

EU BUDGET FOR THE FUTURE



#EUBudget



The economic impact of the crisis will differ greatly across Member States, regions and sectors

- A fragile corporate sector means fewer jobs and a meek recovery.
- Increase in unemployment, hardship and inequality.
- Weakening of government finances for a significant time.
- The crisis and national measures may lead to:
 - ⇒ Increased divergence among Member States?

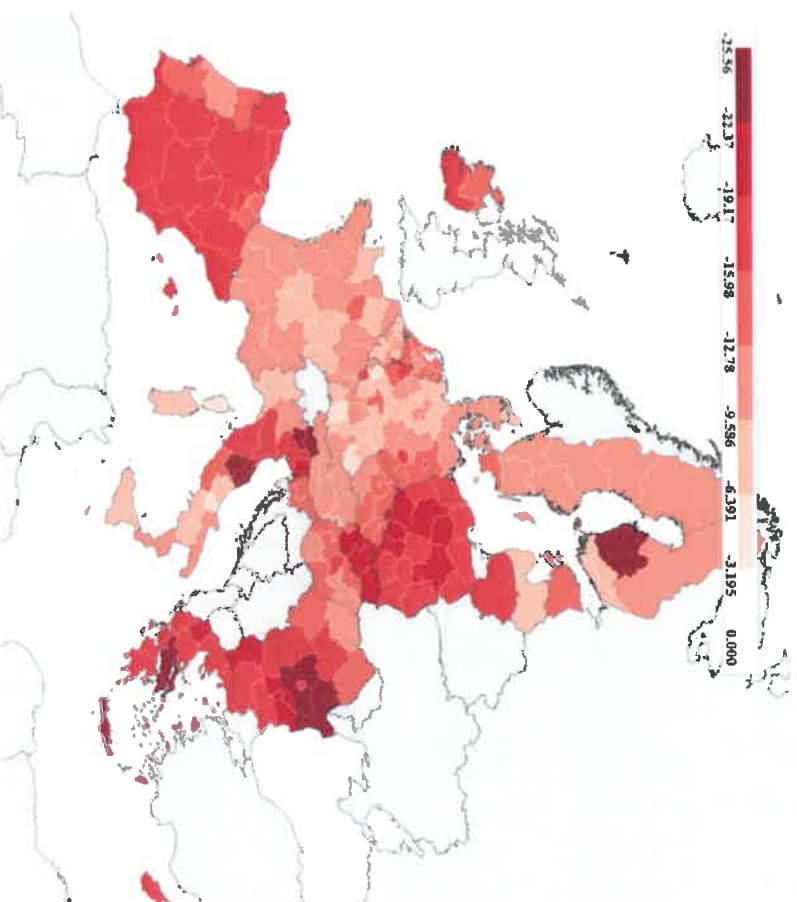
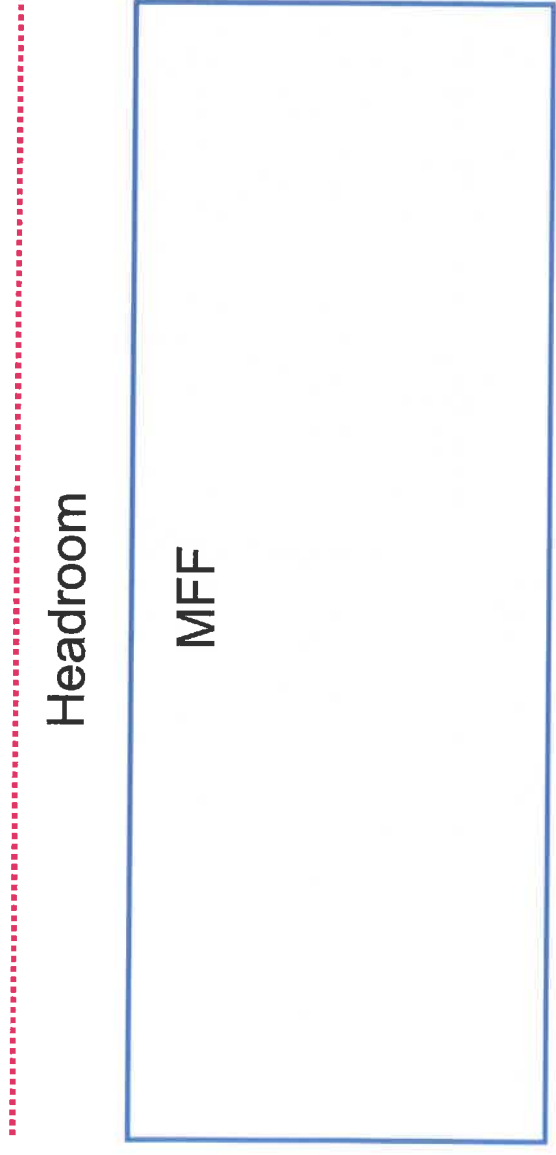


