



# The role of EU budget in a time of challenges: expectations and accountability

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# The EU budget and new (and old) priorities

- Russia's unprovoked and illegal aggression of Ukraine has already resulted in defining new priorities for the Union
- Support to Ukraine, to the refugees in the EU Member States, independence from Russian fossil fuels and strengthening defence require public spending and investments
- Political choices: how much of such spending to be done together at the level of the EU
- Benefits of the common response and the use of the EU budget: added value, control and accountability

# The Commission's response

- The Commission has responded to the new priorities by proposing ambitious initiatives: concept for support to Ukraine, RePowerEU, and strengthening defence
- At the same time, there is very limited flexibility in the MFF
- The financing of new challenges resulting from the war does not undermine long-term objectives (economic recovery, green and digital transitions)

# Support for Ukraine

- **Short-term assistance:**
  - **€4.1 billion already mobilised for Ukraine** through macro-financial assistance, budget support, emergency assistance, crisis response and humanitarian aid
  - Military assistance measures under the **European Peace Facility**
  - Additional **flexibility granted to MS** to deal with influx of refugees and humanitarian crisis
  - Proposed **additional macro-financial assistance in the form of loans of up to €9 billion**, to be complemented by international partners
- **Long-term reconstruction:**
  - The overall needs are not yet known, but will be significant
  - **Led by Ukrainian authorities** in close partnership with EU and other key partners
  - Possible outline included in the Communication of 18 May 2022

# The Commission's proposal for Ukraine's reconstruction



# REPowerEU

- To reduce EU dependency on Russian gas and oil, **additional investments needed of €210 billion** between now and 2027, on top of the Fit-for-55 proposals, to be financed by private and public sources
- Comprehensive plan to **save energy, diversify energy sources and accelerate the green energy transition**, while combining investments and reforms
- The **RRF** to become the coordinating tool of the REPowerEU Plan implementation, with additional reforms and investments to reduce dependence on Russian gas and oil
- Financing: **€225 billion already available in RRF loans**
- The Commission proposed to provide additional **€20 bn** in grants to the RRF, from **auctioning of ETS allowances** from ETS Market Stability Reserve
- **Higher flexibility for Member States to transfer resources** to the RRF from other funds (cohesion, CAP)

# Defence investments

- **Short-term EU instrument** to reinforce defence industrial capabilities through joint procurement: **€500 million from the EU budget** over two years
- **European Defence Investment Programme (EDIP)** to be proposed later this year
- Consider **strengthening the budgets of the European Defence Fund and military mobility** through the Connecting Europe Facility at a later stage

# Thank you



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