

# **Pandemic Crisis Support**

## **Draft Template for the Response Plan pursuant to Articles 13(3) and 14(2) ESM Treaty**

**THIS RESPONSE PLAN DETAILING THE DIRECT AND INDIRECT COSTS FOR HEALTHCARE, CURE AND PREVENTION RELATED TO COVID 19 CRISIS TO BE FINANCED BY THE PANDEMIC CRISIS SUPPORT IS MADE BY AND**

**BETWEEN**

**THE EUROPEAN COMMISSION (ACTING ON BEHALF OF THE EUROPEAN STABILITY MECHANISM),**

**AND**

**[ESM MEMBER]**

### **I - OUTLOOK AND STRATEGY**

On 9 April 2020,<sup>1</sup> the Eurogroup reached a political agreement to establish a Pandemic Crisis Support, based on the existing ECCL precautionary credit line and adjusted in light of the specific challenges posed by the Coronavirus (COVID-19) pandemic, as a relevant safeguard for euro area Member States affected by this external shock. It is available to all euro area Member States during these times of crisis, with standardised terms agreed in advance by the ESM Governing Bodies, by consensus, reflecting the current challenges, on the basis of up-front assessments by the European Institutions. The only requirement to access the credit line will be that euro area Member States requesting support would commit to use that credit line to support domestic financing of direct and indirect costs regarding healthcare, cure and prevention related to the COVID-19 crisis. The provisions of the ESM Treaty will be followed. The access granted will be of 2 per cent of the respective Member's GDP as of end-2019, as a benchmark.

This Response Plan has been prepared in response to a request of [DATE] 2020 from [ESM MEMBER] to the Chairperson of the Board of Governors of the European Stability Mechanism (ESM) for stability support in the form of an Enhanced Conditions Credit Line (ECCL) in accordance with Article 13(3) and 14(2) of the ESM Treaty.

The outbreak and rapid spread of the COVID-19 pandemic has dramatically changed the outlook for the European and global economies. It is now clear that a deep recession in Europe is unavoidable with a sharp fall in euro area GDP in 2020 and a gradual, although incomplete, recovery in the level of GDP in 2021. In addition, the unfolding crisis has led to

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<sup>1</sup> See point 16 of *Report on the Comprehensive Policy Response to the COVID-19 Pandemic*, Eurogroup, 9 April 2020.

sharply escalating demands on healthcare systems, pressures on national budgets and financial markets.

The magnitude of the collapse in economic activity and the subsequent rebound in the European economy will depend crucially on effective public health actions and timely economic policy responses. Consequently, all Member States and European Institutions and bodies are taking decisive action to mitigate the impact of the COVID-19 crisis, within their respective areas of competences.

## **II – USE OF SUPPORT**

The Pandemic Crisis Support will be used to support domestic financing of direct and indirect costs regarding healthcare, cure and prevention related to the COVID 19 crisis as further specified in Chapter III. These can concern:

- healthcare, cure and prevention costs aimed at helping the healthcare sector respond effectively to the COVID-19 pandemic, these may include the part of overall public healthcare spending estimated to be directly or indirectly attributed to addressing the impact of COVID-19 on the healthcare system, in 2020 and 2021.
- other indirect costs related to healthcare, cure and prevention due to the Covid-19 crisis.;

In line with the agreement reached in the Eurogroup, it is expected that euro area Member States affected by the COVID-19 crisis should be able to identify eligible expenditures amounting to 2% of GDP.

## **III – DIRECT AND INDIRECT COSTS FOR HEALTHCARE, CURE AND PREVENTION RELATED TO COVID 19 CRISIS**

As of the date of this Response Plan, the direct and indirect costs of health care cure and prevention related to the COVID 19 for 2020 and 2021, to be financed by the Pandemic Crisis Support, are estimated by [ESM MEMBER] as follows:

**[TO BE INSERTED: Detailed breakdown of direct and indirect costs.]**

**Table to be reported by Member States when requesting precautionary financial assistance**

<b>Measures and costs related to the COVID-19 pandemic</b>	<b>2020 (forecast)</b>		<b>2021 (forecast)</b>	
	<b>€ billion</b>	<b>% of GDP</b>	<b>€ billion</b>	<b>% of GDP</b>
<b><i>Healthcare, cure and prevention costs directly related to the COVID-19 pandemic</i></b> (please detail)				
<b><i>Part of overall public healthcare spending estimated to be directly or indirectly attributed to addressing the impact of COVID-19 on the healthcare system (*)</i></b> (please detail)				
<b><i>Other indirect costs related to healthcare, cure and prevention due to the Covid-19 crisis</i></b> (please detail)				

(\*)*Inter alia*, this can include spending on hospitals; cure and rehabilitative care, ambulatory cure and rehabilitative care, diagnostics, pharmaceuticals, preventive care, health administrations, and health-related long-term care.