EU Recovery Plan

It was unveiled on May 27 by the European Commission: the "Next Generation EU" breaks the taboo of Member States' joint debt. It sets up a joint loan of 750 billion euros (over the period 2021-2024), with the purpose of revitalizing the economy after the coronavirus crisis. €750bn to boost the economy and invest in the future, as well as to prepare the EU's transition toward a renewable economy.

Its two pillars are the Green Deal and the digital transition.

→ Climate neutrality objective (part of the Climate Law). Other objectives of "Biodiversity" and "From Farm to Fork" strategies.

The funding comes in three parts[1]:

- Reinforcing actions already discussed in the budget - ex: the innovation fund (+13.6 billion), the investment plan (+30.3 billion), the second pillar of the common agricultural policy (+15 billion)1 or the just transition mechanism (multiplied by 5 to reach 40 billion euros) for regions whose economic activities are affected by the transition.

The Just Transition Mechanism will provide "tailored financial and practical support to help workers and generate the necessary investments in those areas," and will be comprised of three sources of financing[2].

-- EUR 7.5 billion of EU funds

-- a dedicated just transition scheme under *InvestEU* to mobilise up to EUR 45 billion

-- a private sector loan facility with the European Investment Bank backed by the EU budget, potentially boosting up to EUR 40 billion.

Its previous funding has been halved, from €40 billion to €17.5 billion[3].

- Creation of an equity investment instrument (26 billion euros) when dealing with companies. It will be completed by fundraising on the financial market

1 https://www.iddri.org/en/publications-and-events/blog-post/eu-recovery-plan-towards-greener-recovery
2 https://energytransition.org/2020/06/eu-recovery-plan-goes-green-and-excludes-nuclear/
3 https://www.climatechangenews.com/2020/07/24/green-eu-recovery-depends-member-states/

- Direct transfers to the MS 560 billion, including 310 billion in direct transfers to the State budgets).

Overall it will be worth 750 billion euros, in addition to the long-term multi-annual EU budget of 1.1 trillion euros[4].

Other measures of the ReP:

- Review of the National energy and climate plans (regional differences will be taken into account[5]) and European taxonomy.
- 25% of all funding would be set aside for climate-friendly expenditure such as renewable energies, electric mobility and building renovation projects[6].
- Do-no-harm principle: no funding goes to projects that would harm the environment, but there are no safeguards[7].
- Environmental conditionalities need to be approved by the Council and the EP.
- Linked to the SDGs.
- The EC will prioritize the projects with a short-term impact: proposals are on clean technologies (wind turbines, solar panels, and electric mobility), biogas production, etc. [8].

After negotiations, on top of other reductions, Horizon Europe was reduced to €5 billion (from €13.5 billion), and the Strategic Investment Facility was axed[9].

The MS are in charge of applying and organizing their sectoral recovery plans.

They would have to submit their reform plans by October 2020 up to 2024 to benefit from the grants, from which 30% will have to be dedicated to renewable projects[10].

Mechanisms of review from the EC:

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[4] https://energytransition.org/2020/06/eu-recovery-plan-goes-green-and-excludes-nuclear/
[5] https://www.euractiv.com/section/energy/news/eu-green-recovery-hinges-on-flexibility-official-says/
[6] https://www.euractiv.com/section/energy/news/eu-green-recovery-hinges-on-flexibility-official-says/
[7] https://www.climatechangenews.com/2020/07/24/green-eu-recovery-depends-member-states/
[8] https://www.euractiv.com/section/energy/news/eu-green-recovery-hinges-on-flexibility-official-says/
[9] https://www.climatechangenews.com/2020/07/24/green-eu-recovery-depends-member-states/
[10] https://www.climatechangenews.com/2020/07/24/green-eu-recovery-depends-member-states/

After this October, MS will submit recovery and resilience plans to the Commission each year until 2022 at the latest by 30 April of each year. The EC will assess them on the basis of transparent criteria. If the criteria are fulfilled the EC will adopt a decision setting out the financial contribution and the milestones and targets[11].

Critics from other actors:

→ The exclusion of nuclear power from the funds - “The benefits of transitioning workers from the coal into the nuclear industry have already been demonstrated in both France and the UK”[12], Foratom Director General Yves Desbazeille.

+https://www.wwf.eu/?uNewsID=363976

[11] https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_949
[12] https://energytransition.org/2020/06/eu-recovery-plan-goes-green-and-excludes-nuclear/