



24.7.2020

NOTICE TO MEMBERS

Subject: Petition No 0355/2020 by J.M.B. (Spanish) on the coronavirus crisis

1. Summary of petition

The petitioner explains that given the COVID-19 crisis that Spain is currently experiencing and its extension to all over Europe in the coming months; he asks the EU to expand the financing of the following EU instruments:

1. Expand the European Social Fund regarding the promotion of social inclusion to fight poverty and in order to promote the social inclusion and employment of citizens in this situation.
2. Expand the LIFE program: promoting funding scientific research by the member states in order to reduce environmental problems and health of citizens.
3. Innovate through the financial instruments that the European Union has, in order that any European citizen facing this COVID-19 crisis can receive help and protection from Europe.

The petitioner thinks that Europe requires a greater consensus and union to face this global pandemic disease, if not Euroscepticism will rise.

2. Admissibility

Declared admissible on 16 April 2020. Information requested from Commission under Rule 227(6).

3. Commission reply, received on 24 July 2020

The Commission welcomes the ideas conveyed in the petition in relation to targeted EU measures to ease the impact of the COVID-19 outbreak. These are difficult times for everyone, and particularly tough for the most vulnerable parts of the population and the millions of

precarious workers in the EU. Beyond any doubt, the COVID-19 outbreak exacerbates existent inequalities and creates new ones.

The Commission is in close contact with national governments, including Spain, to assess and find solutions to the rapidly emerging needs, mitigate the effects of the COVID-19 pandemic and combat the pandemic itself. This is why EU rules were revised at unprecedented speed to give Member States immediate and flexible access to EU funding.

In this context, the Commission launched three initiatives: the Recovery Plan, including a new European recovery instrument ('Next Generation EU amounting to EUR 750 billion')¹ and a renewed multi-annual financial framework for the years 2021-2027², the Coronavirus Response Investment Initiative (CRII)³, and the Coronavirus Response Investment Initiative Plus (CRII+)⁴, reflecting the new challenges ahead.

The EU Recovery Fund, proposed by the Commission on 27 May 2020, will be based on a revamped EU seven-year budget (2021-2027). The Recovery Fund is expected to tackle the deep and long-lasting social and economic impact of the current crisis.

Part of the funds under the Next Generation EU will be invested to **top-up by EUR 55 billion the current cohesion policy programmes** between now and 2022 under the new **REACT-EU initiative**. REACT-EU stands for Recovery Assistance for Cohesion and the Territories of Europe and is an initiative that continues and extends the crisis response and crisis repair measures delivered through the CRII and CRII+. REACT-EU will provide additional funding for the most important sectors that will be crucial to lay the basis for a sound recovery. This will involve investment to support job maintenance, including through short-time work schemes and support for the self-employed, as well as enhancing access to social services, including for children. The funds can also be used to support job creation and youth employment measures, to health care systems and the provision of working capital and investment support for small and medium-sized enterprises. Such support will be available across economic sectors, including for the much-affected tourism and culture sectors.

In the new EU's seven-year budget, the European Social Fund Plus (ESF+) is and will remain the main instrument for investing in people. It will continue to support policy and system reforms in the fields of employment, social inclusion, healthcare, long-term care, education and training, in line with its missions. ESF+ will be the main financial instrument to implement the European Pillar of Social Rights⁵. [It remains the compass to ensure a socially fair recovery](#). Strengthened support to youth employment, tackling child poverty, contributing to the green and digital transitions for a more inclusive society are some of the hallmarks of the ESF+.

In addition, the Fund for European Aid to the Most Deprived (FEAD)⁶ was amended to meet the COVID-19 related challenges, to enable the purchase of protective equipment for workers

¹ COM(2020) 456 final.

² COM(2020) 442 final.

³https://ec.europa.eu/regional_policy/en/newsroom/news/2020/03/16-03-2020-cohesion-policy-and-eu-solidarity-fund-contribute-to-the-coronavirus-response-investment-initiative

⁴https://ec.europa.eu/regional_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources

⁵https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en

⁶ <https://ec.europa.eu/social/main.jsp?catId=1089&langId=en>

and volunteers distributing aid. Food and basic material assistance can now be delivered through vouchers, lowering the risks of contamination while ensuring that the FEAD assistance still reaches the most vulnerable in a safe environment. FEAD complements national social inclusion efforts, and other EU funds, notably the European Social Fund. Within REACT-EU, Member States can inject additional resources into the FEAD for food, basic material assistance and for dedicated social inclusion measures. It will ensure that funding for key crisis repair measures and support to the most deprived can continue without interruption.

