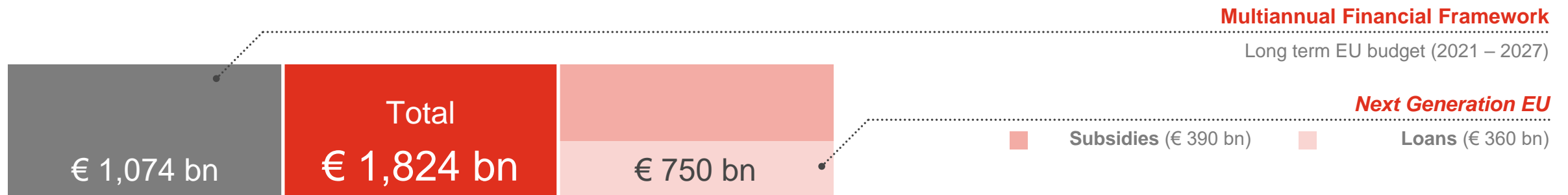




Recovery and Resilience Plan Portugal 2021-2023

Global budget 2021 - 2027

The combination of the next **Multiannual Financial Framework (MFF)** for the 2021-2027 period and the one-off recovery program **Next Generation EU**, in force between 2021 and 2023, will create unprecedented financial capacity at a European level, allowing Portugal to benefit from a significant amount of funding that will be applied to the recovery and expansion of the domestic economy.



The Recovery and Resilience Facility includes a total of €14 bn in subsidies to Portugal

