



# EU budget: working towards recovery

#SocialRights



# The EU budget: aiming for a gradual return to a “new normal”

## Short term

- **“Crisis response”**: provide immediate, short-term support to strengthen crisis response capacities and to workers and enterprises to “weather the storm”

## Medium term (next 2-3 years)

- **“Crisis repair”**: prepare the ground for recovery, bridge the gap between first response and recovery, focus still on restoring labour markets and support to workers and enterprises but investment preparing the foundations of recovery shall also begin

## Longer term

- **“Recovery”**: support the long-term recovery and the resilience of the economy and society focussing on the green and digital transitions

# Agreement on the 2021-2027 Multi-Annual Financial Framework and the Next Generation EU Recovery Instrument

- *10 November 2020*: EP and Council of the EU – **agreement on unprecedented financial package** of €1 824.3 billion:
  - €1 074.3 billion **multiannual financial framework**
  - €750 billion **Next Generation EU** temporary recovery instrument



# Recovery package - overview

To address the **short- and medium term** needs, we amended the 2014-2020 Regulations:

- REACT-EU, incl. revision of the FEAD regulation
- Recovery and Resilience Facility (RRF)

To address **long term** needs:

- ESF+ 2021-2027 amended proposal
- Just Transition Fund
- European Globalisation Adjustment Fund (EGF) for displaced workers
- Support to Social Partners through the prerogative budget lines

# REACT EU: amendments for 2014-2020

- ❑ **REACT EU**: amendment to the CPR (rules governing ESF and ERDF)
  - ❑ Additional budget of 47.5 billion (2018 prices) for Cohesion Policy - up to Member States to distribute between: ERDF, ESF and FEAD (IT: 10,7 billion for 2021)
- ❑ ESF: primarily for
  - ❑ **job maintenance** and **job creation**, notably youth employment measures
  - ❑ **education** and **training** and **skills** development
  - ❑ access to **social services** of general interest
- ❑ **FEAD Regulation** amended to allow the fund to be replenished

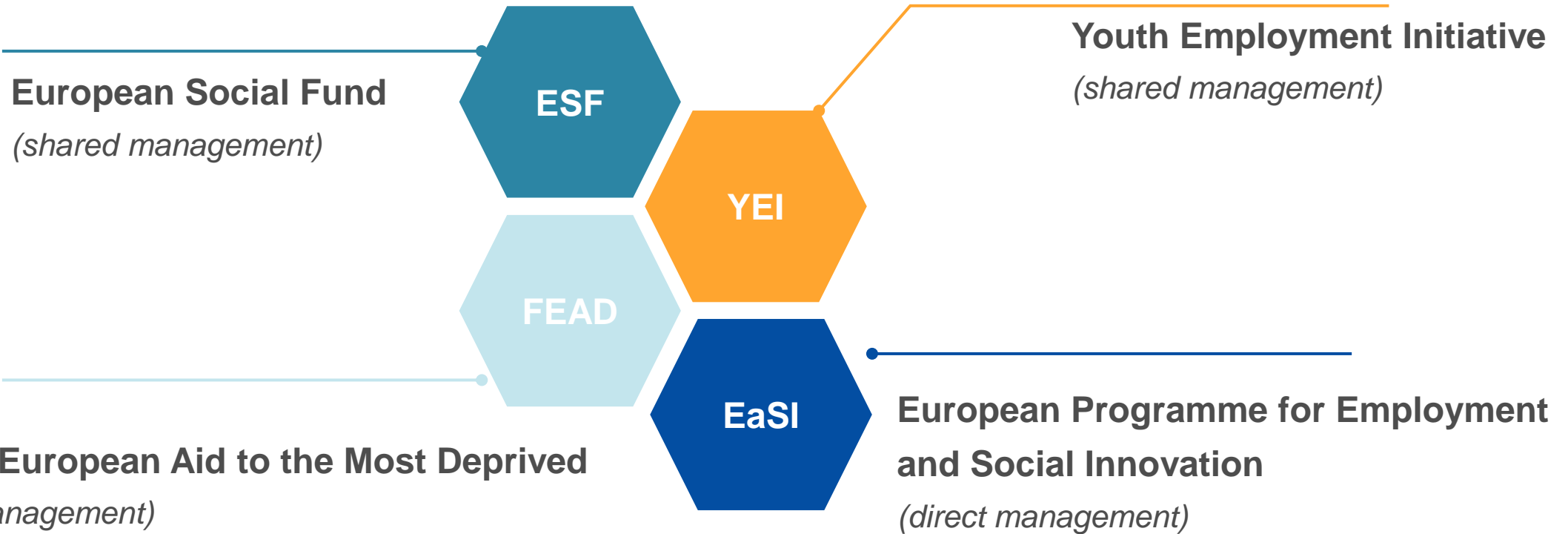
# Recovery and Resilience Facility (RRF)