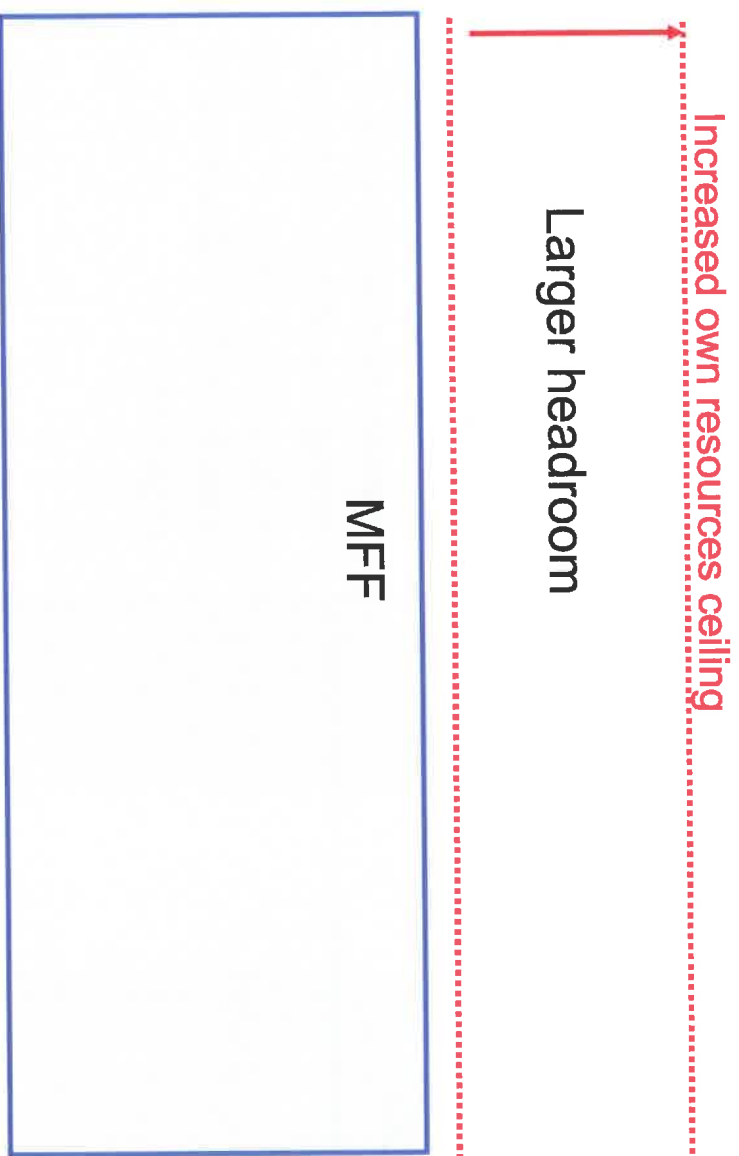
Chart: GDP impact at regional level excluding the impact of policy measures

