EUROPEAN UNION SUPPORT PROGRAMS IN THE PROCESS OF RECOVERY, RESILIENCE AND SUSTAINABILITY OF THE ECONOMIES OF THE MEMBER STATES

Ph.D. Otilia MANTA
Center for Financial Studies “Victor Slavescu”,
Romanian Academy, Bucharest, Romania
E-mail: otilia.manta@icfm.ro

Abstract: *On 11 February 2021, the Council of the European Union adopted the Regulation establishing the Recovery and Resilience Mechanism. The funds will support Member States in coping with the economic and social impact of the COVID-19 pandemic, while ensuring that their economies make the green and digital transition, becoming more sustainable and resilient. As a general rule, EU countries have until 30 April 2021 to submit their national recovery and resilience plans in which they set out their reform and investment agenda by 2026. In our paper, we aim to present two of the support programs in the post-pandemic recovery and resilience process and with a direct impact on the economies of the Member States. Moreover, given that current financial commitments have a direct impact on future generations, we also highlight the green bond process, a financing instrument with an impact until 2058.*

Keywords: *financing, financial instruments, sustainability, European Union.*
JEL Classification: *F65, G23, Q01, N24.*

1. Introduction

In order to receive support from the Recovery and Resilience Mechanism, EU countries were asked to set out in their plans a coherent package of projects, reforms and investments in six policy areas. The European Commission's largest program is the NextGeneration EU recovery tool of up to around € 800 billion in current prices, representing 5% of EU GDP. The more complex the financing program, the more complex it is, especially due to the fact that it provides multiple innovative financial instruments both in the form of a grant and especially in the form of credit. Moreover, it is for the first time that financial instruments are also supported through the capital market, i.e. in order to be able to finance such a program, the Commission supports the policy of issuing securities on international capital markets using its diversified financing strategy. About 30% of the funds for this program are and will be raised by issuing green bonds NextGeneration EU.

The Commission also runs other programs under which it issues bonds to finance loans to the EU and third countries. These include the SURE program of up to € 100 billion to support jobs and keep people in work, funded exclusively by post-COVID social bonds.

NextGenerationEU is a temporary recovery tool that can raise up to € 750 billion in 2018 prices or around € 800 billion in current prices by issuing bonds. This program is like a direct response of the European Union (EU) to the coronavirus crisis and has the ambition to support economic recovery and build a greener, more digital and more resilient future.

To fund NextGenerationEU, the European Commission, on behalf of the EU, will borrow from the capital markets. Thanks to the EU's high credit rating, the Commission will be able to borrow on favorable terms. The Commission will then transfer the benefit directly to EU Member States when lending to them or to the Union budget in the form of low interest payments on loans to finance recovery costs. *The NextGeneration loan is concentrated between mid-2021 and 2026*. All loans will be repaid by 2058, which is particularly important for both the present and the future.

2. Research methodology

To support research methodology, classical observation and examination tools, research methods based on the basic principles of scientific research, namely: "competence, objectivity, truth, methodology, demonstration, correlation, evaluation of results, usefulness and psychomotor" [1]. In the paper we used procedures based on intensive documentation at the level of European regulations and directives from 2020-2021, using existing databases and scientific material. The methodology of the paper has as direct tools the collection of data and information from literature and existing practice in public and private institutions, but especially scientific articles published on specialized research networks (Researchgate, Academia.edu, etc.), published articles, various journals relevant scientific books, relevant books in the field of reference, legislation, analysis and studies, official documents of the various tax authorities, tax documents and the interactive database of the European Commission. The paper is also based on annual reports, publications, consolidated statistics provided by the European Commission, OECD, published annually, data that have been processed to provide an overview and analysis of the most important changes taking place in Europe as a whole but especially with the specialized literature on European programs from the programming period 2021-2027, as well as the post-pandemic ones, so specific for understanding the studied phenomena, and especially in Romania.

During the paper we also formulated some working hypotheses, namely:

(1) The first hypothesis relates to the fact that European strategies have actively contributed in the last two years to supporting Member States' economies;

(2) The second working hypothesis is the predictability of financial instruments on the European economy;

(3) The third hypothesis relates to the direct interdependence between regulation and the sustainability of Member States' economies.

In our paper, we try to answer these working hypotheses through empirical research, but we appreciate that as a result of the third hypothesis the topic of our research remains open for future research we want to develop on the impact of financial instruments and the effect sustainability generated by financial instruments, models and specificities.

