

# COVID-19: More flexibility for deploying EU budget money

The EU is taking further urgent measures to make the best use of cohesion policy money to help tackle the COVID-19 pandemic.

The Council today adopted a second legislative act in less than a month **amending the rules on the use of EU structural funds**, which underpin EU cohesion policy. These changes allow member states to refocus resources on crisis-related operations.

The act, known as the Coronavirus Response Investment Initiative Plus, was adopted by written procedure less than three weeks after the European Commission put forward the proposal. The European Parliament gave its approval on 17 April.

With the urgent and swift adoption of the Coronavirus Response Investment Initiative Plus (CRII Plus), all EU member states have once again confirmed their unity, solidarity and effective coordination in this time of severe COVID-19 crisis. The second set of economic measures introduces extraordinary flexibility to allow a full mobilisation of all non-utilised support from the European Structural and Investment Funds. It is designed to help member states activate and channel more resources for SMEs, short-time work schemes and healthcare sectors. Thus, at this critical moment, Cohesion Policy has proved pivotal in responding to the pandemic by mitigating economic shocks, securing businesses and supporting jobs. The example of the CRII Plus is yet another confirmation that Cohesion Policy can make a real difference on the ground and that member states can overcome the ongoing crisis with their shared efforts.

*Marko Pavić, Croatian Minister of Regional Development and EU Funds*

The changes temporarily suspend some of the rules defining the scope and priorities of national programmes that can be financed by the various funds, as well as the conditions under which regions are entitled to receive support.

This gives member states **exceptional flexibility to transfer money between funds and between regions** to meet their particular needs in mitigating the social and economic damage of the pandemic.

This means that all existing reserves in the structural funds for 2020 can be deployed to tackle the effects of the outbreak.

In addition, member states will be able, for the period between 1 July 2020 and 30 June 2021, to request **100% financial support from the EU budget**. In

normal circumstances, cohesion policy programmes are financed jointly by the EU budget and contributions from member states.

These unprecedented measures will help alleviate the burden on national budgets by providing targeted investment in healthcare, struggling SMEs, and temporary employment schemes.

Farmers can also benefit in the form of favourable loans and guarantees of up to €200,000 to help them with liquidity or compensation for losses.

The act is due to enter into force on 24 April 2020.

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## [Article – Covid-19's economic impact: €100 billion to keep people in jobs](#)



Short-time work schemes would allow families to maintain their incomes and continue paying their bills, while firms would be able to protect production capacity and employees, ensuring market stability. In the longer term, short-time work schemes can prevent more severe consequences on the economy and help businesses recover faster after the crisis.

Welcoming the creation of Sure and calling on EU countries to implement it

quickly, Slovak ECR member [Lucia Ďuriš Nicholsonová](#), chair of Parliament's employment committee, said: "It is an important expression of EU solidarity and a helpful instrument to mitigate the socio-economic effects of the Covid-19 crisis. By supporting short-time work schemes and similar measures, Sure will help companies experiencing economic difficulties to keep people in jobs."

## EU solution to support employment

While Sure is a temporary instrument designed specifically to tackle the consequences of the coronavirus pandemic, the European Commission is also working on a new proposal for a European Unemployment Reinsurance Scheme to support employment and protect workers who lose their jobs due to economic shocks.

The European Parliament has said that such [a basic unemployment benefit scheme](#) would contribute directly to stabilising household income, thus strengthening [the social dimension of Europe](#). In a [resolution](#) adopted on 17 April, MEPs reiterated their call for a permanent European Unemployment Reinsurance Scheme to ensure that workers in Europe are protected from income loss.

A future European Unemployment Benefit Reinsurance Scheme aims to reduce pressure on EU countries' public finances by providing support to national measures to preserve jobs and skills and to facilitate the transition back into work. The Commission is expected to present its proposal later this year.

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## [CoR NAT Commission Bulletin No. 3: Updates on the COVID-19 crisis](#)



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## Press release – More ambition needed for EU recovery instruments, says majority of MEPs



During the hearing in the Economic and Monetary Affairs Committee, numerous MEPs called for stronger measures to be put forward, arguing that the ones currently on the table consisted mostly of loans which would leave those countries most hit by the Coronavirus heavily indebted and increase economic divergence in the Eurozone.

Mr Centeno agreed that more ambition should be sought after but also cautioned that pragmatism would also need to be the order of the day. Notably, he recommended against exploring instruments which would require any review of the Treaties.

### **Tabled proposals – a good first step or a non-starter?**

MEPs were quick to present diverging views with Markus Ferber (EPP, DE) asking why was it that some countries said that they would not avail themselves of the assistance instruments currently being proposed and yet called for additional instruments to be devised. Jonás Fernández (S&D, ES) however pointed out that the proposals currently on the table only provided for liquidity through loans and already indebted countries could not afford to borrow more. Various MEPs who took the floor shared Mr Fernandez's

sentiment.

