

International Public Finance

Public Finance 2

International Public Finance

cash relations arising from the acquisition, distribution, redistribution and use of funds by international organizations and international (supranational) associations

the budgets of international and supranational organizations provide goods international or even global character, but also national, regional and local public goods that were "recognized" by the relevant organization

International Public Finance

purchases of goods and services from the private and public sector (e.g. the peacekeepers and police forces, judicial and administrative staff) and transfer payments

role of international public finance will grow due to globalization - the need for international coordination of fiscal policy (Musgrave, Musgrave)

they are derived from national public finance, but gain their autonomy

The structure of international public finance

International Financial Relations

International Monetary Funds (budgets)

International Public Institutions

International Financial Instruments

International Budget Rules

International Authorities (e.g. independent guardian of the financial interests)

Revenues of international budgets

payments provided by member countries
(e. g. according to quota)

own sources

others (donations, interests, loans etc.)

direct funding of joint activities by the Member States (e. g. NATO)

debate about international taxes resulting from tax harmonization
and coordination

Expenditures of international budgets

administrative costs

expenditures on activities of the organization (loans, subsidies, donations, etc.)

International Monetary Fund (IMF)

an organization of 190 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world

3 key functions: surveillance (monitor), financial assistance (loans) and capacity development (training)

IMF Finance

Special Drawing Rights (SDR) – international code XDR

The SDR is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves.

SDRs can be exchanged for freely usable currencies.

The value of the SDR is based on a basket of five major currencies—the U.S. dollar, euro, the Chinese renminbi (RMB), the Japanese yen, and pound sterling—as of October 1, 2016.

Survey <https://www.imf.org/external/Pubs/FT/quart/2021fy/043021.pdf>

North Atlantic Treaty Organization (NATO)

is an intergovernmental military alliance based on the North Atlantic Treaty which was signed on 4 April 1949. The organization constitutes a system of collective defence whereby its member states agree to mutual defence in response to an attack by any external party.

Funding NATO

direct (are made to finance requirements of the Alliance), indirect (national contributions – main source)

More in details:

