#BetterBelgium

Plan de relance et d’investissements

February 8th 2021 - Intervention by Thomas Dermine, Secrétaire d’Etat
Agenda

1. The need for public investments

2. A Recovery Plan for Belgium

3. What we are actually aiming for – link with SDGs
The COVID19 sanitary crisis, created an unprecedented economic choc in the Belgian economy

- Contraction of GDP by 11,8% in Q2 2020
- Massive and longstanding use of temporary unemployment: 37% of private employment in April 2020, and still 11% in November 2020.
- A loss of revenues for households: -10% in 2020 for 1 out of 5 households
- A second wave which is still not entirely behind us, while we endeavour to avoid a possible third wave.
Hence, we have developed voluntaristic measures of support, while prepare the recovery once the crisis is behind us.

- The current evolution of the sanitary crisis (threat of a third wave) requires a **prolongation of the support measures** (temporary unemployment, ‘droit passerelle’, sector specific aid, delay of payment, debt guarantees, etc.)

- In parallel, an **ambitious recovery plan** for the economy is being prepared to follow-up once the sanitary situation is stable.
Contrary to an ‘austerity’ approach in the recent past, we will now invest our way out of the crisis.

- Public investment has a **positive effect on the entire economy** (consumption, investment, GDP).
- A structural increase of public investment by 0.5%, leads to a **recurring GDP increase** of 2.77% after 20 years.

Source: Biatour, B., C. Kegels., J. van der Linden & D. Verwerft (2017), « Public Investment in Belgium », current state and Economic Impact, FPB, January
Éspecially in Belgium, where public investments are lagging compared to EU average

- Le taux d'investissements publics en Belgique est **structurellement inférieur** à celui de la moyenne européenne

- Sur les 2 dernières décennies seulement, la Belgique a accumulé un **déficit d’investissement public de près de 70 milliards d’euros** par rapport à la moyenne européenne

Source : Eurostat, BNB, calculs propres.

1 Écart cumulé entre (i) investissements publics de BE si elle avait suivi la moyenne UE et (ii) investissements publics effectifs, à prix courant, en EUR de 2015.
We should seize this crisis as an opportunity to address other structural challenges.

- Environmental challenge
- Digital challenge
- Productivity challenge
- Mobility challenge
- Solidarity challenge
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### Working calendar to prepare the Belgian Recovery Plan

<table>
<thead>
<tr>
<th>November - December</th>
<th>January</th>
<th>February</th>
<th>March - April</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Call for projects</strong> and reforms inside the 5 challenges</td>
<td><strong>Selection of key investments</strong></td>
<td><strong>Start of technical work groups</strong> with the European Commission</td>
<td><strong>Final selection</strong> of projects and reforms</td>
</tr>
<tr>
<td><strong>Centralisation and discussion</strong> in thematic work groups</td>
<td><strong>Selection of key reforms</strong> to underpin the investments and address country specific challenges</td>
<td><strong>More detailed project planning:</strong> milestones and timings</td>
<td><strong>Preparation of project monitoring and reporting</strong></td>
</tr>
<tr>
<td><strong>Identification of the strategic orientations</strong></td>
<td></td>
<td><strong>Impact assessment</strong> of plan (economic, social, environmental and gender)</td>
<td><strong>Maximum leverage of private capital</strong></td>
</tr>
<tr>
<td><strong>Drafting of a first high-level plan</strong></td>
<td></td>
<td>(Integration of) feedback from stakeholders</td>
<td><strong>Publication</strong> of the plan</td>
</tr>
</tbody>
</table>
A fast-track process to achieve maximal impact

>> focused investments, that make a difference

>> strengthening public capital for general interest

>> mature projects that can kick in soon

>> complemented with an ambitious reform agenda

>> targeting infra, research and human capital

>> a coordinated plan, across all governments
Current focus: an investment plan based on Recovery and Resilience Facility

7,8 Bn €
In current draft plan

# 89
Investment projects

19
Strategic components

87M€
Average project investment

Corresponding to 130% of available EU funding
# The Federal Government program at a glance (1,630 m€)

