



Recovery and Resilience Facility



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General features



- The RRF is the central pillar of the **EUR 750 bn NextGenerationEU** recovery plan
- Size: **EUR 672,5 bn**, of which **EUR 312.5 bn of grants** and **EUR 360 bn of loans** (2018 prices).
- **70% of grants** committed by end-2022, **30%** by end-2023.
- **Allocation of grants**
 - 70% based on: population, inverse GDP/capita, average unemployment rate in 2015-2019
 - 30% based on: population, inverse GDP/capita, fall in real GDP in 2020 and 2020-2021 combined
- **Loan** requests until **August 2023**; cap of 6.8% of 2019 GNI
- Member States to submit plans **as a rule by 30 April**, detailing their reform & investment agenda.
- Measures implemented as of **February 2020 and until August 2026** can be taken into account.
- **Performance-based instrument**: Payments **upon fulfilment of milestones & targets**

Policy objectives of the RRF

- The Recovery and Resilience Facility **provides large scale financial support** to
 - accelerate the **recovery**,
 - make Member States' economies **more resilient** and **better prepared for the future**,
 - reduce **economic and social divergences** in the Union.
- Focus on reforms and investments fostering the **green and digital transitions** and **addressing key challenges of each Member State**
- **Complements** other EU initiatives (eg. REACT EU) focusing on shorter term crisis repair actions

Recovery and Resilience Plans

- All Member States must ensure that the investments and reforms included in their plans notably:
 - ✓ represent a **balanced response** to the economic and social situation of the Member State
 - ✓ effectively address challenges identified in the relevant **country-specific recommendations**;
 - ✓ strengthen the **growth potential, job creation** and economic, social and institutional **resilience** of the Member State;
 - ✓ respect the **37%** target for **climate objectives** (revised methodology) & **20%** target for **digital objectives**;
 - ✓ do **no significant harm** to any of the environmental objectives

Commission assessment

- The Commission will assess the **relevance, effectiveness, efficiency and coherence** of plans:
 - ✓ **Relevance** – in line with the elements outlined on the previous slide;
 - ✓ **Effectiveness** - assess if the plan delivers a lasting impact & will effectively be monitored and implemented;
 - ✓ **Efficiency** - assess if costs are reasonable & plausible and if control systems will prevent, detect and correct corruption, fraud and conflicts of interest;
 - ✓ **Coherence** - assess if investments & reforms are coherent.

Rating system: A, B, C, with sufficient number of A's.

*DNSH and control can only receive an A or C rating.

Governance

Commission

- Assessment of Recovery and Resilience Plans
- Proposal for a Council Implementing Decision within 2 months of plan submission
- Preliminary assessment of payment request within 2 months
- Annual report and discharge

Council/ Member States

- Adoption of Implementing Decision on RRP with qualified majority
- Economic & Financial Committee opinion on milestones & target fulfilment
- Payment decision adopted through examination procedure of comitology

European Parliament

- Information sharing by COM (at the same time as Council): RRP, Council implementing decisions, overview of preliminary findings on M&T fulfilment; assessment of RRP
- Recovery and Resilience Dialogue every 2 months: COM to take views expressed during dialogue into account, including Resolutions

State of Play on RRP – Reforms

- **Variety of reforms in the plans:**
 - **Structural reforms to increase economic and social resilience** (e.g. reforms to increase the sustainability of public finances, labour market, taxation, AML, social safety net)
 - **Reform elements relevant for RRP implementation** (e.g. investment bottlenecks, business environment, procurement)
 - **Reforms increasing effectiveness of investments** (e.g. permit procedures for Renewables or digital infrastructure)
- **Overall balance** between reforms and investments still to be fine-tuned

State of Play on RRP – Investments

- Investment agenda broadly in line with the **Regulation's six pillars and the seven flagships**
- Strong focus on **Green and Digital**
- Substantial **social components**
 - Education and skills
 - Health
 - Care facilities...
- **Few eligibility issues: recurrent costs are in principle not covered**

Contribution to Green Transition

- **Variety of green investments**
 - Strong focus on building renovation
 - Hydrogen including multi-country and cross-border projects
 - Renewables, forestry, water management, sustainable urban transport
- **Compliance with 37% target within reach but efforts still required in some Member States**
- Compliance with **Do No Significant Harm Principle** – Upcoming Guidance

Investments in Digital Transformation

- **20% target within reach for most plans but efforts needed in a few Member States**
 - Focus on skills (basic and advanced)
 - Digitalisation of public administration and justice
 - Connectivity and data
 - Uptake by business, including SMEs
- **Some cross Border projects (e.g. 5 G corridors and IPCEIs)**

Next steps

- **Substantial remaining work to facilitate future implementation**
 - Cost estimates
 - Milestones and Targets
 - Audits and controls including avoidance of double funding
- Availability of funds only after ratification of the Own Resources Decision by the last Member State: **Use remaining time to strengthen the Plans**
- Shared objective is submission by **end of April**

Thank you



Website:



https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

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