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NOTE

From:	Presidency
To:	Permanent Representatives Committee
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products (EDIP): – Legislative Financial and Digital Statement by the Commission

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')

1.2. Policy area(s) concerned

Union defence industrial policy

1.3. Objective(s)

1.3.1. General objective(s)

The Programme establishes a set of measures aimed at supporting defence readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure the timely availability and supply of defence products and at contributing to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (Ukrainian DTIB), in particular by means of the following:

(1) the establishment of the European Defence Industrial Programme (the 'Programme'), comprising measures for the strengthening of the competitiveness, responsiveness and ability of the EDTIB, which may include the establishment of a fund for the acceleration of defence supply chain transformation ('FAST');

(2) the establishment of a cooperation programme with Ukraine with a view to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (the 'Ukraine Support Instrument');

(3) a legal framework laying down the requirements and procedures for and the effects of setting-up the Structure for European Armament Programme ('SEAP') ;

(4) a legal framework aiming at ensuring security of supply, removing obstacles and bottlenecks and supporting the production of defence products;

1.3.2. Specific objective(s)

Specific objective No

Not applicable

1.3.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

Expected results: EDIP should contribute to closing the funding gap until 2027, by providing financial support for the reinforcement of the European and of the Ukraine DTIB, in a predictable, continuous and timely manner on the basis of an integrated approach.

1.3.4. Indicators of performance

Specify the indicators for monitoring progress and achievements.

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Taking into consideration the short period of implementation, the results and impacts of the Programme will be assessed under retrospective evaluation at the end of the programme implementation.

The Commission will ensure that the necessary indicators used for the monitoring of programme implementation will be put in place by the entity entrusted with the programme implementation. These will include:

- increase of production capacity for defence products within the EU;

- reduction of production lead time;

- number of Member States participating in cooperation for common procurement;

- number of economic operators receiving a facilitated access to finance;

- number of new cross-border cooperations with undertakings established in another Member States or associated countries;

- increase of support to Ukraine.

Furthermore, according to adopted regulation, the Commission will also have to evaluate EDIP's contribution to the progress made towards increasing: the value of defence equipment procured in the Union in a collaborative manner; the value of intra-EU defence trade; and the value of Member States defence investment that is procured within the Union.

1.4. The proposal/initiative relates to:

☒ a new action

☐ a new action following a pilot project / preparatory action[1]

☐ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The Regulation will be implemented through direct management and indirect management, in particular for the implementation of blending operations. The Commission will need to be staffed with the appropriate experts in order to monitor effectively the implemention, including where implementation is entrusted to third parties based on a contribution agreement.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

As highlighted by the Joint Communication on Defence Investment Gaps Analysis and Way Forward (JOIN/2022/24 final), decades of underinvestment generates gaps within defence capabilities available to EU Member States armed forces, as well as industrial gaps within the Union. Fragmentation of the demand also generated national industrial silos and a corresponding multitude of defence systems of the same kind, often not interoperable

[1] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

amongst each other. The current defence market context is marked by an increased security threat, sees Member States rapidly increasing their defence budgets and aiming at similar equipment's purchases. This results into an amount of demand for defence products which overcome EDTIB manufacturing capacities for such products, currently tailored for peacetime. In this context, significant investments are needed for which defence companies, which do not normally engage substantial self-funded industrial investments, will need derisking, as well as regulatory support to remove existing bottlenecks such as access to skilled personnel, raw materials. The Union intervention by de-risking industrial investments via grants and incentivizing the cooperation for common procurement will allow a faster adaptation to ongoing structural market change. The proposed measures will also encourage the EDTIB's and Ukraine DTIB's resilience through cross-border industrial partnerships and collaboration of relevant companies in a joint industry effort to avoid worsening fragmentation of the supply chains.

1.5.3. Lessons learned from similar experiences in the past

N/A

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The Programme will integrate two running EU instruments, the Instrument for the Reinforcement of the European Defence Industry through common Procurement (EDIRPA) and the Regulation supporting Ammunition Production (ASAP), and existing EU programmes such as the European Defence Fund. It will also take into account other EU defence initiatives such as the Permanent Structured Cooperation (PESCO) or the Strategic Compass for Security and Defence. It will generate synergies with other EU programmes.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Not applicable

1.6. Duration of the proposal/initiative and of its financial impact

☒ **limited duration**

– ☑ in effect from 2025 to 31/12/2027

– ☑ financial impact from 2025 to 2027 for commitment appropriations and from 2026 to 2033 for payment appropriations.