3. Research results / discussion

The EU budget as a structure is financed from own resources and contributions from all EU Member States, which will also support the loan. The size of NextGeneration EU would translate into loan volumes of around € 150 billion a year between mid-2021 and 2026, making the EU one of the largest issuers of the euro. Given the volumes, frequency and complexity of future lending operations, the Commission will follow the best practices used by sovereign issuers and implement a diversified financing strategy. By using a variety of financing instruments and financing techniques, the Commission will expand the investor base for EU securities, facilitate the smooth repayment of loans and provide all funds on the most favorable terms for EU citizens. Of the total NextGenerationEU budget, over 50% of its value will support modernization, including through complementarity with other European Commission programs, such as:

- research and innovation, through Horizon Europe;
- Equity Climate Investment and Digital Transitions, through the Fair Transition Fund and the Digital Europe Program;
- Vaccine preparation, recovery and resistance, through the Recovery and Resilience Facility, rescEU and a new health program, EU4Health.

In addition, the financial package pays particular attention to modernizing traditional policies such as cohesion and the common agricultural policy, in order to maximize their contribution to the Union's priorities, the fight against climate change, with 30% of EU funds, the largest share of the European budget now, as well as financial allocations for women's support, biodiversity protection and gender equality.

Table 1. The multiannual financial framework 2021-2027 and the total allocations of NextGenerationEU

(billions EUR)

		Multiannual Financial Framework (MFF)	NextGenerationEU
1	Single market, innovation and digital	149.5	11.5
2	Cohesion, resilience and values	426.7	776.5
3	Natural resources and the environment	401	18.9
4	Migration and border management	25.7	-
5	Security and defense	14.9	-
6	Neighborhoods and the world	110.6	-
7	European Public Administration	82.5	-
	Total MFF	1 210.9	806.9

Source: own processing, European Commission, 2020

NextGenerationEU is a EUR 800 billion temporary recovery tool to help repair the immediate economic and social damage caused by the coronavirus pandemic. Post-COVID-19 Europe will be greener, more digital, more resilient and better suited to current and future challenges.

Facility for recovery and resilience: the core component of NextGenerationEU, with EUR 723.8 billion in loans and grants available to support EU countries' reforms and investments. The aim is to mitigate the economic and social impact of the coronavirus pandemic and to make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of green and digital transitions. Member States are working on their recovery and resilience plans to access funds under the Recovery and Resilience Facility.

 Recovery assistance for Cohesion and European Territories (REACT-EU): NextGenerationEU also includes EUR 50.6 billion for REACT-EU. It is a new initiative that continues and expands the response to the crisis and the crisis remedies provided by the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus. It will contribute to an ecological, digital and resilient recovery of the economy. The funds will be made available;

 European Regional Development Fund (ERDF);

 European Social Fund (ESF);

 European Aid Fund for the Most Deprived (FEAD);

These additional funds will be provided in 2021-2022.

NextGenerationEU will also bring in extra money for other European programs or funds, such as Horizon2020, InvestEU, Rural Development or the Fair Transition Fund (JTF).

Table 2. Distribution of NextGenerationEU across each funding direction

(billions EUR)

No.crt.	EU financial program	Value
1	**Recovery and Resilience Facility (RRF)**	723,8
	of which loans	385.8
	of which grants	338.0
2	**ReactEU**	50.6
3	**Horizon Europe**	5.4
4	**InvestEU**	6.1
5	**Rural development**	**8.1**
6	**Fair Transition Funds (JTF)**	10.9
7	**RescEU**	2
	Total	**806.9**

Source: European Commission, 2020

NextGenerationEU figures for each EU country

The current maximum financial allocation is indicative on the basis of the Commission's economic forecasts for autumn 2020 for real GDP growth in 2020 and the real GDP situation in 2021. The 30% allocations will be reviewed by June 2022, based on results Eurostat.

The amount available for grants is EUR 312.5 billion at 2018 prices, which corresponds to EUR 337.96 billion at current prices. The difference is due to the standard 2018 conversion at current prices, calculated by applying a fixed deflator index of 2% to the annual value of the commitments.

The Recovery and Resilience Facility will provide EUR 360 billion in loans, in addition to the EUR 312.5 billion in grants. Member States can apply for a loan of up to 6.8% of gross national income in 2019 as part of the submission of the recovery and resilience plan.

Summary of the European Recovery and Resilience Mechanism:

Usage: Investments and reforms, including for the green transition and the digital transition.

Mechanism: Grants and loans through the implementation of Member States' national recovery and resilience plans, defined in line with the objectives of the European Semester, including the green transition and the digital transition and the resilience of national economies.

Budget (2018 prices): EUR 560 billion, of which EUR 310 billion for grants and EUR 250 billion for loans. The breakdown in current prices can be seen in the table below.

