



„Europe's moment: Repair and
prepare for the next generation’ ?

The EU recovery package

CAN Europe WEBINAR

19 June 2020

'A BUDGET FOR EUROPEAN RECOVERY AND RESILIENCE'

1. Overview EU response to crises and recovery: **financing, tools and measures**
2. Instrument description: **scope and scale**
3. Implementation and governance: **climate action opportunities in legislation and planning**

'A budget for European recovery and resilience'

SURE / ESM Pandemic Crisis Support / EIB Guarantee Fund for Workers and Businesses	EUR 540 billion
Next Generation EU	Temporary reinforcement EUR 750 billion
Multiannual Financial Framework	EUR 1100 billion

540 Billion in Numbers

540,000,000,000



credit line for MS

- up to 2% of GDP
- to cover emergency health costs
- no macroeconomic strings attached
- (€240 bn available)



€200 billion fund

- MS €25 bn guarantee
- loans for cash-strapped companies
- focus on SMEs -> EIF



€100 billion jobless reinsurance plan and short-time working scheme

- loans to MS
- guaranteed by MS

Pandemic Emergency Purchase Programme



European Central Bank

- Purchase of Corporate and Government Bonds;
- up to €1,35 trillion
- Until June 2021

Coronavirus Response Investment Initiative Plus



Accelerated spending of remaining €37 billion of **Cohesion Policy 2020**

- flexibility to transfer resources between the cohesion policy funds, and between categories of regions

EU Solidarity Fund for public health emergency measures (€800 million).

€3 billion from the **2020 budget** to support national health systems and testing (Emergency Support Instrument).



'temporary framework', state aid rules more flexible so that businesses (big and small) can get support



activating the 'general escape clause': government deficit rules lifted

'A budget for European recovery and resilience'

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EC proposal May 2018 - MFF 2021 – 2027 = EUR 1.279 trillion (current prices) = 1.11% of EU GNI

I. SINGLE MARKET, INNOVATION AND DIGITAL

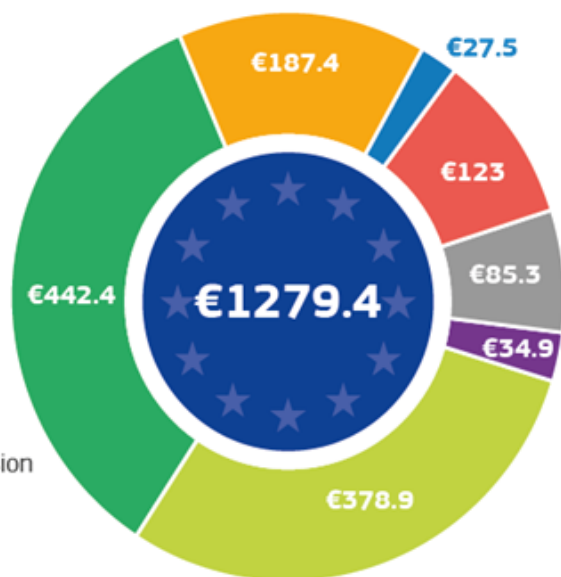
- 1 Research and Innovation
- 2 European Strategic Investments
- 3 Single Market
- 4 Space

II. COHESION AND VALUES

- 5 Regional Development and Cohesion
- 6 Economic and Monetary Union
- 7 Investing in People, Social Cohesion and Values

III. NATURAL RESOURCES AND ENVIRONMENT

- 8 Agriculture and Maritime Policy
- 9 Environment and Climate Action



V. SECURITY AND DEFENCE

- 12 Security
- 13 Defence
- 14 Crisis Response



VI. NEIGHBOURHOOD AND THE WORLD

- 15 External Action
- 16 Pre-Accession Assistance



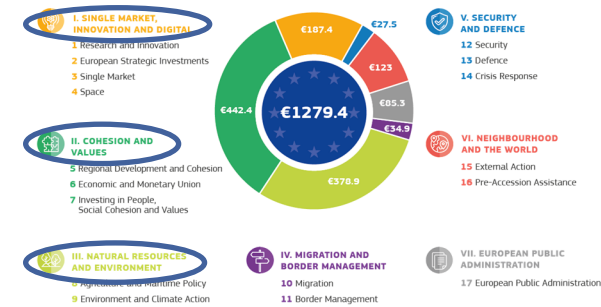
IV. MIGRATION AND BORDER MANAGEMENT

- 10 Migration
- 11 Border Management



VII. EUROPEAN PUBLIC ADMINISTRATION

- 17 European Public Administration



Ongoing legislative processes

Cohesion, JTF, CAP -> fossil fuel exclusion, climate earmarking, strategic alignment

JTF: council partial mandate is good

EP: REGI vote 5 July; plenary in September

ERDF/CF + CPR trialogues: German Presidency

CAP



Upcoming planning

Operational Programmes, Territorial Just Transition Plans

Programming on (and off) ...

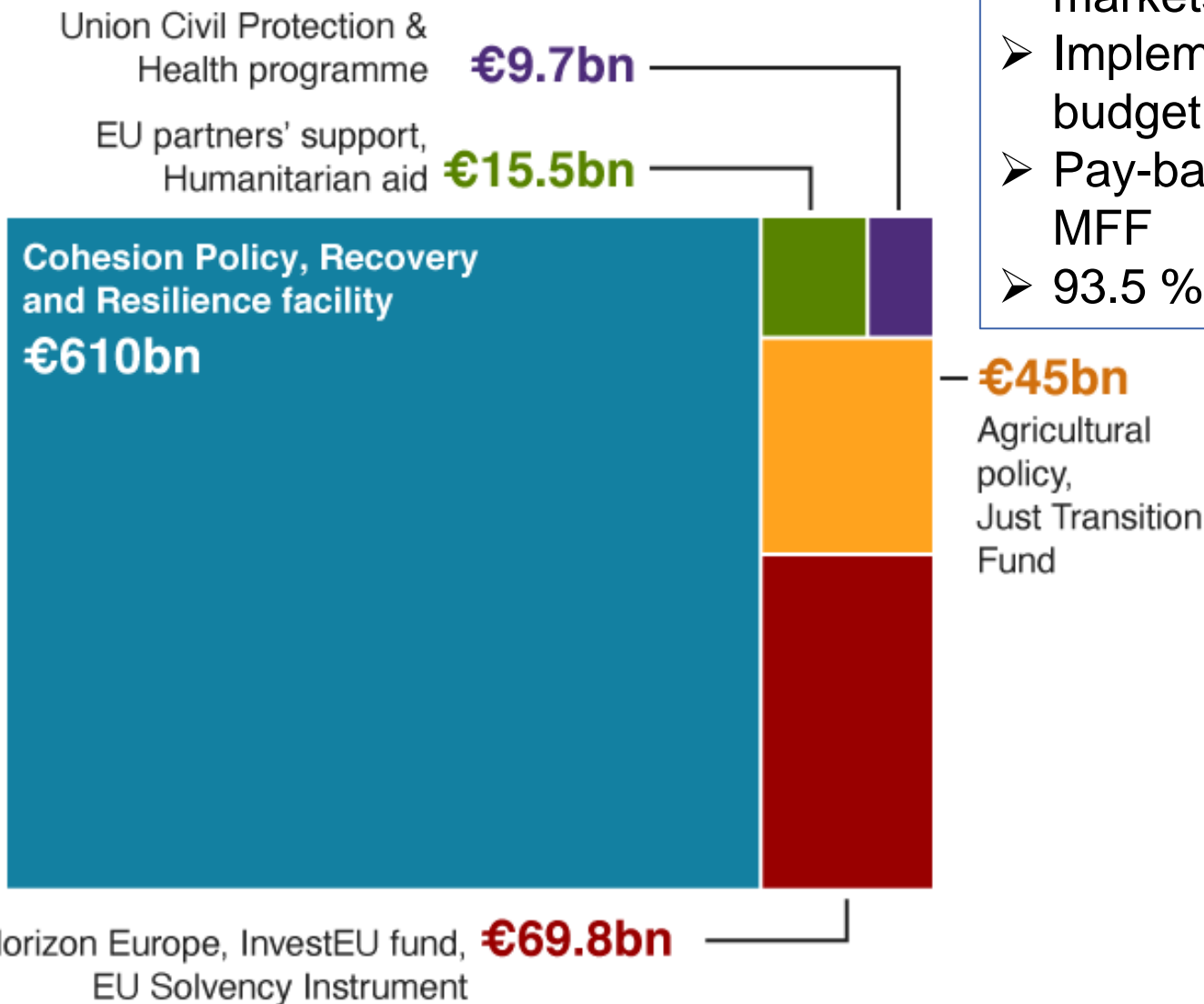
Link to 'recovery and resilience' plans/outreach!?

