



**Council of the European Union**  
**General Secretariat**

Brussels, 22 December 2020

**Ms. Irene TINAGLI**

Chair, European Parliament Committee on Economic and Monetary Affairs  
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**Mr. Johan VAN OVERTVELDT**

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**Subject: Proposal for a Regulation of the European Parliament and of the Council  
establishing a Recovery and Resilience Facility (COD 2020/0104)**

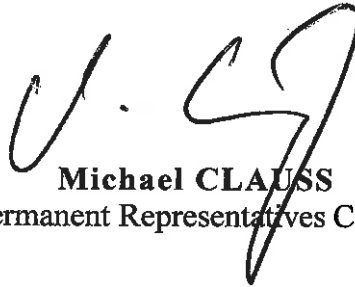
Dear Ms TINAGLI, dear Mr VAN OVERTVELDT,

Following the informal meeting between the representatives of the three institutions, a draft overall compromise text was agreed today by the Permanent Representatives' Committee.

I am therefore now in a position to confirm that, should the European Parliament adopt its position at first reading, in accordance with Article 294 paragraph 3 of the Treaty, in the form set out in Annex to this letter, the Council would, in accordance with Article 294, paragraph 4 of the Treaty, approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the European Parliament's position, subject, if necessary, to revision by the legal linguists of both institutions.

On behalf of the Council I also wish to thank you for your close cooperation which should enable us to reach agreement on this dossier at first reading.

Yours sincerely,



**Michael CLAUSS**  
Chair of the Permanent Representatives Committee (Part 2)

Copy to: **Valdis Dombrovskis**, Vice-President of the European Commission  
**Paolo Gentiloni**, Member of the European Commission  
**Eider Gardiazábal**, Member of the European Parliament, co-rapporteur  
**Siedfried Muresan**, Member of the European Parliament, co-rapporteur  
**Dragos Pislaru**, Member of the European Parliament, co-rapporteur

Changes to the Commission proposal are marked in ***bold and italics***, deletions are ~~strike through~~.

2020/0104 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**establishing a Recovery and Resilience Facility**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

Having regard to the opinion of the Committee of the Regions<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In accordance with Articles 120 and 121 of the Treaty on the Functioning of the European Union ('the Treaty'), Member States are required to conduct their economic policies with a view to contributing to the achievement of the objectives of the Union and in the context of the broad guidelines that the Council formulates. Under Article 148 of the Treaty Member States shall implement employment policies that take into account the guidelines for employment. The coordination of the economic policies of the Member States is therefore a matter of common concern.
- (2) Article 175 of the Treaty provides, inter alia, that Member States should coordinate their economic policies in such a way as to attain the objectives on economic, social and territorial cohesion set out in Article 174.
- (2a) Article 174 TFEU provides that in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. It further provides that, in particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Efforts to reduce disparities should in particular benefit islands and outermost regions. The different starting position and specificities of the Regions should be taken into consideration in the implementation of Union policies.***

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

- (3) At Union level, the European Semester of economic policy coordination ('European Semester'), including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. *In addition to measures to strengthen the competitiveness, growth potential and sustainable public finance, reforms based on solidarity, integration, social justice and a fair distribution of wealth should also be addressed, with the aim of creating quality employment and sustainable growth, ensuring equality of, and access to, opportunities and social protection, protecting vulnerable groups and improving the living standards of all citizens.* Member States develop their own national multiannual investment strategies in support of those reforms, *also bearing in mind the Paris Agreement, the National Energy and Climate Plans adopted in the framework of the Governance of the Energy Union, the just transition plans and the Youth Guarantee implementation plans, as well as the United Nation's Sustainable Development Goals.* Those strategies should be presented, where relevant, alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.
- (3a) *The Commission outlined in the Annual Sustainable Growth Strategy 2020 and the European Semester Spring and Summer Package 2020, that the European Semester should help achieve the implementation of the European Green Deal, the European Pillar of Social Rights and the United Nation's Sustainable Development Goals.*
- (4) ~~The outbreak of the COVID-19 pandemic~~ *outbreak* in early 2020 changed the economic, *social and budgetary* ~~outlook for the years to come in the Union and in the world, calling for an urgent and coordinated response both at from the Union and national level in order to cope with the enormous economic and social consequences as well as asymmetrical effects for all Member States. The challenges linked to the demographic context have been amplified by COVID-19~~ *The current COVID-19 crisis* ~~pandemic~~ as well as the previous economic and financial crisis have shown that developing sound, *sustainable* and resilient economies *as well as* ~~and~~ *financial and welfare* systems built on strong economic and social structures helps Member States to respond more ~~efficiently~~ *effectively and in a fair and inclusive way* to shocks and recover more swiftly from them. *A lack of resilience can also lead to negative spill-over effects of shocks between Member States or within the Union as a whole, thereby posing challenges to convergence and cohesion in the Union. Reduction in spending on sectors such as education, culture and creative sectors, and healthcare can prove counterproductive to achieve a swift recovery.* 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 the crisis, which in turn depends on the fiscal space *that* Member States have available 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 r*Reforms and investments to address structural weaknesses of the economies, ~~and that strengthen their resilience,~~ *increase productivity and lead to higher competitiveness of Member States* will therefore be essential to set the economies back on *track,* ~~a sustainable recovery path and avoid further widening of the~~ *and to reduce inequalities and divergences in the Union.*
- ~~(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union's policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.~~
- (6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. *A well-functioning single market and i*nvesting in green and digital technologies, *as well as innovation and research, including in a*

*knowledge based economy*, clean energy transition, boosting energy efficiency in housing and other key sectors of the *economy* are important to achieve *fair, inclusive and sustainable growth*, and help create jobs –capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in other key sectors of the economy are important to achieve sustainable growth, and reach *EU climate neutrality by 2050*. and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