Allocation key: available to all Member States, with a focus on the most affected countries. Additional funding for 2020-2022 for current cohesion programs as well as for the European Aid Fund for the Most Deprived.

Table 3. Ease of recovery and resilience: Maximum grant allocations * (current prices)

(billions EUR)

EU Member State	Value for 70% of the amount available	Value for 30% of the amount available	Total
Belgium	3,6	2,3	5,9
Bulgaria	4,6	1,6	6,2
Czech Republic	3,5	3,5	7,0
Denmark	1,4	0,2	1,6
Germany	16,3	9,3	25,6
Estonia	0,8	0,2	1,0
Ireland	0,9	0,1	1,0
Greece	13,5	4,3	17,8
Spain	46,6	22,9	69,5
France	24,3	15,0	39,4
Croatia	4,6	1,7	6,3
Italy	47,9	21,0	68,9
Cyprus	0,8	0,2	1,0
Latvia	1,6	0,3	2,0
Lithuania	2,1	0,1	22
Luxemburg	0,1	0,0	0,1
Hungary	4,6	2,5	7,2
Malta	0,2	0,1	0,3
Netherlands	3,9	2,0	6,0
Austria	2,2	1,3	3,5
Poland	20,3	3,6	23,9
Portugal	9,8	4,1	13,9
Romania	10,2	4,0	14,2

Slovenia	1,3	0,5	1,8
Slovakia	4,6	1,7	6,3
Finland	1,7	0,4	2,1
Sweden	2,9	0,4	3,3
EU27	234,5	103,5	338,0

Source: personal processing of European Commission data, 2021

Another very important program of the European Commission, especially in response to the pandemic situation, is the REACT-EU program, and below are the allocations allocated by each Member State. Synthesis of assistance for recovery for cohesion and the territories of Europe (REACT-EU):

Use: employment subsidies, partial unemployment schemes and youth employment measures; liquidity and solvency for SMEs.

Mechanism: flexible grants under cohesion policy for municipalities, hospitals, businesses, through the managing authorities of the Member States. No national co-financing is required.

Budget: see REACT-EU allocations in the table below for each Member State.

Distribution key: The most affected countries and regions are targeted, taking into account the severity of the economic and social impacts of the crisis, including the level of youth unemployment and the relative prosperity of the Member States.

Table 4. REACT-EU allocations for 2021 per Member State

(Billions EUR)

EU Member State	The value allocated in prices 2018	Assigned value in current prices
Belgium	245	260
Bulgaria	413	438
Czech Republic	790	838
Denmark	168	178
Germany	1785	1894
Estonia	168	178
Ireland	84	89
Greece	1616	1715
Spain	10269	10898
France	2926	3105
Croatia	541	574
Italy	10693	11348
Cyprus	105	112
Latvia	199	211
Lithuania	259	275
Luxemburg	132	140
Hungary	834	885
Malta	105	112
Netherlands	417	443
Austria	207	219
Poland	1556	1651
Portugal	1508	1600
Romania	1252	1329
Slovenia	248	263
Slovakia	583	618
Finland	127	135
Sweden	272	288
EU27	37500	39795

Source: personal processing of European Commission data, 2021

Following the increase in current prices, we can see the impact of the increase by 1.0612 more in 2021 compared to the reference prices in 2018.

Table 5. Fair Transition Fund - allocations per Member State

(million EUR, prices 2018)

EU Member State	Financial allocation under NextGenerationEU	Financial allocation under MEF2021-2027	Total	(%)
Belgium	95	71	166	0,9
Bulgaria	675	505	1178	6,7
Czech Republic	853	640	1493	8,5
Denmark	46	35	81	0,5
Germany	1288	966	2254	12,9
Estonia	184	138	322	1,8
Ireland	44	33	77	0,4
Greece	431	324	755	4,3
Spain	452	339	790	45
France	535	402	937	5,4
Croatia	97	72	169	1,0
Italy	535	401	937	5,4
Cyprus	53	39	92	0,5
Latvia	100	75	174	1,0
Lithuania	142	107	249	1,4
Luxemburg	5	4	8	0,0
Hungary	136	102	237	1,4
Malta	12	9	21	0,1
Netherlands	324	243	567	3,2
Austria	71	53	124	0,7
Poland	2000	1500	3500	20,0
Portugal	116	87	204	1,2
Romania	1112	834	1947	11,1
Slovenia	134	101	235	1,3
Slovakia	239	179	418	2,4
Finland	242	182	424	2,4
Sweden	81	61	142	0,8
EU27	10000	7500	17500	100,0

Source: personal processing of European Commission data, 2021

Another innovative tool at European level is the Solvency Support Instrument. This tool is intended to support the equity of viable businesses that are suffering from the coronavirus crisis.

