



THE BAZOOKA IS CLOSER TO PORTUGAL, BUT WHAT OPPORTUNITIES ARE THERE FOR COMPANIES?

On 22 April, the Portuguese Government presented the final version of the Recovery and Resilience Plan (“RRP”) to the European Commission, which reflects the interactions with the Commission in recent months and the contributions resulting from the public consultation that was launched on 15 February.

Portugal thus became the first EU Member State to submit the final version of the RRP to the Commission, which will now have a period of up to 2 months to carry out its analysis, followed by a period of up to 4 weeks for approval by the Council.

Only when these steps are completed will Portugal be able to receive the first “cheque” from the so-called “bazooka”. The Government has conveyed the expectation that this will be possible by the end of the first half of 2021.

The RRP introduces some novelties to the previous version, submitted for public consultation, both with regard to investments directed towards the public sector (e.g. providing for new components dedicated to the sea or cultural activities), as well as with regard to the total amount directly allocated to companies, which underwent a significant increase albeit mostly resulting from a strengthening of the loans component, with a view to injecting capital into national businesses.

Overall, the RRP promises to inject €16,644 M into the national economy, through a structure based on three dimensions: Resilience (€11,125 M), Climate Transition (€3,059 M) and Digital Transition (€2,460 M).

In total, these 3 areas are made up of 20 Components, which, in turn, unfold into several investment programs (77) and reforms (36) in different sectors.

With regard to the opportunities concretely foreseen for the private sector, the following items should be highlighted:

Dimension	Component	Main investments
RESILIENCE	C5 – Capital investment and business innovation (€2,914 M)	<p>In order to increase the competitiveness and resilience of the economy and to inject capital into economically viable companies, the following main investments are foreseen:</p> <ul style="list-style-type: none"> • Capitalization of companies and financial resilience / Banco Português de Fomento (€1,550 M - loans) • Mobilizing Agendas / Alliances for business innovation (€558 M) • Green Agendas / Alliances for business innovation (€372 M)
CLIMATE TRANSITION	C11 - Industry Decarbonization (€715 M)	<p>This component aims at the decarbonization of the industrial and business sectors and promoting a paradigm shift in the use of resources, through investments in:</p> <ul style="list-style-type: none"> • Low carbon processes and technologies in industry • Adoption of energy efficiency measures in industry • Incorporation of renewable energy and energy storage • Support for the training of companies and development of information tools
CLIMATE TRANSITION	C12 - Sustainable Bioeconomy (€145 M)	<p>Aimed at accelerating the production of high value-added products from biological resources, through the incorporation of bio-based materials (as an alternative to fossil-based materials) in three sectors of the national economic activity: textiles and clothing, footwear and natural resin.</p>
DIGITAL TRANSITION	C16 - Companies 4.0 (€650 M)	<p>In order to catch up with the digital transition process, the following investments are envisaged:</p> <ul style="list-style-type: none"> • Digital Training of Companies (€100 M) • Digital Transition of Companies (€450 M) • Catalyzing the Digital Transition of Companies (€100 M)

It must be stressed that the implementation of each of these investment and reform programs will also require the approval of specific regulations by the Government, which is expected to take place in the upcoming months.

In addition to the support specifically aimed at the private sector, it should also be noted that the execution of various investments planned for the public sector will require the use of public procurement procedures, which, indirectly, will ultimately have a positive impact on many companies.

Finally, it should also be noted that the RRP is far from exhausting the universe of European funds that will arrive in Portugal in the coming years, and that could benefit the private sector. This will be the case for the Multiannual Financial Framework for 2021-2027, as well as Portugal 2020, from which funds are still available. According to the information contained in the RRP, the following amounts and timetable are foreseen for the various instruments:

2021	2022	2023	2024	2025	2026	2027	2028	2029
PT 2020								
€11,2 B (€3,7 B / year)								
NEXT GENERATION EU								
REACT EU								
€2 B (€700 M / year)								
Recovery and Resilience Plan								
€13,9 B grants + €2,7 B loans (€2,3 B / year + €450 M / year)								
Rural development + fair transition fund								
€0.5 B (€83 M / year)								
TOTAL								
€16,4 B grants + €2,7 B loans (€ 2,7 B / year + € 450 M / year)								
MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027								
€33,6 B (€3,7 B / year)								
PT 2020 + NEXT GENERATION EU + MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027								
€61,2 B in grants (€6,8 B / year)								
STATE BUDGETS								
National Funds								

Source: RRP, page 3.

We can therefore conclude that, over the next decade, not only the public sector but also companies will be able to benefit from several financing instruments, which, hopefully, will help the modernization and digital and ecological transition of the economy and the country. However, much remains to be achieved in the coming months in terms of the types of projects to be supported and the specific beneficiaries.

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