



GOVERNEMENT

*Liberté
Égalité
Fraternité*



NATIONAL RECOVERY AND RESILIENCE PLAN



2021

National Recovery and Resilience Plan of France

Summary

Summary

Due to the impetus given by the Franco-German initiative for European recovery in May 2020, the 27 Member States agreed, at the July 2020 European Council, on the landmark €750bn NextGenerationEU recovery plan, which will be financed by a common debt. It includes the Recovery and Resilience Facility, which will support Member States' recovery efforts, targeting in particular those hardest hit by the crisis, and will enable massive investment in the green and digital transitions. The Recovery and Resilience Facility is a historic step towards greater solidarity and economic integration within the European Union.

France's national recovery and resilience plan (NRRP) outlines investments for which we are seeking funding of about €40bn from the Recovery and Resilience Facility, and presents the reform strategy that will boost the effectiveness of these investments and the growth potential of the French economy.

All the investments presented in this plan are part of the national *France Relance* plan as presented by the Prime Minister on 3 September 2020, adopted by Parliament under the 2021 Budget bill, and currently being deployed in France. The European recovery plan will thus provide 40% of the funding for the French recovery plan. This is a strong, tangible indication of the added value of the European Union, which also demonstrates the consistency between the economic policy priorities of France and the European Union.

Like the *France Relance* plan, the national recovery and resilience plan focuses on three key priorities, which are also pillars of the Recovery and Resilience Facility: the environment, competitiveness, and social and territorial cohesion. Our plan includes large-scale investments in more environment-friendly production and consumption, such as the retrofitting of buildings and the development of green mobility and technology, as well as support for innovation in strategic sectors such as health and digital technology, including artificial intelligence. We are also prioritising investment in young people, who have been particularly hard-hit by the crisis, with a view to strengthening their skills in strategic areas and facilitating their integration into the labour market.

The nine components of the national recovery and resilience plan What is at stake is tackling the structural challenges facing the French economy, which have been exacerbated by the current crisis and which require recovery measures and bold policy choices. This means decisively committing to the ecological transition, continuing efforts to bring businesses and public services into the digital age, ensuring that workers' skills are in line with business needs, promoting innovation to boost our economy's medium-term competitiveness and resilience, continuing to reduce unemployment structurally and improving the efficiency of public spending. The crisis has also highlighted the need to strengthen France's independence, to ensure the robustness of our healthcare system and increased the need to support economic growth to ensure the sustainability of public finances.

Environment			Competitiveness		Cohesion			
1	Energy retrofitting	€5.8 bn	5	Financing for companies	€0.3 bn	8	Job preservation, young people, persons with disabilities, vocational training	€7.5 bn
2	Environment and biodiversity	€2.1 bn	6	Technological sovereignty and resilience	€3.2 bn	9	Research, <i>Ségur de la santé</i> / dependency, territorial cohesion	€7.7 bn
3	Green infrastructure and mobility	€7.0 bn	7	Digital upgrading for the central government, the regions and companies; culture	€2.1 bn			
4	Green energy and technologies	€5.3 bn						

The *France Relance* investments chosen as part of the national recovery and resilience plan, and for which we are requesting funding, meet the eligibility criteria of the EU's recovery plan adopted by the Member States and the European Parliament. Our plan includes 50% of investments for the climate transition and 25% of investments in favour of the digital transition. We are therefore well within the targets set by European legislation (37% and 20% respectively), which are a central element of the historic agreement between the 27 Member States. Moreover, none of the plan's measures will do significant harm to the environment.

Our national recovery and resilience plan also addresses the social goals of the European recovery plan by taking decisive measures to improve vocational training, to modernise the country's healthcare system and to combat the digital divide throughout France.