EU budget = trusted instrument for investment, innovation, cohesion, convergence

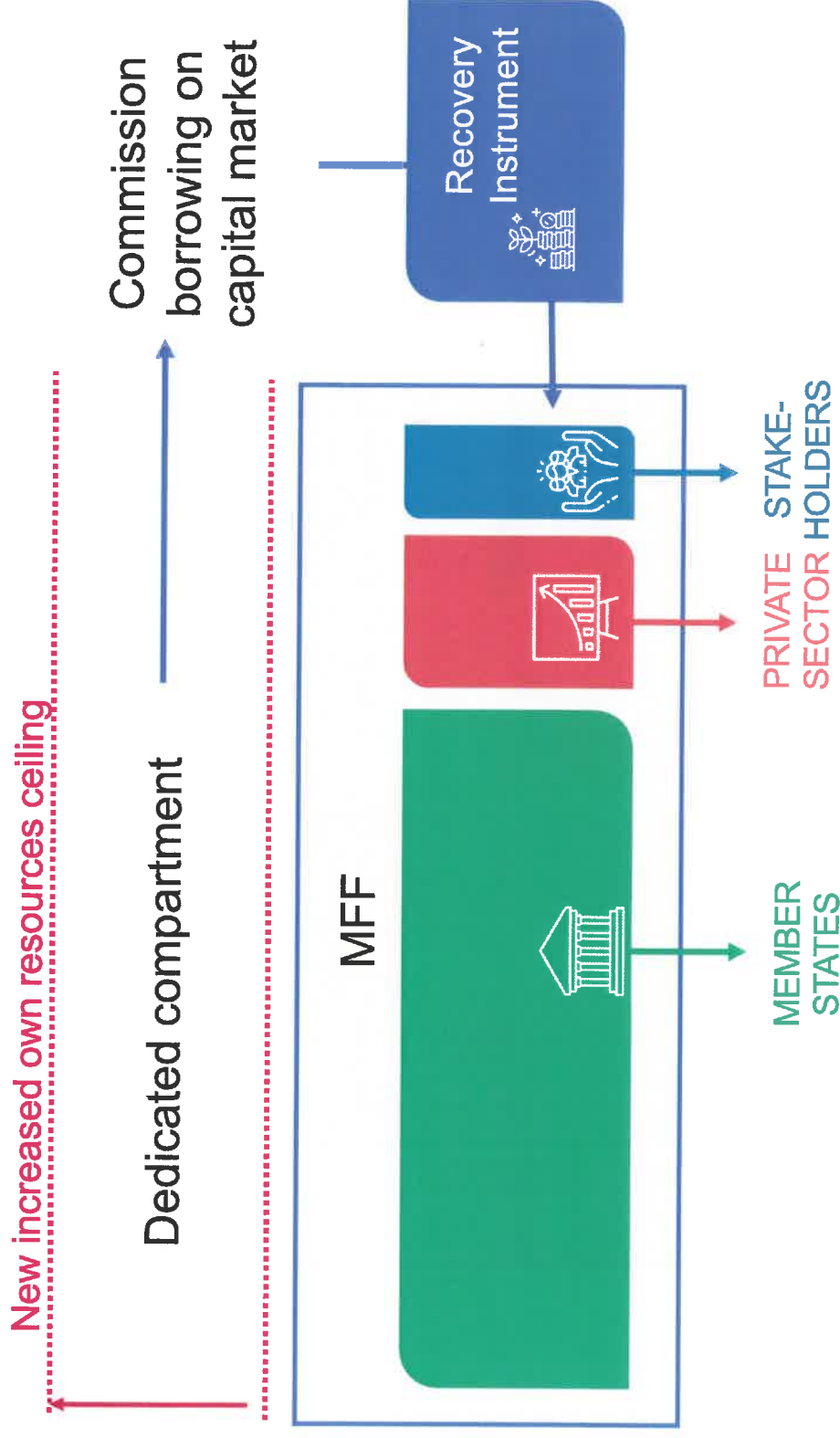


Own resources ceiling
= max amount of own resources the Union can request the MSs to make available to finance its expenditure

How to finance it: two compartments



How does it work?