☐ **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned[2]

☒ **Direct management** by the Commission

– ☑by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☑ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☑ international organisations and their agencies (to be specified)

– ☑ the European Investment Bank and the European Investment Fund

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☑ public law bodies

– ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☑ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

[2] Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx.

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The European Defence Industry Programme shall be implemented in direct management and indirect management in accordance with the Financial Regulation

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2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

In accordance with article 63 of the Programme the Commission will draw up an evaluation report not later dan 30/06/2027 for the Programme and submit it to the EP and Council. The report shall evaluate the impact and effectiveness of the actions under the Programme. To this end, the Commission will put in place necessary monitoring arrangements to ensure that relevant data are collected reliably and smoothly.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

The Commission would have overall responsibility for the implementation of the Programme. In particular, the Commission intends to implement the Programme mainly in direct management. The use of direct management mode clarifies the responsibilities (implementation by authorising officers), shortens the delivery chain (reducing Time To Grant and Time To Pay), avoids conflicts of interests and reduces the implementation costs (no management fees for an entrusted entity).

The Commission should define the funding priorities and conditions through one or several work programmes. A Programme Committee of Member States should be established, to which the European Defence Agency should be invited to provide its views and expertise to the committee as an observer, and the European External Action Service, including its Military Staff, should be invited to assist in the committee. Ukraine may also be invited to attend the meetings. The Commission would adopt the work programmes following the opinion of the committee under the examination procedure.

The funding under the Programme will mainly take the form of grants . The Commission may use simplified cost options (e.g. financing not linked to costs) in its grants in order to reduce the administrative burden for the beneficiaries and focus the effort on the results of the actions, in particular where recipients of funding are Member States contracting authorities.

The payment scheme will be prepared taking into account the beneficiary's proposal (in order to allow the beneficiary to avoid any treasury issue) while ensuring the protection of the Union budget. The Commission, as granting authority, may – in case of lack of or inadequate implementation of the actions or delays – reduce, withhold or terminate its financial contribution.

The control strategy for the programme, including ex-ante and ex-post controls, will build around the experience acquired in the EDF, and its precursor programmes, EDIDP and PADR.

Special attention will be paid to actions benefitting Ukraine. The control mechanisms in place provide a framework to ensure that all the appropriate measures to protect the financial interests of the Union are in place. It will guarantee that the principle of proportionality is taken into account and the specific conditions under which the Programme will operate.

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2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The Programme is meant to support the reinforcement of the European and Ukraine DTIB.

Risks associated are an insufficient budgetary volume compared to actual needs, difficulty to identify bottlenecks within production, urgency of needs by Union's armed forces compared with production processes. The instrument being complementary to other initiatives agreed by the Council to support EU Member States' Armed Forces and Ukraine, coordination of demand between Member States, is a precondition.

The Commission would therefore implement the Programme in direct management building on the expertise gained in implementing the European Defence Fund, ASAP and EDIRPA prepare and adopt work programmes in a timely manner, shorten the time to grant.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

The budget of the programme will mainly be implemented under direct management. Based on the Commission experience on grant management, the overall control costs of the Programme by the Commission are estimated at less than 1% of the related funds managed.

In terms of expected error rate(s), the aim is to maintain the error rate below the threshold of 2%. The Commission considers that the implementation of the programme in direct management, with trained (experienced staff, possibly recruited from Member States Ministries of Defence) and well-staffed teams acting under delegated authorising officers, applying clear rules and making an appropriate use of output based instruments will maintain an error rate below the 2% materiality threshold.

Financial contribution may be provided in the form of financing not linked to cost referred to in point (a) of Article 125(1) of Regulation (EU, Euratom) No 2018/1046.

2.3. Measures to prevent fraud and irregularities

The European Anti-Fraud Office (OLAF) is competent to carry out investigations on operations supported under this initiative. Agreements resulting from this Regulation, including agreements concluded with international organisations, shall provide for supervision and financial control by the Commission, or any representative authorised by it, and audits by the European Court of Auditors, the European Public Prosecutor's Office (EPPO) or OLAF, if necessary on-the spot. Commission's officials who have the required security clearance, can also make on site visits.

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3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[3]	from EFTA countries[4]	from candidate countries and potential candidates[5]	From other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue

[3] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

[4] EFTA: European Free Trade Association.

[5] Candidate countries and, where applicable, potential candidates from the Western Balkans.

