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Press release | 18.12.2020

Green light for financing sustainable recovery

Recovery and Resilience Facility

Early this morning, negotiations were concluded on the Recovery and Resilience Facility (RRF), the central piece of the Next Generation EU package, designed to help the EU through the economic fallout of the Covid-19 pandemic. The, RRF will make €672.5 billion (€312.5 billion in grants and €360 billion in loans) available to member states to support their investments and reforms in favour of the ecological and digital transition. The priorities are: Green transformation, digital transformation, resilience, economic cohesion, social and territorial cohesion, institutional resilience, and policies for the next generation, children and youth.

Ernest Urtasun MEP, Greens/EFA negotiator on the RRF for the ECON Committee, comments:

"The RRF is essential to our recovery and vital to ensure that those countries worst hit by the pandemic are not saddled with the extra burden of a long term economic downturn. It is the first time a programme of this magnitude has been drawn up that will be financed by common debt and it will contribute to a fast and even social and economic recovery. Europe has shown its best face with a solidarity based instrument.

"The agreement sees an ambitious mandatory climate investment targets of 37% for each county's plan and a new and improved methodology that builds on the EU Taxonomy to calculate binding climate expenditure and to avoid greenwashing. The entire plan must respect the principle of "do no harm", in line with new EU sustainable finance rules. This means that the facility cannot be used to finance any activity that significantly harms the environment. We regret the lack of a biding target on biodiversity, but urge member states to integrate ambitious biodiversity targets in their respective plans.

"This Mechanism is not only a tool for recovery, but also for the promotion of the economy of the future. This regulation sets a genuine and coordinated European answer to the Covid-19 crisis. It must contribute to the EU institutional resilience. Despite the insistence of the so-called frugal countries, only a limited amount of up to 0.25% of the annual GDP of a Member States of the funds could be suspended in case of non-compliance with EU fiscal rules and not before mid-2022."

Damian Boeselager MEP, Greens/EFA negotiator on the RRF for the BUDG Committee, comments:

"We managed to turn the largest ever EU spending programme into a key instrument for the green transition:

it commits almost 250 billion euros to combat climate change, it tracks spending based on a modern methodology, and it includes a strict 'do no significant harm' provision for 100% of the instrument.

"We always insisted that national plans need to respond to European priorities, and track spending accordingly. We were able to anchor six European pillars as the scope of the instrument. Looking at the lessons learned from the Covid-19 crisis, we are especially satisfied that institutional resilience and crisis preparedness is a separate pillar."

"We did not achieve as strong a role for the European Parliament in the governance of the facility as we had hoped for. We believe that democratic control is essential for these European funds, which are raised as debt on the EU-level and secured by the EU budget. Still, we have achieved strong information rights and will use them to scrutinize the plans of national governments and create transparency."

More:
The temporary financial instrument proposed by the European Commission in May 2020 is the key pillar of the €750 trillion NextGenerationEU recovery plan. Once the national plans have been validated by the European Commission, Member States will have until 2026 to implement them. The €672.5 billion facility is the largest ever EU programme developed and for the first time ever will be serviced by common EU debt.

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