To make these investments more effective, the national recovery and resilience plan includes reforms that will strengthen our economy's growth potential and enable us to bounce back from the health and economic crisis. Just as the *France Relance* strategy aims to prepare France for 2030, the European recovery plan seeks to strengthen the resilience of our economy in the long term. It therefore follows on from the reform strategy launched in 2017 by President Macron to enable as many people as possible to find jobs that are fairly paid, to fight against inequalities of fate and to strengthen companies' competitiveness.

Our plan is structured around nine coherent mutually-reinforcing reform and investment components that share common objectives, which will contribute to strengthening coordination between Member States' economic policies and ensuring convergence in the European Union.

The national recovery and resilience plan will now be formally assessed by the European Commission and then adopted by the EU Finance Ministers in the ECOFIN Council. Then, France will receive within two months a pre-financing of 13% of the plan, which represents an envelope of €5.1bn. A first disbursement request will then be submitted by France by the end of 2021. These first disbursements will contribute to the financing of measures dedicated to the recovery, the French recovery plan having already committed €30bn to support business investments and households and to accelerate the recovery once the health situation has been restored.

In the longer term, and until 2026, the funds of the European recovery plan will be disbursed according to the implementation of the measures included in the plan, in order to strengthen the country's economic fabric over time and thus build the France of 2030. Each year, we will implement the investments and reforms jointly, according to the implementation schedule set out in this document.

France is firmly committed to getting its economy back on track and to continuing to implement a bold reform agenda. The implementation of the plan will actively contribute to the vitality of both France and the European Union.

Content of the national recovery and resilience plan

Public policy	Component	Amount requested under the NRRP	Of which climate	Of which digital
Environment	Energy retrofiting	€5.8bn	€5.8bn	-
	Environment and biodiversity	€2.1bn	€0.9bn	-
	Green infrastructure and mobility	€7.0bn	€6.5bn	-
	Green energy and technologies	€5.3bn	€5.1bn	€0.7bn
Competitiveness	Financing for companies	€0.3bn	-	-
	Technological sovereignty and resilience	€3.2bn	€0.2bn	€2.4bn
	Digital upgrading for central government, regions and companies; culture	€2.1bn	-	€1.4bn
Cohesion	Job preservation, young people, persons with disabilities, vocational training	€7.5bn	€0.3bn	€2.9bn
	Research, <i>Ségur de la santé</i> /dependency, territorial cohesion	€7.7bn	€2.0bn	€2.9bn
TOTAL		€41.0bn	50.6%	25.1%

Summary of investments and reforms included in the Plan

Pillars	Investments	Reforms
Green transition	<ul style="list-style-type: none"> - Energy retrofiting (public buildings, social housing, small businesses and private homes); - Biodiversity and fighting land take (urban densification and renewal, biodiversity at the local level, water supply and modernisation of sewage treatment plants); - Decarbonisation of industry; - Circular economy and short food supply chains (recycling and reusing, modernisation of waste sorting/recycling and reclaiming centres); - Transition of agriculture (plan for protein independence, forestry) and shipping (greening ports); - Green infrastructure and mobility (rail, accelerated work on transport infrastructure, 	<ul style="list-style-type: none"> - Housing policy reform - Building insulation regulation reform - Climate and Resilience Bill - Circular economy roadmap and Act 2020-105 of 10 February 2020 on Fighting Waste and the Circular Economy - Implementation of the Mobility Reform Act - Green Budget