http://www.nato.int/cps/en/natohq/topics_67655.htm?selectedLocale=en

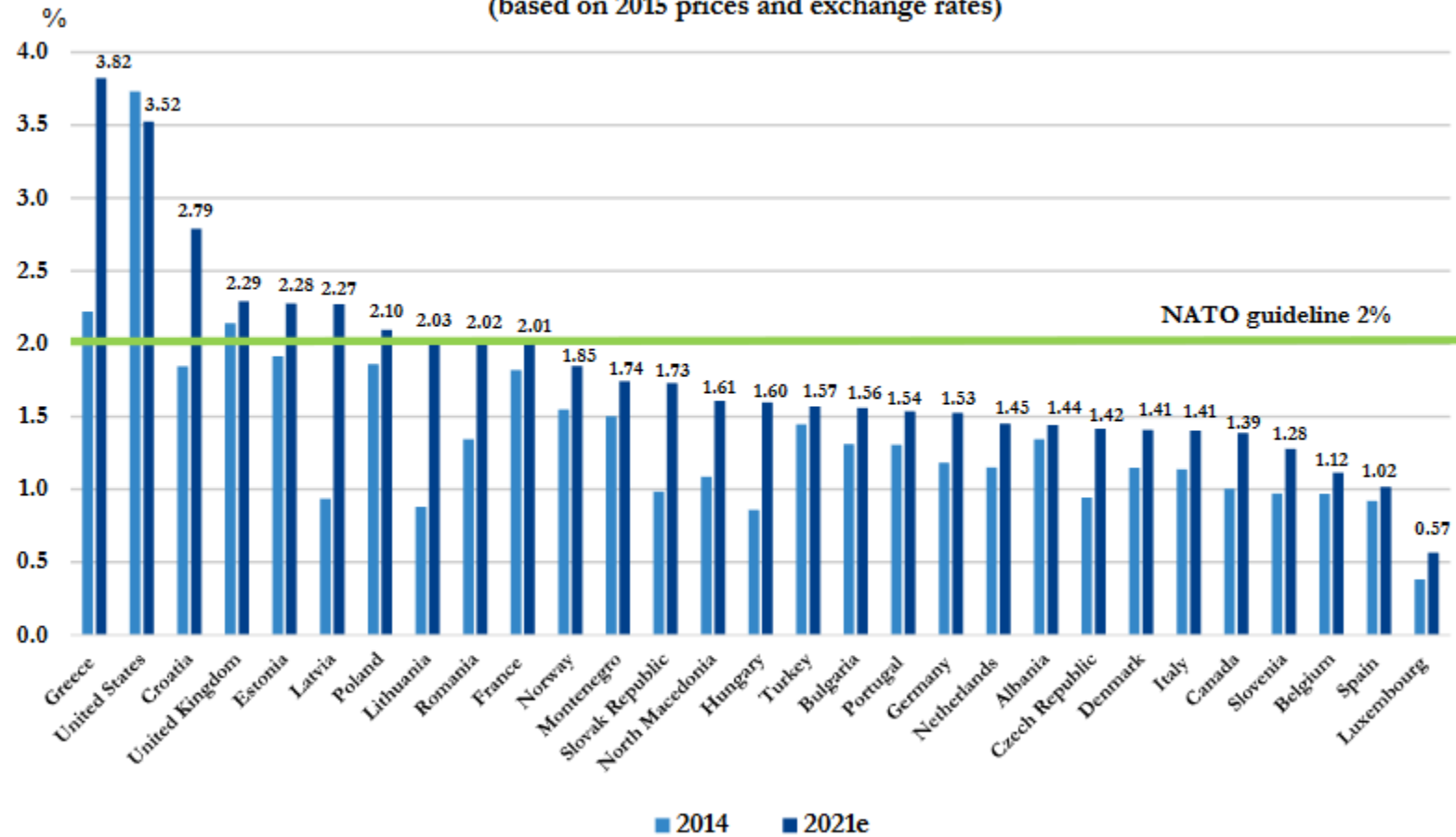
Funding NATO

National contributions - member countries agreed to commit a minimum of 2% of their Gross Domestic Product (GDP) to spending on defence

problem - only few countries fulfill this criteria

Graph 3 : Defence expenditure as a share of GDP (%)

(based on 2015 prices and exchange rates)

