



Brussels, 10 October 2017  
(OR. en)

12441/17

**BUDGET 29**

## **EXPLANATORY MEMORANDUM**

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Subject: Draft amending budget No 5 to the general budget for 2017: Providing the financing for the European Fund for Sustainable Development (EFSD) and increasing the Emergency Aid Reserve (EAR) further to the revision of the Multiannual Financial Framework regulation  
– *Council position of 10 October 2017*

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### **I. INTRODUCTION**

On 28 July 2017, the Commission submitted to the Council draft amending budget (DAB) No 5 to the general budget for 2017.

This DAB provides the financing of the European Fund for Sustainable Development (EFSD), further to the adoption of the related legal base, as agreed by the European Parliament, the Council and the Commission in the outcome of the Conciliation Committee on the 2017 budgetary procedure. The amount requested is EUR 275 million in commitment and payment appropriations.

It also reflects the outcome of the mid-term revision of the MFF regulation<sup>1</sup> as regards the increase of the annual amount of the Emergency Aid Reserve, from EUR 280 million to EUR 300 million in 2011 prices.

Overall, this DAB increases the level of commitment appropriations by EUR 297.8 million, whereas the level of payment appropriations remains unchanged.

## **II. CONCLUSION**

On 10 October 2017, the Council adopted its position on DAB No 5 to the general budget for 2017 as set out in the ANNEX.

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<sup>1</sup> 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).

# TECHNICAL ANNEX

**VOLUME 3**  
**SECTION III — COMMISSION**

# EXPENDITURE

Figures

Title	Heading	Budget 2017		Council position on DAB No 5/2017		New amount	
		Commitments	Payments	Commitments	Payments	Commitments	Payments
01	Economic and financial affairs	3 086 394 801	2 840 247 301	275 000 000	275 000 000	3 361 394 801	3 115 247 301
02	Internal market, industry, entrepreneurship and SMEs	2 455 727 091	2 260 420 906			2 455 727 091	2 260 420 906
03	Competition	108 427 562	108 427 562			108 427 562	108 427 562
04	Employment, social affairs and inclusion	14 313 326 529	10 725 565 124			14 313 326 529	10 725 565 124
05	Agriculture and rural development	57 537 879 867	54 110 140 315			57 537 879 867	54 110 140 315
06	Mobility and transport	3 783 964 054	1 815 351 093			3 783 964 054	1 815 351 093
07	Environment	472 838 520	388 338 137			472 838 520	388 338 137
08	Research and innovation	6 192 803 780	5 911 660 897			6 192 803 780	5 911 660 897
09	Communications networks, content and technology	2 008 048 360	2 164 759 630			2 008 048 360	2 164 759 630
10	Direct research	401 736 330	401 569 370			401 736 330	401 569 370
11	Maritime affairs and fisheries	1 090 330 395	752 871 678			1 090 330 395	752 871 678
		14 809 522	14 809 522			14 809 522	14 809 522
		1 105 139 917	767 681 200			1 105 139 917	767 681 200
12	Financial stability, financial services and capital markets union	85 913 287	88 425 287			85 913 287	88 425 287
		4 856 000	3 267 000			4 856 000	3 267 000
		90 769 287	91 692 287			90 769 287	91 692 287
13	Regional and urban policy	39 825 339 821	26 768 072 268			39 825 339 821	26 768 072 268
		23 625 000	12 375 000			23 625 000	12 375 000
		39 848 964 821	26 780 447 268			39 848 964 821	26 780 447 268
14	Taxation and customs union	178 361 995	161 007 995			178 361 995	161 007 995
15	Education and culture	3 366 357 284	3 146 029 354			3 366 357 284	3 146 029 354
16	Communication	211 571 438	210 059 438			211 571 438	210 059 438
17	Health and food safety	564 254 603	541 521 603			564 254 603	541 521 603
18	Migration and home affairs	3 419 137 519	3 075 013 252		-275 000 000	3 419 137 519	2 800 013 252
		40 000 000	28 000 000			40 000 000	28 000 000
		3 459 137 519	3 103 013 252			3 459 137 519	2 828 013 252
19	Foreign policy instruments	738 187 747	699 292 859			738 187 747	699 292 859
20	Trade	113 201 323	111 701 323			113 201 323	111 701 323
21	International cooperation and development	3 702 842 929	3 339 435 538			3 702 842 929	3 339 435 538
22	Neighbourhood and enlargement negotiations	4 508 080 400	3 856 253 509			4 508 080 400	3 856 253 509
23	Humanitarian aid and civil protection	1 052 651 277	1 254 755 387			1 052 651 277	1 254 755 387
24	Fight against fraud	82 246 700	80 192 081			82 246 700	80 192 081
25	Commission's policy coordination and legal advice	232 305 442	232 055 442			232 305 442	232 055 442
26	Commission's administration	1 065 512 732	1 063 133 732			1 065 512 732	1 063 133 732
		4 644 253	4 644 253			4 644 253	4 644 253
		1 070 156 985	1 067 777 985			1 070 156 985	1 067 777 985
27	Budget	76 142 758	76 142 758			76 142 758	76 142 758
28	Audit	19 227 094	19 227 094			19 227 094	19 227 094
29	Statistics	143 533 663	127 573 663			143 533 663	127 573 663
30	Pensions and related expenditure	1 796 802 000	1 796 802 000			1 796 802 000	1 796 802 000
31	Language services	407 877 123	407 877 123			407 877 123	407 877 123
32	Energy	1 643 319 742	1 316 740 381			1 643 319 742	1 316 740 381
33	Justice and consumers	270 997 258	238 117 353			270 997 258	238 117 353
34	Climate action	146 724 470	102 431 675			146 724 470	102 431 675
40	Reserves	571 858 775	378 095 775	22 800 000		594 658 775	378 095 775
	<b>Total</b>	<b>155 673 924 669</b>	<b>130 569 308 903</b>	<b>297 800 000</b>		<b>155 971 724 669</b>	<b>130 569 308 903</b>
	<b>Of which Reserves: 40 01 40, 40 02 41</b>	<b>87 934 775</b>	<b>63 095 775</b>			<b>87 934 775</b>	<b>63 095 775</b>