'A budget for European recovery and resilience'

SURE / ESM Pandemic Crisis Support / EIB Guarantee Fund for Workers and Businesses	EUR 540 billion
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EU stimulus composition

Where the €750bn will be invested

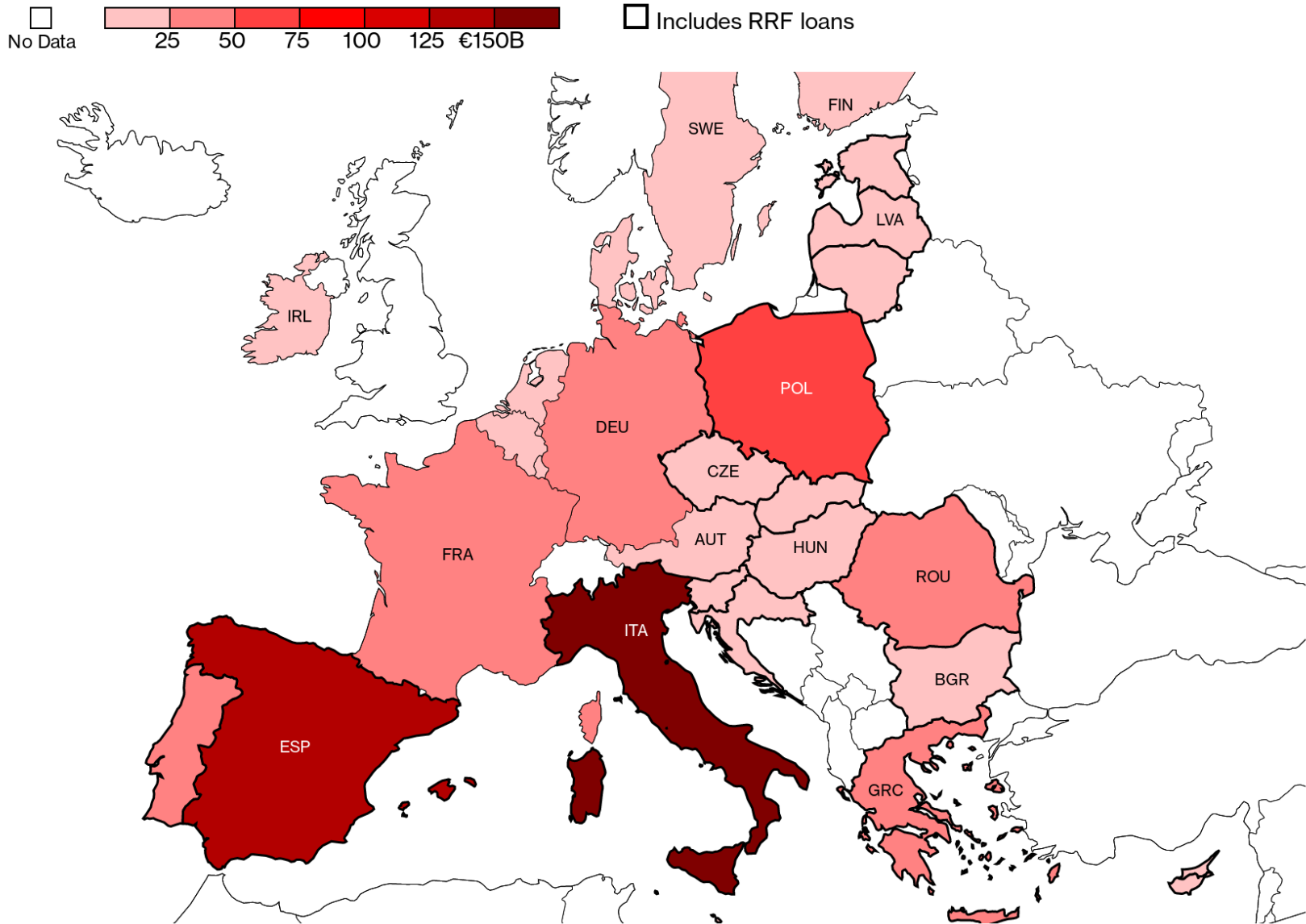


Next Generation EU

- € 500 billion in grants
- € 250 billion in loans
- EC borrowing on financial markets ('green bonds'?!)
- Implementation via EU budget programmes
- Pay-back 2028 – 2058 via MFF
- 93.5 % public; 6.5% private

Next Generation EU

Total of grants and concessionary loans pre-allocated under EU Commission's fiscal stimulus package proposal



