



# Draft amending budget 5/2022

Johan UREEL, Director, Directorate A, DG BUDG

*5 October 2022*

# Main elements

- Russia's war of aggression in Ukraine => inclusion of short-term defence instrument in 2022
- Reinforcement of the Union Civil Protection Mechanism
- Outbreaks of avian influenza and African swine fever => reinforcement of emergency measures under the Single Market Programme
- Reinforcement of administrative expenditure and pensions in heading 7 (salary update 2022)
- Decreased level of payments for the European Agricultural Fund for Rural Development and EU4Health
- Updated estimates of traditional own resources and incorporation of the impact of exchange rate differences, correspondingly reducing GNI contributions
- Overall increase of EUR 447.5 million in commitments & decrease of EUR 741.1 million in payments
- No additional use of special instruments (Flexibility Instrument, Single Margin Instrument)

# Budgetary impact – Short-term defence instrument

- Objective: to address the most urgent and critical defence gaps, highlighted by Russia’s war of aggression against Ukraine
- Total financial envelope of 500 million euro between 2022-2024, of which EUR 83.7 million in 2022 and EUR 157 million in 2023 (see amending letter)
- Financial impact is aligned with legislative financial statement accompanying the Commission proposal of 19 July
- Until the basic act is adopted, the amounts are allocated in reserve.
- Depending on progress in the legislative procedure, adjustments may be necessary to avoid losing appropriations
- The amount in 2022 is financed from the unallocated margin under heading 5

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
13 06 01	Short-term Defence instrument on common procurement	p.m.	p.m.
30 02 02	Differentiated appropriations ( <i>Reserve for budget article 13 06 01</i> )	82 972 301	p.m.
<b>Total</b>		<b>82 972 301</b>	<b>p.m.</b>

# Budgetary impact – Single Market Programme

- Objective: to reinforce emergency measures to fight outbreaks of animal diseases and plant pests, notably avian influenza and African swine fever
- To reimburse Member States, which have incurred costs of EUR 190 million in 2019 and 2020, making the allocation in the 2022 budget of EUR 19 million insufficient
- The new allocation of EUR 73.8 million uses redeployment from decentralised agencies under heading 1 (ECHA and ESMA, EUR 3.8 million) and reinforcement from the unallocated margin under heading 1 (EUR 70 million).
- The related payment appropriations are included in the global transfer.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
03 02 06	Contributing to a high level of health and welfare for humans, animals and plants	73 797 689	0
03 10 01 01	European Chemicals Agency — Chemicals legislation	- 2 500 000	0
03 10 01 02	European Chemicals Agency — Activities in the field of biocides legislation	- 1 000 000	0
03 10 04	European Securities and Markets Authority (ESMA)	- 297 689	0
<b>Total</b>		<b>70 000 000</b>	<b>0</b>

# Budgetary impact – UCPM

- Objective: mainly to lease and buy aircraft to respond to natural disasters, in line with President Von der Leyen’s State of the Union address
- The requested reinforcement is EUR 138.6 million, of which:
  - EUR 10 million to channel in-kind assistance from Member States to Ukraine as well as to ensure medical evacuations;
  - EUR 28 million to reinforce the EU preparedness for the 2023 wildfires season notably by starting the lease of light aircrafts and helicopters. This will also bridge the gap until the permanent rescEU aerial fleet is up and running (see point below);
  - EUR 100,6 million to accelerate the development of a permanent rescEU fleet through procurement by Member States of UCPM heavy aircrafts and helicopters. Under the current planning, the fleet will progressively become available between 2026 and 2030. Frontloading this amount would help accelerating the procurement so that the first helicopters can already become available in 2024/2025 and the heavy aircrafts ordered and delivered faster. The amount of EUR 100,6 million will be compensated by a corresponding reduction in 2026 and 2027.
- Financing: redeployment of EUR 7.8 million from decentralised agencies and reinforcement of EUR 130.8 million from the unallocated margin under sub-heading 2b.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
06 05 01	Union Civil Protection Mechanism (rescEU)	138 569 459	0
06 10 03 01	Union contribution to the European Medicines Agency	- 4 754 000	0
06 10 03 02	Special contribution for orphan medicinal products	- 1 476 000	0
07 10 08	European Public Prosecutor's Office (EPPO)	- 1 525 000	0
<b>Total</b>		<b>130 814 459</b>	<b>0</b>