### **Ideas for bolder instruments**

Some MEPs put forward their group's ideas for bolder ways to mitigate the crisis. Stéphanie Yon-Courtin (Renew Europe, FR) put forward the idea of establishing Recovery Bonds and asked how they could be designed in such a way as to bring the more reticent member states on board. José Gusmão (GUE/NGL, PT) said that the ECB should be given more room for action by changing the rules which restrict its action. Antonio Rinaldi (ID, IT) argued that it was impossible for such a big crisis to be overcome with such a limited ECB, adding that all other central banks have many more options open to them.

### **The danger of widening imbalances**

Some MEPs outlined the danger of the economic imbalances, which will be created as a result of the pandemic, and that the risk that recovery efforts, if not well coordinated at EU level, will actually increase these imbalances. Sven Giegold (Greens, DE) pointed out that those member states with more fiscal space would be able to support their businesses much more than those countries with less, and this all the more so if the EU support instruments were only a loan type. Roberts Zīle (ECR, LV) warned that if the EU recovery funds were to take time to be in place, the national support funds, mostly in place very quickly, would increase disparities in the single market.

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## **[Invitation letter by President Charles Michel to the members of the European Council ahead of their video conference on 23 April 2020](#)**

Dear colleagues,

I would like to invite you to our fourth videoconference dedicated to the fight against the coronavirus pandemic and its negative effects. We have moved quite some way over the past weeks, and I would really like to thank you all for your constructive spirit and bold actions so far. But there is still a long way to go to overcome this crisis.

The health of our citizens remains our top priority. We mourn the many lives lost and express our condolences to all the families who have lost a loved one. This pandemic touches all of us in every Member State and in every household. It knows no boundaries and calls for even more coordination and unity. It is my conviction that we must show even greater determination in

overcoming our differences.

Health workers and doctors have worked relentlessly and tirelessly. We cannot show them enough gratitude. They represent the best of Europe. We commend the dedication of those who are at the forefront to combat the virus and those who are providing essential services to the population.

Restrictive measures, including limitations on some of our fundamental freedoms, continue to disrupt the daily lives of our citizens and our economies, but we will continue to do all that is necessary to combat the virus and to protect the health of our people. At the same time we have to prepare for the constraints to gradually end.

With that dual objective in mind and in line with the mandate you gave us three weeks ago, last week Ursula and I issued a Joint European **Roadmap towards lifting of COVID-19 containment measures**, charting the best way towards lifting the exceptional constraints without causing negative spill-over effects. The situation should be followed closely and there should be as much coordination as possible to meet the challenges ahead of us linked to the lifting of the restrictions, especially with regard to the summer season.

I now attach to this invitation a **Roadmap for recovery** with a strong investment component, which sets out some important principles and defines four key areas for action. I believe that these roadmaps provide a coherent and useful framework for our joint action towards overcoming the crisis and moving forward.

At our last videoconference, we also tasked the Eurogroup in an inclusive format to present proposals to tackle the socio-economic consequences of the crisis. On 9 April, the Eurogroup agreed on a package worth €540 billion, with three important safety nets for sovereigns, for private companies and for the protection of employment. We should give the go-ahead to these important initiatives and insist on them becoming available as quickly as possible. The aim should be for these three safety nets to be in place and operational by 1 June.

The comprehensive economic response to the crisis also includes a fourth element that was discussed by the Eurogroup, but not yet agreed, namely the idea of a European Recovery Fund. My suggestion is that we agree to work towards establishing such a fund as soon as possible. It should be of sufficient magnitude, targeted towards the sectors and geographical parts of Europe most affected, and be dedicated to deal with this unprecedented crisis. To this end, I propose that we task the Commission to analyse the exact needs and come up with a proposal that is commensurate with the challenge we are facing. The Commission proposal should clarify the link with the MFF, which will in any event be at the heart of the EU's contribution to recovery and will need to be adjusted to deal with the current crisis and its aftermath.

It is critical that we discuss these issues openly among ourselves and urgently move ahead in order to make progress.

For other matters of common interest, whether international or internal to the EU, that are less directly related to this specific crisis, we continue to closely monitor the situation and will tackle them together in due course.

The videoconference will start at 15:00 on 23 April with the traditional exchange of views with the President of the European Parliament David Sassoli. We will then move to our discussion, in the presence of the President of the European Central Bank Christine Lagarde and the President of the Eurogroup Mario Centeno.

I look forward to our discussion.

[Visit the meeting page](#)