**Challenge**

The COVID-19 pandemic exacted a tremendous toll in human lives and triggered the most severe economic recession of the post-War era. This crisis necessitated an urgent and coordinated response both at Union and national level in order to cope with the enormous economic and social consequences as well as asymmetrical effects for Member States.

NextGenerationEU, the European Union Recovery Instrument, will support the Union’s recovery from the COVID-19 crisis and strengthen resilience against future shocks. The Recovery and Resilience Facility (RRF) is its centrepiece as an unprecedented EU programme for an unprecedented time. The RRF provides a mid- to long-term response to help the recovery and build institutional capacity through reforms and investments to be implemented by the Member States until 2026 with an impact lasting well beyond this period.

The crisis is likely to have differential long-term effects on Member States, depending on their starting position, different severity of the pandemic situation, their economic resilience, and their ability to take adequate measures on their own. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies and societies will recover from this crisis, which in turn depends on the available fiscal space of Member States to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies and social structures.

Sustainable and growth-enhancing reforms and investments are essential to set the EU Member States’ economies back on track and reduce inequalities and divergences in the Union.

An initiative of the scale of the RRF must be forward looking: The Facility therefore aims not just to rebuild the EU economy and strengthen resilience, but to ensure a sustainable recovery that mitigates the economic and social impact of the crisis and furthers the green and digital transitions, while fostering economic convergence and resilience.

**Mission**

As centrepiece of the European Union’s Recovery Instrument NextGenerationEU, the RRF will promote economic, social and territorial cohesion, employment creation and sustainable growth, as well as resilience and preparedness for the future. It will offer large-scale financial support for public investments and reforms across fields of public policy signified by the six pillars of Article 3 of the RRF Regulation: green transition, digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion; health and economic, social and institutional resilience; and policies for the next generation, children and youth. Indirectly, the RRF will also provide funding for private investments, channelled through public schemes.

Crucially, respectively at least 37% and 20% of the financial allocation will be used for green and digital investment and reforms.

The RRF will be financed through Union borrowing as set out in Regulation (EU) 2020/2094 (EURI regulation). Payments to Member States under the RRF can take place up to 31 December 2026 for both non-repayable financial support and loan support.

Budgetary commitments will be made upon approval of the plans by the Council and the signature of the financing and loan agreement with the respective Member State. Payments will be made once the relevant Member State satisfactorily fulfils the related milestones and targets and can be disbursed up to twice a year.

**Objectives**

The specific objective of the RRF shall be to provide Member States with financial support subject to satisfactorily achieving milestones and targets linked to reforms and investments as set out in Member States’ Recovery and Resilience Plans.

**Actions**

The RRF will provide non-repayable financial support as well as loans to Member States to support public investments and reforms, as set out in national Recovery and Resilience Plans.

**Delivery mode**

The RRF will be implemented by the Commission in direct management in accordance with the Financial Regulation.

**Link to the 2014–2020 MFF**

The RRF is a novel instrument – indeed a historic one. As such, there are no precursors for it in the 2014–2020 MFF.
Performance Framework

As provided by Article 29 of the RRF Regulation, the Commission is empowered to adopt by December 2021 a Delegated Act to "set out the common indicators to be used for reporting on the progress and for the purpose of monitoring and evaluation of the Facility towards the achievement of the general and specific objectives". In accordance with Article 30, the Commission will further adopt a Delegated Act establishing the Recovery and Resilience Scoreboard which shall display the progress of the implementation of the Recovery and Resilience Plans. This Scoreboard will constitute the performance reporting system of the Facility.