- (6-a) Reforms and investments under the Facility will also help make the Union more resilient and less dependent by diversifying key supply chains and thereby strengthening the strategic autonomy of the Union alongside an open economy. Reforms and investments under the Facility will also generate European added value.*
- (6a) Recovery should be achieved and the resilience of the Union and its Member States enhanced through the support to measures that refer to the policy areas of European relevance structured in six pillars, namely: green transition; digital transformation; smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning single market with strong small and medium enterprises (SMEs); social and territorial cohesion; health, and economic, social and institutional resilience, including with a view of increasing crisis reaction capacity and crisis preparedness; and policies for the next generation, children and youth, including education and skills.*
- (6b) The green transition should be supported by reforms and investments in green technologies and capacities, including biodiversity, energy efficiency, building renovation and the circular economy, while contributing to the Union's climate targets, fostering sustainable growth, creating jobs and preserving energy security.*
- (6c) Reforms and investments in digital technologies, infrastructure and processes will increase the Union's competitiveness at global level and will also help make the Union more resilient, more innovative and less dependent by diversifying key supply chains. Reforms and investments should notably promote the digitalisation of services, the development of digital and data infrastructure, clusters and digital innovation hubs and open digital solutions. The digital transition should also incentivise the digitalisation of SMEs. Investments in digital technologies should respect the principles of interoperability, energy efficiency and personal data protection, allow for the participation of SMEs and start-ups and promote the use of open-source solutions.*
- (6d) Reforms and investments in smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning single market with strong SMEs should aim at enhancing the growth potential and enable a sustainable recovery of the Union's economy. Those reforms and investments should also promote entrepreneurship, social economy, development of sustainable infrastructure and transport and industrialisation and reindustrialisation, and mitigate the effect of the crisis on the economy.*
- (6da) Reforms and investments in social and territorial cohesion should also contribute to fighting poverty and tackling unemployment for our economies to rebound while leaving nobody behind. They should lead to the creation of high-quality and stable jobs, the inclusion and integration of disadvantaged groups enable the strengthening of the social dialogue, infrastructure, and services, as well as social protection and welfare systems.*
- (6e) The COVID-19 crisis has also highlighted the importance of reforms and investments in health, and economic, social and institutional resilience, including with a view of increasing crisis reaction capacity and crisis preparedness in particular through improving business and public service continuity, and the accessibility and capacity of health and care systems, of improving the effectiveness of public administration and national systems, including minimising administrative burden, and of improving the*

*effectiveness of judicial systems as well as fraud prevention and anti-money laundering supervision.*

- (6f) *Reforms and investments in the next generation, children and youth are essential to promote education and skills, including digital skills, upskilling, reskilling and requalification of active labour force, integration programme for the unemployed, policies of investing in access and opportunity for children and youth related to education, health, nutrition, jobs and housing, and policies that bridge the generational gap in line with the objectives of the Child Guarantee and Youth Guarantee. These actions should ensure that the next generation of Europeans is not permanently affected by the impact of the COVID-19 crisis and that the generational gap is not further deepened.*
- (7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and public investments of the Member States in response to challenges identified in the European Semester, *including the European Pillar of Social Rights and the United Nations' Sustainable Development Goals*, and with a view to having a lasting impact on the productivity and *economic, social and institutional* resilience of the economy of the Member States.
- (8) Against this background, it is necessary to strengthen *in the aftermath of the COVID-19 crisis* the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the 'Facility') should be established under this Regulation to provide effective financial and significant support to step up the implementation of *sustainable* reforms and related public investments in the Member States, *as a dedicated instrument designed to tackle the adverse effects and consequences of the COVID-19 crisis in the Union*. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. *Private investments could also be incentivised through public investment schemes, including financial instruments, subsidies and other instruments, provided state aid rules are complied with.*
- (9) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, and the expected risk of non-compliance. *The non-repayable support under the Facility should take the form of a sui generis Union contribution to be determined on the basis of a maximum financial contribution calculated for each Member State and taking into account the estimated total costs of the recovery and resilience plan, which should be paid based on the achievement of results by reference to milestones and targets of the recovery and resilience plan; therefore, it should be established in accordance with the sector-specific rules provided in this Regulation, pursuant to the rules on simplification relating to financing not linked to costs laid down in the Financial Regulation under Article 125(1) of the Financial Regulation. Specific rules and procedure should therefore be laid down in this Regulation, subject to the general principles of budgetary management under the Financial Regulation, concerning the allocation, the implementation and the control of non-repayable support under this Regulation. Financing not linked to costs should apply at the level of payments from the Commission to Member States as beneficiaries, irrespective of the reimbursement in any form of financial contributions from Member States to final recipients. Member States should be able to use all forms of financial contributions, including simplified cost options. Without prejudice to the right of the Commission to take action in the event of fraud, corruption, conflict of interests, or double funding, payments should not be subject to controls on the costs actually incurred by the beneficiary. This should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as referred to in Article 125(1)(a) of the Financial Regulation.*



- (10) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Facility should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [EURI].
- (10a) *The Facility should support projects that respect the principle of additionality of Union funding. The Facility should not, unless for duly justified cases, be a substitute for recurring national expenditures.*
- (10ab) *Guaranteeing a high level of cybersecurity and trust in technologies is a pre-requisite for a successful European digital transformation. The European Council called on the EU and the Member States to make full use of the 5G cybersecurity toolbox adopted on 29 January 2020, and in particular to apply the relevant restrictions on high-risk suppliers for key assets defined as critical and sensitive in the EU coordinated risk assessments. The European Council underlined that potential 5G suppliers need to be assessed on the basis of common objective criteria.*
- (10e) *In order to foster synergies between the Facility and the InvestEU Programme and Technical Support Instrument, the recovery and resilience plans might include, within a certain ceiling, contributions to the Member State compartments under the InvestEU Programme and to the Technical Support Instrument, in compliance with this Regulation.*
- (11) Reflecting the European Green Deal as Europe's sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations' Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 2530 % of the EU budget expenditures supporting climate objectives. *To this effect, the measures supported by the Facility and included in the individual Member State plans should contribute to the green transition including biodiversity or to the challenges resulting from it, and they should account for an amount that represents at least 37% of the plan's total allocation based on the methodology for climate tracking set out in Annex IIA. The methodology should be used accordingly for measures that cannot be directly assigned to an intervention field listed in the tables. If the Member State concerned and the Commission agree, the coefficients for support to the climate objectives may be increased to 40 or 100 per cent for individual investments, as explained in the plan, to take account of accompanying reform measures that credible increase their impact on the climate objectives. To that effect, the coefficients for support to the climate objectives may be increased up to a total amount of 3% of the allocation of the plan for individual investments. The Facility should support activities that fully respect the climate and environmental standards and priorities of the Union and do no significant harm to them.*
- (11a) *Reflecting the importance of tackling the dramatic loss of biodiversity, this Regulation should contribute to mainstream biodiversity action in the Union policies.*
- (11b) *Member States should ensure compliance of the measures included in their plans with the 'do no significant harm' principle within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (so-called "EU Taxonomy Regulation")<sup>3</sup>. The Commission should provide technical guidance to this effect. The entry into force of the delegated acts referred to in Article 3d of Regulation (EU) 2020/852 should not affect this guidance.*
- (11c) *The measures supported by the Facility and included in the individual Member State plans should also account for an amount that represents at least 20% of the plan's allocation as far as digital expenditure is concerned. To this effect, Member States should*

*calculate the coefficient for support to the digital objectives based on a methodology, which reflects the extent to which such support makes a contribution to digital objectives. The weightings should be based on the dimensions and codes for the types of intervention established in an annex to this regulation. The methodology should be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table. If the Member State concerned and the Commission agree, the coefficients for support to the digital objectives may be increased to 40 or 100 per cent for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives.*

