

## **V4 common lines regarding the Multiannual Financial Framework/Next Generation EU**

The V4 countries support the creation of extraordinary instruments and measures in line with the needs of the European economy in order to address the adverse economic consequences of the crisis caused by COVID-19. Nevertheless, we believe that these measures should be strictly of temporary nature. The basis should remain the reinforcement of Treaty-based policies both in the MFF and in the Next Generation EU as they offer proven and ready-to-use delivery mechanisms.

The economic crisis caused by COVID-19 is symmetric and affects all Member States, but it is asymmetric when it comes to their individual circumstances and capacity to react.

The recovery should be based on growth-enhancing reforms and investments. In order to fully utilize the momentum already in 2021, the scope of measures to create the conditions for sustainable growth should be broad enough and the process should be simple.

The distribution of funds should not disadvantage countries that have managed the pandemic relatively successfully. The allocation criteria both for the MFF and the Next Generation EU should be fair to lower income countries, as the level of prosperity reflects the capacity of Member States to finance the recovery.

The Recovery and Resilience Facility should be more flexible and tailor-made to country specific needs. The impact of investment and structural reforms under the Facility should be thoroughly prepared; therefore longer non-competitive periods, i.e. with guaranteed national envelopes, are needed.

Concerning the allocation criteria in the Recovery and Resilience Facility, unemployment rates in years preceding 2020 should not be the only key indicator. Indicators reflecting the impact of the lock-down on economies might be considered.

The allocation criteria in the REACT-EU should primarily reflect the relative prosperity of Member States expressed in GNI/per capita and also the economic impact of the crisis on the Member States.

Flexibilities in implementation conditions in the Cohesion Policy introduced in the packages this spring during the crisis (CRII/CRII+) should be maintained not only for the REACT-EU implementation but also for the regular Cohesion Policy allocation for 2021-2027 period.

Regarding the scope of the Next Generation EU funds, beyond the Green Deal and digitalization, the development of key missing transport and energy infrastructure, and industry should also be taken as a priority. This would be fully consistent with the objective of further strengthening the Single Market and improving competitiveness while enhancing the Green and Digital economy transformation.

The next MFF should be based on a fair system of own resources. Introducing any new own resource that puts additional burden on the less developed Member States should be avoided.

Furthermore, all rebates should be abolished from the beginning of the next MFF as they are no longer justified after Brexit. Should the abolition of all rebates not be possible right from the start of the MFF, they should be phased out gradually.