena DRMAŽ, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 15/2021 within Section III - Commission - of the general budget for 2021

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Delegations will find attached Commission document DEC 15/2021.

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Encl.: DEC 15/2021



BRUSSELS, 02/07/2021

GENERAL BUDGET - 2021  
SECTION III - COMMISSION TITLES: 06, 13

TRANSFER OF APPROPRIATIONS N° DEC 15/2021

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**FROM**

**CHAPTER - 0604** European Union Recovery Instrument (EURI)

ARTICLE - 06 04 01 European Union Recovery Instrument (EURI) -- Payment of periodic coupon and redemption at maturity	Non-Diff	-34 591 000,00
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**TO**

**CHAPTER - 0605** Union Civil Protection Mechanism (rescEU)

ARTICLE - 06 05 01 Union Civil Protection Mechanism (rescEU)	Commitments	34 591 000,00
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**CHAPTER - 1302** European Defence Fund (EDF) -- Non research

ITEM - 13 02 99 01 Completion of the "European Defence Industrial Development Programme (EDIDP)" (2019 to 2020)	Payments	34 591 000,00
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## I. DECREASE

### I.1

#### a) Heading

**06 04 01 - European Union Recovery Instrument (EURI) -- Payment of periodic coupon and redemption at maturity**

#### b) Figures at 22/06/2021

	<b>Non-Diff</b>
1 Appropriations in budget (Initial Budget + AB)	34 591 000,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	34 591 000,00
4 Appropriations already used	0,00
<b>5 Appropriations available (3-4)</b>	<b>34 591 000,00</b>
<b>6 Decrease proposed</b>	<b>34 591 000,00</b>
<b>7 Total appropriations up to year end (5-6)</b>	<b>0,00</b>
8 Decrease as percentage of appropriations in budget (6/1)	100,00 %
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)

	<b>Non-Diff</b>
1 Appropriations available at start of the year	0,00
2 Appropriations available on 22/06/2021	0,00
3 Implementation rate [(1-2)/1]	n/a

#### d) Detailed grounds for the decrease

The appropriations on the budget line can be made available considering that:

- for the debt service costs, the EU budget will be charged at the end of the interest period. As borrowing started in June 2021, the first charge to the budget will be implemented one year later, in summer 2022;
- as regards the liquidity management costs, they will be charged to the budget at the beginning of each calendar year for the previous year, therefore the first disbursement will take place in January 2022.

In light of the above, EUR 34,6 million in commitment and payment appropriations can be made available in 2021 to reinforce budget line 06 05 01 (in commitment appropriations) and 13 02 99 01 (in payment appropriations). The total financial envelope of the budget line 06 04 01 will remain unchanged over the period 2021-2027, as the amount transferred in 2021 will be offset by a corresponding increase in later years in the technical update of the financial programming scheduled for early 2022. The increase in later years could be used to cover higher interest costs or to start repayments, as foreseen in Article 5(2) second subparagraph of the Own Resources Decision.

## **II. INCREASE**

### **II.1**

#### **a) Heading**

**06 05 01 - Union Civil Protection Mechanism (rescEU)**

#### **b) Figures at 22/06/2021**

	<b>Commitments</b>
1 Appropriations in budget (Initial Budget + AB)	90 203 000,00
2 Transfers	0,00
3 Total appropriations for the year (1+2)	90 203 000,00
4 Appropriations already used	31 439 786,87
<b>5 Appropriations available (3-4)</b>	<b>58 763 213,13</b>
<b>6 Increase requested</b>	<b>34 591 000,00</b>
<b>7 Total appropriations up to year end (5+6)</b>	<b>93 354 213,13</b>
8 Increase as percentage of appropriations in budget (6/1)	38,35 %
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)**

	<b>Commitments</b>
1 Appropriations available at start of the year	0,00
2 Appropriations available on 22/06/2021	0,00
3 Implementation rate $[(1-2)/1]$	n/a

#### **d) Detailed grounds for the increase**

The Union Civil Protection Mechanism (UCPM) is financed by both voted appropriations under heading 2b of the Multiannual Financial Framework (MFF) and external assigned revenues stemming from EURI/NGEU. These external assigned revenues from the European Recovery Instrument (EURI) have to be used to support the recovery in the aftermath of the COVID-19 crisis or the immediate funding needs to avoid a re-emergence of the crisis. More specifically in the field of the civil protection, these assigned revenues finance “measures for increasing the level of the Union’s crisis preparedness and enabling a quick and effective Union response” but cannot finance other crucial civil protection measures such as the fight against forest fires.

