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EU presents a revised approach to fiscal policy in response to the pandemic

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Recovery and Resilience Facility (RRF) will make Ã¢â??Â¬312.5 billion available in grants and up to Ã¢â??Â¬360 billion available in loans to Member States to support the implementation of reforms and investments



The European Commission has adopted a Communication providing the Member States with broad guidance on the conduct of fiscal policy in the period ahead. It provides guiding principles for the proper design and quality of fiscal measures. The Commission is committed to ensuring a coordinated and consistent policy response to the current crisis.

The Commission proposed the activation of the general escape clause in March 2020 as part of its strategy to respond quickly, forcefully and in a coordinated manner to the coronavirus pandemic. It allowed Member States to undertake measures to deal adequately with the crisis, while departing from the budgetary requirements that would normally apply under the European fiscal framework.

The Recovery and Resilience Facility (RRF) funds will play a crucial role in helping Europe recover from the economic and social impact of the pandemic and will help to make the EU's economies and societies more resilient and secure the green and digital transitions.

The RRF will make €312.5 billion available in grants and up to €360 billion available in loans to Member States to support the implementation of reforms and investments. This will provide a sizeable fiscal impulse and help mitigate the risk of divergences in the euro area and the EU.

Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People said: “There is hope on the horizon for the EU economy, but for now the pandemic continues to hurt people's livelihoods and the wider economy. To cushion this impact and to promote a resilient and sustainable recovery, our clear message is that fiscal support should continue as long as needed. Based on current indications, the general escape clause would remain active in 2022 and be deactivated in 2023.”