# Budgetary impact – Decentralised agencies

- Redeployment

- European Chemicals Agency (ECHA): redeployment due to higher fee income to the Single Market Programme of EUR 4 million
- European Securities and Markets Authority (ESMA): redeployment due to savings to the Single Market Programme of EUR 0.3 million
- European Medicines Agency (EMA): redeployment due to lower than initially estimated applications for orphan medicinal products, higher fee revenue on other applications and a slightly deferred implementation of the extended mandate to the Union Civil Protection Mechanism of EUR 6.2 million
- European Public Prosecutor's Office (EPPO): redeployment due to lower translation costs and lower investigation costs to the Union Civil Protection Mechanism of EUR 1.5 million

- Reinforcement

- European Monitoring Centre for Drugs and Drug Addiction (EMCDDA): reinforcement of EUR 0.7 million from the unallocated margins under heading 5 necessary to avoid downsizing of increased activities to cope with increased salary costs

- Offsetting

- European Aviation Safety Agency (EASA): transfer of EUR 1.8 million in the reserve back to CEF – Transport due to delay in the legislative process for the ReFuelEU Aviation legislative process

# Budgetary impact – High inflation & energy prices

- Increase of EUR 163 million in administrative expenditure and pensions due to higher than expected salary update percentage compared to the assumptions in the draft budget 2022
  - The annual evolution of real salaries of civil servants in the central governments of a sample of ten Member States will decrease by 3.9%
  - The annual inflation in Brussels and Luxembourg has increased to 8.6%
  - 2.5%: unwinding of 2020 suspension
  - Overall impact: 6.9%, where 2.5% was included in the budget
- Based on currently best available estimates – final data end October
- No reinforcement is necessary for three institutions (Council, Court of Auditors, and Ombudsman).
- The increase for the other institutions (after redeployment) is proposed to be financed from the unallocated margin
- The Commission has made full use of redeployment possibilities, including through the proposed clearing of amounts under heading 7 (transfer DEC 21/2022)
- The remaining margin under heading 7 is EUR 275 million, and under the ceiling for administrative expenditure is EUR 164 million

# Budgetary impact – High inflation & energy prices

	<b>Budget 2022 (incl. ABs 1-3/2022 &amp; DAB 4/2022)</b>	<b>Draft Amending Budget 5/2022</b>	<b>Budget 2022 (incl. ABs 1-3/2022 &amp; DABs 4-5/2022)</b>
<b>Pensions and European Schools</b>	2 332 178 613	87 067 538	2 419 246 151
Pensions	2 124 614 000	78 214 000	2 202 828 000
European Schools	207 564 613	8 853 538	216 418 151
<b>Administrative expenditure of the institutions</b>	8 287 945 712	75 971 088	8 363 916 800
Commission	3 868 129 450	11 700 000	3 879 829 450
Other institutions	4 419 816 262	64 271 088	4 484 087 350
European Parliament	2 112 164 198	48 747 088	2 160 911 286
European Council and Council	611 473 556	0	611 473 556
Court of Justice of the European Union	464 774 000	3 080 000	467 854 000
Court of Auditors	162 141 175	0	162 141 175
European Economic and Social Committee	150 871 643	1 580 000	152 451 643
Committee of the Regions	108 376 858	1 600 000	109 976 858
European Ombudsman	12 097 411	0	12 097 411
European Data Protection Supervisor	20 202 000	64 000	20 266 000
European External Action Service	777 715 420	9 200 000	786 915 420
<b>Total</b>	<b>10 620 124 325</b>	<b>163 038 626</b>	<b>10 783 162 951</b>



# Budgetary impact – Payments

- In the global transfer, the overall level of under-implementation was EUR 2.9 billion, of which EUR 2 billion could be partly balanced by requests for reinforcements
- The remaining balance of EUR 0.9 billion could not be absorbed in 2022, and will need to be reduced in order to avoid a surplus
- It is proposed to reduce payments appropriations for
  - EAFRD (EUR 775 million) due to beneficiaries postponing or abandoning projects due to high inflation, and acceleration of NextGenerationEU implementation, and
  - EU4Health (EUR 129.2 million) due to the under-implementation of the EUFAB project, a large-scale and complex project for which the tender has taken longer than expected. The corresponding payments will be due in 2023, and the request for 2023 has been correspondingly adjusted.
- As explained in the previous slide, it is proposed to increase payments in heading 7 by EUR 163 million
- → the overall impact on payments in DAB 5 is a decrease of EUR 741 million

