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The GREENS/EFA Financial Recovery Plan

Ahead of the final stage of the negotiations on the forthcoming long-term EU budget, we would like to present our proposal for an EU plan to tackle the COVID-19 outbreak from a **budgetary point of view**. This paper complements the Greens/EFA group's proposal for a EU coronavirus fund[1]. Europe is currently in a critical situation. The severe crisis is a test of solidarity of the European Community. **The Corona crisis was not cause by any country and the virus knows no border**. **Therefore, European solidarity must be the answer to this common challenge.**

The Greens/EFA group calls for a massive multilevel multiphase EU-wide stimulus package, a Green Recovery Plan, in order to mitigate the sanitary, social and economic consequences of the crisis to be coordinated at the EU level while at the same time replying to the climate crisis.

The EU budget will play a leading role in the recovery, while the major part of the plan will be implemented at local, regional and national level. This plan will follow five founding principles:

- First, it will require **"out of the box"** thinking and to take unprecedented and extraordinary solutions in order to tackle an unprecedented and extraordinary crisis.
- Second, it will require to accept the **consubstantiality of stimulus package** composed by three phases but prepared as a single plan.
- Third, the recovery plan will be self-financed over the period. A basket of new own resources (Carbon Border Adjustment Mechanism, Kerosene Tax, plastic tax, share of the ETS revenue, FTT, digital tax and share of the CCCT) will be introduced in 2021-2022 and will fully finance the plan over the period. It will require an increased own resource ceiling.
- Fourth, **the Paris Agreement & the Sustainable Development Goals,as well as the climate-, biodiversity- and gender-mainstreaming** are all underpinning principles of the plan.
- Fifth, the **maximum level of flexibility will be required** to face future unforeseen events and special instruments should be strengthened and more flexible in their activation, use and implementation.

1. Until 31-12-2020 (the sanitary emergency)

We are facing a health emergency and we are still at the beginning of the crisis. We need concrete

European action on securing health care and medical assistance to all people in the European Union, no matter where in the EU they are living. We need a first economic and social package to ensure that the damages from the Corona crisis will be as small as possible. Therefore, we need to stretch the current MFF to its maximum extent. However, the **EU should do much more by increasing the MFF ceilings for 2020 in order to have emergency measures already this year** mainly composed of sanitary-related measures.

a. At least € 20-30bn to be added to EU budget, via changing the current MFF ceil-ings for 2020

b. Targeting programmes that are key for fighting the current crisis and have the capacity to absorb the funding in 2020 namely Horizon 2020, Union Civil Protec-tion Mechanism (UCPM - especially RescEU), EU Solidarity Fund (EUSF), European Globalisation Adjustment fund (EAGF), Fund for the European Aid to the Most Deprived (FEAD), Asylum, Migration and Integration Fund (AMIF), Instru-ment for PreAccession (IPA), Neighbourhood Policy Instrument (NPI), Humanitarian Aid[2]

c. Facilitating programming rules to ensure timely uptake, especially for measures directly alleviating the stress on our healthcare systems (such as creating the possibility to fund directly public services, co-financing rate up to 100%)

d. Showing solidarity and assuming our role as global leader on the fight against COVID-19 by dedicating 20% of the volume to 3rd countries

e. Strengthening European bodies dealing with crises (such as ECDP, EASO, EP-PO, Europol…)

2. 2021-2022 (the stimulus package)

Once the sanitary part of the crisis is over (at least the most important part / first wave) we will need to focus on mitigating its socio-economic impact, the people and the economy will have to be supported by a stimulus package and the Green New Deal will be the matrix for the reconstruction. Therefore, **we need to prolong the current MFF by two years (up to 31/12/2022)** in order to include a stimulus package on top of the level of the 2020 EU budget which will be **entirely aligned with the Paris Agreement**, except for specific sanitary and health measures, which should respect the "do no harm" principle. 20-30% of the EU-wide stimulus package should be coming from the EU budget.

a. 150-225bn should be spent additionally from the EU budget over two years (2021 & 2022)[3] for the EU budget to play a leading role in the transitional recovery.

b. to rebuild our economy and industry, our main priorities in terms of spending for the stimulus include the following EU programmes a Green Cohesion Policy (in-cluding in particular ESF, FEAD and YEI ERDF and the JTF), Connecting Europe Facility (CEF), Horizon 2020, COSME, Digital Europe LIFE, Instrument for Pre-Accession (IPA), Neighbourhood Policy Instrument (NPI), Humanitarian Aid[4])

c. New programmes or funds for investing in strong and resilient health care in all Member States

d. Strengthening a European Social pillar, so nobody will be left behind

e. Showing solidarity by dedicating 20% of the volume to 3rd countries

3. 2022-2032 (the recovery & the Green New Deal)

The economy might stop shrinking by 2023, but social and economic recovery will still be ahead of us, and the ecological challenge will still be there. **Therefore, we need a "long-term" Green New Deal of a volume of several GDP point per year in order to fast track the recovery. The EU budget needs to be entirely aligned with the Paris Agreement and with the climate ambition of the EU to be updated next year in Glasgow at the COP with a climate spending target of 50%.** Furthermore, 20-30% of the EU-wide Green Deal should be funded by the EU budget.

a. 60-90bn a year over 10 years (MFF 2023-2027 & MFF 2028-2032)[5]

b. Cohesion Policy (including ESF, ERDF, JTF), Connecting Europe Facility (CEF), Horizon 2020, LIFE, Instrument for Pre-Accession (IPA), Neighbourhood Policy Instrument (NPI), Neighbourhood, Development, and International Cooperation Instrument (NDICI)[6]

c. Recognise cities' and urban areas' pivotal role in social and economic recovery and the success of a Green New Deal and to allocate directly accessible, city-tailored EU funds to empower ambitious climate and social action

d. Showing solidarity by dedicating 20% of the volume to 3rd countries.

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[1] https://www.greens-efa.eu/en/article/document/the-greens-efas-proposal-for-an-eu-coronavirus-fund/

[2] mainly (but not only) directly managed programmes/funds in order to fast-track the implementation of the funded projects

[3] If the EU institutions agree on an EU-wide stimulus package worth of 5 points of the EU27 GDP over the 2 next years (750bn), 150-225bn represents 20-30% of it.

[4] a mix of shared managed programmes/funds in order to help all regions with a more tailored-made and bottom)up approach and directly managed programmes/funds

[5] If the EU institutions agree on an EU-wide Green New Deal worth of 20 points of the EU27 GDP over the next decade (3tr over a decade or 300bn/year), 60-90bn/year represents 20-30% of it.

[6] Mainly (but not only) shared managed programmes/funds in order to help all regions with a more tailored-made and bottom-up approach.

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Attached documents

The GREENS/EFA Financial Recovery Plan

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