## TITLE 01 — ECONOMIC AND FINANCIAL AFFAIRS

### Figures

Title Chapter	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
01 01	Administrative expenditure of the 'Economic and financial affairs' policy area	5	81 979 051	81 979 051			81 979 051	81 979 051
01 02	Economic and monetary union	1	12 547 500	14 000 000			12 547 500	14 000 000
01 03	International economic and financial affairs	4	286 368 250	286 368 250	275 000 000	275 000 000	561 368 250	561 368 250
01 04	Financial operations and instruments	1	2 705 500 000	2 457 900 000			2 705 500 000	2 457 900 000
	<b>Title 01 — Total</b>		<b>3 086 394 801</b>	<b>2 840 247 301</b>	<b>275 000 000</b>	<b>275 000 000</b>	<b>3 361 394 801</b>	<b>3 115 247 301</b>

## CHAPTER 01 03 — INTERNATIONAL ECONOMIC AND FINANCIAL AFFAIRS

### Figures

Title Chapter Article Item	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
01 03	International economic and financial affairs							
<b>01 03 01</b>	<b>Participation in the capital of international financial institutions</b>							
01 03 01 01	European Bank for Reconstruction and Development — Provision of paid-up shares of subscribed capital	4	—	—			—	—
01 03 01 02	European Bank for Reconstruction and Development — Callable portion of subscribed capital	4	p.m.	p.m.			p.m.	p.m.
	<i>Article 01 03 01 — Subtotal</i>		p.m.	p.m.			p.m.	p.m.
<b>01 03 02</b>	<b>Macro-financial assistance</b>	4	45 828 000	45 828 000			45 828 000	45 828 000
<b>01 03 03</b>	<b>European Union guarantee for Union borrowings for macro-financial assistance to third countries</b>	4	p.m.	p.m.			p.m.	p.m.
<b>01 03 04</b>	<b>Guarantee for Euratom borrowings to improve the degree of efficiency and safety of nuclear power stations in third countries</b>	4	p.m.	p.m.			p.m.	p.m.
<b>01 03 05</b>	<b>European Union guarantee for European Investment Bank loans and loan guarantees for operations in third countries</b>	4	p.m.	p.m.			p.m.	p.m.
<b>01 03 06</b>	<b>Provisioning of the Guarantee Fund for external actions</b>	4	240 540 250	240 540 250			240 540 250	240 540 250
<b>01 03 07</b>	<b>European Union guarantee for the European Fund for Sustainable Development (EFSD)</b>	4	p.m.	p.m.			p.m.	p.m.
<b>01 03 08</b>	<b>Provisioning of the EFSD Guarantee Fund</b>	4	p.m.	p.m.	275 000 000	275 000 000	275 000 000	275 000 000
	<b>Chapter 01 03 — Total</b>		<b>286 368 250</b>	<b>286 368 250</b>	<b>275 000 000</b>	<b>275 000 000</b>	<b>561 368 250</b>	<b>561 368 250</b>

**Article 01 03 07 — European Union guarantee for the European Fund for Sustainable Development (EFSD)**

*Figures*

Budget 2017		Council position on DAB No 5/2017		New amount
Commitments	Payments	Commitments	Payments	
p.m.	p.m.			p.m.

