

# 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)

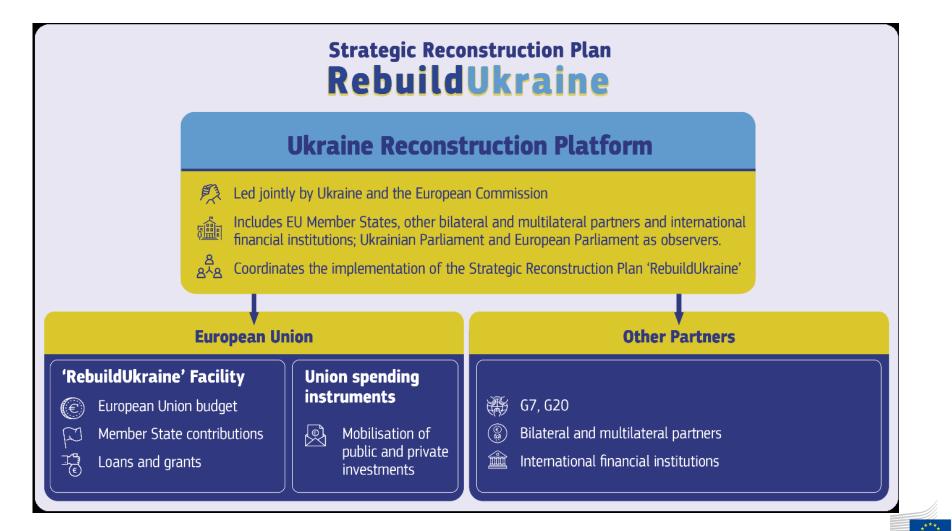


# Support for Ukraine

- 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



European Commission

# 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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