*(11d) For the purpose of the determination of the contribution of relevant measures of the plans to the climate and digital targets, such measures may be accounted for under both objectives in accordance with the respective methodologies.*

~~(12) In order to implement these overall objectives, relevant actions will be identified during the Facility's preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green transition, but also the digital transformation. They will both play a priority role in relaunching and modernising our economy.~~

*(12a) Women have been particularly affected by the COVID-19 crisis, as they represent the majority of healthcare workers across the Union, and balance unpaid care work with their employment responsibilities. The situation is especially difficult for single parents, 85% of whom are women. Gender equality and equal opportunities for all, and the mainstreaming of these objectives should be taken into account and promoted throughout the preparation and implementation of national plans submitted under this Regulation. Investment in robust care infrastructure is also essential in order to ensure gender equality and women's economic empowerment, build resilient societies, combat precarious conditions in a female dominated sector, boost job creation, prevent poverty and social exclusion, and have a positive effect on Gross Domestic Product, as it allows more women to take part in paid work.*

~~(13) In order to enable measures to be taken that~~ *A mechanism to ensure the link between the Facility and to sound economic governance, with a view to ensuring uniform implementing conditions, the power should be conferred on the Council to suspend, on a proposal from the Commission and by means of implementing acts, the period of time for the adoption of decisions on proposals for recovery and resilience plans and to suspend payments under this Facility, in the event of significant non-compliance in relation to the relevant cases related to the economic governance process laid down in the Regulation (EU) No XXX/XX of the European Parliament and of the Council [CPR] (...). The power to lift those suspensions by means of implementing acts, on a proposal from the Commission, should also be conferred on the Council in relation to the same relevant cases.* ~~should be established, allowing the Commission to make a proposal to the Council to suspend all or part of the commitments or payments under the Facility. The obligation of the Commission to propose a suspension should be suspended as long as the so called general escape clause under the Stability and Growth Pact has been activated. In order to ensure uniform implementation and in view of the importance of the financial effects of measures being imposed, implementing powers should be conferred on the Council which should act on the basis of a Commission proposal. To facilitate the adoption of decisions which are required to ensure effective action in the context of the economic governance process, reversed qualified majority voting should be used for the suspension of commitments. The competent committee of the Parliament may invite the Commission to discuss in the context of a structured dialogue to express its views. In order for the Commission to give due consideration to the views expressed by the European Parliament, this structured dialogue should take place within 4 weeks after the Commission has informed the European Parliament;~~



- (14) **In line with the six pillars, the coherence and synergies they generate, and in the aftermath of the COVID-19 crisis, the Facility's general objective of the Recovery and Resilience Facility should be the promotion of to promote the Union's economic, social and territorial cohesion. For that purpose, it should contribute to by improving the resilience, crisis preparedness, and adjustment capacity and growth potential of the Member States, mitigating the social and economic impact of the crisis, in particular on women, contributing to the implementation of the European Pillar of Social Rights, and supporting the green and digital transitions aimed at achieving a climate neutral Europe, and contributing to the achievement of the Union's 2030 climate targets set out in Article 2(11) of Regulation (EU) 2018/1999 amended by Article [10] of Regulation [European Climate Law] and complying with the objective of EU climate neutrality by 2050 and the digital transition, thereby restoring the contributing to the upward economic and social convergence, to restoring and promoting sustainable growth potential and the integration of the economies of the Union in the aftermath of the crisis, and fostering high quality employment creation, and contributing to the strategic autonomy of the Union alongside an open economy and generating European added value and to promoting sustainable growth.**
- (15) The specific objective of the Facility should be to provide financial support with a view to achieving the milestones and targets of reforms and investments as set out in recovery and resilience plans. That specific objective should be pursued in close cooperation with the Member States concerned.
- (15a) *By 31 July 2022, the Commission should present a review report on the implementation of the Facility to the European Parliament and Council. For this purpose, the Commission should take into account the common indicators and the recovery and resilience scoreboard provided under this regulation as well as relevant information available. The competent committee of the European Parliament might invite the Commission to present the main findings of the review report in the context of the recovery and resilience dialogue established under this regulation.*
- (16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent *package recovery and resilience plan. Measures started from 1 February 2020 onwards should be eligible.* The recovery and resilience plan should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, *as well as challenges and priorities identified in the most recent Council recommendation on the economic policy of the euro area for Member States whose currency is the euro. The recovery and resilience plan should also be consistent* with the National Reform Programmes, the National Energy and Climate Plans, the just transition plans, *the Youth Guarantee implementation plan* and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift delivery of targets, objectives and contributions set out in National Energy and Climate Plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental *standards and* priorities of the Union. *The recovery and resilience plans should also respect the horizontal principles of this Facility.*
- (16c) *The national recovery and resilience plan should not affect the right to conclude or enforce collective agreements or to take collective action in accordance with the Charter of Fundamental Rights of the European Union, and Union and national law and practices.*

- (16f) *Regional and local authorities, can be considered as important partners in the implementation of reforms and investments. In that regard, they should be appropriately consulted and involved, in accordance with the national legal framework.*
- (17) Where a Member States is exempted from the monitoring and assessment of the European Semester on the basis of Article 12 of Regulation (EU) 472/2013<sup>4</sup>, or is subject to surveillance under Council Regulation (EC) No 332/2002<sup>5</sup>, it should be possible that the provisions of this regulation are applied to the Member State concerned in relation to the challenges and priorities identified by the measures set out under the regulations thereof.
- (18) To inform the preparation and the implementation of the recovery and resilience plans by Member States, the Council should be able to discuss, within the European Semester, the state of recovery, resilience and adjustment capacity in the Union. To ensure appropriate evidence, this discussion should be based on the Commission's strategic and analytical information available in the context of the European Semester and, if available, on the basis of the information on the implementation of the plans in the preceding years.
- (19) In order to ensure a meaningful financial contribution commensurate to the actual needs of Member States to undertake and complete the reforms and investments included in the recovery and resilience plan, it is appropriate to establish a maximum financial contribution available to them under the Facility as far as the financial support (i.e. the non-repayable financial support) is concerned. That maximum contribution should be calculated *for 70 per cent of the amount of non-repayable support* on the basis of the population, the inverse of the per capita Gross Domestic Product (GDP) and the relative unemployment rate of each Member State *and for the remaining 30 per cent of the amount of non-repayable support on the basis of the population, the inverse of the per capita GDP, and, in equal proportion, the change in real GDP in 2020 and the aggregated change in real GDP over the period 2020-2021 based on the Commission Autumn 2020 forecasts for data not available at the time of calculation, to be updated by 30 June 2022 with actual outturns.*
- (20) It is necessary to establish a process for the submission of proposals for recovery and resilience plans by the Member States, and the content thereof. With a view to ensuring the expediency of procedures, a Member State should *officially* submit a recovery and resilience plan ~~at the latest, as a rule by 30 April, and could do so in a single integrated document together with~~, ~~in the form of a separate annex of the National Reform Programme. To ensure a fast implementation, Member States should be able to submit a draft plan together with the draft budget of the forthcoming year, on~~ *starting from 15 October of the preceding year.*
- (21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. ~~The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process. It should detail how the plan, taking into account the measures included therein, represents a comprehensive and adequately balanced response to the economic and social situation of the Member State, thereby contributing appropriately to all pillars, taking into account the specific challenges of the Member State concerned. The recovery and resilience plan should set out the detailed set of measures for its monitoring~~

<sup>4</sup> OJ L 140 of 27.5.2013.

