



## Questions and answers: The Recovery and Resilience Facility

Brussels, 22 April 2021

### **What are recovery and resilience plans?**

Member States prepare recovery and resilience plans that set out a coherent package of reforms and investment initiatives to be implemented up to 2026 to be supported by the RRF. These plans will be assessed by the Commission and approved by the Council.

### **When will Member States present their Recovery and Resilience Plans?**

As a rule, Member States are invited to notify their plans before 30 April but can do so at any point in time until mid-2022. 30 April is an orientation date, not a deadline.

In order to ensure that the plans have the necessary balance and quality, some Member States will need a few more weeks to finalise their plans.

Drawing-up plans for reforms and investments for the next six years while fighting the pandemic is objectively a challenging task and we need to get this right.

Quality of the plans should be the first priority. A good quality plan will not only allow for a smooth adoption process but also facilitate implementation and payments in the years to come.

### **How will the Commission assess the recovery and resilience plans?**

The Commission will assess the recovery and resilience plans based on eleven criteria set out in the Regulation itself. The assessments will notably consider whether the investments and reforms set out in the plans:

- represent a balanced response to the economic and social situation of the Member State, contributing appropriately to all six RRF pillars;
- contribute to effectively addressing the relevant country-specific recommendations;
- devote at least 37% of total expenditure on investments and reforms that support climate objectives;
- devote at least 20% of total expenditure on the digital transition;
- contribute to strengthening the growth potential, job creation and economic, institutional and social resilience of the Member State;
- do not significantly harm the environment.

### **What is the timeline for the assessment of recovery and resilience plans?**

The Commission has been working intensively with the Member States on the preparation of their recovery and resilience plans. During this phase, the Commission provides recommendations to address gaps and outstanding issues. By doing so, we aim at avoiding the notification of plans with problematic measures that would need to be rejected.

Once the plans have been formally submitted, the Commission will have to:

- Assess their content against the 11 criteria set out in the Regulation; and
- translate their content into legally binding acts, including the proposal for a Council Implementing Decision, a Staff Working Document and operational documentation (financing agreement/loan agreement, operational arrangements).

These legal acts will include the assessment of the 11 criteria of the Regulation, which will constitute the implementation yardstick of the plans for the years to come.

The Commission will proceed as fast as possible, but the quality of the assessment and of the legal acts will be our primary concern - also because future payments will be based on such assessments and Acts.

## **What technical guidance has the Commission provided to Member States to help prepare their national recovery and resilience plans?\***

The Commission provided Member States with clear guidance to support them in the preparation of the recovery and resilience plans in September 2020. It [updated this guidance](#) in January 2021 to assist Member States in preparing plans in line with the political agreement of the co-legislators on the regulation. This update maintains the key aspects of the previous guidance. It reflects that the scope of the RRF is now structured around six pillars, as well as the fact that Member States should explain how the plans contribute to equality and the principles of the European Pillar of Social Rights. Plans should also include a summary of the consultation process at national level as well as a presentation of the controls and audit system put in place to ensure that the financial interests of the Union are protected. The guidance also asks Member States to detail an outline of their communication plans in order to make sure that EU support is visible to all Europeans who benefit from it.

The Commission has also published a standard template, which Member States are encouraged to use for their plans.

The Commission has provided Member States with [guidance on the application of the 'do no significant harm' principle](#).

## **What are the flagship investment and reform projects the Commission is encouraging Member States to propose?**

The Recovery and Resilience Facility is an opportunity to create European flagships with tangible benefits for the economy and citizens across the EU. These flagships should address issues that are common to all Member States, need significant investments, create jobs and growth and are needed for the twin transition.

The Commission therefore strongly encourages Member States to include in their recovery and resilience plans investment and reforms in the following areas:

1. *Power up*– The frontloading of future-proof clean technologies and acceleration of the development and use of renewables.
2. *Renovate*– The improvement of energy efficiency of public and private buildings.
3. *Recharge and Refuel*– The promotion of future-proof clean technologies to accelerate the use of sustainable, accessible and smart transport, charging and refuelling stations and extension of public transport.
4. *Connect*– The fast rollout of rapid broadband services to all regions and households, including fiber and 5G networks.
5. *Modernise* – The digitalisation of public administration and services, including judicial and healthcare systems.
6. *Scale-up*– The increase in European industrial data cloud capacities and the development of the most powerful, cutting edge, and sustainable processors..
7. *Reskill and upskill*– The adaption of education systems to support digital skills and educational and vocational training for all ages.

## **How much funding will be provided under the Recovery and Resilience Facility in total?**

The Recovery and Resilience Facility will provide up to €672.5 billion to support investments and reforms (in 2018 prices). This breaks down into €312.5 billion in grants and €360 billion in loans.

## **How will the allocation of grants to Member States be determined?**

For 70% of the total of €312.5 billion available in grants, the allocation key will take into account

- the Member State's population
- the inverse of its GDP per capita
- its average unemployment rate over the past 5 years (2015-2019) compared to the EU average.

For the remaining 30%, instead of the unemployment rate, the observed loss in real GDP over 2020 and the observed cumulative loss in real GDP over the period 2020-2021 will be considered. While Annex I of the Regulation provides an indicative amount for the 30% in current prices on the basis of the [Autumn forecast](#), this will only be finalised when Eurostat presents final data in June 2022. The amounts in current prices are available [here](#).