Source: European Commission estimates

EU stimulus for members' economies

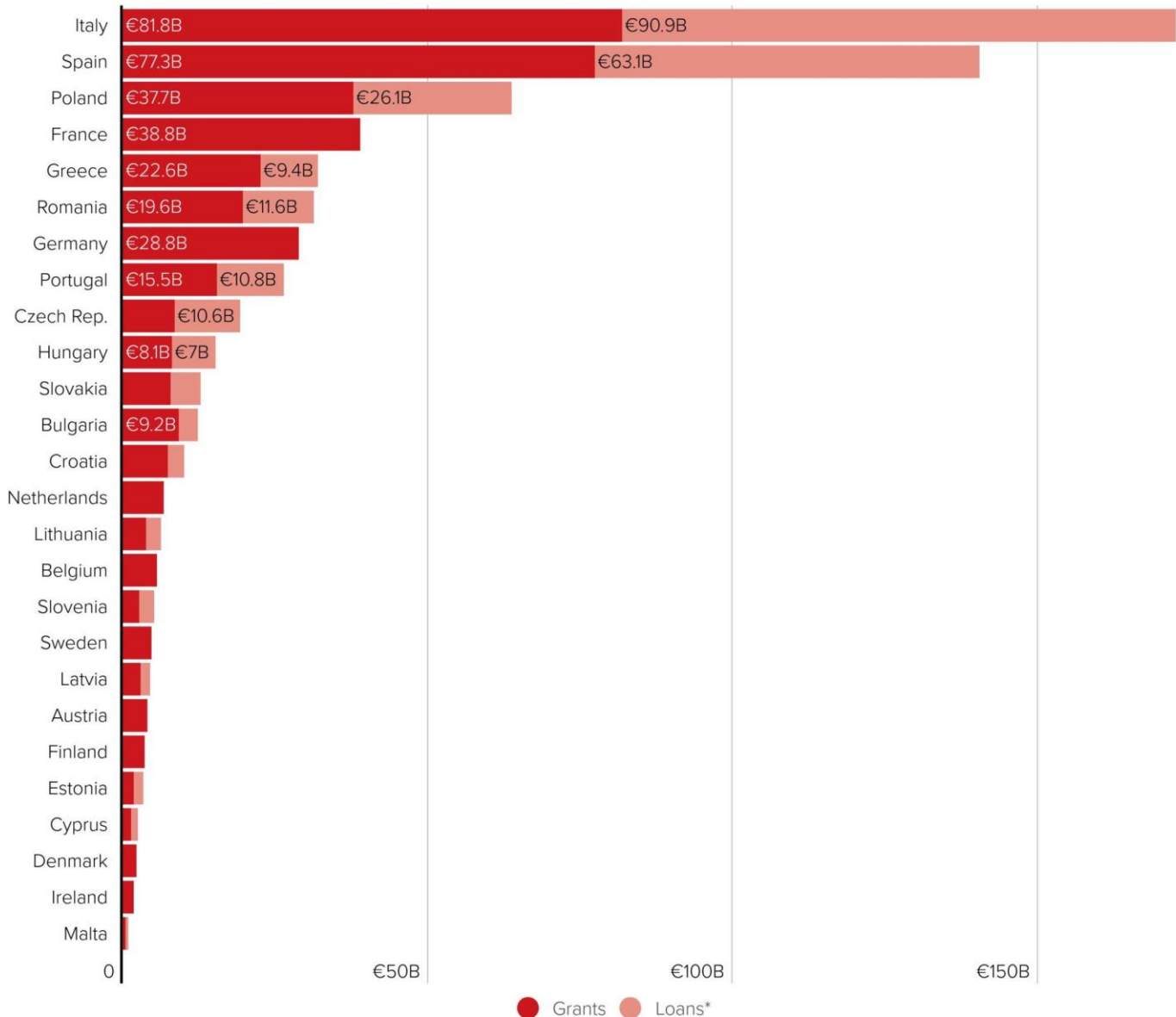
Grants by country



Source: European Commission

EUROPEAN COMMISSION RECOVERY FUND

Plan puts Spain and Italy in line for biggest payouts.



*Estimated on the basis of the relative GNI share of Member States with GNI per capita below EU average.

SOURCE: European Commission, 2018 prices.



Just Transition Fund

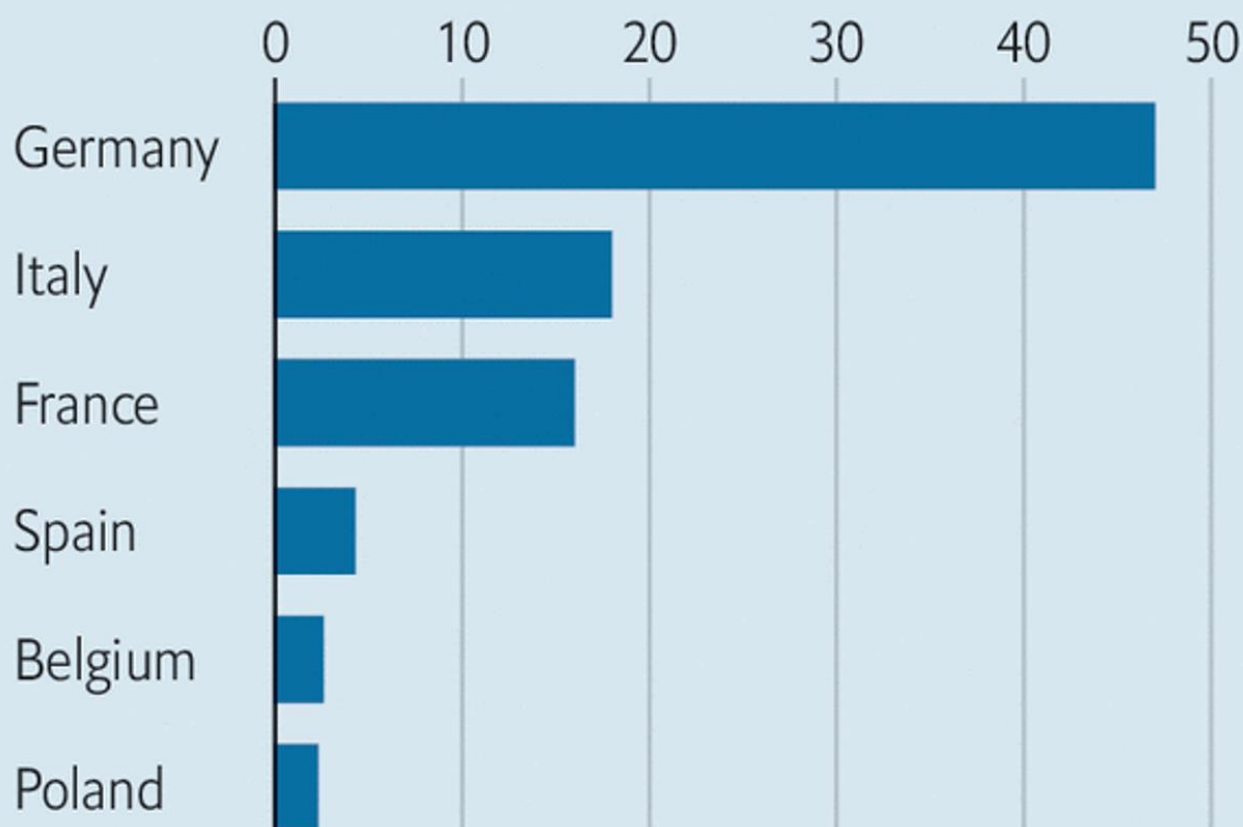
Allocation Just Transition Fund		
M EUR, 2018 prices		
BE	380	0.95%
BG	2,693	6.73%
CZ	3,413	8.53%
DK	185	0.46%
DE	5,152	12.88%
EE	736	1.84%
IE	176	0.44%
EL	1,726	4.32%
ES	1,806	4.52%
FR	2,142	5.36%
HR	387	0.97%
IT	2,141	5.35%
CY	210	0.53%