€750 bn

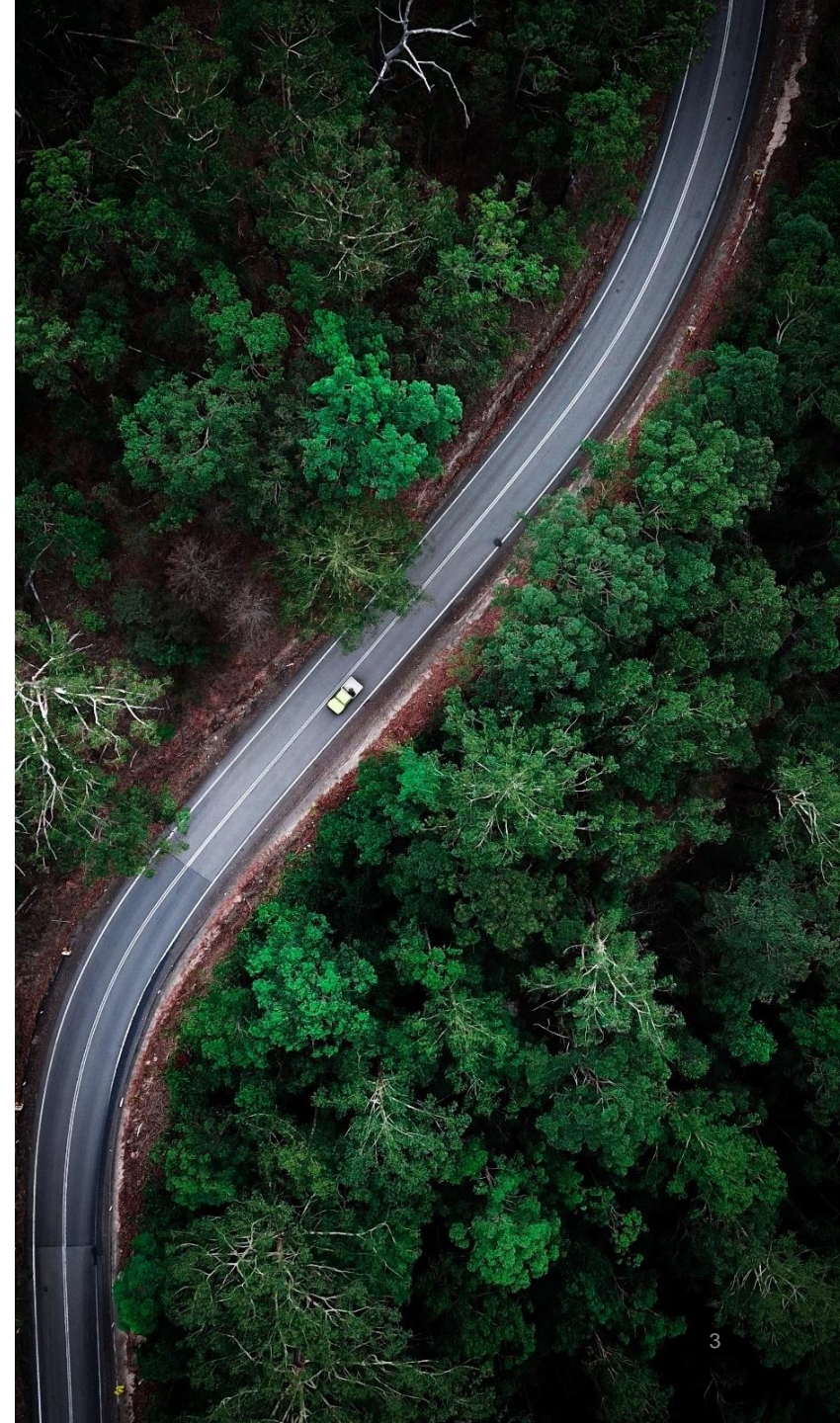
€672.5 bn

subsidies €14 bn

loans €15.7 bn

- *Next Generation EU*, a temporary and exceptional initiative, was created to respond to the COVID-19 pandemic, to accelerate the EU's sustainable recovery, to mitigate immediate social and economic damage, and to preserve and create jobs
- One of Next Generation EU's programs is the Recovery and Resilience Facility (RRF), which will distribute a total of €672.5 bn to the member-states, in the form of loans (€360 bn) and subsidies* (€312.5 bn)
- The Recovery and Resilience Plan (RRP) will be financed by the RRF and will give Portugal access to an **amount of up to ~€14 bn in subsidies** (current prices), during the 2021 to 2026 timeframe. A further €15.7 bn will be available under the form of loans, of which Portugal estimates ~€2,7 bn will be used

*70% of the subsidies will be available in 2021 and 2022, and the remaining 30% in 2023, depending on the evolution of the GDP in 2021 and 2022
Source: European Commission; RRP



Recovery and Resilience Plan

Resilience

€8.5 billion

- National Health Service - € 1,383 M
- Housing - € 1,633 M
- Social response - € 583 M
- Eliminating pockets of poverty in metropolitan areas - € 250 M
- Investment and innovation - € 1,396 M
- Qualifications and competences - € 1,359 M
- Infrastructure - € 833 M
- Forest - € 655 M
- Water management - € 441 M

Climate transition

€ 2.9 billion

- Sustainable mobility - € 1,032 M
- Industry decarbonization - € 715 M
- Bioeconomy - € 150 M
- Energy efficiency in buildings - € 620 M
- Hydrogen and renewable energy - € 371 M

Digital transition

€ 2.5 billion

- Digital school - € 559 M
- Enterprise 4.0 - € 650 M
- Quality and sustainability of public finances - € 406 M
- Economic justice and business environment - € 267 M
- Public administration – capacity building, digitalization and interoperability - € 631 M

The Recovery and Resilience Plan defines the country's investment priorities for economic recovery.

The Plan is structured around 3 pillars, comprising 19 components which, in turn, include a total of 77 investments to be financed by the RRF.

A few thoughts about what we can expect:

- Higher funding rates (up to 100%)
- Possibility to support projects in non-convergence regions (Lisbon and Algarve)
- Focus on climate transition and digital transition
- Mainly geared towards Public Administration
- Roll-out in the 2nd quarter of 2021

C5. Investment and Innovation

Mobilizing Agendas for Reindustrialization / Green Agendas for Reindustrialization

The goal is for AMIs to focus on strategic areas for the country to accelerate the structural transformation of the Portuguese economy

What will AMIs be?

They will be alliances for industrial and technological development, of relevant size, composed of consortia comprising:



Businesses



Public Research Organizations (PROs)



Higher Education Institutions



Others (business associations, municipal entities, etc.)

Main objective

- Promote the **evolution of a productive fabric diversified towards (more) complex products**, including in domains relevant to the green transition, through new combinations of capabilities and skills fostering **innovative ecosystems** supported in **industrial and technological development** alliances

Other objectives

- Promote **sectoral value chains** in view of **stimulating the competitiveness, innovation and internationalization of the economy and generating spill overs** and public goods with sectoral and/or territorial impact, through cooperation and networking
- Explore the potential for **highly skilled job creation** in more dynamic activity sectors, contributing to the transformation of the productive profile of the Portuguese economy
- Attract **foreign direct investment** capable of strengthening the technological component of Portuguese value chains, as well as of supporting their integration in international value chains
- Ensure **coherence** with other policy instruments and articulation with other existing or future financing programs

C11. Industry Decarbonization

This component aims at decarbonizing the industrial sector and promoting a paradigm change in the use of resources, contributing to accelerate the transition to a carbon neutral economy. Four particularly important investment areas:



Low carbon processes and technologies

New or improved processes, products and business models in view of decarbonization; incorporating new raw materials and fuels derived from residues and biomass; fostering industrial synergies and the circular economy; replacing equipment and processes for new technologies; increase the electrification of industrial energy consumption by improving service quality and access.