Use: equity support for viable companies in all economic sectors to address solvency problems caused by the coronavirus pandemic and to help them achieve the green transition and the digital transition.

Mechanism: the provision of an EU budget guarantee to the European Investment Bank Group for the mobilization of private capital (through financial intermediaries, for example, independently managed funds or special purpose vehicles).

Budget: EUR 31 billion.

Allocation key: based on requests and available to all Member States, focusing on those severely affected by the coronavirus crisis, who are less able to intervene through national state aid in the most affected sectors.

Consolidated InvestEU program (including Strategic Investment Mechanism):

Use: investing in sustainable infrastructure, R&D and digitalization, SMEs and mid-caps, social investment and skills development across the EU. In addition, the aim of the new Strategic Investment Facility will be to develop strong, independent and resilient value chains, such as critical infrastructure, green and digital technologies and healthcare, and to strengthen the autonomy of the Union's single market.

Mechanism: provision of an EU budget guarantee to finance investment projects through the EIB Group and national promotion banks.

Budget: EUR 15.3 billion for InvestEU. In addition, a new strategic investment mechanism will be endowed with provisions of EUR 15 billion from the Next Generation EU instrument.

Allocation key: on request and available to all Member States.

***European Health Program*:** a new program that respects the division of competences between the Union and the Member States in this field, designed to help prepare Europe for future health threats.

Use: Investments in EU health systems, with a focus on:

 health security and crisis response capacity;

 long-term prevention and surveillance of diseases, access to health, diagnosis and treatment, cross-border collaboration in the field of health.

Mechanism: grants awarded directly to beneficiaries by the European Commission, public procurement managed centrally by the European Commission.

Budget: EUR 9.4 billion.

Allocation key: Centrally managed program, which will benefit all Member States.

EU rescEU / Civil Protection Mechanism program - strengthening the Union's capacity to support civil protection in responding to large-scale emergencies.

Use: health emergency response infrastructure: storage capacity, transport systems for medicines, doctors and patients inside the EU or bringing them from outside the EU.

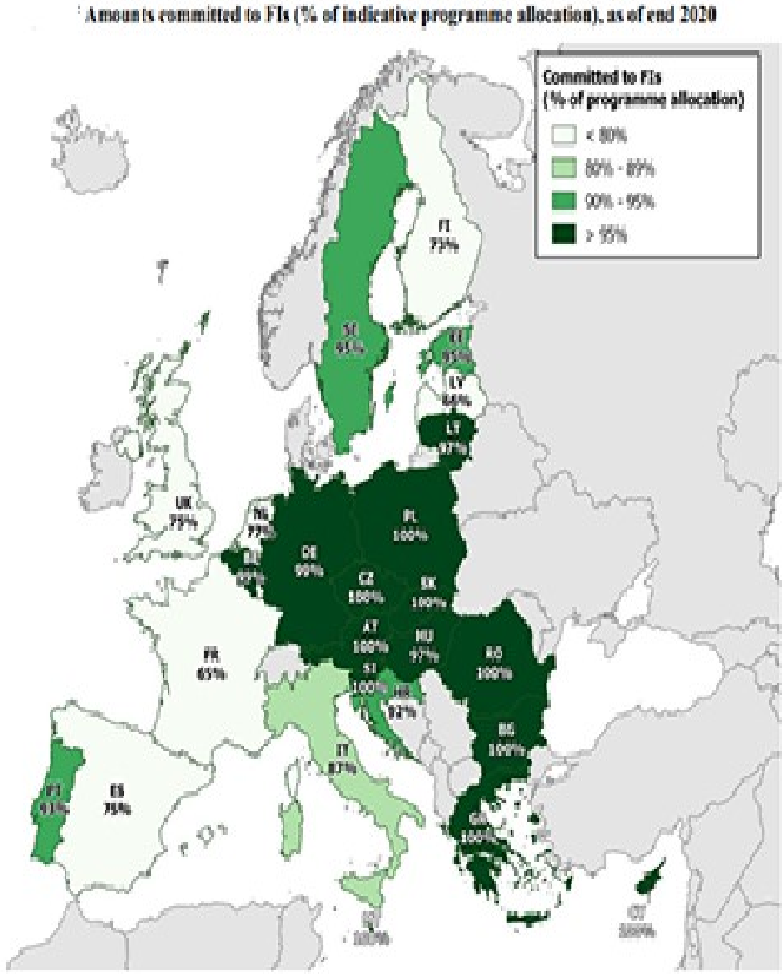
Mechanism: grants and procurement managed by the European Commission

Budget: EUR 3.1 billion

Allocation key: centrally managed program, which will benefit all Member States.