# Budgetary impact – Revenue

- The overall estimate for traditional own resources stemming from customs duties has increased by EUR 3.2 billion (including under-valuation cases)
- The estimated impact of exchange rate differences has been changed to EUR -247 million to mitigate risks
- The revenue surplus is EUR 3 billion, which will lead to a corresponding decrease in Member States' GNI contributions

Revenue line	Name	Budget 2022 (incl. DAB 4)	Draft Amending Budget No. 5/2022	New amount
1 2 0	Customs duties and other	20 479 800 000	3 285 000 000	23 764 800 000
2 4 0	Adjustment for exchange rate differences for own resources	p.m.	-247 000 000	-247 000 000
	<b>Total</b>	<b>20 479 800 000</b>	<b>3 038 000 000</b>	<b>23 517 800 000</b>

# Budgetary impact – Summary

## Increase in commitment appropriations in DAB 5

Heading	Amounts
1. Single Market, Innovation and Digital	70.0
2b. Resilience and values	130.8
5. Security and Defence	83.7
7. European Public Administration	163.0
<b>Total commitment appropriations</b>	<b>447.5</b>

## Adjustments of payment appropriations in DAB 5

Heading	Amounts
2b. Resilience and values	-129.2
3. Natural Resources and Environment	-775.0
7. European Public Administration	163.0
<b>Total payment appropriations</b>	<b>-741.1</b>

## Resulting GNI resource reduction in DAB 5

Source	Amounts
Payments	-741.1
Revenue	-3 038.0
<b>Total GNI contributions</b>	<b>-3 779.1</b>

	Draft Amending Budget 5/2022		Budget 2022 (incl. ABs 1- 3/2022 & DABs 4-5/2022)	
	CA	PA	CA	PA
<b>1. Single Market, Innovation and Digital</b>	70.0		21 845.1	21 473.5
<i>Margin</i>	-70.0		32.9	
<b>2. Cohesion, Resilience and Values</b>	130.8	-129.2	67 775.2	61 923.6
<i>Margin</i>	-130.8		30.8	
2a. Economic, social and territorial cohesion			61 314.2	56 350.9
<i>Margin</i>			30.8	0.0
2b. Resilience and values	130.8	-129.2	6 461.0	5,572.7
<i>Margin</i>	-130.8			
<b>3. Natural Resources and Environment</b>		-775.0	56 681.1	55,826.8
<i>Margin</i>			283.9	
<b>4. Migration and Border Management</b>			3 360.0	3,254.3
<i>Margin</i>				
<b>5. Security and Defence</b>	83.7		1 896.0	1,237.9
<i>Margin</i>	-83.7			
<b>6. Neighbourhood and the World</b>			17 170.4	12 916.1
<i>Of which under Flexibility Instrument</i>			368.4	
<i>Margin</i>				
<b>7. European Public Administration</b>	163.0	163.0	10 783.2	10 783.3
<i>Margin</i>	-163.0		274.8	0.0
<b>of which: Administrative expenditure of the institutions</b>	76.0	76.0	8 363.9	8 364.0
<i>Sub-margin</i>	-76.0		164.1	
<b>Appropriations for headings</b>	447.5	-741.1	179 511.0	167 415.3
Of which under Flexibility Instrument			368.4	467.2
<i>Margin</i>	447.5	-741.1	622.4	3,609.9
Thematic special instruments			2 799.2	2,622.8
<b>Total appropriations</b>	447.5	-741.1	182 310.2	170 038.2



