



# THE RECOVERY AND RESILIENCE FACILITY

January 26, 2021



# State of play: the Recovery and Resilience Facility

**Géraldine Mahieu**

Acting Director for Directorate on Investment, Growth and Structural Reforms, DG ECFIN, European Commission

# Recovery and Resilience Facility

The Recovery and Resilience Facility will:

- **provide large scale financial support to both public investments and reforms** to accelerate the **recovery** and to make Member States' economies **more resilient** and better prepared for the future
- **focus** on reforms and investments fostering the **green and digital transitions**
- reduce **economic and social divergences** in the Union
- **complement** other EU initiatives (such as REACT EU and SURE) focusing on shorter term crisis repair actions.

# Implementation

## General Features

- The Facility can provide both **grants and loans**
- Payment in **instalments, upon fulfilment of milestones and targets**
- National Recovery and Resilience Plans to include reforms and investments for the subsequent years (up to mid-2026)
- Member States' reporting **on a bi-annual basis** in the context of the European Semester

## Grants

- *2018 prices*: €312.5 bln
- *Cur. prices*: €337.968 bln
- Member States to submit recovery and resilience plans **at the latest by April 2021/22**
- **Maximum allocation formula** based on pre-defined allocation key
- Commitment of **up to 70% of max allocation in 2021-2022**; remaining commitment in 2023.
- **Pre-financing of up to 13%** to be available already in 2021

## Loans

- *2018 prices*: €360 bln
- *Cur. prices*: €385.855 bln
- Member States can request a loan **until 31 December 2023**, in addition to their grant
- Request must be justified by higher financial needs linked to **additional reforms and investments**
- Loans are **capped** – not to exceed 6.8% of MS GNI
- The cap can be increased in exceptional circumstances



# Scope of the Facility

Structured around six pillars (Article 3):



Green transition



Digital transformation



Economic cohesion, productivity and competitiveness



Social and territorial cohesion



Health, and economic, social and institutional resilience



Policies for the next generation

# Elements of the plan

## Article 15(3): What is new compared to the Council compromise?

20 elements  
(previously 13)

Balanced response to the economic and social situation of the Member State

Growth potential, job creation, economic, social and institutional resilience (incl. social and youth), Social Pillar

Security self-assessment for digital investments



Cross-border or multi-country projects



Gender equality



Summary of the consultation process

Control systems



*NB: The additions in evergreen also have corresponding assessment criteria.*

# Assessment criteria

*N.B. Bolded text means that the criterion must score an A for the plan to comply satisfactorily with the assessment criteria. In evergreen are the new criteria*

Relevance	Effectiveness	Efficiency	Coherence
Comprehensive and adequately balanced response to the economic and social situation	Lasting impact	Reasonable and plausible total costs in line with the principle of cost-efficiency	Plans contains coherent actions
<b>All or a significant subset of CSRs, including fiscal and MIP</b>	Effective monitoring and implementation of the plan	<b>Control systems</b>	
<b>Growth potential, job creation, and economic, institutional and social resilience of the Member State; Social Pillar, promotion of policies for children and youth</b>			
Do no significant harm			
<b>Green transition: revised method</b>			
<b>Digital transformation</b>			

NB: DNSH and control systems may only receive A or C.

# Governance

Commission

- **Assesses** Recovery and Resilience Plans based on the criteria in the Regulation
- **Makes a proposal for a Council Implementing Decision** within 2 months of submission of the plans, including the amount of grant and loan and the milestones and targets
- **Assesses** payment requests within 8 weeks, based on achievement of milestones & targets

Council/Member States

- **Adopts Implementing Decision on the Recovery and Resilience Plan** with qualified majority within 4 weeks of receiving the Commission proposal
- **Gives opinion** through the Economic and Financial Committee on satisfactory fulfilment of milestones & targets, to be taken into account by the Commission
- Adoption of payment decision through **examination procedure of comitology**
- **Receives** annual report by the Commission

European Parliament

- Commission **provides information simultaneously** to the Council and Parliament:
- RRP, Council implementing decisions
- Overview of preliminary findings on the satisfactory fulfilment of milestones and targets
- On the assessment of RRP (if requested)
- **Recovery and Resilience Dialogue every two months:** Commission should take views expressed during the dialogue, including Resolutions, into account



# Control framework

Relevant arrangements need to be explained in plans:

- National control systems serve as main instrument (risk-based control strategy).
- Obligations, among others:
  - Ensure compliance with Union and national laws, including that conflict of interests, corruption and fraud, and double funding are avoided;
  - Together with payment request management declaration and summary of audits;
  - Collection of data on final recipients of funds and make this available upon request.

# Main elements of reporting by Commission

- **Scoreboard** (Article 23a), including common indicators and social expenditures— delegated acts
- **Annual report** (Article 24)
- **Review Report** (Article 13a)
- **Independent Evaluation Report** after 3 years and ex-post Evaluation Report by end 2028 (Article 25)

# Finalisation of the RRF regulation



- 17 December: provisional agreement
- 22 December: COREPER endorsement
- 11 January: Endorsement by BUDG/ECON committees
- 9 February: adoption in EP plenary
- 10 February: Coreper
- Adoption by Council via written procedure (tbc)
- Exceptional signature outside the plenary sitting (tbc)
- Entry into force: second half of February (earliest date possible)

Thank you