

ANNEX **U.K.**

ANNEX VIIa

METHODOLOGY FOR THE ALLOCATION OF THE REACT-EU RESOURCES – ARTICLE 92b(4)

Allocation method for the REACT-EU resources

The REACT-EU resources shall be distributed between the Member States according to the following methodology:

1. Each Member State's provisional share from the REACT-EU resources is determined as the weighted sum of the shares determined on the basis of the following criteria, weighted as indicated:
 - (a) A factor of GDP (weighting of 2/3) obtained by applying the following steps:
 - (i) share of each Member State of the total loss of real seasonally adjusted GDP expressed in EUR between the first semester of 2019 and the end of the applicable reference period for all Member States considered;
 - (ii) adjustment of the shares obtained under point (i) by dividing them with the Member State's GNI per capita expressed as a percentage of the average GNI per capita of the EU-27 (average expressed as 100 %).
 - (b) A factor of unemployment (weighting of 2/9) expressed as the weighted average of:
 - (i) the share of the Member State in the total number of unemployed (weighting of 3/4) for all Member States considered in January 2020; and
 - (ii) the share of the Member State in the total increase in the number of persons unemployed (weighting of 1/4) between January 2020 and the end of the applicable reference period for all Member States considered.
 - (c) A factor of youth unemployment (weighting of 1/9) expressed as the average of:
 - (i) the share of the Member State in the total number of young persons unemployed (weighting of 3/4) for all Member States considered in January 2020; and
 - (ii) the share of the Member State in the total increase in the number of young persons unemployed (weighting of 1/4) between January 2020 and the applicable reference period for all Member States considered.

If the Member State's real seasonally adjusted GDP expressed in EUR for the applicable reference period is higher than in the first semester of 2019, that Member State's data shall be excluded from the calculations in point (a)(i).

Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) 2020/2221 of the European Parliament and of the Council, ANNEX. (See end of Document for details)

If the number of people unemployed (age group 15 to 74) or young people unemployed (age group 15 to 24) in the Member State for the applicable reference period is lower than in January 2020, that Member State's data shall be excluded from the calculations in points (b)(ii) and (c)(ii).

2. The rules set out in paragraph 1 shall not result in allocations per Member State for the whole period 2021 to 2022 higher than:
 - (a) for Member States whose average GNI per capita (in PPS) for the period 2015-2017 is above 109 % of the EU-27 average: 0,07 % of their real GDP of 2019;
 - (b) for Member States whose average GNI per capita (in PPS) for the period 2015-2017 is equal to or below 90 % of the EU-27 average: 2,60 % of their real GDP of 2019;
 - (c) for Member States whose average GNI per capita (in PPS) for the period 2015-2017 is above 90 % and equal to or below 109 % of the EU-27 average: the percentage is obtained through a linear interpolation between 0,07 % and 2,60 % of their real GDP of 2019 leading to a proportional reduction of the capping percentage in line with the increase in prosperity.

The amounts exceeding the level set out in points (a) to (c) per Member State are redistributed proportionally to the allocations of all other Member States whose average GNI per capita (in PPS) is under 100 % of the EU-27 average. The GNI per capita (in PPS) for the period 2015-2017 is the one used for cohesion policy in the MFF 2021-2027 negotiations.

3. For the purposes of calculating the distribution of the REACT-EU resources for the year 2021:
 - (a) for the GDP the reference period shall be the first semester of 2020;
 - (b) for the number of people unemployed and the number of young people unemployed the reference period shall be the average of June to August 2020;
 - (c) the maximum allocation resulting from the application of paragraph 2 is multiplied by the share of the REACT-EU resources for the year 2021 in the total REACT-EU resources for the years 2021 and 2022.

Before the application of the method described in paragraphs 1 and 2 concerning the REACT-EU resources for the year 2021, an amount of EUR 100 000 000 and EUR 50 000 000 shall be allocated to Luxembourg and Malta, respectively.

In addition, an amount corresponding to an aid intensity of EUR 30 per inhabitant shall be allocated to the outermost NUTS level 2 regions from the allocation. That allocation will be distributed per region and Member State in a manner proportional to the total population of those regions. The additional allocation for the outermost regions shall be added to the allocation that every outermost region receives through the distribution of the national budget.

The remaining amount for the year 2021 shall be distributed among Member States in accordance with the method described in paragraphs 1 and 2.

Changes to legislation: There are currently no known outstanding effects for the Regulation (EU) 2020/2221 of the European Parliament and of the Council, ANNEX. (See end of Document for details)

4. For the purposes of calculating the distribution of the REACT-EU resources for the year 2022:
 - (a) for GDP the reference period shall be the first semester of 2021;
 - (b) for the number of people unemployed and the number of young people unemployed the reference period shall be the average of June to August 2021;
 - (c) the maximum allocation resulting from the application of paragraph 2 is multiplied by the share of the REACT-EU resources for the year 2022 in the total REACT-EU resources for the years 2021 and 2022..

Changes to legislation:

There are currently no known outstanding effects for the Regulation (EU) 2020/2221 of the European Parliament and of the Council, ANNEX.