<sup>5</sup> OJ L 53 of 23.2.2002.

*and implementation, including targets and milestones and estimated costs, as well as, the expected impact of the recovery and resilience plan on growth potential, job creation and economic, social and institutional resilience, including through the promotion of policies for children and youth, and on the mitigation of the economic and social impact of the crisis, contributing to the implementation of the European Pillar of Social Rights, thereby enhancing the economic, social and territorial cohesion and convergence within the Union. It should also include measures that are relevant for the green transition, including biodiversity, and the digital transition; it should also include an explanation of how it contributes to effectively address the relevant country-specific challenges and priorities identified in the context of the European Semester, including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011. It should also include an explanation of how the plan ensures that no measure for the implementation of reforms and investments included in the plan makes a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 ('do no significant harm principle'). The plan should set out the expected contribution to gender equality and equal opportunities for all as well as a summary of the conducted consultation process with relevant national stakeholders. The plan should contain an explanation of the Member State's plans, systems and concrete measures to prevent, detect and correct conflicts of interest, corruption and fraud, and the avoidance of double funding, when using the funds as derived from the Facility. The plan might also include cross-border or multi-country projects. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.*

- (21a) The implementation of the facility should be carried out in line with the principle of sound financial management, including the effective prevention and prosecution of fraud, including tax fraud, tax evasion, corruption and conflict of interest.*
- (22) The Commission should assess the recovery and resilience plans proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission should fully respect the national ownership of the process and—will should therefore take into account the justification and elements provided by the Member State concerned and The Commission should assess the relevance, effectiveness, efficiency and coherence of the plan based on a list of criteria. The Commission should assess whether the recovery and resilience plan proposed by the Member State is expected contributes appropriately to all six pillars covered by the scope of this Regulation, taking the specific challenges and the financial allocation of the Member State concerned into account; whether the the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address all or a significant subset of challenges identified in the relevant country-specific recommendation, including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011 where appropriate, addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic, social and institutional resilience of the Member State, including through the promotion of policies for children and youth, mitigate the economic and social impact of the crisis, contributing to the implementation of the European Pillar of Social Rights, thereby enhancing economic, social and territorial cohesion and convergence within the Union; an explanation how the plan ensures that no measures makes a significant harm to the environmental objectives within the meaning of Art. 17 of Regulation (EU) No 2020/852; the Commission shall provide technical guidance to the Member States to this effect; whether the plan contains measures that effectively contribute to the green and—digital transition, including biodiversity, and to the digital transition and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the*

Member State concerned; ~~whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; and whether the arrangements proposed by the Member State concerned are expected to ensure effective monitoring and implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators;~~ whether the justification, provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is *in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact on the economy and employment; whether the arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from Union programmes; and whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.* ***The Commission should assess the recovery and resilience plans, or, where applicable, their updates, within two months. The Member State concerned and the Commission may agree to extend this deadline by a reasonable time period if necessary.***

- (23) Appropriate guidelines should be set out, as an annex to this Regulation, to serve as a basis for the Commission to assess in a transparent and equitable manner the recovery and resilience plans and to determine the financial contribution in conformity with the objectives and any other relevant requirements laid down in this Regulation. In the interest of transparency and efficiency, a rating system for the assessment of the proposals for recovery and resilience plans should be established to that effect. ***The criteria related to the country-specific recommendations, and to the strengthening of the growth potential, job creation and economic, institutional and social resilience, contributing to the implementation of the European Pillar of Social Rights, should need the highest score of the assessment. Effective contribution to the green and digital transition should also be a prerequisite for a positive assessment.***
- (24) In order to contribute to the preparation of high-quality plans and assist the Commission in the assessment of the recovery and resilience plans submitted by the Member States and in the assessment of the degree of their achievement, provision should be made for the use of expert advice and, at the Member State request, peer counselling ***and technical support. Member States might also request support under the Technical Support Instrument, in accordance with the provisions of that Regulation. Member States might be encouraged to foster synergies with recovery and resilience plans of other Member States.***
- (25) For the purpose of simplification, the determination of the financial contribution should follow simple criteria. The financial contribution should be determined on the basis of the estimated total costs of the recovery and resilience plan proposed by the Member State concerned.
- (26) ***The Council should approve the assessment of the recovery and resilience plans by means of an implementing decision, based on a proposal by the Commission, and which it should endeavour to adopt within four weeks of the adoption of the proposal.*** Provided that the recovery and resilience plan satisfactorily addresses the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the estimated total costs of the reform and investment included in the recovery and resilience plan is equal to, or higher than, the amount of the maximum financial contribution itself. The Member State concerned should instead be allocated an amount equal to the estimated total cost of the recovery and resilience plan where such estimated total cost is lower than

the maximum financial contribution itself. No financial contribution should be awarded to the Member State if the recovery and resilience plan does not satisfactorily address the assessment criteria. ***The Council implementing decision should be amended, on a proposal by the Commission, to include the updated maximum financial contribution calculated on the basis of actual outturns in June 2022. The Council should adopt such amendment without undue delay.***