The Commission also proposes strengthening other programs that will enable them to play their full role in making the Union more resilient and responsive to the problems posed by the pandemic and its consequences:

Figure 1. Post-Covid European Union financial instruments in the period 2021-2027



Source: European Commission Data Processing, 2020

Table 6. Recovery and Resilience Facility:
Maximum grant allocations* (current prices)

(In billion EUR, current prices)

	For 70% of the amount available	For 30% of the amount available	Total
Belgium	3.6	2.3	5.9
Bulgaria	4.6	1.6	6.3
Czechia	3.5	3.5	7.1
Denmark	1.3	0.2	1.6
Germany	16.3	9.3	25.6
Estonia	0.8	0.2	1.0
Ireland	0.9	0.1	1.0
Greece	13.5	4.3	17.8
Spain	46.6	22.9	69.5
France	24.3	15.0	39.4
Croatia	4.6	1.7	6.3
Italy	47.9	21.0	68.9
Cyprus	0.8	0.2	1.0
Latvia	1.6	0.3	2.0
Lithuania	2.1	0.1	2.2
Luxembourg	0.1	0.0	0.1
Hungary	4.6	2.5	7.2
Malta	0.2	0.1	0.3
Netherlands	3.9	2.0	6.0
Austria	2.2	1.2	3.5
Poland	20.3	3.6	23.9
Portugal	9.8	4.1	13.9
Romania	10.2	4.0	14.2
Slovenia	1.3	0.5	1.8
Slovakia	4.6	1.7	6.3
Finland	1.7	0.4	2.1
Sweden	2.9	0.4	3.3
EU 27	234.5	103.5	338.0

*The current maximum financial allocation is indicative based on the Commission's Autumn 2020 Economic Forecast for real GDP growth in 2020 and 2021. The 30% allocations will be revised by June 2022, based on actual outturn data from Eurostat.

The amount available for grants is €312.5 billion in 2018 prices, which corresponds to €337.96 billion in current prices. The difference is due to the standard conversion from 2018 to current prices, calculated by applying a fixed 2% deflator to the annual amount of commitments.

The Recovery and Resilience Facility will make €360 billion available in loans, on top of the €312.5 billion it makes available in grants. Member States can request a loan worth up to 6.8% of their 2019 Gross National Income as part of the submission of their recovery and resilience plan.

Source: European Commission, 2020

EU and NextGenerationEU long-term budget funding

The EU's long-term budget will continue to be funded through well-known sources in the EU budget:

- customs duties;
- contributions from Member States based on value added tax (VAT);
- contributions based on gross national income (GNI).

In addition, from 1 January 2021, a new national contribution based on non-recycled plastic packaging waste will be introduced as a source of revenue for the EU budget.

Loan to finance recovery

To fund NextGenerationEU, the European Commission - on behalf of the European Union - will lend to markets at more favorable rates than many Member States and redistribute the amounts.

The European Commission is already issuing bonds to finance loans to the EU and third countries under four programs, including up to € 100 billion for the SURE program to support jobs and keep people in work. To raise up to around € 800 billion in current prices by 2026 for NextGenerationEU in the best financial conditions - 5% of EU GDP - the Commission will use a diversified funding strategy.

- loan to finance recovery;
- NextGenerationEU diversified financing strategy.

The European Commission is empowered by the EU Treaty to borrow from international capital markets on behalf of the European Union. It is a well-established name in the debt markets, with a solid track record of successful bond issues over the past 40 years. These bond transactions are denominated exclusively in euro.

Loan repayment

The repayment of the loan will start in 2028 and will take place over a long period of time - until 2058. The loans will be repaid by the borrowed Member States. Grants will be reimbursed from the EU budget.

To help repay the loan, the Commission will propose new EU own resources (or sources of revenue) in addition to existing ones. They could also be used for early repayment before 2028.

Correction mechanism

An overview of the budget correction mechanisms introduced over the years to compensate certain Member States for their financial contributions to the EU budget 2021-2027.

EU Member States' contributions to the EU budget are calculated on the basis of their relative economic power, as measured by their gross national income (GNI).

At the 1984 Fontainebleau European Council in France, it was decided by the then 10 Member States (Germany, Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom) to grant the United Kingdom a reduction to reduce its contribution to the EU budget. Since then, other Member States have considered that they also pay too much to the EU budget, even if it is based on objective economic criteria. Arrangements have been made for the correction (compensation) and financial contributions for Denmark, Germany, the Netherlands, Austria and Sweden. Similar corrections continue for these countries for the period 2021-2027.