LV	398	1.00%
LT	568	1.42%
LU	19	0.05%
HU	543	1.36%
MT	48	0.12%
NL	1,296	3.24%
AT	282	0.71%
PL	8,000	20.00%
PT	465	1.16%
RO	4,449	11.12%
SI	538	1.35%
SK	954	2.39%
FI	968	2.42%
SE	324	0.81%
Total	39,999	100.00 %

Them that's got shall have

State aid approved by the European Commission*

To May 23rd 2020, % of total

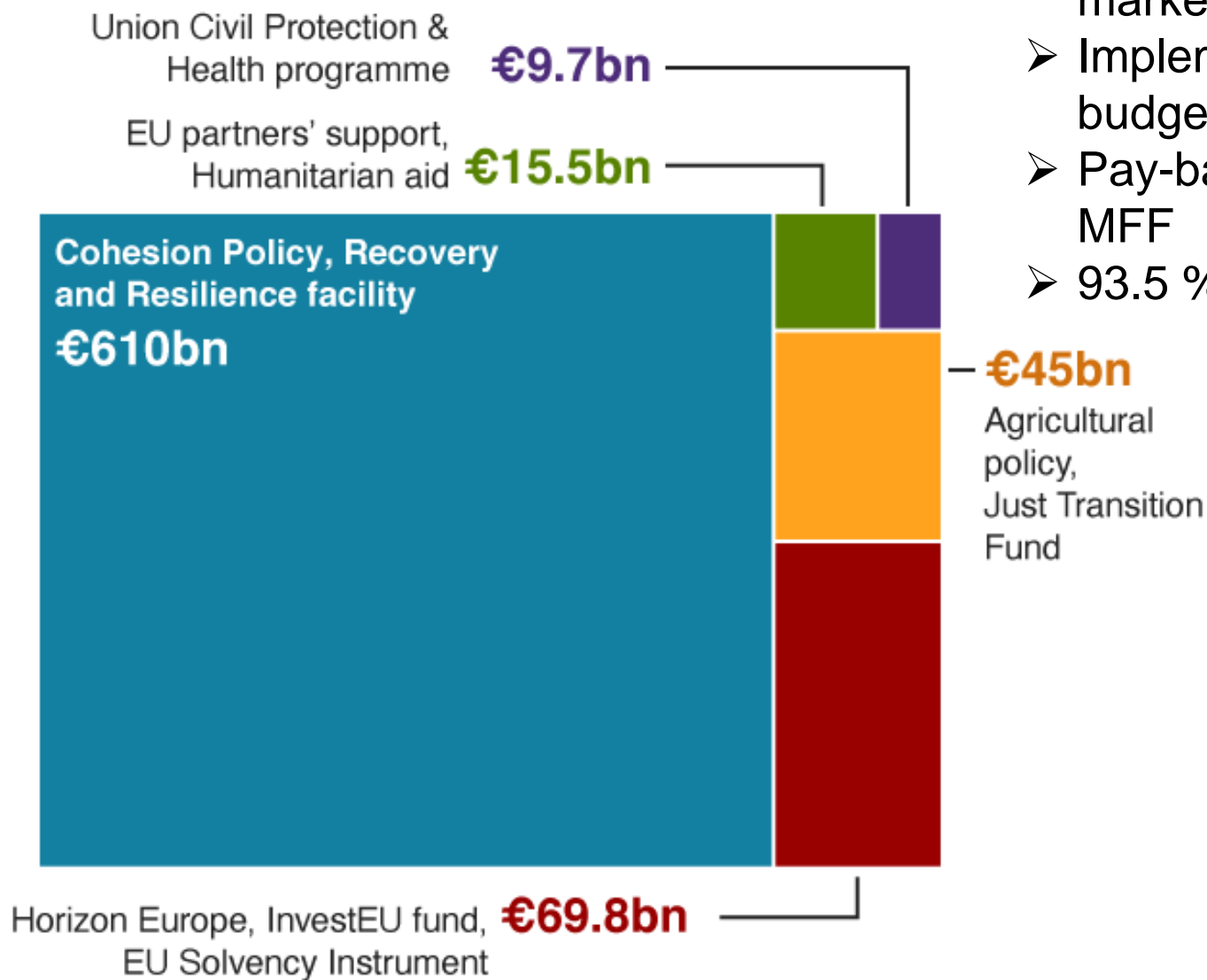


Source: European Commission

*From an estimated total of €2.13trn

EU stimulus composition

Where the €750bn will be invested

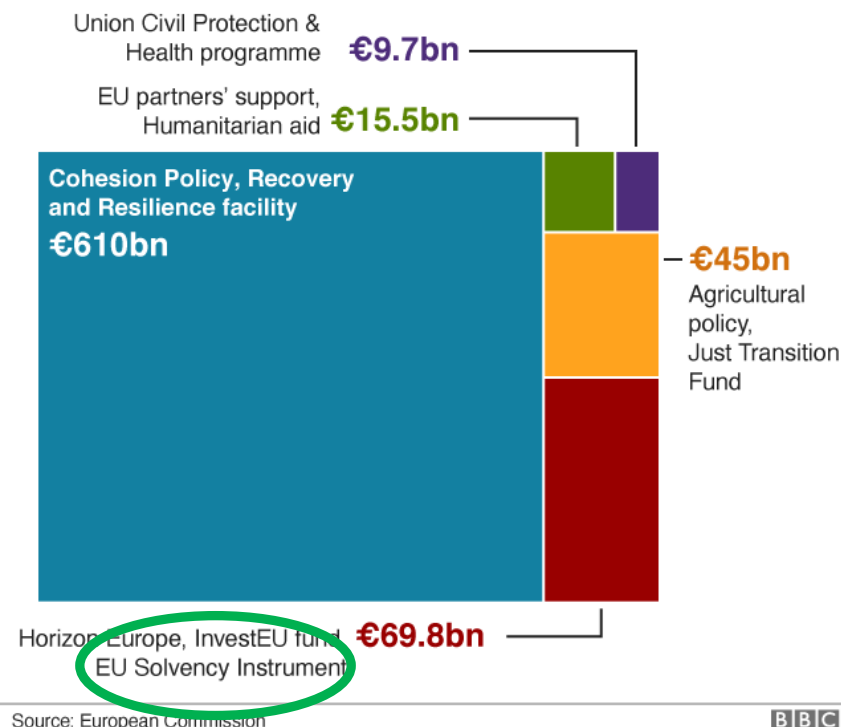


Next Generation EU

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EU stimulus composition

Where the €750bn will be invested



Green conditions!

‘Companies with a certain level of exposure to a pre-defined list of environmentally harmful activities, in particular the sectors covered by the EU Emissions Trading System (EU ETS), **shall be encouraged to put in place, in the future**, green transition plans.’

