

Amending budget 1/2024: amendments required due to the MFF revision

2024/0056(BUD) - 29/02/2024 - Commission draft budget

PURPOSE: presentation of draft amending budget 1/2024 (DAB 1/2024) reflecting the impact of the revision of the Multiannual Financial Framework (MFF) on the 2024 financial year.

CONTENT: the purpose of Draft Amending Budget No 1 for the year 2024 is to introduce the necessary changes to the 2024 budget stemming from the revision of the Multiannual Financial Framework.

The revision of the MFF Regulation applies retroactively as of 1st January 2024 and includes *inter alia* amendments to the MFF ceilings.

In order to reflect the impact of the MFF revision on the financial year 2024, DAB 1 covers the following elements:

Ukraine Facility

The revised Multiannual Financial Framework Regulation creates a new special instrument - the Ukraine Reserve - for the period 2024-2027 for the sole purpose of financing the new Ukraine Facility. The latter aims to support Ukraine's efforts to sustain macro-financial stability, support reconstruction as well as modernise the country whilst implementing key reforms on its EU accession track.

The Commission proposes to make the necessary adjustments to the budget nomenclature and budget remarks and proposes to mobilise the Ukraine facility in this DAB. This includes creating eight new budget lines. It is proposed to mobilise an amount of EUR 4 767.5 million of commitment appropriations and EUR 3 754.8 million of payment appropriations.

European Defence Fund (EDF) within the Strategic Technologies for Europe Platform (STEP)

In order to boost the defence investment capacity contributing to the STEP objectives, the revision of the Multiannual Financial Framework includes an increase of EUR 1.5 billion for the remainder of the MFF, for which an increase of EUR 376 million of commitment appropriations in 2024 is proposed, split between both strands of the programme (i.e. defence research, and capability development).

European Solidarity Reserve and Emergency Aid Reserve

Following the revision of the Multiannual Financial Framework, the Solidary and Emergency Aid Reserve (SEAR) has been split in two separate instruments retroactively as of 1st January 2024:

- **the European Solidarity Reserve (ESR)** with an annual amount of EUR 1 016 million (in 2018 prices, corresponding to EUR 1 144.2 million in 2024 prices) for assistance to respond to emergency situations covered by the European Union Solidarity Fund (EUSF);

- **the Emergency Aid Reserve (EAR)** with an annual amount of EUR 508 million (in 2018 prices, corresponding to EUR 572.1 million in 2024 prices) for rapid responses to specific emergency needs within the Union or in third countries.

Reform and Growth Facility for the Western Balkans

The revision of the MFF includes the additional allocation for Western Balkans, which will be implemented through a new Reform and Growth Facility for the Western Balkans.

The Commission proposes to make the necessary adjustments to the budget nomenclature, budget remarks and level of appropriations in this DAB 1. Three new budget lines are to be created.

Additionally, it is proposed to include and allocate an amount of EUR 501 million of commitment appropriations and EUR 23.9 million of payment appropriations in reserve pending the adoption of the legal basis.

European Globalisation Adjustment Fund

The revision of the MFF foresees a reduction of the annual allocation of EGF for the period 2024-27, which should not exceed a maximum amount of EUR 30 million (in 2018 prices, corresponding to EUR 33.8 million in 2024 prices). Consequently, a reduction of commitment appropriations in 2024 by EUR 175.7 million is proposed.

Artificial Intelligence Act (AI Office)

Additionally, DAB 1 includes an adjustment to the budget remarks of the budget line for support expenditure of the Digital Europe Programme following the political agreement reached in December 2023 by the European Parliament and the Council on the establishment of the Artificial Intelligence Office.

The establishment of the Artificial Intelligence Office necessitates a larger set of tasks and responsibilities as initially set out. Therefore, increased staffing levels, and subsequently costs, are required to be able to effectively deliver on those tasks.

Financing

Overall, the net impact of DAB 1 on expenditure amounts to an increase of EUR 5 833.7 million in commitment appropriations and EUR 4 143.6 million of payment appropriations.