In 2014, a High Level Group on Own Resources was set up to examine how the EU budget financing system could become fairer, simpler, more transparent and more democratically accountable. In line with the final report and the recommendations of the High Level Group on "Future EU Funding", the Commission has proposed phasing out all revenue corrections as part of a fair and balanced budget.

However, at the Special European Council in July 2020, Member States agreed to maintain these reductions. For the period 2021-2027, flat-rate corrections will reduce the annual GNI-based contribution of Denmark, the Netherlands, Austria, Sweden and Germany. Gross reductions will be financed by all other Member States, depending on their GNI, and correspond (in 2020 prices):

Table 7. Annual discounts for EU Member States

(million EUR)

No.crt.	Country	The value of the annual discounts
1	Denmark	377
2	Germany	3671
3	Netherland	1921
4	Austria	565
5	Sweden	1069

Source: own processing, European Commission, 2020

European Union loan guarantee

The EU will use the EU budget and its free space to support the loan, to maintain its high credit rating and to raise funds on favorable market terms. To ensure sufficient space, the EU increases its own resources ceiling of its budget by 0.6 percentage points of EU gross national income (GNI).

The own resources ceiling determines the maximum amount of own resources that the Commission can call on from the Member States in a given year to finance expenditure. This gives Member States certainty and predictability for their budgetary and financial planning. A sufficiently high ceiling allows the Union to cover all its financial obligations and contingent liabilities due in a given year.

The permanent ceiling of the budget's own resources is currently increased to 1.4% of the EU's gross national income. The additional 0.6 percentage point ceiling will come first. It will be limited in time until 2058, and will only be used in the context of the recovery from the coronavirus pandemic. This increase in the own resources ceiling will expire when all funds have been repaid and all obligations have ceased to exist.

The margin will serve as a guarantee that the EU will be able to make reimbursements under any circumstances. This will allow the EU to continue to benefit from its high credit rating and to lend funds on favorable market terms.

Table 8. Presentation of the syndication of bonds for the financing of NextGenerationEU

(million EUR)

EU000A3KSXE1	22-06-21	10 y	04-07-31	20 000	0.09%	0.00%	142 000
EU000A285VM2	06-07-21	30 y	06-07-51	6 000	0.73%	0.70%	83 000
EU000A3KTGV8	06-07-21	5 y	06-06-26	9 000	-0.34%	0.00%	88 000
EU000A283859	20-07-21	20 y	04-07-41	10 000	0.47%	0.45%	96 000
EU000A3KWCF4	21-09-21	7 y	04-10-28	9 000	-0.28%	0.00%	103 000
EU000A3K4C42	**19-10-21**	**15 y**	**04-02-37**	**12 000**	**0.45%**	**0.40%**	**135 000**

Source: own processing, European Commission, 2021

Table 9. Submission of bond auctions financing the NextGenerationEU

(million EUR)

ISIN	type	Settlement date		maturity	*	*	*			%		
EU000A3KTGV8	Tap	29-09-21	15 y	06-07-26	2 495	9 000	11 495	102.35	102.20	22.11%	-0.487%	2.33
EU000A3KWCF4	Tap	27-10-21	7 y	04-10-28	2 497	9 000	11 497	100.81	100.67	59.70%	-0.117%	1.58

Source: own processing, European Commission, 2021

Table 10. Submission of invoice tenders for the implementation of NextGenerationEU

(million EUR)

ISIN	type	Settlement date	tranche	maturity	Allocated volume *	Remaining old amount *	New amount outstanding *	Weighted average price	Lowest price accepted	% granted at the lowest accepted price	Weighted average yield
EU000A3K4C00	New	17-09-21	3 months	03-12-21	2 999	0	2 999	-0.726%	-0.700%	51.22%	3.39
EU000A3K4C18	New	17-09-21	6 months	04-03-22	1 997	0	1 997	-0.733%	-0.715%	76.30%	5.76
EU000A3K4C00	Tap	24-09-21	3 months	03-12-21	1 997	2 999	4 996	-0.736%	-0.710%	92.61%	2.62
EU000A3K4C18	Tap	24-09-21	6 months	04-03-22	1 996	1 997	3 993	-0.742%	-0.715%	43.63%	2.72
EU000A3K4C26	New	08-10-21	3 months	07-01-22	2 996	0	2 996	-0.794%	-0.745%	44.71%	1.66
EU000A3K4C34	New	08-10-21	6 months	08-04-22	1 996	0	1 996	-0.752%	-0.720%	82.44%	1.83
EU000A3K4C26	Tap	22-10-21	3 months	07-01-22	1 499	2 996	4 495	-0.782%	-0.750%	1.99%	2.13
EU000A3K4C34	Tap	22-10-21	6 months	08-04-22	1 499	1 996	3 495	-0.742%	-0.720%	61.88%	2.09
EU000A3K4C59	New	05-11-21	3 months	04-02-22	1 497	0	1 497	-0.771%	-0.745%	23.81%	2.17
EU000A3K4C67	New	05-11-21	6 months	06-05-22	1 496	0	1 496	-0.735%	-0.710%	40.56%	2.00
EU000A3K4C59	Tap	19-11-21	3 months	04-02-22	998	1 497	2 495	-0.902%	-0.875%	30.00%	3.04
EU000A3K4C67	Tap	19-11-21	6 months	06-05-22	994	1 496	2 490	-0.851%	-0.825%	55.00%	2.70