# Amending letter 1/2023

Johan UREEL, Director, Directorate A, DG BUDG

*5 October 2022*

# Main elements

- Russia's war of aggression in Ukraine => reinforce Humanitarian aid, frontloading Erasmus+
- Reinforce European Union Recovery Instrument interest line
- Frontload and reinforce Union Civil Protection Mechanism
- Budget the short-term defence instrument
- Update estimated needs, assigned revenue and appropriations for agricultural expenditure (overall budgetary neutral)
- Increased level of payment appropriations for Cohesion because of FAST-CARE
- Decrease appropriations for administrative expenditure and pensions in heading 7
- Reinforce CERT-EU (transfer from other institutions)
- Overall increase of EUR 758 million in commitments & increase of EUR 2.4 billion in payments
- Use of Flexibility Instrument and Single Margin Instrument

# Budgetary impact – Additional measures Ukraine

- Objective: to address the most urgent and critical humanitarian needs stemming from Russia's war of aggression against Ukraine
- Reinforcement of Humanitarian aid:
  - Objective: provide humanitarian aid and mitigate the global food crisis
  - Financing: EUR 150 million in 2023 financed from the Flexibility Instrument since there is no unallocated margin left under heading 6.
  - Further needs are likely to arise in 2023.
- Reinforcement of Erasmus+:
  - Objective: provide support to school-age children (e.g. integration and return to school, early childhood education and care), adult students, and educational staff
  - Financing: EUR 100 million in 2023 (frontloading from 2027 taking into account the strong backloading of the programme) financed from the unallocated margin under sub-heading 2b (EUR 34.3 million) and the Flexibility Instrument (EUR 65.7 million).

# Budgetary impact – Funding cost NGEU

- Objective: to cover the higher than expected financing costs due to high inflation
- Based on current projections of interest rates, the volume of operations, and the increased interest rate volatility, it is estimated that a reinforcement of EUR 450 million is needed.
- EUR 1 million will be needed to reinforce the administrative support line of the European Union Recovery Instrument to ensure better monitoring, management of market liquidity, and additional capacity in view of reporting needs. Recruitment of 8 contract agents.
- Further refinement may be needed during the conciliation, given the uncertainty.
- The entire amount will be covered using the Single Margin Instrument Article 11(1)a.
- The 2023 use of the Single Margin Instrument for this purpose would exceed the amounts already reserved by the Commission in 2021-2022 under the Single Margin Instrument in line with the Commission's unilateral statement during the conciliation on the 2022 budget (see the table on the next slide)



# Budgetary impact – Funding cost NGEU programming

Financial programming of the financing cost of the European Union Recovery Instrument (EURI)									
		2021	2022	2023	2024	2025	2026	2027	TOTAL
(1)	2021 DRAFT BUDGET	111 461 000	459 706 000	1 035 775 000	2 072 930 000	2 674 646 000	3 737 585 000	4 884 345 000	14 976 448 000
(2)	2021 BUDGET	39 591 000	459 706 000	1 035 775 000	2 072 930 000	2 674 646 000	3 737 585 000	4 884 345 000	14 904 578 000
	<i>Difference (2) - (1)</i>	<i>-71 870 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-71 870 000</i>
(3)	2022 DRAFT BUDGET	39 591 000	389 706 000	1 035 775 000	2 072 930 000	2 674 646 000	3 737 585 000	4 954 345 000	14 904 578 000
	<i>Difference (3) - (2)</i>	<i>0</i>	<i>-70 000 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>70 000 000</i>	<i>0</i>
(4)	2022 BUDGET	5 000 000	145 000 000	1 035 775 000	2 076 394 295	2 682 835 808	3 749 553 684	4 985 313 213	14 679 872 000
	<i>Difference (4) - (3)</i>	<i>-34 591 000</i>	<i>-244 706 000</i>	<i>0</i>	<i>3 464 295</i>	<i>8 189 808</i>	<i>11 968 684</i>	<i>30 968 213</i>	<i>-224 706 000</i>
(5)	DEC 8/2022	5 000 000	75 000 000	1 035 775 000	2 076 394 295	2 682 835 808	3 749 553 684	4 985 313 213	14 609 872 000
	<i>Difference (5) - (4)</i>	<i>0</i>	<i>-70 000 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-70 000 000</i>
(6)	Amending Letter No 1/2023	5 000 000	75 000 000	1 485 775 000	2 076 394 295	2 682 835 808	3 749 553 684	4 985 313 213	15 059 872 000
	<i>Difference (6) - (5)</i>	<i>0</i>	<i>0</i>	<i>450 000 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>450 000 000</i>
	<b>Overall difference</b>	<b>-106 461 000</b>	<b>-384 706 000</b>	<b>450 000 000</b>	<b>3 464 295</b>	<b>8 189 808</b>	<b>11 968 684</b>	<b>100 968 213</b>	<b>83 424 000</b>
	<i>of which backloading/frontloading</i>	<i>-34 591 000</i>	<i>-90 000 000</i>	<i>0</i>	<i>3 464 295</i>	<i>8 189 808</i>	<i>11 968 684</i>	<i>100 968 213</i>	<i>0</i>
	<i>of which increases</i>	<i>0</i>	<i>0</i>	<i>450 000 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>450 000 000</i>
	<i>of which reductions</i>	<i>-71 870 000</i>	<i>-294 706 000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-366 576 000</i>