	<p>support for clean vehicle demand, greening the government's automobile fleet);</p> <ul style="list-style-type: none"> - Green energy and technology (decarbonised hydrogen, aeronautics support plans, support for the development of key markets for green technology) 	
Digital Transformation	<ul style="list-style-type: none"> - Technological sovereignty (support for the development of key digital markets); - Digital upgrading of businesses (VSE/SME/ETIs), central and local government (digital identification, digital public services – education, justice, culture); - Digitalisation of training and investment in digital skills; - Digital development throughout the country (high-speed broadband, digital inclusion) 	<ul style="list-style-type: none"> - Governance of the Fourth Invest for the Future Programme (PIA4)
Smart, sustainable and inclusive growth	<ul style="list-style-type: none"> - Business financing (building equity in VSE/SME/ETIs); - Support for the development of key digital markets (see above) under the Fourth Invest for the Future Programme (PIA4); - Innovation grants, innovation projects in strategic industries under the Fourth Invest for the Future Programme; - Support for the space industry; - Preservation of research and development jobs; - More resources for the National Research Agency (ANR); - Funding for the higher education, research and innovation, and technology transfer ecosystem under the Fourth Invest for the Future Programme 	<ul style="list-style-type: none"> - 2021-2030 Research Planning Act of 20 November 2020 - Government Action Acceleration and Streamlining Act of 7 December 2020 (ASAP)
Social and Territorial Cohesion	<ul style="list-style-type: none"> - Job preservation; FNE-Formation – work-linked training and promotion (ProA) – Handicap (grant for hiring workers with disabilities); - Vocational training (skills investment plan, digitalisation of training, more resources for France Compétences and the national employment agency); - Digital development throughout the country: High-speed broadband, digital inclusion 	<ul style="list-style-type: none"> - Unemployment insurance reform; - Short-time working reform; - Occupational health and safety reform
Health and economic, social and institutional resilience	<ul style="list-style-type: none"> - Massive government investment in the public healthcare system – <i>Ségur de la Santé</i> 	<ul style="list-style-type: none"> - Contribution of businesses to economic, social and environmental transformation as part of the recovery

		<ul style="list-style-type: none"> - 4D Bill – deconcentration, decentralisation, differentiation and decomplexification - Constitutional Bylaw on facilitating experimentation in government under the terms of Article 72 (4) of the Constitution - Civil service transformation - National strategy for reform of the healthcare system - 5th branch of Social Security and long-term care and independent living reform - Improved public finance governance and efficiency of public expenditure
<p>Policies for the next generation, children and young people, (including education and skills)</p>	<ul style="list-style-type: none"> - Apprenticeship and vocational training contract grants - Bonus for hiring employees under the age of 26; - Boarding schools of excellence; - Training for careers of the future; - Enhanced and customised support for young jobseekers (employment and skills programme, employment initiative contracts, local institutions supporting young job seekers (employment and independent living support programme, Youth Guarantee)) 	<ul style="list-style-type: none"> - Restructuring of national employment agency services

European projects under France's NRRP

France's national recovery and resilience plan includes transnational projects with our European neighbours, in particular Germany, Spain and Italy, as we firmly believe that the best way to secure competitiveness in some key industries and technologies is on a European scale.

On 20 August 2020, the French president and German chancellor affirmed their commitment to ensure that, in addition to providing substantial funding for Member States' recovery plans, the European recovery facility will also help finance "many joint initiatives that we are interested in developing", with the aim of "having major French-German projects in leading technology sectors and strategic industrial sectors, and of preparing, in the coming weeks, French-German initiatives that will allow us to use this funding and these investments more effectively, on a joint basis and also by opening the door to all our European partners". This ambition is fully in keeping with the spirit of the Aachen Treaty, under which France and Germany have committed to boosting cooperation between the two countries in the area of research, innovation and digital transformation, and to building a competitive EU supported by a strong industrial base.

In ensuing discussions, three initial sectors were chosen as areas where the European contribution to France and Germany's national recovery plans could give rise to European and Franco-German projects: hydrogen, cloud computing and electronics.

These projects will be open to all EU Member States interested in participating and putting forward initiatives, and to a wide range of stakeholders (major groups, SMEs, mid-tier firms, research centres). At a bilateral summit in Montauban on 15 March 2021, France and Spain reaffirmed their commitment to work together on several bilateral initiatives. Thanks to a strong trade and economic relationship, there are numerous high-potential areas for cooperation between the two countries.