Source: own processing, European Commission, 2021

The SURE program is the EU's program to fund short-term employment schemes across the EU and keep people in jobs during the coronavirus pandemic. In order to finance SURE, the Commission issues social bonds of up to EUR 100 billion. This has made the Commission - on behalf of the EU - the largest issuer of social bonds in the world.

The funds raised are provided to EU Member States in the form of consecutive funding. EU countries have used the funds to fund various part-time work schemes and other similar measures to maintain employment and support incomes.

To finance the SURE program, the Commission started issuing social bonds in October 2020, following the adoption of an independently assessed social bonds framework. The framework is in line with the Principles of Social Obligations of the International Capital Market Association (ICMA). The first SURE transaction broke a record - attracting the largest order book for any transaction in the history of global bond markets, worth 233 billion euros. Between October 2020 and May 2021, the Commission issued a total of EUR 89.64 billion in social bonds in seven issues. SURE has thus become the largest social security scheme in the world. The Commission intends to issue a further EUR 4.6 billion in 2022 to meet the demands of up-to-date Member States. EU countries can continue to apply for financial support under SURE up to a total limit of EUR 100 billion. EU SURE payments to date, the European Commission has paid almost € 90 billion under SURE to all 19 EU Member States. A detailed presentation is available here:

Disbursements with various maturities of obligations (all numbers have been rounded to two decimal places). 19 EU Member States will receive a total of EUR 94.3 billion in financial support under SURE, following approval by the Council of the European Union on the basis of a Commission proposal. Countries can still apply for financial support under SURE, which has a total capacity of up to EUR 100 billion.

Table 11. Presentation of social bond issues under the EU-SURE Program for the period 2020-2021

(billions euro, current price)

EU Member State	The first bond issues EU SURE Issue: 20.10.2020 Payment: 27.10.2020			The II bond issues EU SURE issue: 10.11.2020 Payment: 17.11.2020			The III bond issues EU SURE issue: 24.11.2020 Payment: 01.12.2020		The IV bond issues EU SURE Issue: 26.01.2020 Payment: 02.02.2020			The V bond issues EU SURE Issue: 09.03.2020 Payment: 16.03.2020		The VI bond issues EU SURE Issue: 23.03.2020 Payment: 30.03.2020			The VII bond issues EU SURE Issue: 23.03.2020 Payment: 30.03.2020			Total
	10 y	20 y	Total	5 y	30 y	total	15 y	total	7 y	30	total	15 y	total	5 y	25 y	total	8 y	25 y	total	
Belgium	-	-	-	-	-	-	2,00	2,00	1,30	0,70	2,00	-	-	1,30	0,90	2,20	1,10	0,90	2,0	8,20
Bulgaria	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,31	0,20	0,51	0,51
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	1,00	1,00	1,00	-	1,00	-	-	-	2,0
Estonia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,14	0,09	0,23	0,23
Ireland	-	-	-	-	-	-	-	-	-	-	-	-	-	1,27	1,20	2,47	-	-	-	2,47
Greece	-	-	-	1,00	1,00	2,00	-	-	0,73	-	0,73	-	-	-	-	-	1,64	0,90	2,54	5,27
Spain	3,50	2,50	6,00	2,85	1,15	4,00	-	-	-	1,03	103	2,87	287	2,63	1,70	4,06	193	1,44	3,37	21,32
Croatia	-	-	-	0,34	0,17	0,51	-	-	-	-	-	0,51	0,51	-	-	-	-	0,75	0,75	1,02
Italy	5,50	4,50	10,00	3,10	3,40	6,50	-	-	4,45	-	4,45	3,87	3,87	0,67	1,20	1,87	0,08	0,05	0,12	27,44
Cyprus	-	-	-	0,15	0,10	0,25	-	-	0,16	0,07	0,23	-	-	-	-	-	0,07	0,04	0,11	0,60
Latvia	-	-	-	0,08	0,04	0,12	-	-	0,04	0,03	0,07	-	-	-	-	-	0,21	0,15	0,36	0,31
Lithuania	-	-	-	0,20	0,10	0,30	-	-	-	-	-	0,30	0,30	-	-	-	-	-	-	0,96
Hungary	-	-	-	-	-	-	0,20	0,20	0,20	0,10	0,30	-	-	-	-	-	0,11	0,07	0,18	0,50
Malta	-	-	-	0,08	0,04	0,12	-	-	-	-	-	0,12	0,12	-	-	-	1,06	0,50	1,56	0,42
Poland	1,00	-	1,00	-	-	-	-	-	2,60	1,68	4,28	-	-	1,40	-	1,40	1,50	0,91	2,41	8,24
Portugal	-	-	-	-	-	-	3,00	3,00	-	-	-	-	-	-	-	-	-	-	-	5,41
Romania	-	-	-	-	-	-	3,00	3,00	-	-	-	-	-	-	-	-	-	-	-	3,00
Slovenia	-	-	-	0,20	-	0,20	-	-	0,52	0,39	0,91	-	-	-	-	-	-	-	-	1,11
Slovakia	-	-	-	-	-	-	0,30	0,30	-	-	-	0,33	0,33	-	-	-	-	-	-	0,63
Total	10,00	7,00	17,00	8,00	6,00	14,00	8,50	8,50	10,0 0	4,00	14,00	9,00	9,00	8,00	5,00	13,0 0	8,14	6,00	14,14	89,64