# Budgetary impact – UCPM

- Objective: to lease or buy aircraft to respond to natural disasters, in line with President Von der Leyen’s State of the Union address
- The requested reinforcement is EUR 41.4 million, of which:
  - EUR 14.4 million (frontloading from 2026 and 2027) to accelerate the development of a permanent rescEU fleet;
  - EUR 27 million for the lease of helicopters and light planes to be operational during the 2024 forest fires
- Financing: reinforcement of EUR 41.4 million from the Flexibility Instrument.

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
06 05 01	Union Civil Protection Mechanism (rescEU)	41 430 541	70 000 000
<b>Total</b>		<b>41 430 541</b>	<b>70 000 000</b>

# Budgetary impact – UCPM summary

Reference	From	Amount	Activities financed
DAB 5/2022	Margin H2b 2022	10,000,000	Hubs UKR
		28,000,000	lease of helicopters & light planes 2023
		25,000,000	purchase of Canadairs
	EPPO - EMA surplus	67,814,459	purchase of helicopters
		7,755,000	
AL 1/2023	Margin H2b 2023	14,430,541	purchase of helicopters
		19,870,427	lease of helicopters & light planes 2024
	Flex	7,129,573	lease of helicopters & light planes 2024
<b>Total reinforcement 22/23</b>		<b>180,000,000</b>	
	<i>of which reinforcement for hubs Ukraine</i>	10,000,000	
	<i>of which reinforcement for lease of helicopters &amp; light planes 2023-2024</i>	55,000,000	
	<i>of which front loading for purchase of helicopters</i>	90,000,000	
	<i>of which front loading for purchase of Canadairs</i>	25,000,000	

# Budgetary impact – UCPM programming

	2021	2022	2023	2024	2025	2026	2027	Total MFF 2021-2027	Purpose of the reinforcement
<b>Initial FP 2021-2027</b>	90,203,000	95,254,030	101,575,434	236,775,649	241,511,162	246,341,385	251,268,213	1,262,928,872	
<i>DEC 15/2021</i>	34,591,000			-34,591,000					Firefighting, UCPM training, building technical capacity in the MSs to leverage investments for disaster prevention and preparedness
<i>DAB 6/2021</i>	57,811,000								Evacuations from Afghanistan, operations in Haiti, in Latin-American regions and in the Pacific
<i>Conciliation</i>		6,000,000							
<i>DB2023</i>			45,000,000	-45,000,000					Accelerating the purchase of Canadairs to increase the level of preparedness of the MSs in fighting forest fires
<i>DEC 8, 10, 15/2022</i>		114,500,000							Ukraine - establishment and operability of UCPM Hubs, transport operations to deliver in-kind assistance, medical evacuation of patients, deployment of emergency medical teams
<i>DAB 5/2022</i>		38,000,000							EUR 10 million for the operability of the Hubs - Ukraine EUR 28 million lease of helicopters and other light planes for summer 2023
		100,569,459				-100,569,459			Accelerating the procurement of UCPM aerial fleet (i.e. Canadairs and helicopters)
<i>AL 1/2023</i>			14,430,541			-14,430,541			Accelerating the procurement of helicopters
			27,000,000						Lease of helicopters 2024
<b>Revised FP 2021-2027</b>	182,605,000	354,323,489	188,005,975	230,311,354	219,321,354	161,808,241	169,864,459	<b>1,506,239,872</b>	
<b>Overall change</b>	<b>92,402,000</b>	<b>259,069,459</b>	<b>86,430,541</b>	<b>- 6,464,295</b>	<b>- 22,189,808</b>	<b>- 84,533,144</b>	<b>- 81,403,754</b>	<b>243,311,000</b>	
<i>of which front/back-loading</i>	34,591,000	100,569,459	59,430,541	-194,591,000				-	
<i>of which net reinforcement</i>	57,811,000	158,500,000	27,000,000					243,311,000	