- (27) To ensure that the financial support is frontloaded in the initial years after the crisis, and to ensure compatibility with the available funding for this instrument, ~~the allocation of funds to the Member States should be made available until 31 December 2023~~<sup>4</sup>. To this effect, at least 670 per cent of the amount available for non-repayable support should be legally committed by 31 December 2022. The remaining amount should be legally committed by 31 December 2023<sup>4</sup>. ***In 2021, on request of a Member State to be submitted together with the plan, an amount of up to 13 per cent of the financial contribution and, where applicable, of up to 13 per cent of the loan support of the Member State concerned can be paid in the form of a pre-financing within, to the extent possible, two months after the adoption by the Commission of the legal commitments.***
- (28) Financial support to a Member State's plan should be possible in the form of a loan, subject to the conclusion of a loan agreement with the Commission, on the basis of a duly motivated ***substantiated*** request by the Member State concerned. Loans supporting the implementation of national recovery and resilience plans ***will be provided until 31 December 2023 and*** should be provided at maturities that reflect the longer-term nature of such spending. ***In light of article 3b (2) of the Own Resources Decision, repayments should be scheduled, in accordance with the principle of sound financial management, so as to ensure the steady and predictable reduction of liabilities.*** Those maturities may diverge from the maturities of the funds the Union borrows to finance the loans on capital markets. Therefore, it is necessary to provide for the possibility to derogate from the principle set out in Article 220(2) of the Financial Regulation, according to which maturities of loans for financial assistance should not be transformed.
- (29) The request for a loan should be justified by the ***higher*** financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for ***a*** loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2023<sup>4</sup>. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 4.76,8% of its Gross National Income ***in 2019***.<sup>6</sup> An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results. ***The Commission should assess the request for a loan support within two months. The Council should be able to approve this assessment by qualified majority on a Commission proposal through an implementing decision which the Council should endeavour to adopt within four weeks of the adoption of the proposal by the Commission.***
- (30) A Member State should have the possibility to make a reasoned request to amend the recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. ***Where the Commission considers that the reasons put forward by the Member State concerned justify such an amendment it should***

<sup>6</sup> Data from Eurostat; cut off date May 2020.

assess the ~~reasoned request and take a new decision~~*new plan* within ~~two~~*four* months. *The Member State concerned and the Commission may agree to extend this deadline by a reasonable time period if necessary. The Council should approve the assessment of the new plan by means of an implementing decision, based on a proposal by the Commission, and which it should endeavour to adopt within four weeks of the proposal.*

(30a) *The Union institutions should do their utmost to reduce processing time in order to ensure the smooth and rapid implementation of the Facility.*

(31) For reasons of efficiency and simplification in the financial management of the instrument, the Union financial support to recovery and resilience plans should take the form of a financing based on the achievement of results measured by reference to milestones and targets indicated in the approved recovery and resilience plans. To this effect, the additional loan support should be linked to the additional milestones and targets compared to those relevant for the financial support (i.e. the non-repayable support).

(31a) *Under the Facility, the release of funds is contingent upon the satisfactory fulfilment of the relevant milestones and targets by the Member States as set out in the recovery and resilience plans approved by the Council. Before a decision authorising the disbursement of the financial contribution and, where applicable, of the loan support is adopted by the Commission, it should ask the Economic and Financial Committee to give its opinion on the satisfactory fulfilment of the relevant milestones and targets by the Member States on the basis of a preliminary assessment of the Commission. In order for the Commission to take the opinion of the Economic and Financial Committee into account for its assessment, it should be delivered within four weeks of receiving the preliminary assessment of the Commission. In its deliberations, the Economic and Financial Committee shall strive to reach a consensus. If, exceptionally, one or more Member States consider that there are serious deviations from the satisfactory fulfilment of the relevant milestones and targets, they may request the President of the European Council to refer the matter to the next European Council. The respective Member States should also inform the Council without undue delay, which should inform immediately the European Parliament. In such exceptional circumstances, no decision for payment of the financial contribution and, where applicable, of the loan support will be taken until the next European Council has exhaustively discussed the matter. This process shall, as a rule, not take longer than three months after the Commission has asked the Economic and Financial Committee for its opinion.*

(32) For the purpose of sound financial management, *whereas respecting the performance based nature of the Facility* specific rules should be laid down for budget commitments, payments, suspension, ~~cancellation~~ and recovery of funds *as well as the termination of agreements related to financial support*. To ensure predictability, it should be possible for Member States to submit requests for payments on a biannual basis. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State. *The Member States should take appropriate measures to ensure that the use of funds in relation to measures supported by the Facility complies with the applicable Union and national law. In particular, they should ensure that fraud, corruption and conflict of interests are prevented, detected and corrected, and that double funding is avoided.* Suspension and ~~cancellation~~ *the termination of agreements related to financial support as well as a reduction and a recovery* of the financial contribution should be possible when the recovery and resilience plan has not been implemented in a satisfactory manner by the Member State, *or in case of serious irregularities, meaning fraud, corruption and conflict of interest in relation to the measures supported by the Facility, or serious breach of obligations of the agreements. Recovery should, where possible, be ensured by way of offsetting against outstanding disbursements under the Recovery and Resilience Facility.* Appropriate contradictory procedures should be established to ensure that the decision by the



Commission in relation to suspension, ~~cancellation~~ and recovery of amounts paid as well as *the termination of agreements related to financial support* respects the right of Member States to provide observations. *All payments of financial contributions to Member States should be made by 31 December 2026, with the exception of measures referred to in the second sentence of Article 2(2) of Regulation [EURI] and cases where, although the legal commitment has been entered, or the decision adopted, in compliance with the deadlines referred to in Article 4 of Regulation [EURI], it is necessary for the Union to be able to honour its obligations towards the Member States, including as a result of a definitive judgment against the Union.*

- (32a) *The Commission should ensure that the financial interests of the Union are effectively protected. While it is primarily the responsibility of the Member State itself to ensure that the Facility is implemented in compliance with relevant Union and national law, the Commission should be able to receive sufficient assurance from Member States in this regard. To this effect, in implementing the Facility the Member States shall ensure the functioning of an effective and efficient internal control system and recover amounts unduly paid or misused. In this regard, Member States may rely on their regular national budget management systems. The Member States should collect standardised categories of data and information allowing to prevent, detect and correct serious irregularities, meaning fraud, corruption, and conflict of interests in relation to the measures supported by the Facility. The Commission should make available an information and monitoring system, including a single data-mining and risk-scoring tool, to access and analyse this data and information, with a view to a generalised application by the Member States.*
- (32ab) *The Commission, OLAF, the Court of Auditors and, where applicable EPPO may use the information and monitoring system within their competences and rights.*
- (32aa) *In order to facilitate the implementation of the arrangements of Member States aimed at avoiding double funding from the Facility and other Union programmes, the Commission should make available information on recipients of funds financed from the budget, in accordance with Article 38(1) of the Financial Regulation.*
- (32b) *The Member States and the Commission should be allowed to process personal data only where necessary for the purpose of ensuring discharge, audit and control of the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan. The personal data should be processed in accordance with Regulation (EU) 2016/679 or Regulation (EU) 2018/1725, whichever is applicable.*
- (33) *For effective monitoring of implementation, the Member States should report on a ~~quarterly~~ biannual basis within the European Semester process on the progress made in the achievement of the recovery and resilience plan. Such reports prepared by the Member States concerned should be appropriately reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards completion of recovery and resilience plans.*
- (33a) *Member States should be encouraged to seek the opinion of their national productivity boards and independent fiscal institutions on their recovery and resilience plans, including possible validation of elements of their recovery and resilience plan.*
- (34) *In order to ensure transparency and accountability in the implementation of the Facility, the Commission should transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents and information simultaneously and on equal terms to the Council and the European Parliament, such as the recovery and resilience plans, or their amendments, as submitted by the Member States, and the proposals for Council implementing decisions as made public by the Commission.*
- (34a) *The competent committees of the European Parliament might every two months invite the Commission to discuss in a recovery and resilience dialogue matters that concern the*

