



The Recovery and Resilience Facility

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Overview of the EU response

State aid rules

- liquidity to economy
- support SMEs, jobs, etc.

Additional safety nets

- SURE: €100 billion for workers
- EIB: €200 bn for companies
- ESM: €240 bn for sovereigns

ECB measures

- €1350 bn new measures

Recovery Plan for Europe

- €750 bn Next Generation EU – cornerstone: **Recovery and Resilience Facility**
- €1074 bn long-term EU budget

Budgetary flexibility

- escape clause of the Pact
- maximum flexibility

Coronavirus Response Investment Initiative

- unspent cohesion policy funds
- transfers between funds, regions and priorities



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
- be financed by the **European Recovery Instrument**
- **complement** other EU initiatives (such as REACT EU and SURE) focusing on shorter term crisis repair actions.

Implementation

(caveat – based on compromised text of the Council, on which the DE Presidency has a mandate for negotiation with EP)

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 10%** to be available already in 2021

Loans

- *2018 prices*: €360 bln
- *Cur. prices*: €385.855 bln
- Member States can request a loan **until 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



Recovery and Resilience Plans

- All Member States must ensure that the investments and reforms included in their plans should:
 - ✓ contribute to effectively addressing challenges identified in the **relevant country-specific recommendations**;
 - ✓ contain measures that effectively contribute to the **green and to the digital transitions**; and
 - ✓ contribute to strengthening the **growth potential, job creation and economic and social resilience of the Member State**.
- They are invited to describe how the measures supported by their national Recovery and Resilience Plan contributes to the EU-wide ambitions underpinning **seven flagships initiatives: power up, renovate, recharge and refuel, connect, modernise, scale-up, reskill and upskill**.

Recovery and Resilience Plans

- The RRP will have to devote a minimum of **37% of funds** related to climate, to follow the commitment of the **July European Council** on the climate **mainstreaming target of 30%**;
- To ensure an ambitious digital transition, and following agreement at the **European Council of October**, each RRP will devote a minimum level of **20% of funds related to digital transition, including for SMEs**.
- A requirement for the RRP to explain how Member States will ensure that all measures underpinning reforms and investments projects included in the plan respect the “**do no significant harm**” principle within the meaning of Article 17 of the Taxonomy Regulation (Regulation (EU) No 2020/852).

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

- **Receives** the annual report by the Commission on:
 - **progress** made with the recovery and resilience plans by Member States and
 - **spending** under the Facility
- **Receives** the Commission's assessment of the Recovery and Resilience Plans as approved in Implementing Decisions

State of play negotiations

- **In May**, the Commission presented its **legislative proposal**
- The **European Councils** of 17-21 July and 1-2 October took a number of important decisions, inter alia related to the timing of the financial support and to the spending on climate and digital issues.
- The **ECOFIN** Council of Finance Ministers of 6 October, followed by the COREPER, have agreed on a negotiating mandate to the DE Council Presidency on the draft compromise text.
- **In the Parliament**, various Committees are currently discussing the Regulation. The Parliament is expected to take a position in November.
- **Trilogues** between Parliament, Council and Commission to be held from November.
- Aim: **agreement on the Facility** by the end of the year

Thank you!