



## **NextGenerationEU: Questions and answers on the Recovery and Resilience Facility**

Brussels, 16 June 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 and supported by the Recovery and Resilience Facility (RRF).

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

These plans are assessed by the Commission and approved by the Council.

### **How is the Commission assessing recovery and resilience plans?**

The Regulation ensures a transparent assessment on the basis of 11 criteria against the back of the six pillars of the Regulation. The 11 criteria require an assessment of whether:

- the measures have a lasting impact;
- the measures address the challenges identified in the country specific recommendations or a significant subset of it;
- the milestones and targets which allow for monitoring the progress with the reforms and investments are clear and realistic;
- the plans meet the 37% climate expenditure target and the 20% digital expenditure target;
- the plans respect the do no significant harm principle;
- the plans provide an adequate control and audit mechanism and set out the plausibility of the costing information.

The Commission is summarising its assessments in the proposals for Council Implementing Decisions. The accompanying staff-working documents provide detailed documentation on the assessment.

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

The Commission has worked intensively with the Member States on the preparation of their recovery and resilience plans. During this phase, the Commission provided recommendations to Member States to help them address gaps and outstanding issues.

Once the official plans are submitted, the Commission:

- Assesses their content against the 11 criteria set out in the Regulation; and
- Translates their contents 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 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 RRF Regulation envisages two months for the assessment of the recovery and resilience plans and for the translation of its contents into legally binding acts. However, the Regulation also specifies that the Member State concerned and the Commission may agree to extend the deadline for assessment by a reasonable period if necessary. Thus, Member States can submit to the Commission a request for such an extension.

Following its assessment of each recovery and resilience plan, the Commission adopts a proposal for a Council Implementing Decision. The Council has four weeks, as a rule, to adopt the Commission's proposal.

The Commission is proceeding with the assessment of the plans it has received as quickly as possible. The quality of the assessment and the soundness of the legal acts is the Commission's main priority, to ensure their fast and smooth implementation.

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

The RRF 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 and loans 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 based on the Autumn forecast, this will only be finalised when Eurostat presents final data in June 2022. The full grant allocation in current prices are available here.

Member States can also request a loan worth up to 6.8% of their 2019 Gross National Income as part of the submission of their recovery and resilience plan. Member States, including those which have already submitted their official plans, have until August 2023 to request support under the loan component.

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

Once the Council has adopted the Commission's proposal for each recovery and resilience plan, the Commission will conclude the financing agreement and, if applicable, the loan agreement with the Member State concerned.

After this signature, the Commission shall make the 13% pre-financing payment to the relevant Member State "to the extent possible" within two months.

That means that the first pre-financing payments could start in July.

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

Payments under the RRF 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 reforms and investments of the plan. 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 Economic and Financial Committee for its view 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.

### **What happens if the milestones and targets associated with a payment request are not all met?**

If the Commission assesses that not all the milestones and targets associated with an instalment are satisfactorily met, the Commission can make a partial payment. The rest of the payment of the instalment (whether loan or grant) will be suspended. The Member State can continue with the implementation of the rest of the plan.

After presenting its observations, the Member State concerned then has six months to take the

necessary measures to ensure the satisfactory fulfilment of the milestones and targets. If this has not been done within six months, the Commission can reduce the overall amount of the financial contribution.

Also, for a payment to be made by the Commission, none of the previously met milestones or targets can be reversed.

In case milestones and targets are no longer achievable for objective circumstances, the Member State has the possibility to submit an amended plan to the Commission.

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

The RRF Regulation provides that each Member State must devote 37% of its total allocation to measures that support the green transition.

Each Member State is 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 scrutinises whether the climate target is reached. A plan that does not reach the 37% target will not be accepted.

Each measure proposed in a recovery and resilience plan has 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 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?**

The RRF Regulation provides that each Member State must devote 20% of its total allocation to measures that 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. 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 is the role of the European Parliament?**

The European Parliament plays 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 transmits 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 are the EU's financial interests be protected?**

Member States' national control systems will serve as the first instrument for safeguarding the financial interests of the Union.

Member States 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. The Commission is assessing whether they provide sufficient assurances. 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 tools. The Commission may carry out on-the-spot checks on a horizontal or risk-based approach, covering all countries. Even if milestones and targets have been fulfilled, where the Commission finds serious irregularities (namely fraud, conflict of interest, corruption), double funding or a serious breach of obligations resulting from the financing agreements and the Member States do not take timely and appropriate measures to correct such irregularities and recover the related funds, the Commission will recover a proportionate amount and/or, to the extent applicable, request an early repayment of the entire or part of the loan support.

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**

[Recovery and Resilience Facility](#)

[Recovery and Resilience Facility Regulation](#)

QANDA/21/3014

Press contacts:

[Marta WIECZOREK](#) (+32 2 295 81 97)

[Enda MCNAMARA](#) (+32 2 296 49 76)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)