# Budgetary impact – Short-term defence instrument

- Objective: to address the most urgent and critical defence gaps, highlighted by Russia’s war of aggression against Ukraine
- Total financial envelope of 500 million euro between 2022-2024, of which EUR 83.7 million in 2022 (see draft amending budget 5/2022) and EUR 157 million in 2023
- Until the basic act is adopted, the amounts are allocated in reserve
- The amount in 2023 is financed from the unallocated margin under heading 5 (EUR 44.9 million) and the Flexibility Instrument (EUR 112.1 million)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
13 06 01	Short-term Defence instrument on common procurement	p.m.	p.m.
30 02 02	Differentiated appropriations ( <i>Reserve for budget article 13 06 01</i> )	157 027 699	72 000 000
13 01 04	Support expenditure for Short-term Defence instrument on common procurement	p.m.	p.m.
<b>Total</b>		<b>157 027 699</b>	<b>72 000 000</b>

# Budgetary impact – EAGF & SFPAs

- Objective:
  - to update EAGF needs, including assigned revenue and financial discipline. In 2023, the update is budgetary neutral.
  - to update the Sustainable Fishing Partnerships Agreements (SFPAs) taking into account the partnership agreement with Mauritius, which will enter into provisional application on 31 December 2022.

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
08 05 01	Establishing a governance framework for fishing activities carried out by Union fishing vessels in third country waters	725 000	725 000
30 02 02	Differentiated appropriations ( <i>Reserve for budget article 08 05 01</i> )	- 725 000	- 725 000
<b>Total</b>		<b>0</b>	<b>0</b>

# Budgetary impact – Payments

- Objective: to increase the payments needs for ESF+, ERDF, and CF in line with the FAST-CARE proposal (increase pre-financing)
- The overall requested increase is EUR 1.7 billion

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
07 02 01	ESF+ shared management strand — Operational expenditure	0	476 247 927
05 02 01	ERDF – Operational expenditure	0	1 088 741 009
05 03 01	Cohesion Fund (CF) – Operational expenditure	0	178 011 064
<b>Total</b>		<b>0</b>	<b>1 743 000 000</b>

# Budgetary impact – Support expenditure

- Objective: to adjust the support expenditure for certain programmes to facilitate implementation
- The programmes concerned are:
  - AMIF, BMVI, and ISF: proposal to adjust budget remarks to allow the recruitment of 20 additional external staff members
  - Innovation Fund: creation of support expenditure line and possibility to recruit up to 8 external staff members financed from external assigned revenue
  - Instrument for Pre-Accession (increase of EUR 1.3 million): proposal to recruit 15 additional external staff members in relation to tasks created by the EU candidate status of Ukraine and the Republic of Moldova, the monitoring process of Georgia, and preparatory work for the reconstruction of Ukraine via internal redeployment
  - Digital Europe Programme (reduction of EUR 3.5 million): proposal to allow the recruitment of up to 40 external staff members to respect the Digital Services Act via redeployment from the Digital Europe Programme to the line for Digital Services Act (DSA) – Supervision of Very Large Online Platforms



# Budgetary impact – Decentralised agencies & EPPO

- Objective: to adjust the level of appropriations and/or number of staff for certain agencies
- European Union Aviation Safety Agency (EASA): revise the budgetary profile because of the late adoption of the legal base by transfer EUR 240 000 from CEF – T to the agency's reserve line
- European Environment Agency (EEA):
  - finance the mandate extension from the Regulation on nature restoration through 7 additional establishment plan posts, and 5 contract agents;
  - finance the mandate extension from the implementing decision on establishing databases for information provided by Member States under the Seveso III Directive through 3 establishment plan posts, 1 contract agent, and an additional EU contribution of EUR 0.5 million offset from the LIFE programme
- European Union Agency for Law Enforcement Training (CEPOL): reclassify 3 AST5 posts in AD5 posts & revise the existing posts across grades. It is budgetary neutral.
- European Public Prosecutor's Office (EPPO): correct clerical error in breakdown of the agency's establish plan posts to give the agency room for manoeuvre to recruit and reclassify staff. It is budgetary neutral.
- Transfer appropriations from reserve to operational lines following the adoption of basic acts for: ACER, eu-LISA, and ESMA

