



2021PORTUGAL.EU
Parliamentary Dimension

Background Note

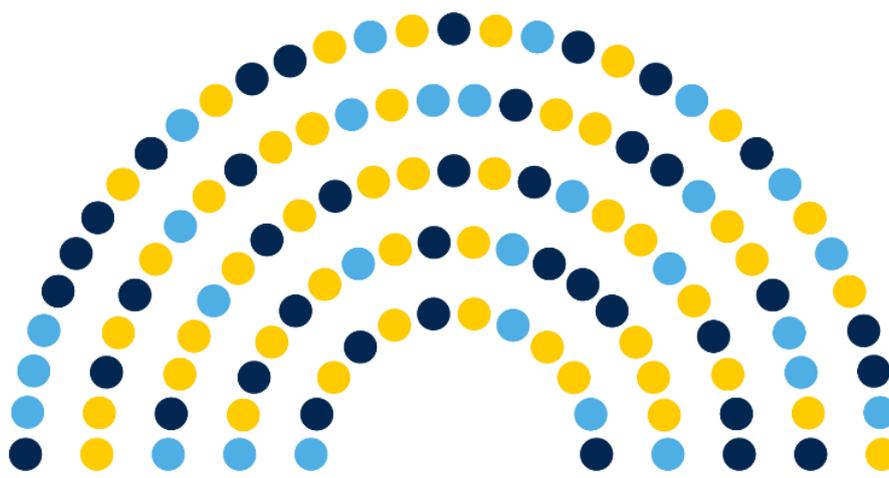
Session II

Recovery and Resilience of the European Union

COSAC Chairpersons' Meeting

11 January 2020

Portugal



BACKGROUND NOTE

Session II Recovery and Resilience of the European Union

The European Union created an unprecedented response to the COVID-19 pandemic from the outset. The [joint statement](#) of the Members of the European Council, adopted on 26 March 2020, called on the European Commission to develop a coordinated exit strategy, a comprehensive recovery plan and unprecedented investment to get back to a normal functioning of our societies and economies and to achieve sustainable growth, including the green transition and the digital transformation.

Therefore, the European Commission proposed to create a [recovery instrument, *Next Generation EU*](#), embedded within the [Multiannual Financial Framework \(MFF\) 2021-27](#). This instrument aimed to raise money by temporarily lifting the own resources ceiling to 2.00% of EU Gross National Income, allowing the Commission to use its strong credit rating to borrow €750 billion on the financial markets. This additional funding will be channelled through EU programmes and repaid over a long period of time throughout future EU budgets, between 2028 and 2058. To help doing this in a fair and shared way, the Commission proposed a number of [new own resources](#). In addition, in order to make funds available as soon as possible to respond to the most pressing needs, the Commission proposed to amend the current multiannual financial framework 2014-20 to make an additional €11.5 billion in funding available already in 2020.

This recovery instrument encompasses three pillars:

- a) [Recovery and Resilience Facility](#), aiming to provide financial support for public investment and reforms aligned with the European priorities of the digital transition and the transition to climate neutrality. It will focus on supporting the Member States, within the scope of the European Semester. It will be available to all countries but concentrated on the most affected EU regions and where resilience needs are the greatest.
- b) Kick-starting the economy and incentivising private investments: upgrading the [InvestEU programme](#) and creating a new Strategic Investment Facility, guiding investment into key value chains, crucial for future resilience and strategic autonomy.

- c) Learning the immediate lessons of the crisis: reinforcing the programmes that have shown their value during the crisis ([RescEU](#) or [Horizon Europe](#)) and creating a new specific health programme.

After the presentation, by the [European Commission](#), of its [proposals](#) for a [recovery plan](#) and the [proposal for the revised EU budget](#) (Multiannual Financial Framework 2021-27), the [European Council, at its special meeting](#) held between 17 and 21 July, agreed on the Recovery Fund ([Next Generation EU](#)) and on the [MFF 2021-27](#).

[In addition, in October the Council agreed its position on the Recovery and Resilience Facility \(RRF\), an instrument amounting to €672.5 billion, and, in November, the Council and the European Parliament \(EP\) reached a political agreement on the various elements of the European budget package, comprising the MFF 2021-27, the Recovery Fund Next Generation EU \(NGEU\), the Decision on Own Resources and the rule of law conditionality in relation to the EU budget. Furthermore, political agreement was reached on the Recovery Assistance for Cohesion and the Territories of Europe package \(REACT-EU\), which will continue and extend the crisis response measures delivered through two Coronavirus Response Investment Initiative packages \(CRII and CRII+\).](#)

The [strategic guidance for the implementation of the Recovery and Resilience Facility](#) (RRF) was set out in the [2021 Annual Sustainable Growth Strategy](#), launching the cycle of the [European Semester](#).

To benefit from the RRF, Member States should submit draft recovery and resilience plans outlining national investment and reform agendas in line with EU policy objectives (job creation, economic and social resilience, the green and digital transitions). For this purpose, the Commission provides a [standard template for the submission of national plans](#).

The Commission encourages Member States to include in their plans investment and reforms in the following flagship areas:

1. Power up: future-proof clean technologies/renewable energies.
2. Renovate: the improvement of energy efficiency of public and private buildings.
3. Recharge and Refuel: sustainable transport, charging and refuelling stations.
4. Connect: the fast rollout of broadband services to all regions.
5. Modernise: the digitalisation of public administration and services (healthcare).

6. Scale-up: the increase in European industrial data cloud capacities and the development of the most powerful, cutting edge, and sustainable processors.
7. Reskill and upskill: digital literacy.

Therefore, the four dimensions of environmental sustainability, productivity, fairness and macroeconomic stability identified in the 2020 Annual Strategy should remain the guiding principles underpinning national plans.

The deadline for submission of the national recovery and resilience plans is 30 April 2021. However, Member States are encouraged to submit their preliminary draft plans from 15 October 2020. Finally, the Commission presented a description of the allocation of funds among the different pillars of *Next Generation EU*, including the breakdown of grants to each Member State.

The plans should include general objectives, such as promoting economic, social and territorial cohesion, strengthening resilience, mitigating the social and economic impact of the crisis and supporting the green and digital transitions.

Given the comprehensive and forward-looking policy nature of the recovery and resilience plans, there will be no need for the Commission to propose country-specific recommendations in 2021 for those Member States that will have submitted such a Plan. The Commission will nevertheless propose recommendations on the budgetary situation of the Member States in 2021 as envisaged under the Stability and Growth Pact, as described in the Communication on the Annual Strategy.

Possible topics for discussion:

- The preparation of Resilience and Recovery Plans: main priorities.
- The role of Parliaments in prioritising and monitoring implementation.
- Adjustments to the European Semester cycle.
- Own resources.