*Remarks*

*New article*

This article constitutes the structure for the guarantee provided by the Union. It will enable the Commission, if necessary, to service the debt (repayment of principal, interest and other costs) should a debtor default on the instruments guaranteed.

In order to honour its obligations, the Commission may draw on its cash resources to service the debt provisionally. In this case, Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 implementing Decision 2007/436/EC, Euratom on the system of the European Communities own resources (OJ L 130, 31.5.2000, p. 1) applies.

*Reference acts*

Proposal for a Regulation of the European Parliament and of the Council, submitted by the Commission on 14 September 2016, on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund (COM(2016) 586 final).

**Article 01 03 08 — Provisioning of the EFSD Guarantee Fund**

*Figures*

Budget 2017		Council position on DAB No 5/2017		New amount
Commitments	Payments	Commitments	Payments	
p.m.	p.m.	275 000 000	275 000 000	275 000 000

*Remarks*

*New article*

This appropriation is intended to provide the financial resources for payments to the EFSD Guarantee Fund in accordance with its legal basis and the procedures determined therein.

Assigned revenue received under Article 635 of the statement of revenue may give rise to additional appropriations under this Article, in accordance with Article 21 of the Financial Regulation.

## Reference acts

Proposal for a Regulation of the European Parliament and of the Council, submitted by the Commission on 14 September 2016, on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund (COM(2016) 586 final).

## TITLE 18 — MIGRATION AND HOME AFFAIRS

### Figures

Title Chapter	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
18 01	Administrative expenditure of the 'Migration and home affairs' policy area		68 651 959	68 651 959			68 651 959	68 651 959
18 02	Internal security	3	1 272 712 003	1 291 502 822			1 272 712 003	1 291 502 822
			40 000 000	28 000 000			40 000 000	28 000 000
			1 312 712 003	1 319 502 822			1 312 712 003	1 319 502 822
18 03	Asylum and migration		1 687 565 120	1 250 634 892		-275 000 000	1 687 565 120	975 634 892
18 04	Fostering European citizenship	3	24 071 000	24 000 000			24 071 000	24 000 000
18 05	Horizon 2020 — Research related to security	1	149 923 837	204 953 259			149 923 837	204 953 259
18 06	Anti-drugs policy	3	18 213 600	18 270 320			18 213 600	18 270 320
18 07	Instrument for emergency support within the Union	3	198 000 000	217 000 000			198 000 000	217 000 000
	<b>Title 18 — Total</b>		<b>3 419 137 519</b>	<b>3 075 013 252</b>		<b>-275 000 000</b>	<b>3 419 137 519</b>	<b>2 800 013 252</b>
			40 000 000	28 000 000			40 000 000	28 000 000
	<b>Total including reserves</b>		<b>3 459 137 519</b>	<b>3 103 013 252</b>			<b>3 459 137 519</b>	<b>2 828 013 252</b>

## CHAPTER 18 03 — ASYLUM AND MIGRATION

### Figures

Title Chapter Article Item	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
18 03	Asylum and migration							
<b>18 03 01</b>	<b>Asylum, Migration and Integration Fund</b>							
18 03 01 01	Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States	3	951 548 126	738 819 432		-275 000 000	951 548 126	463 819 432
18 03 01 02	Supporting legal migration to the Union and promoting the effective integration of third-country nationals and enhancing fair and effective return strategies	3	666 210 994	285 783 460			666 210 994	285 783 460
	<i>Article 18 03 01 — Subtotal</i>		1 617 759 120	1 024 602 892		-275 000 000	1 617 759 120	749 602 892
<b>18 03 02</b>	<b>European Asylum Support Office (EASO)</b>	3	69 206 000	69 206 000			69 206 000	69 206 000
<b>18 03 03</b>	<b>European fingerprint database (Eurodac)</b>	3	100 000	100 000			100 000	100 000
<b>18 03 51</b>	<b>Completion of operations and programmes in the field of return, refugees and migration flows</b>	3	p.m.	155 000 000			p.m.	155 000 000
<b>18 03 77</b>	<b>Pilot projects and preparatory actions</b>							
18 03 77 03	Preparatory action — Completion of integration of third-country nationals	3	p.m.	p.m.			p.m.	p.m.
18 03 77 04	Pilot project — Network of contacts and discussion between targeted municipalities and local authorities on experiences and best practices in the resettlement and integration of refugees	3	p.m.	p.m.			p.m.	p.m.
18 03 77 05	Pilot project — Funding for victims of torture	3	p.m.	298 000			p.m.	298 000



