

EU budgetary policy at a crossroads

EU budgetary policy is at a crossroads. This is primarily due to the fact that the EU's priorities and the circumstances determining developments in the EU have been subject to radical change recently, and the EU budget has not been able to effectively reflect this. The other main reason is basically procedural. We are now approaching the end of the third year of the present multiannual financial framework period, which means that now is the right time to think about the next one. The current mid-term review could provide an additional opportunity for deeper considerations about future EU budgetary instruments.

The EESC's own initiative opinion on a performance-based EU budget and its focus on real results – the key to sound financial management draws the following main results and conclusions:

- EU budgetary expenditures must not only comply with the rules of legality and regularity, but there must also be a targeted and systematic focus on the results and performance the budget delivers in addressing EU priority areas;
- adopting performance culture rules in relation to the EU Budget requires maintaining close linkage between the scope and nature of expenditure, on the one hand, and a comprehensive set of performance indicators for measuring results and performance, on the other. A performance culture is not acquired in a single step, but through a process of development that presupposes both the appropriate legal environment and the selection of tools for encouraging key actors to adopt the desired behaviour;
- a budget conceived in these terms constitutes an instrument of EU fiscal policy for delivering real results and impacts in EU priority areas that bring a clearly quantifiable added-value - the added-value of the EU. This means that any discussion of a performance-based



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EU budget is also a discussion of EU policy priorities capable of bringing about the necessary structural changes;

- there is an enormous need for simplification as the EU budget remains extremely complex in all manner of ways, making it difficult to manage it effectively and measure its real results and benefits. Simplification certainly does not mean reducing the qualitative benchmarks and requirements – on the contrary, it means creating a more open space for respecting qualitative standards.

The EU's autumn season has opened with a very intense series of debates on the issue, incorporating a number of other important topics: the revenue side, budgetary flexibility in the medium term and compliance with other transfers in the EU.



This in itself is perhaps evidence enough, underpinned by rational arguments, for stating that the EU budgetary paradigm is really at a crossroads. A consensus on a results and performance focus would be a good precondition to ensure that once the EU budget has crossed the road, its next direction will be the correct one. The EU budget can constitute an essential tool in dealing with the EU's existing challenges and structural changes.

The post-2020 multiannual financial framework, together with a new competitiveness and development strategy and the social rights pillar (currently in preparation), should act as a crucial medium-term strategic platform, with the structure and weighting of particular expenditure items adjusted to real-life needs and priorities.