EU budget powering recovery

Investing in a green, digital and resilient Europe

Supporting Member States to recover



- Recovery and Resilience Facility
- Recovery Assistance for Cohesion and the Territories of Europe - REACT-EU
- Reinforced rural development programmes
- Reinforced Just Transition Mechanism

Within European Semester framework

- Supporting reforms and public investments
- Supporting a just transition

Kick-starting the economy and helping private investment



- Solvency Support Instrument
- Strategic Investment Facility
- Strengthened InvestEU programme

- Supporting key sectors and technologies
- Investing in key value chains
- Solvency support for viable companies

Learning the lessons from the crisis



- New Health programme
- Reinforced rescEU
- Reinforced programmes for research, innovation and external action

- Supporting key programmes for future crises
- Supporting global partners

Source: European Commission

Supporting Member States to recover

<p>NEW PROGRAMMES</p>	<p>RECOVERY AND RESILIENCE FACILITY</p>	<ul style="list-style-type: none"> • Large scale financial support (grants and loans) for investments and reforms to accelerate the recovery and to make Member States economies more resilient, hence better prepared for the future: • National Recovery and Resilience plans defined in line with the objectives of the European Semester, Climate and Energy Plans, territorial just transition plans and in the partnership agreements and operational programmes under Union funds
<p>RECOVERY ASSISTANCE FOR COHESION AND THE TERRITORIES OF EUROPE (REACT-EU)</p>		<ul style="list-style-type: none"> • Flexible cohesion policy • Grants for municipalities, hospitals, companies via Member States' managing authorities • Employment subsidies, short time work schemes and youth employment measures; liquidity and solvency for SMEs
<p>REINFORCED PROGRAMMES</p>	<ul style="list-style-type: none"> ▪ RURAL DEVELOPMENT ▪ JUST TRANSITION MECHANISM 	

Kick-start the economy: helping private investments

NEW PROGRAMMES	SOLVENCY SUPPORT INSTRUMENT	<ul style="list-style-type: none">• Temporary equity support to viable companies from all economic sectors• Provisioning of an EU budget guarantee to the European Investment Bank Group in order to mobilise private capital (via financial intermediaries, for example independently managed funds or Special Purpose Vehicles).
REINFORCED PROGRAMMES	STRATEGIC INVESTMENT FACILITY (within InvestEU)	<ul style="list-style-type: none">• Aims to develop strong and independent value chains such as critical infrastructure, technologies and healthcare• Provisioning of an EU budget guarantee for financing of investment projects via the EIB group and national promotional banks.
REINFORCED PROGRAMMES	STRENGTHENED INVESTEU PROGRAMME	

Learning the lessons from the crisis

NEW PROGRAMMES	HEALTH PROGRAMME	
REINFORCED PROGRAMMES	RESEARCH, INNOVATION AND EXTERNAL ACTION	<ul style="list-style-type: none"> • Investments in EU healthcare systems with a focus on: <ul style="list-style-type: none"> • health security and capacity to react to crises; • long-term disease prevention and surveillance, health access, diagnosis and treatment, cross-border collaboration in the health domain • Grants directly to beneficiaries by the European Commission, centrally-managed procurements by the European Commission • Health emergencies response infrastructure: storage capacity, systems to transport medicines, doctors and patients within the EU or to bring them in from outside the EU. • Grants and procurements managed by the European Commission

Repayment of the market finance raised

- **After 2027 and by 2058 at the latest**
- **How?**
 - Increased national contribution
 - Reduced policy support
 - New own resources
- **The Commission will propose additional new own resources**
- **Options:**
 - **Extension of the Emissions Trading System** - based own resources to the maritime and aviation sectors to generate
 - **Carbon border adjustment mechanism**
 - **Own resource based on operations of large enterprises**
 - **Digital tax**
- Taken together, these new own resources could finance the repayment of and the interest on the market finance raised

MFF 2021-2027

- **Builds on the latest negotiation box of President of the European Council**
- **Proposes surgical changes to 2021-2027 MFF**
- **Increase the flexibility of the budget by reinforcing the special instruments**