Member States can also request a loan worth up to 6.8% of their 2019 GNI as part of the submission of their recovery and resilience plan.

### **When will Member States begin to receive the first disbursements under the Recovery and Resilience Facility?**

The 13% pre-financing payment will be made after the approval of the national recovery and resilience plan and the adoption of the legal commitment by the Commission. The Own Resources Decision will also have to be ratified by all Member States by that time in order for the Commission to be able to borrow on financial markets. This means that the first payments could be made starting from mid-2021, subject to all necessary legal acts being in place.

### **How will disbursements made under the Recovery and Resilience Facility be linked to progress with the implementation of investments and reforms?**

Under the RRF, payments will be linked to performance. The Commission will authorise disbursements based on the satisfactory fulfilment of a group of milestones and targets reflecting progress on several reforms and investments of the plan. Milestones and targets should be clear, realistic, well defined, verifiable, and directly determined or otherwise influenced by public policies. Since disbursements can take place a maximum of twice a year, there cannot be more than two groups of milestones and targets per year.

Upon completion of the relevant agreed milestones and targets indicated in its recovery and resilience plan, the Member State will present a request to the Commission for a disbursement of financial support. The Commission will prepare an assessment within two months and ask the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets. In exceptional circumstances where one or more Member State considers that there are serious deviations from the satisfactory fulfilment of the relevant milestones and targets of another Member State, they may request that the President of the European Council refers the matter to the next European Council.

The Commission will adopt the decision on disbursement under the "examination procedure" of comitology.

If the Member State has not satisfactorily implemented the milestones and targets, the Commission will not pay all or part of the financial contribution to that Member State.

### **How will the Recovery and Resilience Facility support the green transition?\***

The Recovery and Resilience Facility Regulation establishes a climate target of 37% at the level of the individual national recovery and resilience plans. Each Member State will be responsible for presenting evidence on the overall share of climate-related expenditure in its plan based on a binding climate tracking methodology. When assessing the plan, the Commission will also scrutinise whether the climate target is reached. A plan that does not reach the target will not be accepted.

Each measure proposed in a recovery and resilience plan will also have to respect the "do no significant harm" principle. Specifically, there are six environmental objectives to which no significant harm should be done: (i) climate change mitigation, (ii) climate change adaptation, (iii) water and marine resources, (iv) the circular economy, (v) pollution prevention and control, and (vi) biodiversity and ecosystems. This obligation applies to all reforms and investments, and is not limited to green measures. The Commission has provided [technical guidance](#) to Member States giving further support on the application of this principle.

In addition, the Commission encourages Member States to propose flagship investment and reform initiatives that would have an added value for the EU as a whole. These are aimed at, for example, accelerating the development and use of renewables.

### **How will the Recovery and Resilience Facility support the digital transition?**

Member States should ensure a high level of ambition when defining reforms and investments enabling the digital transition as part of their recovery and resilience plans. The Regulation requires that each recovery and resilience plan include a minimum level of 20% of expenditure related to digital. This includes, for instance, investing in the deployment of 5G and Gigabit connectivity, developing digital skills through reforms of education systems and increasing the availability and efficiency of public services using new digital tools.

### **What will be the role of the European Parliament?**

The European Parliament will play a key role in the implementation of the RRF, in full respect of the EU institutional architecture. A 'recovery and resilience dialogue' is established, allowing the Parliament to invite the Commission up to every two months to discuss matters concerning the

implementation of the RRF. The Commission is required to take into account the views arising from this dialogue. The Recovery and Resilience Scoreboard – to be finalised in December 2021 – will serve as a basis for the recovery and resilience dialogue.

The Commission should transmit information simultaneously to the European Parliament and the Council on the Recovery and Resilience Plans officially submitted by the Member States, and the proposals for Council implementing decisions. The Parliament will also receive an overview of the Commission's preliminary findings on the fulfilment of milestones and targets related to payment requests and disbursement decisions.

### **How will the EU's financial interests be protected?**

The Recovery and Resilience Facility requires a control framework that is tailored and proportionate to its unique nature. Member States' national control systems will serve as the main instrument for safeguarding the financial interests of the Union.

Member States will have to ensure compliance with Union and national laws, including the effective prevention, detection and correction of conflict of interests, corruption and fraud, and avoidance of double funding. They are required to explain the relevant arrangements in their recovery and resilience plans, and the Commission will assess whether they provide sufficient assurance. For instance, Member States need to collect data on final recipients of funds and make this available upon request.

For each payment request, Member States will provide a 'management declaration' that the funds were used for their intended purpose, that information provided is correct, and that the control systems are in place and funds were used in accordance with applicable rules. In addition, the Commission will implement its own risk-based control strategy.

OLAF, the Court of Auditors, the European Public Prosecutors Office and the Commission itself may access relevant data and investigate the use of funds if necessary.

### **For More Information**

Press release: [President Ursula von der Leyen welcomes the first official submission of a recovery and resilience plan by Portugal](#)

[Factsheet on the Recovery and Resilience Facility](#)

[Recovery and Resilience Facility: Grants allocation](#)

[Recovery and Resilience Facility Regulation](#)

[Recovery and Resilience Facility website](#)

[RECOVER team website](#)

\* UPDATED on 22-04-2021 at 09:15

QANDA/21/1870

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