*implementation of the Facility, such as the recovery and resilience plans of the Member States; the assessment by the Commission; the main findings of the review report; the status of fulfilment of the milestones and targets; procedures related to payment and suspension; and any other relevant information and documentation provided by the Commission in relation to the implementation of the Facility. The Commission should take into account elements arising from the views expressed through the recovery and resilience dialogue, including the Resolutions from the European Parliament, if provided.*

~~(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission should be communicated to the European Parliament and the Council and communication activities should be carried out by the Commission as appropriate.~~

(35) In order to ensure an efficient and coherent allocation of funds from the Union budget and to respect the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union programmes, whilst avoiding double funding for the same expenditure. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding. To that effect, Member States should be required to present the relevant information on existing or planned Union financing when submitting their plans to the Commission. Financial support under *the* Facility should be additional to the support provided under other Union funds and programmes, including InvestEU, and reform and investment projects financed under the Facility should be able to receive funding from other Union programmes and instruments provided that such support does not cover the same cost.

(35a) *The Commission should monitor the implementation of the Facility and measure the achievement of the objectives under this regulation in a targeted and proportionate manner. The monitoring of implementation should ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements should be imposed on recipients of Union funding. By way of delegated acts, the Commission should set out the common indicators to be used for reporting on progress and for the purpose of monitoring and evaluation of the Facility and define a methodology for reporting social expenditure, including children and youth, under the Facility.*(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Recovery and Resilience Facility established by this Regulation on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, should include measurable indicators, as a basis for evaluating the effects of the instruments on the ground.

(36b) *A dedicated scoreboard should be established by way of delegated act to display the progress of the implementation of the recovery and resilience plans of the Member States in each of the six pillars covered by the scope of this regulation and the progress made by the recovery and resilience plans in relation to the common indicators of the Facility. The Scoreboard should be operational by December 2021 and should be updated by the Commission on a biannual basis.*

(36c) *In order to ensure appropriate performance reporting and monitoring of the implementation of the Facility, including on social expenditure, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the dedicated scoreboard displaying the progress of the implementation and the common indicators to be used as well as the methodology for reporting social expenditure, including children and youth. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in*

*accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.*

- (37) It is opportune that the Commission provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; ~~it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.~~ *It should also include information on the implementation of the milestones and targets, disbursements and suspensions, as well as on the contribution of the facility to the climate and digital targets, common indicators and expenditure financed under the pillars.*
- (38) An independent evaluation, looking at the achievement of the objectives of the Facility established by this Regulation, the efficiency of the use of its resources and its added value should be carried out. Where appropriate, the evaluation should be accompanied by a proposal for amendments to this Regulation. An independent ex-post evaluation should, in addition, deal with the long-term impact of the instruments.
- (39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be *adopted by the Council by means of an implementing decision, on a proposal from the Commission.* ~~established by the Commission by way of implementing act. To this effect, in~~ order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the ~~Commission~~ *Council*. The implementing powers relating to ~~the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be conferred to and be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof<sup>7</sup>. Taking into account the possible need for a prompt payment of the financial support under the Recovery and Resilience Facility, the chair of the committee should consider the possibility, for any draft implementing act, of shortening the time limit for convening the committee and the time limit for the Committee to deliver its opinion, in accordance with the relevant provisions of Regulation (EU) No 182/2011.~~
- (39a) After the adoption of an implementing ~~decision~~*act*, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent.
- (39b) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also ~~concern~~ *include a*

<sup>7</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

~~general regime of conditionality for the protection of the Union budget in case of generalized deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.~~

- (40) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>8</sup>, Council Regulation (Euratom, EC) No 2988/95<sup>9</sup>, Council Regulation (Euratom, EC) No 2185/96<sup>11</sup> and Council Regulation (EU) 2017/1939<sup>12</sup>, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities, fraud, **corruption** and **conflict of interests**, ~~the recovery of funds lost, wrongly paid or incorrectly used~~ and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption, **conflict of interests** or any other illegal activity affecting the financial interests of the Union. In accordance with **and in respect of those Member States participating in enhanced cooperation pursuant to** Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud, **corruption**, **conflict of interests** and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council<sup>13</sup>. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights to the Commission, OLAF, the EPPO and the European Court of Auditors.
- (40a) ***Communication activities should be carried out by the Commission. The Commission might, as appropriate, ensure that support under the Facility is communicated and acknowledged through a funding statement.***
- (41) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States alone, but can rather be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond that which is necessary to achieve that objective.
- (42) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union,

<sup>8</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of

<sup>9</sup> September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999, (OJ L248, 18.9.2013, p. 1)

<sup>10</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p.1)

<sup>11</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L292, 15.11.96, p.2)

<sup>12</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L283, 31.10.2017, p.1)

<sup>13</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29)

HAVE ADOPTED THIS REGULATION:

## CHAPTER I

### General provisions and financial envelope

#### *Article 1*

##### *Subject matter*

This Regulation establishes a Recovery and Resilience Facility (the ‘Facility’).

It lays down its objectives, the financing, the forms of Union funding and the rules for providing such funding.

#### *Article 2*

##### *Definitions*

For the purposes of this Regulation, the following definitions apply:

1. ‘Union Funds’ means the funds covered by Regulation (EU) YYYY/XX of the European Parliament and of the Council [CPR successor]<sup>14</sup>;
2. ‘Financial contribution’ means non-repayable financial support available for allocation or allocated to the Member States under the Facility; and
3. ‘European Semester of economic policy coordination’ (hereinafter ‘European Semester’) means the process set out by Article 2-a of Council Regulation (EC) No 1466/97 of 7 July 1997<sup>15</sup>.
4. ***‘Milestones and targets’ mean measures of progress towards the achievement of a reform or an investment, with milestones being qualitative achievements and targets being quantitative achievements.***
- 3d. ***‘Resilience’ means the ability to face economic, social and environmental shocks and/or persistent structural changes in a fair, sustainable and inclusive way;***
5. ***‘do no significant harm’ means not supporting or carrying out economic activities that make significantly harm to any environmental objective, as referred to, where relevant, within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and Council (EU Taxonomy Regulation);***
6. ***‘Union climate and environment objectives’ mean the Union climate objectives and targets set out in Regulation (EU) .../...[European Climate Law].***

#### *Article 3*

##### *Scope*

The scope of application of the Facility established by this Regulation shall refer to policy areas ***of European relevance structured in six pillars: related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.***

<sup>14</sup> OJ C , , p. .

<sup>15</sup> Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (OJ L 209, 2.8.1997, p. 1).