Taking into account the political and operational objectives set out by the UCPM legal basis, the resources available under the ordinary budget allocations in 2021 are insufficient to meet the needs. Therefore, a reinforcement of EUR 34,6 million in commitment appropriations is requested.

This reinforcement will allow meeting the level of needs set for the UCPM in all its dimensions, while respecting the specific funding allocation percentages requested by the co-legislator. Overall, the UCPM financial envelope will remain unchanged in 2021-2027, as the frontloading in 2021 will be compensated by a reduction in later years, which will be included in the technical adjustment of the financial programming scheduled for early 2022.

The frontloading of commitment appropriations will be of particular importance notably for the following activities:

- Development of rescEU capacities for firefighting. One of the top priorities identified by the legislation is the development of a fleet of aerial firefighting capacities that will support Member States when national capacities are overwhelmed. Building on the significant progress made over the last years, where the number and type of capacities to be developed have been agreed with the Member States, it is essential that adequate financial resources are made available at the early stages of the current MFF. The delivery of these key capacities requires between 3 to 5 years after the signature of the order. An insufficient funding allocation early in the MFF would jeopardise their development during this Commission mandate and prevent the full completion of this political commitment before the end of 2027;
- It is also essential to ensure in the early stage of the MFF an efficient rollout of UCPM training and exercises, a key component for successful Civil Protection deployments. These fundamental preparedness activities ensure that teams and assets are fully prepared to inter-operate and coordinate in case of an emergency. Moreover, exercises play a major role for certification (and re-certification) of capacities to be available in the European Civil Protection Pool. The additional appropriations will enable efficient tendering for the corresponding activities for the coming years;
- Building technical capacity in the Member States to leverage investments for disaster prevention and preparedness. The UCPM financing helps Member States authorities address the vulnerabilities to natural and man-made hazards. The evaluation of projects financed in 2014-2020 pointed to an increase in the resources planned under the UCPM for these activities. With this reinforcement, the Commission could finance projects related to prevention of hazards such as forest fires, earthquakes, eruptions, floods, etc. which can leverage investments for greater disaster risk management impact.

## **II.2**

### **a) Heading**

**13 02 99 01 - Completion of the "European Defence Industrial Development Programme (EDIDP)" (2019 to 2020)**

### **b) Figures at 22/06/2021**

	<b>Payments</b>
1 Appropriations in budget (Initial Budget + AB)	106 500 000,00
2 Transfers	-336 200,00
3 Total appropriations for the year (1+2)	106 163 800,00
4 Appropriations already used	253 026,82
<b>5 Appropriations available (3-4)</b>	<b>105 910 773,18</b>
<b>6 Increase requested</b>	<b>34 591 000,00</b>
<b>7 Total appropriations up to year end (5+6)</b>	<b>140 501 773,18</b>
8 Increase as percentage of appropriations in budget (6/1)	32,48 %
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)**

	<b>Payments</b>
1 Appropriations available at start of the year	57 872,18
2 Appropriations available on 22/06/2021	0,00
3 Implementation rate $[(1-2)/1]$	100,00 %

### **d) Detailed grounds for the increase**

The 2019 Work Programme for the European Defence Industrial Development Programme (EDIDP) included two projects managed by the Organisation for Joint Armament Cooperation (OCCAR) under indirect management. The payments to OCCAR for these projects were originally expected to take place in 2020. However, the contribution agreement with OCCAR was signed only in November 2020 and the resulting payments will only take place in the third Quarter of 2021.

The delay in the signing of the contribution agreement resulted in a decrease of the payment appropriations for EDIDP as part of the 2020 Global Transfer exercise. However, EDIDP needs the appropriate additional payment appropriations in 2021 to be able to cover the payments to OCCAR. The reinforcement of EUR 34,6 million in payment appropriations will cover part of the needed appropriations. Any remaining needs will be assessed in the framework of the 2021 Global Transfer exercise.