# Budgetary impact – Salary update 2022

- Objective: to adjust the level of appropriations in reaction to high inflation and surging energy prices
- In the draft budget, the assumption for the salary update was 8.6%. This assumption must be adjusted downwards to 6.9%.
- This leads to a reduction in salary expenditure of EUR 140 million.
- The margin under the sub-ceiling for the administrative expenditure of the institutions is now sufficient & recourse to the Flexibility Instrument will no longer be needed
- This also shows that the method for calculating the salary update works given the -3.9% component related to the purchasing power of national officials
- Remaining margin under the sub-ceiling for the administrative expenditure of the institutions under heading 7: EUR 30.8 million
- Cumulated margin under the Heading 7 sub-ceiling (current situation):

Year	Amount
2021	185.7
2022	164.1
2023	30.8
	<b>380.6</b>

# Budgetary impact – Salary update 2022

	DB 2023	Amending Letter 1 to DB 2023	DB 2023 with AL1
<b>Pensions and European Schools</b>	2 614 329 580	-46 810 104	2 567 519 476
Pensions	2 381 282 000	-39 287 000	2 341 995 000
European Schools	233 047 580	-7 523 104	225 524 476
<b>Administrative expenditure of the institutions</b>	8 834 472 587	-93 307 786	8 741 164 801
Commission	4 106 045 644	-49 794 840	4 056 250 804
Other institutions	4 729 470 419	-44 556 422	4 684 913 997
European Parliament	2 267 982 642	-20 643 092	2 247 339 550
European Council and Council	654 340 348	-6 181 591	648 158 757
Court of Justice of the European Union	491 240 000	-5 706 000	485 534 000
Court of Auditors	176 609 500	-2 435 000	174 174 500
European Economic and Social Committee	160 102 220	-1 379 580	158 722 640
Committee of the Regions	117 300 008	-1 122 583	116 177 425
European Ombudsman	13 104 583	-161 200	12 943 383
European Data Protection Supervisor	22 172 500	-206 000	21 966 500
European External Action Service	825 575 142	-5 677 900	819 897 242
<b>Total</b>	<b>11 448 802 167</b>	<b>-140 117 890</b>	<b>11 308 684 277</b>

# Budgetary impact – CERT-EU

- Objective: to improve the institutions' cybersecurity by reinforcing CERT-EU
- It is proposed to finance the Commission's proposal of March 2022 through budgetary neutral transfers between the institutions offset by a corresponding reduction in the IT budget of each institution.

Budget Section	Budget Line		Commitment appropriations	Payment appropriations
Section I - European Parliament	2 1 0 4	Computing and telecommunications — Investment in infrastructure	- 1 000 000	- 1 000 000
Section II - Council	2 1 0 2	Servicing and maintenance of equipment and software	- 250 000	- 250 000
Section III – European Commission	20 04 04	Inter-institutional computer emergency response team for the Union's institutions, bodies and agencies (CERT-EU)	+ 1 958 307	+ 1 958 307
Section IV - Court of Justice of the EU	2 1 0 0	Purchase, servicing and maintenance of equipment and software	- 191 107	- 191 107
Section V – European Court of Auditors	2 1 0 2	External services for the operation, implementation and maintenance of software and systems	- 120 000	- 120 000
Section VI - European Economic and Social Committee	2 1 0 2	Outside assistance for the operation, development and maintenance of software systems	- 70 167	- 70 167
Section VII – Committee of the Regions	2 1 0 2	Outside assistance for the operation, development and maintenance of software systems	- 52 033	- 52 033
Section IX - European Data Protection Supervisor	2 0 1 2	Other operating expenditure	- 25 000	- 25 000
Section X - European External Action Service	2 1 0 0	Information and communication technology	- 250 000	- 250 000
<b>Total</b>			<b>0</b>	<b>0</b>