- ❑ **EUR 672,5 billion**, split into EUR 312,5 billion in grants and EUR 360 billion in loans
  - ❑ Centrepiece of the new financing source “Next Generation EU”
- ❑ Primarily for reforms and investment notably for
  - ❑ **Green (37%) and digital (20%) transitions**
  - ❑ **Smart, sustainable and inclusive growth (incl. jobs)**
  - ❑ **Social and territorial cohesion**
  - ❑ **Policies for the next generation**

# Recovery and Resilience Facility (RRF)

- ❑ Support implementation of the **European Pillar of Social Rights**
- ❑ **Re- and upskilling** an investment priority
- ❑ Support to implementation of the Youth Guarantee
- ❑ Job creation as evaluation criterion

# The ESF+: 4 funds coming together (EUR 88 bn\*)



\*IT: EUR 12.9 billion





# Thematic Concentration requirements

*For all Member States*



Social Inclusion  
at least 25%



Support to the  
most deprived  
at least 3%



Co-financing  
rate of 90%



# Thematic Concentration requirements



## Support to youth employment - at least 12.5%

- Applicable to MS with a NEET rate above the EU average (2017-2019) (incl. outermost regions)
- 10 MS (NEET rate above 13.1%): BG, HR, CY, FR, EL, HU, IT, RO, SK and ES.
- All other MS: “an appropriate amount”

## Support to tackling child poverty – at least 5%

- Applicable to MS with an AROPE benchmark above the EU average (2017 – 2019)
- 11 MS (those with an average rate over 23.4%): BG, HR, CY, EL, HU, IE, IT, LT, LU, RO and ES.
- All other MS: “an appropriate amount”.



## Support to the capacity building of social partners and civil society – at least 0.25%

- Applicable to MS with a CSR in this area
- 3 MS: PL, HU & RO
- All other MS: “an appropriate amount”.

# Key principle: Partnership

- MS to ensure adequate participation of social partners and civil society organisations in the delivery of employment, education and social inclusion policies supported by the ESF+.

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# Just Transition Fund

- ❑ **EUR 17,5 billion (IT: EUR 932 million)**
  - ❑ First of three pillars under the “Just transition mechanism”
- ❑ Focused on territories most affected by green transition (IT: Taranto and Sulcis Iglesiente) and supports the economic diversification and reconversion of these territories, for example:
  - ❑ **productive investments** in Small and Medium-sized Enterprises, **creation of new firms, research and innovation, environmental rehabilitation, clean energy**
  - ❑ **up- and reskilling** of workers, **job-search assistance** and active inclusion of **jobseekers programmes**

# European Globalisation Adjustment Fund (EGF) for displaced workers

- ❑ EUR 186 million per year
  - ❑ No allocation by Member State
  - ❑ Fund is an expression of European solidarity to workers being displaced
- ❑ Main features of new Regulation 2021-2027:
  - ❑ **Allow more workers to receive European support:** Under the new rules, the main criterion to trigger the Fund is that at least 200 workers are laid off
  - ❑ **Shifting the focus from the causes of restructuring to their impact:** Thanks to the new eligibility rules, workers affected by shocks like the coronavirus crisis but also more general changes like the transition to a low-carbon economy will receive help to find new jobs.

# Prerogative lines to support Social Dialogue

- **Continuity with previous MFF with around EUR 42 million per year for**

- Promotion of Social Dialogue
- Capacity building of social partners
- Support to ETUI and EZA
- European Works Councils

- **In light on COVID-19, special allocation for 2020/2021:**

- Additional EUR 5 million under prerogative lines (social dialogue call)
- Additional 5 mio EUR under EASI (Call published: 15/02/2021)

<https://ec.europa.eu/social/main.jsp?catId=629&langId=en&callId=605&furtherCalls=yes>

# Useful links

- [EU budget for recovery: Questions and answers on REACT-EU, cohesion policy post-2020 and the European Social Fund+](#)
- [European Commission's webpage on the 2021-2027 MFF](#)
- [Next Generation EU](#)
- [MFF and REACT-EU: factsheet](#)
- [EGF webpage](#)
- [DG EMPL social dialogue funding](#)

Thank you!