Source: personal processing of European Commission, 2021

The results of the SURE program are reported by the European Commission twice a year. The first report was published on March 22, 2021. It confirmed that the instrument supported between 25 and 30 million people in 2020. SURE helped between 1.5 and 2.5 million companies affected by the COVID-19 pandemic. Thanks to SURE, Member States have saved around € 5.8 billion in interest payments.

EU SURE social security framework

The Commission began issuing social bonds in October 2020, following the adoption of an independently assessed social bonds framework. The framework is in line with the Principles of Social Obligations of the International Capital Market Association (ICMA). The first SURE transaction broke a record - attracting the largest order book for any transaction in the history of global bond markets, worth 233 billion euros. As mentioned above, EU member states can still apply for financial support under SURE up to a total limit of EUR 100 billion.

4. Conclusion

In conclusion, European funding is an opportunity for both Member States and institutions and SMEs to have a starting point and, implicitly, to grow. The major challenge for national and European authorities is to cope with the overlap of 2021-2023 funding packages with complementary funding areas, namely the 2021-2027 Multiannual Financial Framework, the 2021-2023 Resilience and Recovery Mechanism and the European Green Agreement. 2021-2050, packages that also overlap with the post-programming period 2014-2020.

European funding is managed according to strict rules, to ensure transparency, accountability and strict control over how funds are used, at any level, respectively through the regulations related to the European Union's funding programs in the process of relaunching. Post-Covid and their potential to strengthen the single market and Member States' economies.

Changing the register of findings, in the current European context caused by the pandemic, the idea is that in order to protect lives and livelihoods, to repair and maintain the single market, and to build a recovery, the European Commission must capitalize on the full potential of the European Union budget. In the medium and long term, a successful European recovery involves collective and decisive action.

Restoring trade flows and supply routes is paramount in this case. The European Union must also provide assistance and support to countries in need. Moreover, the Union must give its citizens a sense of confidence and stability. However, after all the negotiations of the states at European level, there is optimism and the desire to build a sustainable recovery of Europe.

With regard to the Green Pact, the European Union has proposed a strategy for generous packages in response to the crisis, and these funds provide a real opportunity to launch the Pact, as combating climate change and environmental conservation are high on the European agenda. Climate change poses an existential threat to the whole world, so it will not be surprising that the EU finds solutions and new opportunities in the current context. At the same time, the development of bond markets is not only an additional source of green financing for bank loans, but also provides an important signaling mechanism for companies and investors in an emerging capital market, such as ours. Green bonds use capital markets as a financial instrument to raise funds, especially for investment projects such as renewable energy, energy efficiency and clean water. In the literature we find the concept of "sustainable, social and green obligations" which are also important investment tools for achieving the goals of sustainable development.

Therefore, the importance of European programs and decisions in supporting the post-COVID business environment is one of the key priorities in the coming period, especially as new sustainable models for strengthening the business environment are developed through financial instruments and which models correspond to European priorities and global programs set out in the European Commission's Programs, the 2030 UN Agenda, the 2050 European Green Agreement and the 2050 Global Green Agreement.

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