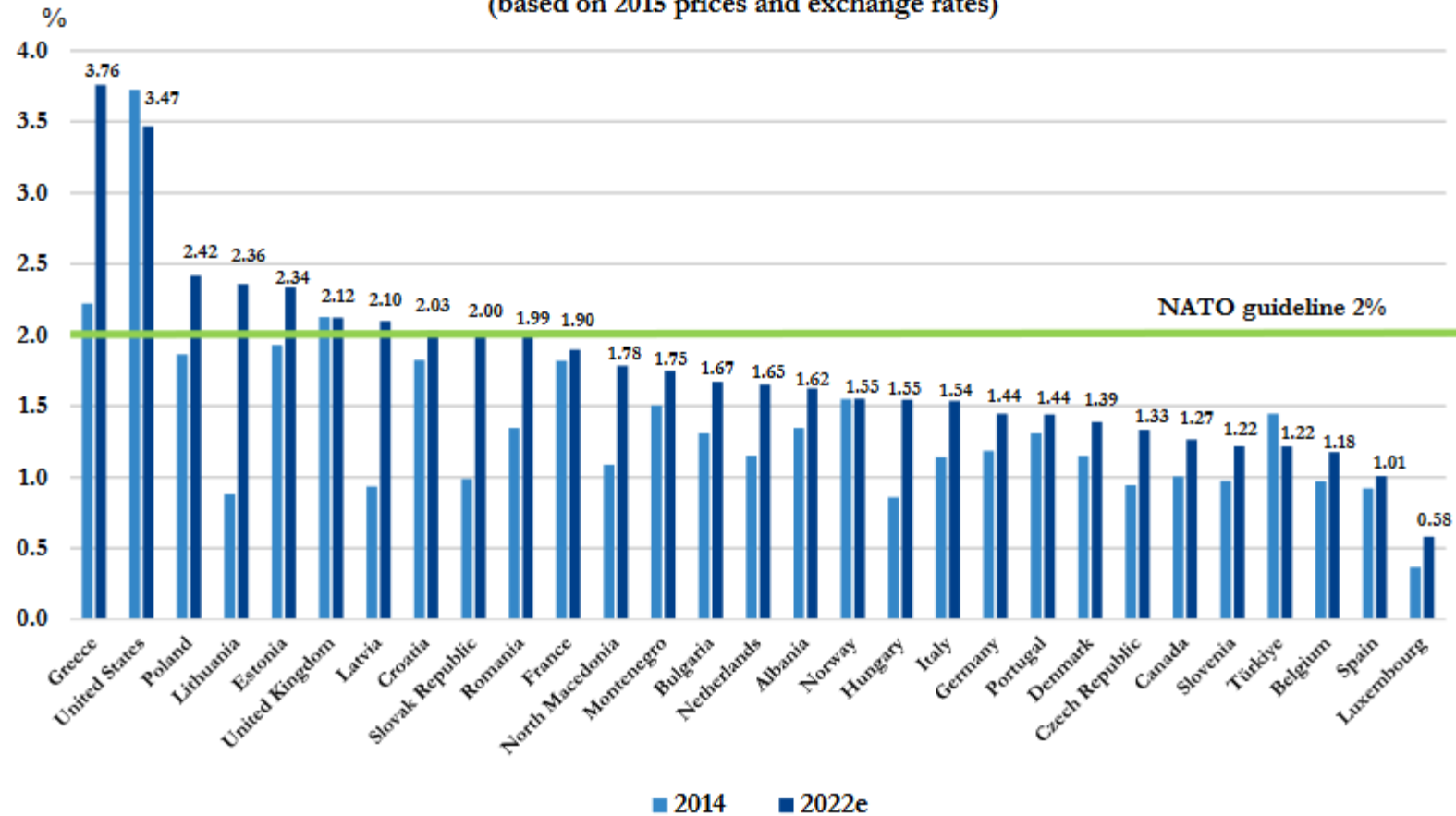


Note: Figures for 2021 are estimates.

Source: Defence Expenditure of NATO Countries (2014-2021)

Graph 3 : Defence expenditure as a share of GDP (%)

(based on 2015 prices and exchange rates)



Note: Figures for 2021 and 2022 are estimates.

Pramen: Defence Expenditure of NATO Countries (2014-2022)

EU Finance

EU Budget – more in details

http://ec.europa.eu/budget/index_en.cfm

European Structural and Investment Funds

<https://cohesiondata.ec.europa.eu/>

Multiannual Financial Framework (MFF)

The EU's 7-year budget



NextGenerationEU

COVID-19 recovery package

Recovery and Resilience Facility

€723.8 billion

⊕ €338.0 billion grants

● €385.8 billion loans

NextGenerationEU contribution to other programmes








EUR 83.1 billion

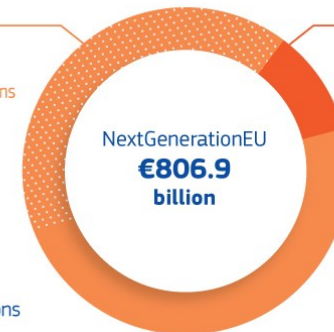
Note: All amounts are in current prices.

Recovery and Resilience Facility

€723.8 billion

⊕ €338.0 billion in grants ● €385.8 billion in loans

-  **POWER UP**
Clean technologies and renewables
-  **RENOVATE**
Energy efficiency of buildings
-  **RECHARGE AND REFUEL**
Sustainable transport and charging stations
-  **CONNECT**
Roll-out of rapid broadband services
-  **MODERNISE**
Digitalisation of public administration
-  **SCALE UP**
Data cloud and sustainable processors
-  **RESKILL AND UPSKILL**
Education and training to support digital skills



