

# Green light from all member states for EU recovery spending

The Council has received formal notifications about the approval of the own resources decision from all 27 member states. National ratifications being completed, the EU can now start **making available funds** under the Recovery and Resilience Facility. With a financial envelope of €672.5 billion, the facility is the central part of Next Generation EU, the EU instrument for **economic recovery** from the COVID-19 pandemic.

After adopting the own resources decision on 14 December 2020, the EU Council completed the list of received **formal notifications** on 31 May 2021. For the decision to enter into force, member states had to approve it in line with their constitutional requirements.



Today is a big day for the European Union. All 27 member states have notified the ratification of the own resources decision to the Council. Consequently, this decision enters into force tomorrow, June 1st. The Next Generation EU starts tomorrow! The European Union is now able to obtain the necessary funding for the European social and economic recovery. The governments and national parliaments of the EU 27 have shown a strong sense of solidarity and responsibility. We cannot afford to waste more time. We must ensure the swift approval of the first recovery and resilience plans by the end of June.

*António Costa – Prime Minister of Portugal*

## **Own resources decision**

The own resources decision empowers the European Commission to **borrow up to €750 000 million** in 2018 prices on capital markets on behalf of the EU. It also provides for an increase of the maximum amount the Union can ask from member states to cover its financial obligations by 0.6 percentage points.

The increase is temporary and only used to **support the recovery** from the economic fallout caused by the COVID-19 pandemic. It will serve as a guarantee and enable better borrowing conditions on the market.

## **Recovery and Resilience Facility**

Ratification of the own resources decision was a precondition for the use of the Recovery and Resilience Facility. The facility will support the member states in their process of recovering from the economic and social impacts of

the COVID-19 pandemic.

€312.5 billion of grants and €360 billion of loans will be available for **public investment and reforms** presented in the national recovery and resilience plans drafted by each member state. The plans will foster green and **digital transitions, sustainable growth and resilience**, and include targets, milestones and estimated costs.

## **Next steps**

The completion of the ratification process allows the EU to **start borrowing funds** on the capital markets already in June 2021. Pre-financing of 13% of the total amount allocated to each member state will be made available to national governments after the **approval of their recovery and resilience plans**.

Once the national governments submit their plans, it is for the European Commission to assess them within two months. The Council has then four weeks to approve each plan by means of an implementing decision. The rest of the funds will be disbursed taking into account the achievement of the **milestones and targets** set in the national recovery and resilience plans.