Title Chapter Article Item	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
18 03 77 06	Preparatory action — Enable the resettlement of refugees during emergency situations	3	p.m.	111 000			p.m.	111 000
18 03 77 07	Pilot project — Analysis of reception, protection and integration policies for unaccompanied minors in the Union	3	p.m.	404 000			p.m.	404 000
18 03 77 08	Preparatory action — Network of contacts and discussion between targeted municipalities and local authorities on experiences and best practices in the resettlement and integration of refugees	3	p.m.	p.m.			p.m.	p.m.
18 03 77 09	Preparatory action — Funding for the rehabilitation of victims of torture	3	p.m.	663 000			p.m.	663 000
18 03 77 10	Pilot project — Completion of funding for victims of torture	4	p.m.	p.m.			p.m.	p.m.
18 03 77 11	Pilot project — Private sponsorships: enhancing refugee resettlement opportunities and ensuring the availability of safe and regular routes for refugees to reach the Union	4	500 000	250 000			500 000	250 000
	<i>Article 18 03 77 — Subtotal</i>		500 000	1 726 000			500 000	1 726 000
	<b>Chapter 18 03 — Total</b>		<b>1 687 565 120</b>	<b>1 250 634 892</b>		<b>-275 000 000</b>	<b>1 687 565 120</b>	<b>975 634 892</b>

### *Article 18 03 01 — Asylum, Migration and Integration Fund*

Item 18 03 01 01 — Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States

#### *Figures*

Budget 2017		Council position on DAB No 5/2017		New amount	
Commitments	Payments	Commitments	Payments	Commitments	Payments
951 548 126	738 819 432		-275 000 000	951 548 126	463 819 432

#### *Remarks*

This appropriation is intended to contribute to strengthen and develop all aspects of the common European asylum system, including its external dimension and to enhance the solidarity and responsibility sharing between the Member States, in particular towards those most affected by migration and asylum flows, including through practical cooperation.

In the case of the common European asylum system, this appropriation is intended to cover actions relating to reception and asylum systems and actions enhancing the capacity of Member States to develop, monitor and evaluate their asylum policies and procedures. Particular attention should be paid to the specific situation of vulnerable women, especially women with children, and unaccompanied young girls, and to the imperative of preventing gender based violence in reception and asylum centres.

This appropriation is also intended to cover actions related to the resettlement, transfer of applicants for and beneficiaries of international protection and other ad hoc humanitarian admission.

At the Commission's initiative, the appropriation may be used to finance transnational actions or actions of particular interest to the Union. These actions shall, in particular, support:

- the furthering of Union cooperation in implementing Union law and in sharing good practices in the field of asylum, notably on gender-sensitive reception centres, resettlement and transfer of applicants for and/or beneficiaries of international protection from one Member State to another including through networking and exchanging information, including arrival support and coordination activities to promote resettlement with the local communities that are to welcome resettled refugees,
- the setting-up of transnational cooperation networks and pilot projects, including innovative projects, based on transnational partnerships between bodies located in two or more Member States designed to stimulate innovation, and to facilitate exchanges of experience and good practice,
- studies and research on possible new forms of Union cooperation in the field of asylum, and relevant Union law, the dissemination and exchange of information on best practices and on all other aspects of asylum policies, including corporate communication on the political priorities of the Union,
- development and application by Member States of common statistical tools, methods and indicators for measuring policy developments in the field of asylum, including gender- and age-disaggregated data,
- preparatory, monitoring, administrative and technical support, development of an evaluation mechanism, required to implement the policies on asylum,
- cooperation with third countries on the basis of the Union's global approach to migration and mobility, in particular in the framework of the implementation mobility partnerships, regional protection programmes,
- awareness-raising, information and communication activities in relation to Union home affairs policies, priorities and achievements.