- (a) *Green transition;*
- (b) *Digital transformation;*
- (c) *Smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning single market with strong SMEs;*
- (d) *Social and territorial cohesion;*
- (e) *Health, and economic, social and institutional resilience, including with a view of increasing crisis reaction capacity and crisis preparedness; and*
- (f) *Policies for the next generation, children and youth, including education and skills.*

#### *Article 4*

##### *General and specific objectives*

1. *In line with the six pillars referred in Article 3, the coherence and synergies they generate, and in the aftermath of the COVID-19 crisis, ~~the~~ the general objective of the Recovery and Resilience Facility shall be to promote the Union's economic, social and territorial cohesion by improving the resilience and, crisis preparedness, adjustment capacity and growth potential of the Member States, mitigating the social and economic impact of the crisis, in particular on women, contributing to the implementation of the European Pillar of Social Rights, and supporting the green and digital transitions, and contributing to the achievement of the Union's 2030 climate targets set out in Article 2(11) of Regulation (EU) 2018/1999 amended by Article [10] of Regulation [European Climate Law] and complying with the objective of EU climate neutrality by 2050 and the digital transition, thereby contributing to the upward economic and social convergence, to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth and promoting sustainable growth and the integration of the economies of the Union, and fostering high quality employment creation, and contributing to the strategic autonomy of the Union alongside an open economy and generating European added value.*
2. *To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans. That specific objective shall be pursued in close and transparent cooperation with the Member States concerned.*

#### *Article 4a*

##### *Horizontal principles*

1. *Support from the Facility shall not, unless for duly justified cases, substitute recurring national budgetary expenditure and shall respect the principle of additionality of the Union funding as referred to in Article 8.*
2. *The Facility shall only support measures respecting the "do no significant harm" principle.*

#### *Article 5*

##### *Resources from the European Union Recovery Instrument*

1. *Measures referred to in Article 2 of Regulation [EURI] shall be implemented under the Facility:*
  - (a) *through an amount of up to EUR 334 950 000 000 312 500 000 000 referred to in point (ii) of Article 3(2)(a) of Regulation [EURI] in current prices 2018 prices, available for non-repayable support, subject to Article 4(4) and (8) of Regulation [EURI].**As provided for in Article 3(1) of Regulation (EURI), ~~these~~ those amounts shall constitute external assigned revenue in accordance with for the purpose of Article 21(5) of the Financial Regulation.*



(b) through ~~an~~ amount of ~~up to~~ EUR ~~267 955 000 000~~ ~~360 000 0000 0000~~ referred to in Article 3(2)(b) of Regulation [EURI] in ~~current prices~~ ~~2018~~ prices, available for loan support to Member States pursuant to Article 12 and 13, subject to Article 4(5) of Regulation [EURI].

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of ~~the Facility each instrument~~ and the achievement of its objectives, in particular studies, meetings of experts, ~~consultation of stakeholders~~, information and communication actions, including ~~inclusive outreach actions~~, and corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of ~~each instrument~~ ~~the Facility~~. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.

#### Article 6

##### *Resources from shared management programmes*

1. Resources allocated to Member States under shared management may, at their request, be transferred to the Facility. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation. Those resources shall be used *exclusively* for the benefit of the Member State concerned.
2. *Member States may propose to include in their recovery and resilience plan, as estimated costs, the payment for additional technical support pursuant to Article [...] of the Technical Support Instrument and the amount of the cash contribution for the purpose of the Member State compartment pursuant to Article [...] of the InvestEU Programme. These costs shall not exceed 4% of the plan's financial total allocation and the relevant measures, as set out in the recovery and resilience plan, shall respect the requirements of this Regulation.*

#### Article 7

##### *Implementation*

The ~~Recovery and Resilience~~ Facility shall be implemented by the Commission in direct management in accordance with *the relevant rules adopted under Article 322 TFEU, in particular the Financial Regulation and the general regime of conditionality for the protection of the Union budget.*

#### Article 8

##### *Additionality and complementary funding*

Support under the Facility shall be additional to the support provided under other Union funds and programmes. Reform and investment projects may receive support from other Union programmes and instruments provided that such support does not cover the same cost.

#### Article 9

##### *Measures linking the Facility to sound economic governance*

1. ~~In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the [...]](CPR), the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to suspend the time period for the adoption of the decisions referred to in~~

~~Articles 17(1) and 17(2) or to suspend payments under the Recovery and Resilience Facility.~~

~~The decision to suspend payments referred to in paragraph 1 shall apply to payment applications submitted after the date of the decision to suspend.~~

~~The suspension of the time period referred to in Article 17 shall apply from the day after the adoption of the decision referred to in paragraph 1.~~

~~In case of suspension of payments Article 15(9) of Regulation laying down common provisions on the (...) shall apply.~~

- ~~2. In the event of occurrence of any of the cases referred to in Article 15(11) of the Regulation laying down common provisions on the [...], the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to lift the suspension of the time period or of payments referred to in the previous paragraph. The relevant procedures or payments shall resume the day after the lifting of the suspension.~~

- 1. The Commission shall make a proposal to the Council to suspend all or part of the commitments or payments where the Council decides in accordance with Article 126(8) or Article 126(11) TFEU that a Member State has not taken effective action to correct its excessive deficit, unless it has determined the existence of a severe economic downturn for the Union as a whole in the sense of Articles 3 (5) and 5 (2) of Regulation 1467/97;**
- 2. The Commission may make a proposal to the Council to suspend all or part of the commitments or payments in relation to any of the following cases:**
  - a) where the Council adopts two successive recommendations in the same imbalance procedure, in accordance with Article 8(3) of Regulation (EU) No 1176/2011 of the European Parliament and of the Council on the grounds that a Member State has submitted an insufficient corrective action plan;**
  - b) where the Council adopts two successive decisions in the same imbalance procedure in accordance with Article 10(4) of Regulation (EU) No 1176/2011 establishing non-compliance by a Member State on the grounds that it has not taken the recommended corrective action;**
  - c) where the Commission concludes that a Member State has not taken measures as referred to in Council Regulation (EC) No 332/2002 and as a consequence decides not to authorise the disbursement of the financial assistance granted to that Member State;**
  - d) where the Council decides that a Member State does not comply with the macro-economic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 of the European Parliament and of the Council, or with the measures requested by a Council decision adopted in accordance with Article 136(1) TFEU.**

**Priority shall be given to the suspension of commitments; payments shall be suspended only when immediate action is sought and in the case of significant non-compliance.**

**The decision to suspend payments shall apply to requests for payments submitted after the date of the decision to suspend.**

- 3. A proposal by the Commission for the suspension of commitments shall be deemed adopted by the Council unless the Council decides, by means of an implementing act, to reject such a proposal by qualified majority within one month of the submission of the Commission proposal.**