The Coronavirus Response Investment Initiative entered into force on 1 April 2020, and seeks to make full use of the EU's structural funds to support Member States, by quickly injecting liquidity into the economy, redirecting and reprogramming cohesion policy funds to tackle the most urgent needs. It injects around EUR 8 billion of unspent EU cohesion money into the economy.

Thanks to the Coronavirus Response Investment Initiative, the Commission shoulders Member States in their social inclusion efforts through:

- support to the healthcare system and the actions aimed at limiting the spread of the virus. The actions taken by Member States in this direction can be supported by the ESF;
- protect jobs and limit the negative consequences on employment. The ESF can support short-time working arrangements and community-based services for the elderly and people suffering from a health condition as well as additional support to healthcare systems such as recruitment of staff;
- support small and medium-sized enterprises' (SMEs) working capital through the European Fund for Regional Development.

With the Coronavirus Response Investment Initiative Plus (CRII+), the Commission provides Member States with increased liquidity and exceptional additional flexibility, allowing mobilisation of all existing reserves in the structural funds for 2020 to tackle the effects of the outbreak. Moreover, for the period between 1 July 2020 and 30 June 2021, Member States will be able to request 100% financial support from the EU budget. The estimated impact of this measure is frontloading additional EUR 14.6 billion payments to Member States over 2020-2021 (EUR 8.5 billion in 2020 and EUR 6.1 billion in 2021). Another main feature is the full flexibility to transfer 2020 allocations amounting to EUR 54 billion between all cohesion policy funds and between categories of regions, as well as removing the need to respect thematic concentration requirements.

The present LIFE⁷ Multi-annual Work Programme already includes thematic priorities for Environment and Health⁸. The LIFE Programme does not support projects focused on research, but it encourages the uptake of the results of environmental and climate-related research and innovation of Horizon 2020 by providing a bonus point at the level of the evaluation of the

⁷ The LIFE programme is the EU's funding instrument for the environment and climate action.

⁸ Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007, OJ L 347, 20.12.2013, p. 185–208, at Annex III, section A, point d).

proposals. In addition, limited applied research is permitted as part of the preparatory and/or monitoring actions.

The new LIFE calls for proposals include new measures to adapt to the COVID emergency:

- all submission deadlines are being extended by one month compared to 2019;
- applicants may register for a one-to-one short discussion about their project concept with project advisors;
- private entities in the 2020 call are no longer obliged to launch 'open' tenders for contracts above EUR 139 000;
- all projects will be allowed to financially support local initiatives that may contribute to the project objective;
- a special section on start-up companies has been integrated into the guidelines.

Further measures are under consideration. For details, please see the LIFE website⁹.

In relation to the financial instruments, on 19 May 2020, based on the legislative proposal from the Commission, the Council adopted Regulation 2020/672¹⁰ on the establishment of a European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) designed to help protect citizens and mitigate the pandemic's severely negative socio-economic consequences. The instrument will provide financial assistance, in the form of loans granted on favourable terms from the EU to Member States, of up to EUR 100 billion in total. This will help to sustain families' incomes, ensuring that they can continue to pay rents and bills and maintain their jobs. It will also help to preserve the productive capacity and human capital of enterprises and the economy as a whole.

In addition, the Commission and the European Investment Fund (EIF) have made available EUR 1 billion of dedicated guarantees to contain the impact of COVID-19 on SMEs. This capacity should enable banks across the EU to provide up to EUR 8 billion of working capital loans. In particular, the existing COSME¹¹ Loan Guarantee Facility and the InnovFin SME guarantee facility have been adapted to offer an extended guarantee cover and enhanced terms and conditions targeting working capital constraints. The amendments to the calls for expression of interest for these guarantee facilities were published on 6 April 2020 on the European Investment Fund (EIF) website. As a result, COSME and InnovFin working capital measures have generated a huge response and a significant number of financial intermediaries have applied to benefit from the improved features. It is expected that 100,000 European SMEs will benefit.

The Commission and the EIF are also introducing more flexibility under two other guarantee facilities as a response to the COVID-19 economic crisis. In particular, extending improved conditions to intermediaries will be provided for the EU Programme for Employment and Social Innovation (EaSI) Guarantee and the Cultural and Creative Sector (CCS) Guarantee facilities.

⁹ <https://ec.europa.eu/easme/en/section/life/calls-proposals>

¹⁰ Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak, OJ L 159, 20.5.2020, p. 1–7.

¹¹ COSME is the programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises.

Conclusion

The economic measures announced respond to the current situation and in parallel the Commission is working on a long-term recovery plan, for which the next multi-annual financial framework will be instrumental. The Commission will do all that is in its power to support European citizens and the European economy.