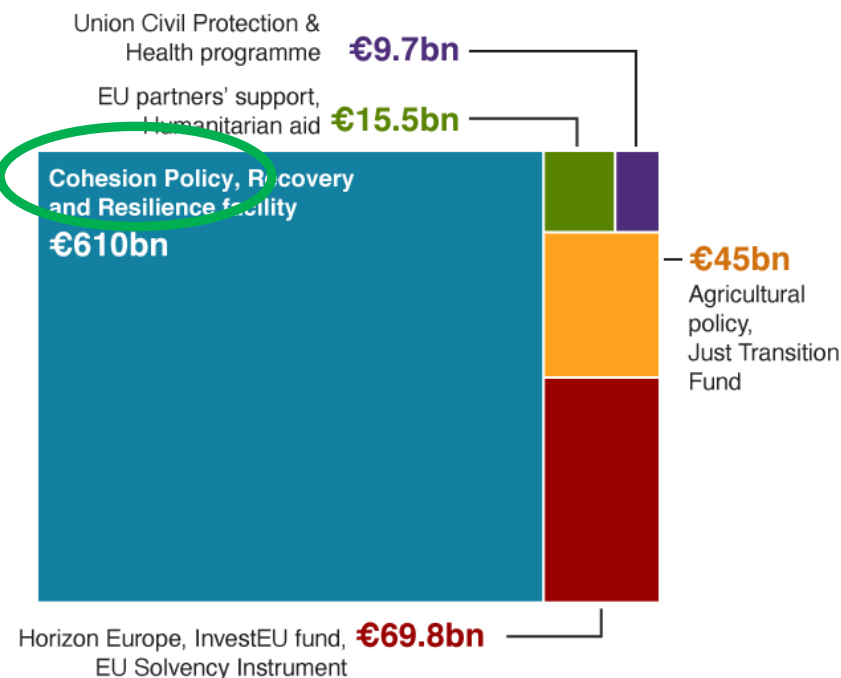
Immediate cash I

Solvency Support Instrument - EFSI prolongation until 2024

- 3rd window: solvency support
 - EUR 66 billion guarantee
- providing **equity or quasi-equity**
- ... ‘to the benefit of companies that were not **in difficulty** [...] at the end of 2019 but since then face significant solvency risks due to the crisis caused by the Covid-19 pandemic;’
- EIB/EIF to mobilise 300 bn; 60% by end 2022; all approvals by 2024, signatures by 2026

EU stimulus composition

Where the €750bn will be invested



Source: European Commission

BBC

Green conditions!

- re-introduce Thematic Concentration on TO4, 'shift to the low-carbon economy'
Exclude fossil gas

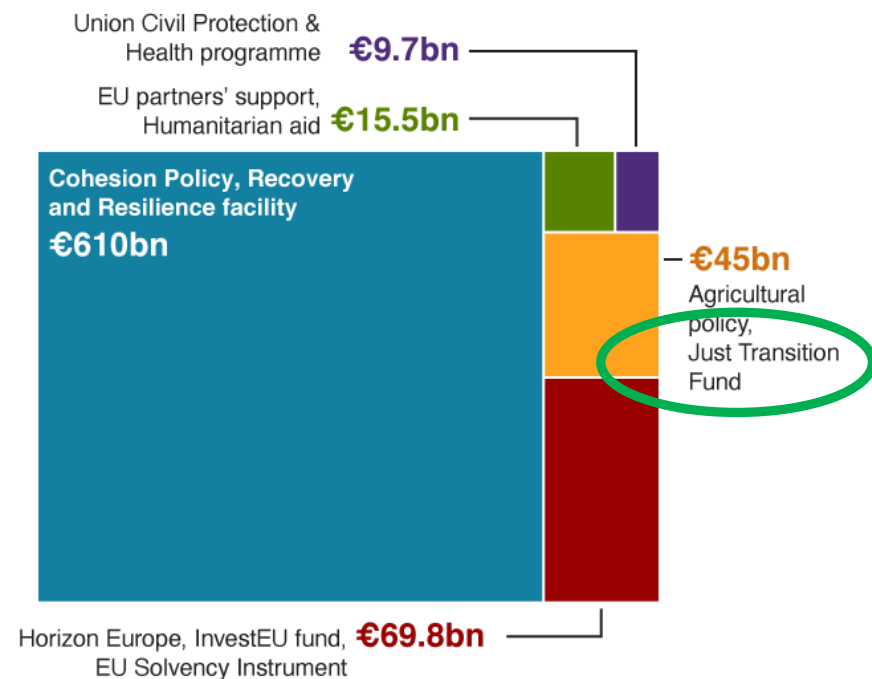
Immediate cash II

REACT-EU

- 55 bn under current 'CRII+'-rules
- 5bn for 2020, 50bn 2021-2022;
- 'normal Cohesion Policy-post-2020' in parallel
- **Full flexibility** to shift among priorities and funds; **cancellation of thematic concentration**, ex-ante conditionalities, performance framework and communication requirements
- frontloaded support to SMEs
- 100% co-financing
- Base on existing programmes

EU stimulus composition

Where the €750bn will be invested



Source: European Commission

BBC

(strategic) investments I

Just Transition Fund

- EUR 40 billion, up from 7.5bn
- Upcoming Territorial Just Transition Plans to be part of MS Cohesion Policy framework

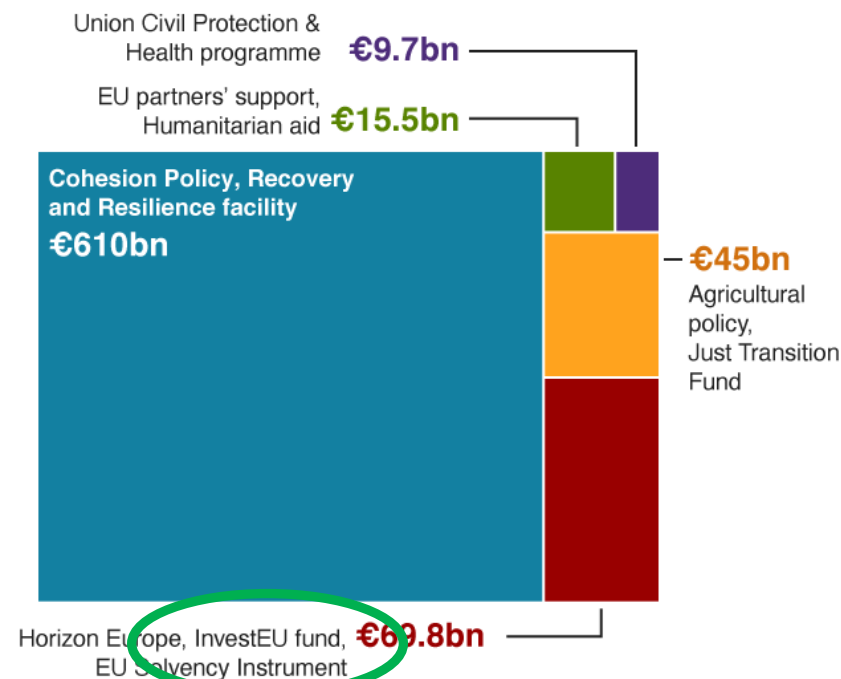
Green conditions!