5	13.0106 Support expenditure for the European Defence Industry Programme	Non-diff.	YES	pm	YES	YES
5	13.0801 European Defence Industry Programme	Diff.	YES	pm	YES	YES
5	13.0107 Support expenditure for the Ukraine support Instrument	Non-diff.	YES	pm	YES	YES
5	13.0802 Ukraine Support Instrument	Diff.	YES	pm	YES	YES

PUBLIC

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Source of financing of appropriations under the new European Defence Industry Programme

Contribution from European Defence Fund	2021	2022	2023	2024	2025	2026	2027	Total
Capability development						411.200	588.800	1.000.000
Defence research					1.936	210.056	288.008	500.000
Total EDF					1.936	621.256	876.808	1.500.000

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3.2.2. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☑ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.2.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	5	Security and Defence – Cluster 13 Defence

DG DEFIS			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
13.0801 Operational appropriations EDIP – Programme	Commitments	(1a)			456.499	714.987	**1 171.486**
	Payments	(2a)			225.243	356.243	**581.486**
13.0802 - Ukraine Support Instrument	Commitments	(1b)			148.000	148.000	**296.000**
	Payments	(2b)			73.000	73.000	**146.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
13.0106 – Support expenditure EDIP - Programme		(3)			14.757	13.757	**28.514**
13.0107 – Support expenditure Ukraine Support Instrument					2.000	2.000	**4.000**
TOTAL appropriations for DG DEFIS	Commitments	=1a+1b+3	**0.000**	**0.000**	**621.256**	**878.744**	**1 500.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**315.000**	**445.000**	**760.000**

DG DEFIS			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	604.499	862.987	**1 467.486**
	Payments	(5)	0.000	0.000	298.243	429.243	**727.486**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	16.757	15.757	**32.514**
TOTAL appropriations under HEADING 5 of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**621.256**	**878.744**	**1 500.000**
	Payments	=5+6	**0.000**	**0.000**	**315.000**	**445.000**	**760.000**

			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	604.499	862.987	**1 467.486**
	Payments	(5)	0.000	0.000	298.243	429.243	**727.486**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	16.757	15.757	**32.514**
TOTAL appropriations Under Heading 1 to 6	Commitments	=4+6	**0.000**	**0.000**	**621.256**	**878.744**	**1 500.000**
of the multiannual financial framework (Reference amount)	Payments	=5+6	**0.000**	**0.000**	**315.000**	**445.000**	**760.000**

Heading of multiannual financial framework	7	'Administrative expenditure'[6]

DG DEFIS		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• Human resources		0.000	0.000	3.760	3.760	**7.520**
• Other administrative expenditure		0.000	0.000	0.308	0.308	**0.616**
TOTAL DG DEFIS	Appropriations	**0.000**	**0.000**	**4.068**	**4.068**	**8.136**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**4.068**	**4.068**	**8.136**

EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**625.324**	**882.812**	**1 508.136**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**319.068**	**449.068**	**768.136**

[6] The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

3.2.2.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	5	Security and Defence – Cluster 13 Defence

DG: DEFIS			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
13.0801 Operational appropriations EDIP – Programme	Commitments	(1a)		pm	pm	pm	**pm**
	Payments	(2a)		pm	pm	pm	**pm**
Budget line	Commitments	(1b)					
	Payments	(2b)					
Appropriations of an administrative nature financed from the envelope of specific programmes							
Budget line		(3)					
TOTAL appropriations for DG DEFIS	Commitments	=1a+1b+3		**pm**	**pm**	**pm**	**pm**
	Payments	=2a+2b+3		**pm**	**pm**	**pm**	**pm**

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3.2.3. Summary of estimated impact on administrative appropriations

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☑ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	3.760	3.760	**7.520**
Other administrative expenditure	0.000	0.000	0.308	0.308	**0.616**
Subtotal HEADING 7	**0.000**	**0.000**	**4.068**	**4.068**	**8.136**
Outside HEADING 7					
Human resources	0.000	0.000	5.757	5.757	**11.514**
Other expenditure of an administrative nature	0.000	0.000	11.000	10.000	**21.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**16.757**	**15.757**	**32.514**
TOTAL	**0.000**	**0.000**	**20.825**	**19.825**	**40.650**

3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	pm	pm	pm
Other expenditure of an administrative nature	0.000	0.000	pm	pm	pm
Subtotal outside HEADING 7	**0.000**	**0.000**	**pm**	**pm**	**pm**
TOTAL	**0.000**	**0.000**	**pm**	**pm**	**pm**

3.2.3.3. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	3.760	3.760	**7.520**
Other administrative expenditure	0.000	0.000	0.308	0.308	**0.616**
Subtotal HEADING 7	**0.000**	**0.000**	**4.068**	**4.068**	**8.136**
Outside HEADING 7					