<table>
<thead>
<tr>
<th>Axis</th>
<th>Project examples</th>
</tr>
</thead>
</table>
| **Sustainable** | • A transport backbone for hydrogen and CO2  
|             | • An innovative energy hub for offshore wind development  
|             | • Maximal energy renovations of public buildings                                  |
| **Digital** | • Digitalisation of public services, with focus on justice and social security  
|             | • ‘Next level’ cyber security, protecting governments, companies and citizens      |
| **Mobile**  | • Railway investments to increase network & service performance                   
|             | • Fiscal incentives to develop public charging infrastructure                      |
| **Inclusive** | • Innovations in nuclear medicine                                                
|             | • Training and support to close the digital gap for vulnerable groups             
|             | • Social bonds to reduce recidivism                                              |
| **Productive** | • A public-private approach to boost the circular economy                        
|             | • RDI for container scanning in the Port of Antwerp: the war against drugs        
|             | • A call for projects to co-develop the future of clean aviation                  |
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Relance is not about a ‘back-to-normal’ shortcut

>> A program for public investments benefitting to all

>> A way to reap and share the potential benefits of digitalisation (>25% of investments)

>> An acceleration of the green transition to climate neutrality in 2050 (>50% of investments)

>> Oriented on future-proof infrastructure, research and human capital
The relation between the current crisis and the sustainable development goals

The current crisis is negatively affecting sustainable development goals in many ways:

- Economic recession
- Job loss
- Educational disadvantages
- Increasing inequalities
- (In)direct physical health problems
- Lower mental well-being during lockdowns
- An increase in domestic violence

Source: BNB
The Recovery and Resilience Plan will inevitably address SDGs

Sustainable Development Goals are included in EC Country Reports

Country Specific Recommendations are based on Country Reports

Resilience and Recovery Plan must address Country Specific Recommendations

2019 CSRs

2020 CSRs
# SDGs in the National Relance Plan

<table>
<thead>
<tr>
<th>Axis</th>
<th>Component</th>
<th>Funding*</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable</td>
<td>• Renovation of private buildings</td>
<td>592 m€</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Renovation of public buildings</td>
<td>893 m€</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Emerging energy technologies</td>
<td>630 m€</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Climate &amp; environment</td>
<td>575 m€</td>
<td></td>
</tr>
<tr>
<td>Digital</td>
<td>• Cyber security</td>
<td>90 m€</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Public administration</td>
<td>659 m€</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Optic fibre, 5G &amp; new technologies</td>
<td>125 m€</td>
<td></td>
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* Based on 130% of available EU funding
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</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>• Cycling &amp; walking infrastructure</td>
<td>473 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Public transport</td>
<td>418 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Rail &amp; waterways infrastructure</td>
<td>366 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Charging infrastructure</td>
<td>152 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Smart mobility</td>
<td>134 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td>Inclusive</td>
<td>• Education 2.0</td>
<td>523 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Training &amp; employment for vulnerable groups</td>
<td>198 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Social infrastructure</td>
<td>357 m€</td>
<td>![SDG icons]</td>
</tr>
<tr>
<td></td>
<td>• Resilience &amp; innovation in healthcare</td>
<td>160 m€</td>
<td>![SDG icons]</td>
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<tr>
<td>Productive</td>
<td>• Supporting economic activity</td>
<td>575 m€</td>
<td><img src="image" alt="SDG 1" /> <img src="image" alt="SDG 9" /> <img src="image" alt="SDG 12" /></td>
</tr>
<tr>
<td></td>
<td>• Training and labour market</td>
<td>639 m€</td>
<td><img src="image" alt="SDG 8" /> <img src="image" alt="SDG 13" /> <img src="image" alt="SDG 15" /></td>
</tr>
<tr>
<td></td>
<td>• Circular economy</td>
<td>217 m€</td>
<td><img src="image" alt="SDG 7" /> <img src="image" alt="SDG 11" /> <img src="image" alt="SDG 16" /></td>
</tr>
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