1. Hydrogen

France and Germany have agreed to collaborate on hydrogen energy under an Important Project of Common European Interest (IPCEI). Modelled as an "Airbus-style consortium for batteries", all interested Member States are invited to join the initiative to build a carbon-neutral, sovereign and resilient European value chain. The IPCEI will promote a wide range of hydrogen-based technologies and uses and will help strengthen European industrial know-how and cut EU greenhouse gas emissions. As part of this project and in line with its strategy, France's goal is to support the industrial production of electrolyzers and transport infrastructure and to conduct pilot projects for industrial decarbonisation.

Under the tentative timeline for this IPCEI, notification is to be made to the Commission services by the end of 2021. In terms of financing, the forecasted budget stands at €1.575bn in the *France Relance* recovery plan, to be funded by the Recovery and Resilience Facility.

2. Cloud computing

France has joined up with Germany to launch an IPCEI on cloud computing. The aim of the project is to find solutions for the issues of: (i) Europe's digital sovereignty, which entails compliance with European rules and values; and (ii) the lack of a European cloud infrastructure and offering allowing data to be processed in a secure environment, shielded from non-EU regulations. It is designed to complement European initiatives such as GAIA-X and is fully in line with the European Data Strategy of February 2020. It will also allow for country-specific initiatives to be part of a consistent, Europe-wide solution. Spain has also committed to contributing to this IPCEI for new cloud services and infrastructure.

Two workshops with Member States were held on 21 January and 3 March 2021. Each Member State interested in participating in the IPCEI has since launched a preparatory phase of calls for expressions of interest to establish a pool of industry stakeholders willing to work together toward a coordinated response to the above issues. France's call for expressions of interest was opened on 16 February and will close on 17 May (France is ahead of schedule in this regard). An initial budget estimate will be put together after the call for expressions of interest is wrapped up, since financing amounts will depend on the proposals

submitted by the industry stakeholders. The IPCEI is scheduled to be notified to the European Commission in December 2021 and approved in the first half of 2022.

France's contribution to this project is expected to be integrated with measures to support growth in key digital markets as part of the fourth Invest for the Future Programme (PIA4).

3. Electronics and telecommunications

On 13 October 2020, as part of a French-German dialogue on technology, Emmanuel Macron and Angela Merkel announced, in the presence of Ursula von der Leyen, their intention to play a leading role in strengthening Europe's industrial base in the area of digital technology, which includes launching an IPCEI on electronics. This initiative was later extended to other EU Member States, with 18 countries signing a declaration of intent published at the outcome of the informal conference of telecommunications ministers on 7 December 2020. At the initiative of Germany and the European Commission, it was also decided to extend the scope of the IPCEI to 5G/6G connectivity, in order to bolster European industry along the entire supply chain, from design through to first industrial deployment of advanced electronics technology and 5G/6G telecommunications infrastructure. This project will give Europe the means to develop strong electronics and telecommunications industries, in order to support innovation and competition throughout all European industries, whose value-added is inextricably bound up with electronics innovations, whether in the automotive sector, aerospace or, increasingly, health and medicine.

Spain and Italy will also be involved in the execution of this IPCEI on electronics and connectivity to support European industry along the entire supply chain, from design through to first industrial deployment of advanced electronics technology.

This new electronics and connectivity IPCEI will build on the momentum created by the first IPCEI on microelectronics launched by Germany and France. Approved in 2018, it was the first IPCEI in the area of European industrial policy, opening the door for other projects and proving the effectiveness of the instrument. France and Germany will work to develop shared industry solutions based on lessons learned from this first project, to benefit the full range of key technologies for Europe.

France's contribution to this project is expected to be integrated with measures to support the development of digital fast-track strategies as part of the PIA4, including fast-track strategies for electronics and 5G.

4. The extension of existing joint French-German initiatives in the areas of artificial intelligence and the battery sector is currently under review. Fast-track strategies are being developed; future projects may be partly funded by the PIA4 as part of measures to support growth in key digital markets.