Human resources	0.000	0.000	5.757	5.757	**11.514**
Other expenditure of an administrative nature	0.000	0.000	11.000	10.000	**21.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**16.757**	**15.757**	**32.514**
TOTAL	**0.000**	**0.000**	**20.825**	**19.825**	**40.650**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources

– ☑ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)[7]

VOTED APPROPRIATIONS		Year **2024**	Year **2025**	Year **2026**	Year **2027**	Years **2028-2030**
• Establishment plan posts (officials and temporary staff)						
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	19	19	19
20 01 02 03 (EU Delegations)		0	0	1	1	1
01 01 01 01 (Indirect research)		0	0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0	0
Other budget lines (specify)		0	0	0	0	0
• External staff (inFTEs)						
20 02 01 (AC, END from the 'global envelope')		0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0	0
Admin. Support line 13.0106	- at Headquarters	0	0	55	55	55
	- in EU Delegations	0	0	2	2	2
01 01 01 02 (AC, END - Indirect research)		0	0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0	0
TOTAL		**0**	**0**	**77**	**77**	**77**

The number of FTEs here above is the needs of additional resources in order to manage the EDIP/USI activities. The establishment plan posts required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if

[7] Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES		Year 2024	Year 2025	Year 2026	Year 2027	Years 2028-2030
• Establishment plan posts (officials and temporary staff)						
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0	0
Other budget lines (specify)		0	0	0	0	0
• External staff (in full time equivalent units)						
20 02 01 (AC, END from the 'global envelope')		0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	pm	pm	pm
	- in EU Delegations	0	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0	0
TOTAL		**0**	**0**	**pm**	**pm**	**pm**

3.2.4.3. Total requirements of human resources

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES		Year 2024	Year 2025	Year 2026	Year 2027	Years 2028-2030
• Establishment plan posts (officials and temporary staff)						
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	19	19	19
20 01 02 03 (EU Delegations)		0	0	1	1	1
01 01 01 01 (Indirect research)		0	0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0	0
Other budget lines (specify)		0	0	0	0	0
• External staff (in full time equivalent units)						
20 02 01 (AC, END from the 'global envelope')		0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0	0
Admin. Support line 13.0106	- at Headquarters	0	0	55	55	55
	- in EU Delegations	0	0	2	2	2
01 01 01 02 (AC, END - Indirect research)		0	0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0	0

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Other budget lines (specify) - Heading 7	0	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0	0
TOTAL	**0**	**0**	**77**	**77**	**77**

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	**Exceptional additional staff***		
		To be financed under Heading 7 or Research	**To be financed from BA line**	**To be financed from fees**
Establishment plan posts	20		N/A	
External staff (CA, SNEs, INT)			57	

Description of tasks to be carried out by:

Officials and temporary staff	The FTEs sought will work on the policy development, legal issues, with particular focus on grant and procurement matters, financial management, contract management, audit and evaluation.
External staff	The FTEs sought will work on the policy development, legal issues, with particular focus on grant and procurement matters, financial management, contract management, audit and evaluation.

3.2.5. Overview of estimated impact on digital technology-related investments

The appropriations under Headings 1-6 should be reflected as "Policy IT expenditure on operational programmes". This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 "Digital dimensions".

TOTAL Digital and IT appropriations	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021 - 2027**
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	3.500	2.500	**6.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**3.500**	**2.500**	**6.000**

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TOTAL	**0.000**	**0.000**	**3.500**	**2.500**	**6.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☑ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

Heading 5 and 6. See details in section 3.2.

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

– ☐ does not provide for co-financing by third parties

– ☑ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
As specified in Article xx		pm	pm	pm	pm
TOTAL appropriations co-financed		pm	pm	pm	pm

3.3. Estimated impact on revenue

– ☑ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on other revenue

  – ☐ please indicate, if the revenue is assigned to expenditure lines

4. DIGITAL DIMENSIONS

4.1. Requirements of digital relevance

Not applicable

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4.2. Data

Not applicable

4.3. Digital solutions

In addition to the corporate IT tools, DG DEFIS might purchase additional specific IT communications tools in order to treat the classified information (Budget € 1 million). *4.4.*

There will be also a catalogue accessible to Member States, to be developed as part of the Military Sales Mechanism, whereby economic operators will be invited to list their defence products on a voluntary basis (Budget € 5 million).

Interoperability assessment

Not applicable **4.5.**

Measures to support digital implementation

Not applicable.

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