ongoing legislation is crucial:

- Fossil Fuels exclusion
- Territorial Just Transition Plans, explaining transition to climate neutrality

EU stimulus composition

Where the €750bn will be invested



Source: European Commission

BBC

(strategic) investments II

InvestEU Programme

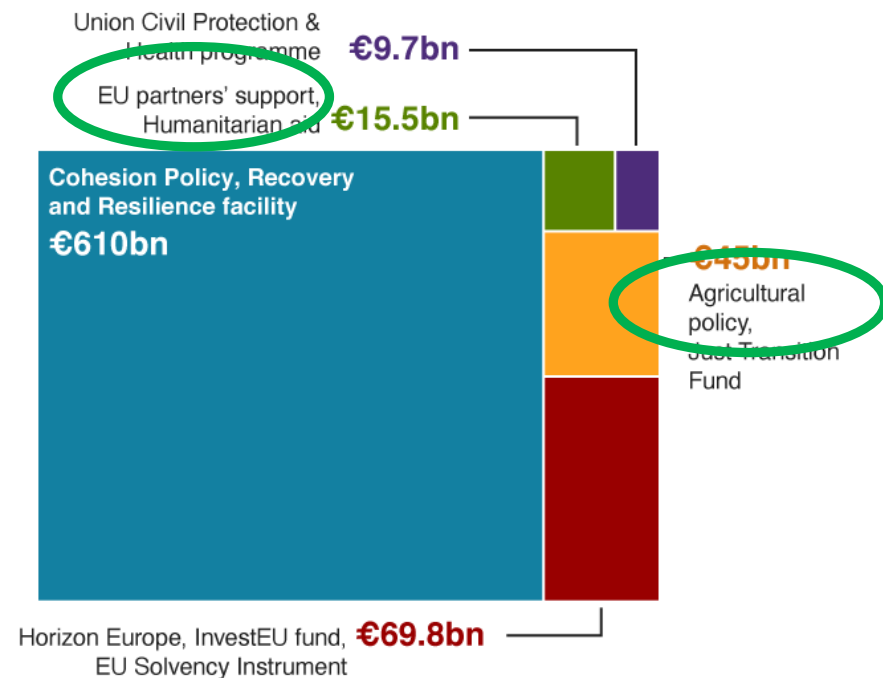
- New window 'strategic European investments'
- 'Important Projects of Common European Interest' : healthcare; 'critical infrastructure; key green and digital technologies; manufacturing, supply and stockpiling
- EUR 31 billion guarantee, leveraging EUR 150 billion investments
- EUR 1 trillion total InvestEU

Green conditions!

- Annex 5: fossil fuel exclusion for solids only -> exclude all FF, similar to JTF/ERDF proposal
- Climate mainstreaming target for strategic investment window (new infrastructure window has 60%), -> 40%;
- EC delegated acts : sustainability proofing; climate action tracking -> input from 'implementing partners'

EU stimulus composition

Where the €750bn will be invested



Source: European Commission

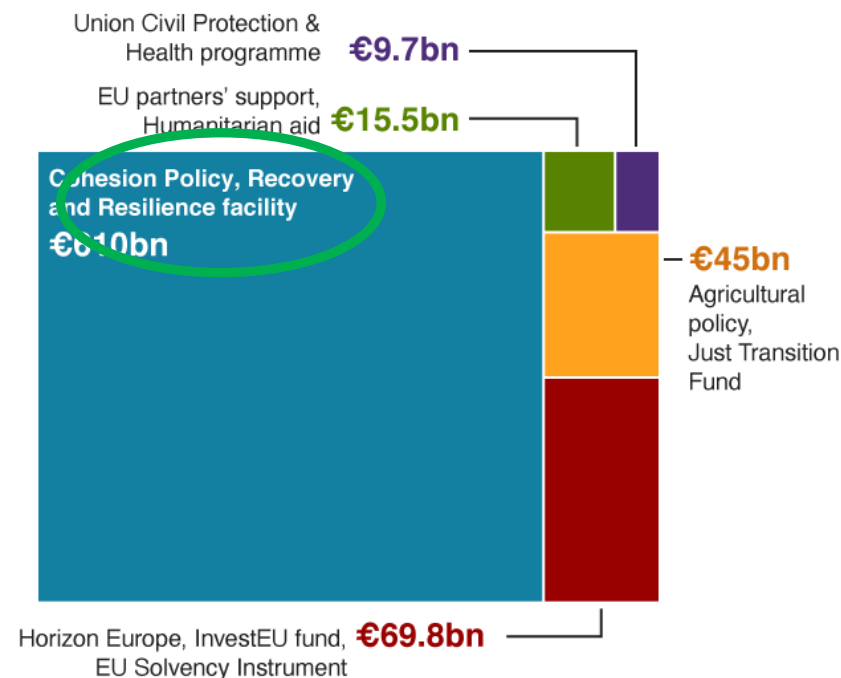
BBC

(strategic) investments III

- EUR 10.5 bn extra for blending operations in EFSD+
- EUR 15 bn extra for CAP pillar II, Rural Development

EU stimulus composition

Where the €750bn will be invested



Source: European Commission

BBC

Green conditions!

- Addressing climate neutrality in recovery plans is optional; make climate neutrality in scoring (Annex 2) obligatorily
- Add climate mainstreaming target
- Add fossil fuel exclusion
- Make link of recovery plans to NECPs evident

Recovery and Resilience Facility

- 310 bn grants, 250 bn loans; demand driven
- large scale financial support for **public investments and reforms**
- 'economic, social and territorial cohesion, resilience and adjustment capacity, mitigating the social and economic impact, green and digital transitions, restoring the growth potential, employment, sustainable growth'
- Governed under the European Semester
- MS submit a **recovery and resilience plan** by 30 April, annexed to the National Reform Programme (draft plan + budget on 15 October), ...
- ... including the **milestones and targets of reforms and investments**
- EC assessment of plans according to **scoring scheme**