This appropriation shall also cover urgent and specific needs in the event of an emergency situation.

#### *Legal basis*

Regulation (EU) No 514/2014 of the European Parliament and of the Council of 16 April 2014 laying down general provisions on the Asylum, Migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management (OJ L 150, 20.5.2014, p. 112).

Regulation (EU) No 516/2014 of the European Parliament and of the Council of 16 April 2014 establishing the Asylum, Migration and Integration Fund, amending Council Decision 2008/381/EC and repealing Decisions No 573/2007/EC and No 575/2007/EC of the European Parliament and of the Council and Council Decision 2007/435/EC (OJ L 150, 20.5.2014, p. 168).

Council Decision (EU) 2015/1523 of 14 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and of Greece (OJ L 239, 15.9.2015, p. 146).

Council Decision (EU) 2015/1601 of 22 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and Greece (OJ L 248, 24.9.2015, p. 80).

Council Decision (EU) 2016/1754 of 29 September 2016 amending Decision (EU) 2015/1601 establishing provisional measures in the area of international protection for the benefit of Italy and Greece (OJ L 268, 1.10.2016, p. 82).

*Reference acts*

Commission Recommendation of 11 January 2016 for a voluntary humanitarian admission scheme with Turkey (C(2015) 9490 final).

Proposal for a Regulation of the European Parliament and of the Council, submitted by the Commission on 4 May 2016, establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third-country national or a stateless person (COM(2016) 270 final).

Proposal for a Regulation of the European Parliament and of the Council, submitted by the Commission on 13 July 2016, establishing a Union Resettlement Framework and amending Regulation (EU) No 516/2014 of the European Parliament and the Council (COM(2016) 468 final).

## TITLE 40 — RESERVES

*Figures*

Title Chapter	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
40 01	Reserves for administrative expenditure	5	5 769 253	5 769 253			5 769 253	5 769 253
40 02	Reserves for financial interventions	9	566 089 522	372 326 522	22 800 000		588 889 522	372 326 522
40 03	Negative reserve	8	p.m.	p.m.			p.m.	p.m.
	<b>Title 40 — Total</b>		<b>571 858 775</b>	<b>378 095 775</b>	<b>22 800 000</b>		<b>594 658 775</b>	<b>378 095 775</b>

## CHAPTER 40 02 — RESERVES FOR FINANCIAL INTERVENTIONS

### Figures

Title Chapter Article Item	Heading	FF	Budget 2017		Council position on DAB No 5/2017		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
40 02	Reserves for financial interventions							
40 02 40	<i>Non-differentiated appropriations</i>		p.m.	p.m.			p.m.	p.m.
40 02 41	<i>Differentiated appropriations</i>		82 165 522	57 326 522			82 165 522	57 326 522
40 02 42	<i>Emergency aid reserve</i>	9	315 000 000	315 000 000	22 800 000		337 800 000	315 000 000
40 02 43	<i>Reserve for the European Globalisation Adjustment Fund</i>	9	168 924 000	p.m.			168 924 000	p.m.
40 02 44	<i>Reserve for the European Union Solidarity Fund</i>	9	p.m.	p.m.			p.m.	p.m.
	<b>Chapter 40 02 — Total</b>		<b>566 089 522</b>	<b>372 326 522</b>	<b>22 800 000</b>		<b>588 889 522</b>	<b>372 326 522</b>

### Article 40 02 42 — *Emergency aid reserve*

#### Figures

Budget 2017		Council position on DAB No 5/2017		New amount	
Commitments	Payments	Commitments	Payments	Commitments	Payments
315 000 000	315 000 000	22 800 000		337 800 000	315 000 000

#### Remarks

The emergency aid reserve (EAR) is intended to allow for a rapid response to specific aid requirements of third countries following events which could not be foreseen when the budget was established, first and foremost for humanitarian operations, but also for civil crisis management and protection, and situations of particular pressure resulting from migratory flows at the Union's external borders where circumstances so require.

The annual amount of the reserve is fixed at EUR 280 000 000 (2011 prices) and may be used up to year n+1 in accordance with the Financial Regulation. The reserve shall be entered in the general budget of the Union as a provision. The portion of the annual amount stemming from the previous year shall be drawn on first. That portion of the annual amount from year n which is not used in year n+1 shall lapse.

#### Legal basis

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).