NextGenerationEU contribution to other programmes

€83.1 billion

REACT-EU
€50.6 billion

JUST TRANSITION FUND
€10.9 billion

RURAL DEVELOPMENT
€8.1 billion

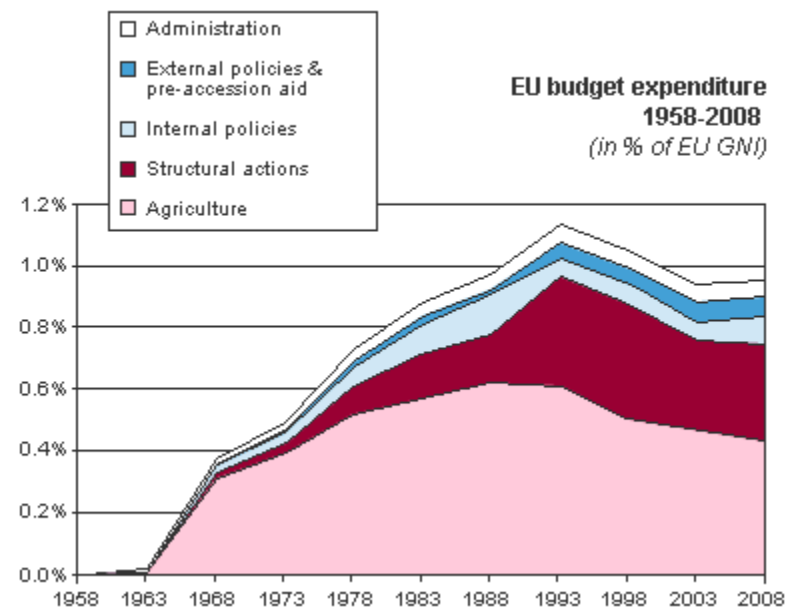
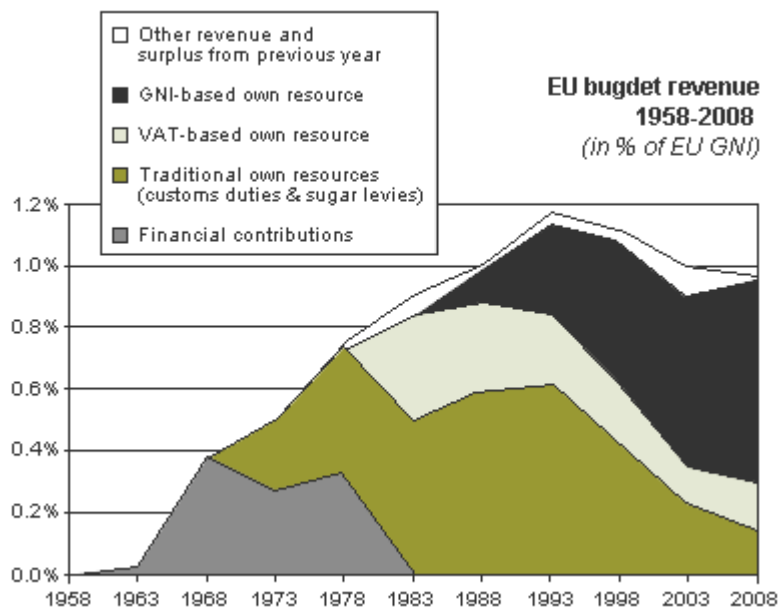
INVESTEU
€6.1 billion

HORIZON EUROPE
€5.4 billion

RESCEU
€2.0 billion

Criticism?

Bureaucratic Inefficiency
Democratic Deficit
Policy Inefficiency



Challenge?

discussion about new proposal – EU Financial Transaction Tax - tax would impact financial transactions between financial institutions charging 0.1% against the exchange of shares and bonds and 0.01% across derivative contracts, if just one of the financial institutions resides in a member state of the EU FTT
some countries support this proposal (e.g. GE, FR, BE, etc.), some are against (e.g. CR, UK, SWE etc.)

European Stability Mechanism

The European Stability Mechanism (ESM) is an important component of the comprehensive EU strategy designed to safeguard financial stability within the euro area.

The ESM provides financial assistance to euro area Member States experiencing or threatened by financing difficulties.

<http://www.esm.europa.eu/about/index.htm>

Thank you for your attention!