

## The European financing of the French recovery plan

08 September 2021

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### Context

On **April 21, 2020**, the **European Commission** and the **European Council** [presented](#) a set of priority actions to tackle the effects of the Covid-19 crisis. This roadmap for recovery aims to develop a strong investment plan to help Member States re-launch their economy.

On **May 27, 2020**, Commission President **Ursula von der Leyen** [proposed](#) to MEPs to strengthen the financing capacities of states through the revision of the [Multiannual Financial Framework](#) (MFF) and the implementation of a new recovery instrument, **Next Generation EU**, with 750 billion euros to be borrowed by the Commission on behalf of the European Union (EU).

The **European Parliament** and the **Council** adopted, in **December 2020**, the regulation setting the EU MFF 2021-2027 with a budget of 1,074.3 billion euros, combined with 750 billion euros from Next Generation EU.

Following the adoption of the **February 10, 2021** [regulation](#) establishing a technical support instrument, Member States had until **April 30, 2021** to submit their national recovery plans. These plans aimed to set out reform and investment programs through 2026 **in six priority action areas**:

- The ecological transition,
- Digital transformation,
- Smart, sustainable and inclusive growth and employment,
- Social and territorial cohesion,
- Health and resilience,
- Policies for the next generation.

Bruno Le Maire [presented](#) the **French National Recovery and Resilience Plan** (NRRP) to the Commission on **April 28, 2021**.

The French NRRP aims to achieve three main priority objectives: **greening the economy**, making the productive system more **competitive**, and strengthening **social and territorial cohesion**. France wished to receive **39.4 billion euros** from the EU to finance the 100 billion euro Plan.



On **June 23 2021**, the **Commission** adopted the proposal for a **Council [implementing decision](#)** stating that " *the assessment of the recovery and resilience plan of France (...) is **approved*** ".

On **July 13, 2021**, France formally received an agreement from the **Economic and Financial Affairs Council** (Ecofin) allowing it to use a first part of the European funds.

On **August 19, 2021**, the European Commission [allocated](#) **5.1 billion euros** to France as a first disbursement, representing 13% of the total amount allocated to the Member State. Before the end of 2021, an additional **3.41 billion euros** should be allocated to France, if the planned reforms and measures are implemented.

### [Joint investment for the future of the EU27](#)

Next Generation EU is an instrument allowing all Member States to access the financial resources necessary for their recovery thanks to the European Union's borrowing capacity. The **European Commission** has committed itself to borrow the necessary amounts for the 27 Member States at **more advantageous rates** compared to the national capacity.

The recovery plan, described as the EU's Marshall Plan, will be partly financed by a set of EU **own resources** such as the carbon border adjustment mechanism, the revised EU emissions trading system and the digital tax<sup>1</sup>.

The funding of the recovery plan is thus closely linked to a set of central EU policies such as the [Green Deal](#) – cf. [Fit for 55](#) presented on July 14, 2021 by the European Commission – and the [digital strategy](#).

### [Priorities defined in the national France Relance plan](#)

The national *France Relance* plan is structured around **nine components** identified as priorities to ensure the resilience, digitization and greening of the economy. The **public authorities**, with the support of the **private stakeholders** whose expertise will be required to carry out the French economic recovery, have committed to implement the following investment and reform priorities:

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<sup>1</sup> These own resources should be implemented from 2023.

1. Energy retrofitting	6,7bn€* incl. 5,8bn financed by NRRP**
2. Environment and Biodiversity	3,2bn€ incl. 2,1bn financed by NRRP
3. Green infrastructure and mobility	8,8bn€ incl. 7bn financed by NRRP
4. Green energy and technologies	7,2bn€ incl. 5,3bn financed by NRRP
5. Financing for compagnies	0,25bn€ financed by NRRP
6. Technological sovereignty and resilience	5,2bn€ incl. 3,2bn financed by NRRP
7. Digital upgrading for central government, regions, and companies	3,1bn€ incl. 2,1bn financed by NRRP
8. Job preservation, young people, persons with disabilities, training	11,3bn€ incl. 7,5bn financed by NRRP
9. Research, <i>Séгур de la santé</i> dependency, territorial cohesion	9,8bn€ incl. 7,7bn financed by NRRP

\* Estimated cost

\*\*France's national recovery and resilience plan

Each of these priorities can be broken down into a precise objective and series of specific policy initiatives and investments. Focus on the investments and reforms defined by France in the field of green energy and technologies:

#### 4. Green energy and technologies

Objective:

*Finance the development of green energy and technologies to ensure the ecological transition*

##### Reform to be implemented:

- Governance of the *Programme d'investissements d'avenir (PIA)*

##### Investments to be carried out:

- Develop decarbonized hydrogen
  - Estimated cost - 1,925bn euros financed by NRRP
- Support the aeronautic sector
  - Estimated cost - 1,67bn euros financed by NRRP
- Innovate in the ecological transition
  - Estimated cost - 1,7bn euros financed by NRRP

### Funding schedule<sup>2</sup>

- By 31 December 2022: an amount of 24.3 billion euros is available to be legally committed
- 1st January-31 December 2023: a further amount of 15 billion euros is available to be legally committed

These payments will be granted to France on the condition that the State achieves the objectives defined in the NRRP, attesting to the implementation of reforms and investments.

### Contribute to the implementation of the French recovery plan

Lighthouse Europe is boutique consultancy specialized in European strategy and public affairs, based in Paris and Brussels. We assist our clients in the analysis of French and European policy priorities, particularly in the digital and environmental sectors.

France's influence in the EU decision-making process will be even more important as the Member State will assume the Presidency of the Council of the European Union from January to June 2022. If you would like to learn more about how the French recovery plan and distribution of EU funds may impact your business, please contact us.

More information: [info@lighthouseeurope.com](mailto:info@lighthouseeurope.com)

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<sup>2</sup> Proposal for a COUNCIL IMPLEMENTING DECISION on the approval of the assessment of the recovery and resilience plan for France COM/2021/351 final, Article 2