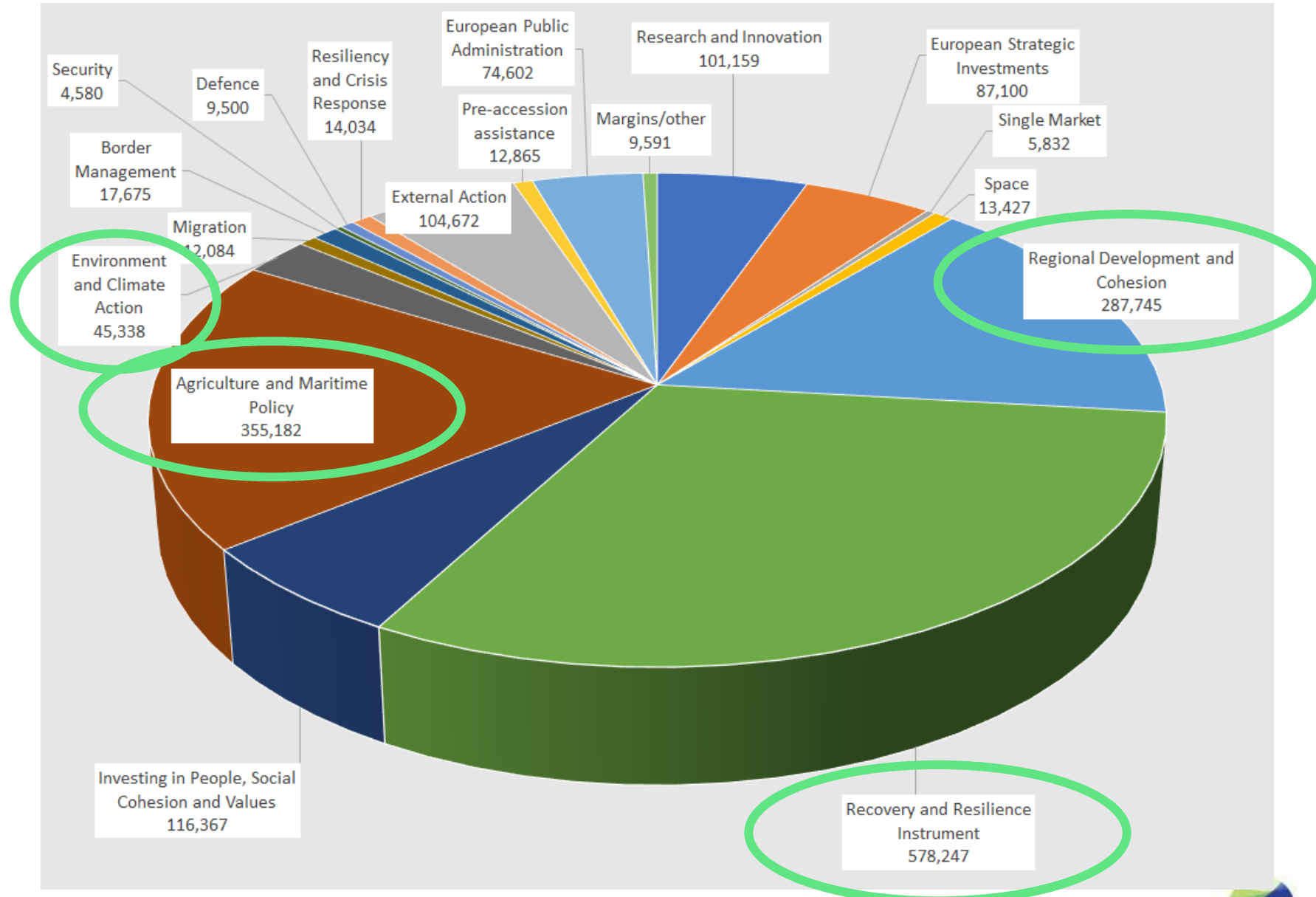


Figure 1: EU budget 2021 - 2027 including Next Generation EU; Million Euro; 2018 prices; Source: European Commission 2020; COM(2020) 442 final

MFF Negotiations

- June EUCO
- Next MFF summit in July

Legislative procedures

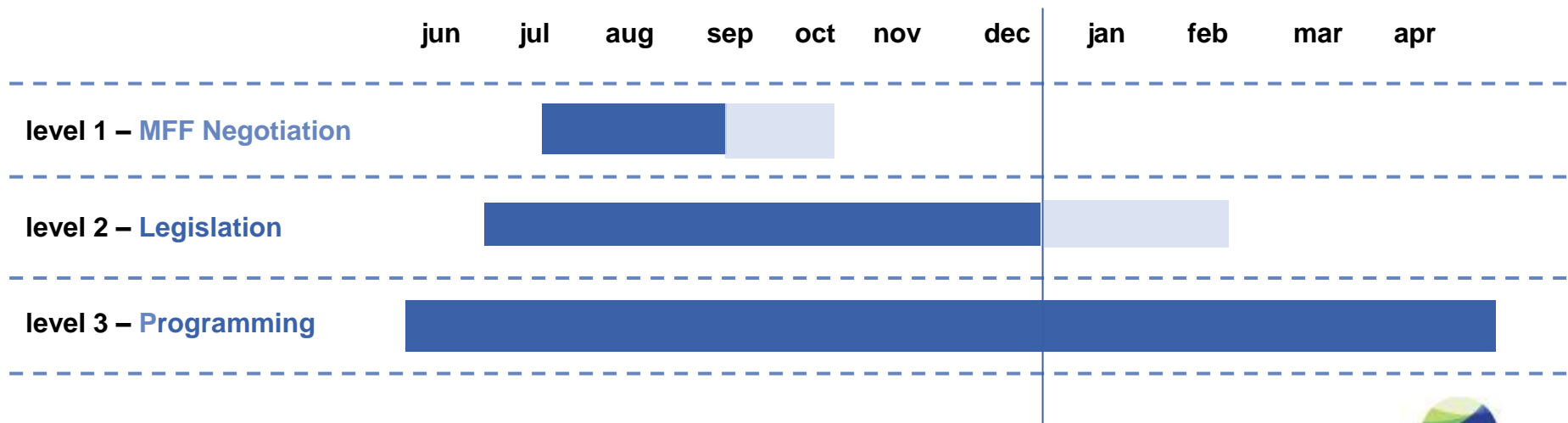
- Co-decision council - EP

Entry into force on 1 January 2021?

Programming

- Resilience and Recovery Plans
- Partnership Agreements and Operational Programmes
- CAP Strategic Plans
- Territorial Just Transition Plans

Approval by EC/MSs April/May 2021?







Thank you!