Energy efficiency measures in industry

Decreasing energy consumption and greenhouse gas emissions, while simultaneously adopting systems for managing and optimizing consumption, taking advantage of digitalization and automation.



Integration of renewable energy sources and energy storage

Also, fostering the incorporation of hydrogen and renewable gases in industry, namely in sectors with limited options for electrification.



Capacity building and development of information tools

Sector roadmaps for carbon neutrality in industry, allowing for the identification of capable technological solutions, cost-efficient and suited to the domestic industry, incorporating greater innovation and facilitating widespread dissemination.

C16. Enterprise 4.0

This component seeks to support digital transition in businesses, through reinforcing the workforce's digital capabilities, transforming business models, and incorporating new technology in companies. Three particularly important investment areas:



Digital capacity-building in businesses

Creating training programs to address the lack of digital skills among the workforce.



Digital transition in businesses (SME)

Supporting Small and Medium-sized Enterprises in the digitalization process, by promoting the use of technologies such as artificial intelligence, analytics and cloud computing (process automation, value-chain design and management, e-commerce, etc.)



Fostering digital transition in businesses

Supporting investments that enable the implementation of the area above (certifications, cybersecurity, etc.)

Next Multiannual Financial Framework

1. Single Market, Research and Digitalization

- Research & Innovation: Horizon Europe
- European Strategic Investment: InvestEU
- Single Market
- Space Program

2. Cohesion, Resilience and Values

- **React-EU**
- Regional Development and Cohesion
- Economic and Monetary Union
- Investing in people, social cohesion and values

3. Natural Resources and Environment

- **Common Agricultural Policy (Pillars 1 and 2)**
- Maritime and agricultural policies
- Environment and Climate Action: **Just Transition Fund**

4. Migration and Border Management

- Migration
- Border Management

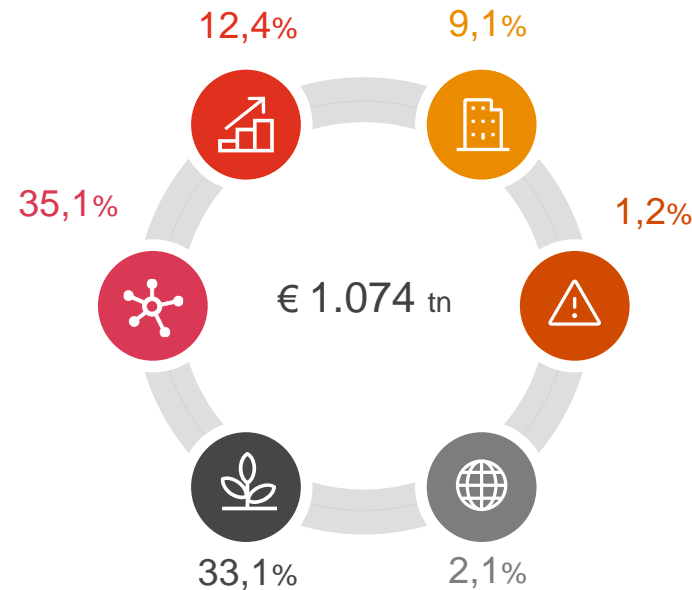
5. Security and Defense

- Security
- Defense
- Tackling the crisis: **RescEU**

6. Neighborhood and World

- External Action
- Pre-membership assistance

The remaining 7% of the budget is allocated to European public administration



What we can expect

- 3 Thematic Operational Programs in mainland Portugal, 5 Regional Operational Programs in mainland Portugal, and 2 Regional Operational Programs in the Autonomous Regions (Azores and Madeira)
- Portugal will receive about €33,6 billion
- Restrictions imposed on Large Enterprises, particularly in accessing financing for productive investment projects
- Redefinition of the SME concept and/or eligibility of small and mid-cap companies*
- Changes to the NUT II and III regions, with a positive discrimination of inland and low population density regions
- Delays in the rolling out the Community Support Framework and launching the initial batch of Calls for Applications (expected in Q4 2021)
- Specific Calls for Applications for sectors affected by market failures (e.g. in inland regions) or strongly affected by the economic crisis
- Possibility to pre-submit applications in the transition phase

* **small mid-cap companies:** non-SMEs with up to 499 employees; mid-cap companies: non-SMEs and non-Small Mid-caps with up to 3000 employees

Thank you

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