Timeline

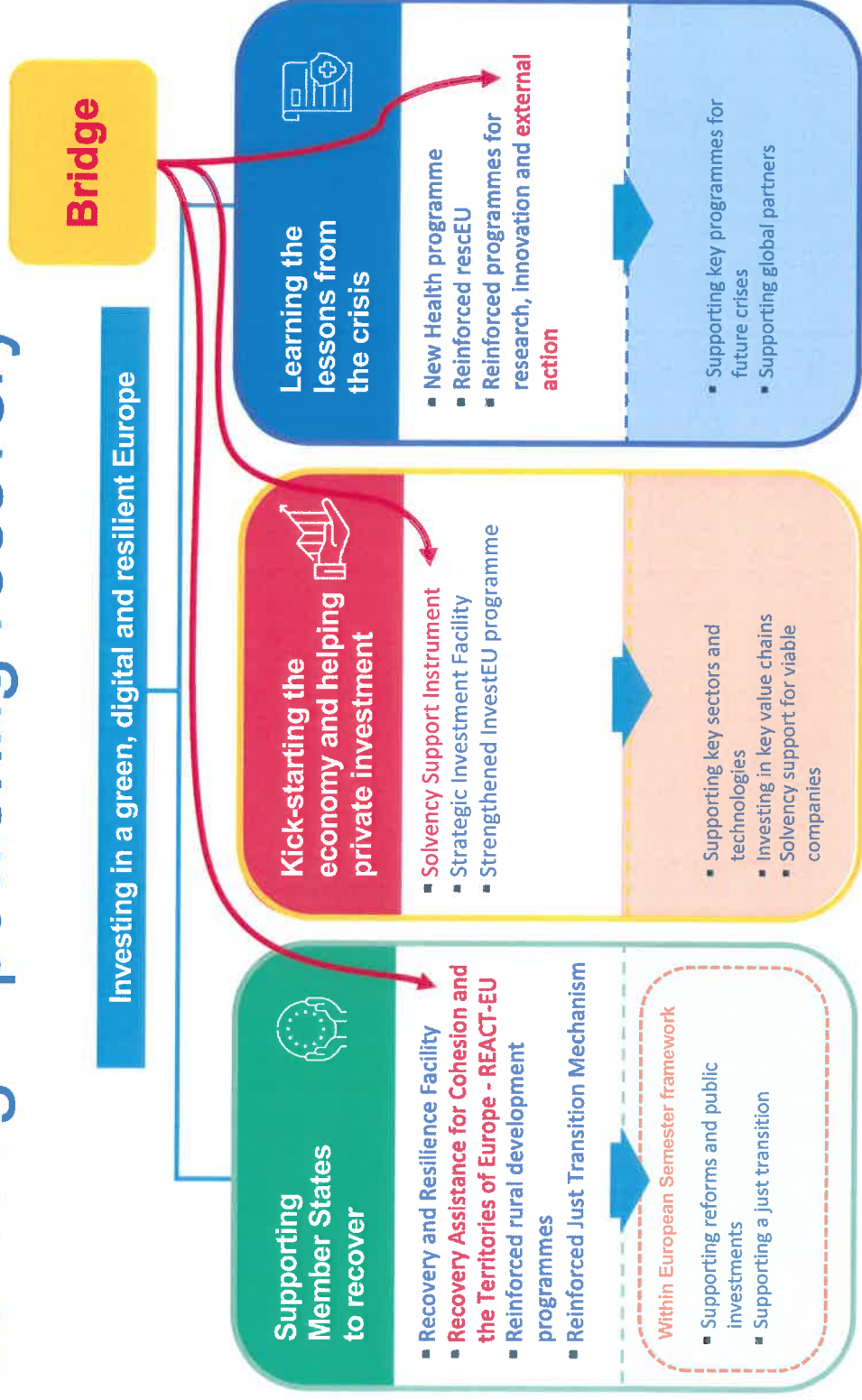
INSTRUMENT	DECISION MAKING	TIMELINE OBJECTIVE
Own Resources Decision to increase the own resources ceiling	Unanimity in the Council and approval in accordance with national constitutional requirements	In force on 1 January 2021

Need for a Bridge Solution



INSTRUMENT	DECISION MAKING	TIMELINE OBJECTIVE
Revision of MFF 2014-2020 ceilings to create space for some essential programmes	Unanimity in the Council and consent of the European Parliament	In force on 1 September 2020

EU budget powering recovery



Source: European Commission