Climate mainstreaming scenarios MFF 2021-2027

(EUR billion - 2018 prices) TOTAL MFF+: EUR 1,850 bn				prorgmme amount	30% climate action		40% climate action		Comparison with climate spending 2014-2020	EC proposal			
										%	amount	share in total climate action	legal base
Horizon Europe				94.4	33.0	35%	56.6	60%	24.7% (35% target Horizon 2020)	35%	33.0	7.1%	aspiration
ITER (International Thermonuclear Experimental Reactor)				5.0	5.0	100%	0.0	0%	n.a.	100%	5.0	1.1%	EC estimate
InvestEU Fund				31.6	12.6	40%	19.0	60%	40% (infrastructure window)	30%	9.5	2.0%	aspiration (with 60% target for infrastructure window)
Connecting Europe Facility - Transport				12.9	13.9	70%	10.3	80%	52.6%	60%	11.9	2.6%	aspiration
Connecting Europe Facility - Energy				5.2			5.2	100%					
Connecting Europe Facility - Digital				1.8			0.4	20%					
Solvency Support Instrument				26.1	1.3	5%	1.3	5%	n.a.	0%	0.0	0.0%	no mentioning
European Regional Development Fund				196.9	98.4	50%	137.8	70%	18.7%	30%	59.1	12.7%	thematic concentration
Cohesion Fund				40.7	22.4	55%	32.5	80%	28.2%	37%	15.1	3.2%	EC estimate
REACT EU				50.0	15.0	30%	20.0	40%	n.a.	20%	10.0	2.2%	no mentioning
Recovery and Resilience Facility				560.8	151.4	27%	224.3	40%	n.a.	20%	112.2	24.2%	no mentioning
European Agricultural Guarantee Fund (EAGF)				258.3	103.3	40%	103.3	40%	14.8%	40%	139.3	30.1%	aspiration (with 30% for RD)
Europ. Agricultural Fund for Rural Dev. (EAFRD)				90.0	45.0	50%	72.0	80%	59.7%				
European Maritime and Fisheries Fund				5.9	2.4	40%	3.0	50%	15.8%	30%	1.8	0.4%	aspiration
Environment and Climate Action (LIFE)				4.8	2.9	61%	2.9	61%	46.7%	61%	2.9	0.6%	aspiration
Just Transition Fund				40.0	20.0	50%	20.0	50%	n.a.	100%	40.0	8.6%	aspiration
Neighbourhood, Development, Int. Coop.Instr.				86.0	21.5	25%	38.7	45%	18.5%	25%	21.5	4.6%	aspiration
Pre-Accession Assistance				12.9	2.1	16%	5.8	45%	13.6%	16%	2.1	0.4%	aspiration
Share Climate Action: bn EUR; %					550.3	30%	753.1	41%	19.7%	25%	463.3		

<div></div>						EC proposal May 2020					
						TOTAL heading	Next Generation EU	2021 - 2027	TOTAL sub-chapter	TOTAL programme	
1. Single Market, Innovation and Digital						210,456	69,800	140,656			
1. Research and Innovation							13,500	87,659	101,159		
Horizon Europe							13,500	80,900		94,400	
Of which under the InvestEU Fund											
Of which research and innovation in food, agriculture, rural development and the bioeconomy											
Euratom Research and Training Programme								1,757		1,757	
Int. Thermonuclear Experimental Reactor (ITER)								5,000		5,000	
Other								2		2	
2. European Strategic Investments							56,300	30,800	87,100		
InvestEU Fund							30,300	1,300		31,600	
Connecting Europe Facility - Transport								12,884		12,884	
Connecting Europe Facility - Energy								5,180		5,180	
Connecting Europe Facility - Digital								1,832		1,832	
Digital Europe Programme								8,194		8,194	
Other/Solvency Support /EFSI							26,000	146		26,146	
Decentralised agencies								1,263		1,263	
3. Single Market								5,832	5,832		
Single Market Programme (incl. COSME)								3,735		3,735	
Of which under the InvestEU Fund											
EU Anti-Fraud Programme								133		133	
Cooperation in the field of taxation (FISCALIS)								239		239	
Cooperation in the field of customs (CUSTOMS)								843		843	
Other								72		72	
Decentralised agencies								811		811	
4. Space									13,427		
European Space Programme								13,196		13,196	
Decentralised agencies								241		241	
Margin										2,928	

						EC proposal May 2020					
						TOTAL heading	Next Generation EU	2021 - 2027	TOTAL sub-chapter	TOTAL programme	
2. Cohesion and Values						984,460	610,000	374,460			
5. Regional Development and Cohesion							50,000	237,745	287,745		
European Regional Development Fund								196,892		196,892	
Cohesion Fund								40,682		40,682	
Of which contribution to the CEF - Transport											10,000
REACT EU							50,000			50,000	
Support to the Turkish-Cypriot Community										171	
6. EMU/Recovery and Resilience Instrument							560,000	18,247	578,247		
RSP/Recovery and Resilience Facility incl. TA							560,000	767		560,767	
Protection of the Euro Against Counterfeiting								5		5	
Financing costs NextGenerationEU								17,400		17,400	
Other								75		75	
7. Investing in People, Social Cohesion and Values								116,367	116,367		
European Social Fund+								86,284		86,284	
Of which health, employment and social innovation											
Erasmus+								24,600		24,600	
European Solidarity Corps								895		895	
Creative Europe								1,520		1,520	
Justice, Rights and Values								677		677	
Other								953		953	
Decentralised agencies								1,439		1,439	
Margin									2,021		
3. Natural Resources and Environment						402,032	45,000	357,032			
8. Agriculture and Maritime Policy							15,000	340,182	355,182		
European Agricultural Guarantee Fund (EAGF)								258,251		258,251	
European Agricultural Fund for Rural Development (EAFRD)							15,000	75,013		90,013	
European Maritime and Fisheries Fund								5,930		5,930	
Other								876		876	
Decentralised agencies								112		112	
9. Environment and Climate Action							30,000	15,338	45,338		
Programme for Environment and Climate Action (LIFE)								4,812		4,812	
Just Transition Fund							30,000	10,000		40,000	
Other								218		218	
Decentralised agencies								308		308	
Margin									1,512		

(EUR million - 2018 prices)

						EC proposal May 2020					
						TOTAL heading	Next Generation EU	2021 - 2027	TOTAL sub-chapter	TOTAL programme	
4. Migration and Border Management						31,122		31,122			
	10. Migration							12,084	12,084		
		Asylum and Migration Fund								11,000	
		Decentralised agencies								1,084	
	11. Border Management							17,675			
		Integrated Border Management Fund								11,000	
		Decentralised agencies								6,675	
	Margin									1,363	
5. (Resilience), Security and Defence						29,123	9,700	19,423			
	12. Security							4,580	4,580		
		Internal Security Fund						2,215		2,215	
		Nuclear Decommissioning (Lithuania)						490		490	
		Nuclear safety and decommissioning (incl. for BG, SK)						555		555	
		Decentralised agencies						1,320		1,320	
	13. Defence							9,500	9,500		
		European Defence Fund						8,000		8,000	
		Military Mobility						1,500		1,500	
	14. (Resilience and) Crisis Response						9,700	4,334	14,034		
		Union Civil Protection Mechanism (rescEU)					2,000	1,106		3,106	
		Health programme					7,700	1,670		9,370	
		Decentralised agencies						1,558		1,558	
	Margin								1,010		
6. Neighbourhood and the World						118,205	15,500	102,705			
	15. External Action						15,500	89,172	104,672		
		Neighbourhood, Development, Int. Cooperation Instrument					10,500	75,492		85,992	
		Humanitarian Aid					5,000	9,760		14,760	
		Common Foreign and Security Policy (CFSP)						2,375		2,375	
		Overseas Countries and Territories (including Greenland)						444		444	
		Other						1,101		1,101	
		Decentralised agencies									
	16. Pre-accession assistance							12,865			
		Pre-Accession Assistance						12,865		12,865	
	Margin								668		
7. European Public Administration						74,602					
		European Schools and Pensions						17,122		17,122	
		Administrative expenditure of the institutions						57,480		57,480	
TOTAL						1,850,000	750,000				