# Budgetary impact – Summary

Variation in commitments and payments compared to the draft budget

Programme	Commitment appropriations	Payment appropriations
Humanitarian aid	150,0	120,0
Erasmus+	100,0	80,0
Short-term defence instrument	157,0	72,0
Union Civil Protection Mechanism	41,4	70,0
EURI interest line	450,0	450,0
European Agricultural Guarantee Fund (EAGF)	0	0
SFPAs	0	0
Assessment of payment needs for Cohesion	0	1 743,0
Updates for decentralised agencies	0	0
Adjustments under heading 7	-140,1	-140,1
<b>Total</b>	<b>758,3</b>	<b>2 394,9</b>

Use of margins & special instruments

	Heading	Margin	Flexibility Instrument	Single Margin Instrument
2b.	Resilience and values	34,3	107,1	450,0
5.	Security and Defence	44,9	112,1	
6.	Neighbourhood and the World		150,0	
7.	European Public Administration	-77,6	-62,5	
	<b>Total</b>	<b>1,6</b>	<b>306,7</b>	<b>450,0</b>

Remaining availabilities (current state-of-play – after DAB 5/2022 and AL 1/2023)

Source	Amount available
2022 margins	622,4
2023 margins	444,9
Single margin instrument - 2021 margins (2023 prices)	204,4
Flexibility instrument	1 018,8
<i>of which from the 2022 allocation</i>	<i>830,6</i>
<i>of which from the 2023 allocation</i>	<i>188,2</i>

MFF Headings / Clusters / Programmes	Amending Letter 1 to Draft Budget 2023		Draft Budget 2023 with AL1	
	CA	PA	CA	PA
<b>1 - Single Market, Innovation and Digital</b>			21 567,6	20 901,1
<i>Margin</i>			159,4	
<b>2 - Cohesion, Resilience and Values</b>	591,4	2 343,0	70 678,1	58 183,5
<i>Of which under Flexibility Instrument</i>	107,1		107,1	
<i>Of which under Single Margin Instrument 11(1)(a)</i>	450,0		450,0	
<i>Ceiling</i>			70 137,0	
<i>Margin</i>	-34,3		16,0	
<b>2a - Economic, social and territorial cohesion</b>		1 743,0	62 923,0	50 874,1
<i>Sub-margin</i>			16,0	
<b>2b - Resilience and Values</b>	591,4	600,0	7 755,1	7 309,4
<i>Of which under Flexibility Instrument</i>	107,1		107,1	
<i>Of which under Single Margin Instrument 11(1)(a)</i>	450,0		450,0	
<i>Sub-margin</i>	-34,3			
<b>3 - Natural Resources and Environment</b>			57 222,6	57 445,4
<i>Margin</i>			72,4	
<b>4 - Migration and Border Management</b>			3 727,3	3 067,4
<i>Margin</i>			86,7	
<b>5 - Security and Defence</b>	157,0	72,0	2 058,1	1 183,4
<i>Of which under Flexibility Instrument</i>	112,1		112,1	
<i>Margin</i>	-44,9			
<b>6 - Neighbourhood and the World</b>	150,0	120,0	16 931,9	13 894,0
<i>Of which under Flexibility Instrument</i>	150,0		602,9	
<i>Margin</i>				
<b>7 - European Public Administration</b>	-140,1	-140,1	11 308,7	11 308,7
<i>Ceiling</i>			11 419,0	
<i>Margin</i>	140,1		110,3	
<i>Of which: Administrative expenditure of the institutions</i>	-93,3	-93,3	8 741,2	8 741,2
<i>Sub-margin</i>	93,3		30,8	
<b>TOTAL UNDER MFF HEADINGS</b>	758,3	2 394,9	183 494,3	165 983,3
<i>Of which under Flexibility Instrument</i>	306,8	165,6	822,1	692,7
<i>Of which under Single Margin Instrument 11(1)(a)</i>	450,0		450,0	
<i>Margin</i>	60,9	-2 394,9	444,9	3 284,4
<b>TOTAL</b>	758,3	2 394,9	186 349,4	168 663,1