**The suspension of commitments shall apply to the commitments from 1 January of the year following the decision to suspend.**

**The Council shall adopt a decision, by means of an implementing act, on a proposal by the Commission referred to in paragraphs 1 and 2 in relation to the suspension of payments.**

4. *The scope and level of the suspension of commitments or payment to be imposed shall be proportionate, shall respect the equality of treatment between Member States and shall take into account the economic and social circumstances of the Member State concerned, in particular the level of unemployment, the level of poverty or social exclusion of the Member State concerned in relation to the Union average and the impact of the suspension on the economy of the Member State concerned.*
5. *The suspension of commitments shall be subject to a maximum of 25 % of the commitments or 0,25 % of nominal GDP whichever is lower, in any of the following cases:*
  - a) *in the first case of non-compliance with an excessive deficit procedure as referred to under paragraph 1;*
  - b) *in the first case of non-compliance relating to a corrective action plan under an excessive imbalance procedure as referred to under point a of paragraph 2;*
  - c) *in case of non-compliance with the recommended corrective action pursuant to an excessive imbalance procedure as referred to under point (b) of paragraph 2;*
  - d) *in the first case of non-compliance as referred to under points (c) and (d) of paragraph 2.*

*In case of persistent non-compliance, the suspension of commitments may exceed the maximum percentages set out in the first sub-paragraph.*

6. *The Council shall lift the suspension of commitments on a proposal from the Commission, in accordance with the procedure set out in the first subparagraph of paragraph 3 of this Article, in the following cases:*
  - a) *where the excessive deficit procedure is held in abeyance in accordance with Article 9 of Council Regulation (EC) No 1467/97 or the Council has decided in accordance with Article 126(12) TFEU to abrogate the decision on the existence of an excessive deficit;*
  - b) *where the Council has endorsed the corrective action plan submitted by the Member State concerned in accordance with Article 8(2) of Regulation (EU) No 1176/2011 or the excessive imbalance procedure is placed in a position of abeyance in accordance with Article 10(5) of that Regulation or the Council has closed the excessive imbalance procedure in accordance with Article 11 of that Regulation;*
  - c) *where the Commission has concluded that a Member State has taken appropriate measures as referred to in Regulation (EC) No 332/2002;*
  - d) *where the Commission has concluded that the Member State concerned has taken appropriate measures to implement the adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 or the measures requested by a decision of the Council in accordance with Article 136(1) TFEU.*

*After the Council has lifted the suspension of commitments, the Commission may again enter into the budgetary commitments in relation to the appropriations previously suspended without prejudice to Article 3(4), (7) and (9) [ERI].*

*A decision concerning the lifting of the suspension of payments shall be taken by the Council on a proposal by the Commission in accordance with the procedure set out in the third subparagraph of paragraph 3, where the applicable conditions set out in the first-subparagraph are fulfilled.*

7. *The Commission shall keep the European Parliament informed of the implementation of this Article. In particular, the Commission shall, when one of the conditions set out in paragraphs 1 and 2 are fulfilled for a Member State, immediately inform the European Parliament and provide details on commitments and payments which could be subject to a suspension. The competent committee of the EP may invite the Commission to discuss the application of this Article in the context of a structured dialogue in order to allow the European Parliament to express its views. The Commission shall give due consideration to the views expressed by the European Parliament.*

*The Commission shall transmit the proposal for suspension or the proposal to lift such a suspension, to the European Parliament and to the Council immediately after its adoption. The European Parliament may invite the Commission to explain the reasons for its proposal.*

8. *In 2024, the Commission shall carry out a review of the application of this Article. To this end, the Commission shall prepare a report which it shall transmit to the European Parliament and the Council, accompanied where necessary by a legislative proposal.*
9. *Where there are major changes in the social and economic situation in the Union, the Commission may submit a proposal to review the application of this Article, or the European Parliament or the Council, acting in accordance with Articles 225 or 241 TFEU respectively, may request the Commission to submit such a proposal.*

## CHAPTER II

### Financial contribution, allocation process and loans, and review

#### Article 10

##### *Maximum financial contribution*

1. ~~A~~*The maximum financial contribution shall be calculated for each Member State for the allocation of as follows:*
  - a) *For 70 per cent of the amount referred to in Article 5(1)(a), converted into current prices using the methodology set out in Annex I on the basis of based on the population, the inverse of the per capita Gross Domestic Product (GDP) and the relative unemployment rate of each Member State as set out in the methodology in Annex I a).*
  - b) *For the remaining 30 per cent of the amount referred to in Article 5(1)(a), converted into current prices, on the basis of the population, the inverse of the per capita GDP, and, in equal proportion, the change in real GDP in 2020 and the aggregated change in real GDP for the period 2020-2021 as set out in the methodology in Annex I b). The change in real GDP for 2020 and the aggregated change in real GDP for the period 2020-2021 shall be based on the Commission Autumn 2020 forecasts.*
2. *The calculation of the maximum financial contribution under paragraph 1b) shall be updated by 30 June 2022 for each Member State by replacing the data from the Commission Autumn 2020 forecasts with the actual outturns in relation to the change in real GDP 2020 and the aggregated change in real GDP for the period 2020-2021.*

#### Article 11

##### *Allocation of the financial contributions*

1. ~~For a period until 31 December 2022, the Commission shall make available for allocation EUR 334 950 000 000, referred to in point (a) of Article 5(1). Each Member State may submit a requests up to their~~*its maximum financial contribution, referred to in Article 10, to implement their recovery and resilience plans.*
- 1a. *For a period until 31 December 2022, the Commission shall make available for allocation 70 per cent of the amount referred to in point (a) of Article 5(1), converted into current prices.*
2. ~~For a period starting after 31 December 2022~~*from 1 January 2023 until 31 December 2024**2023, the Commission shall make available for allocation 30 per cent of the amount referred to in point (a) of Article 5(1) converted into current prices. where financial resources are available, the Commission may organise calls in line with the calendar of the European Semester. To that effect, it shall publish an indicative calendar of*

~~the calls to be organised in that period, and shall indicate, at each call, the amount available for allocation. Each Member State may propose to receive up to a maximum amount corresponding to its allocation share of the available amount for allocation, as referred to in Annex I, to implement the recovery and resilience plan.~~

3. **The allocations under point 1a and 2 are without prejudice to Article 3(8) of Regulation [EURI].**

#### *Article 11a* *Pre-financing*

1. *In 2021, subject to the adoption by the Council of the implementing decision referred to in Article 17(1), and when requested by a Member State together with the submission of the recovery and resilience plan the Commission shall make a pre-financing payment of an amount of up to 13 per cent of the financial contribution in the form of non-repayable support, and, where applicable, of up to 13 per cent of the loan support in the form of a loan as set out in Article 17(1b) and (2). By derogation from Article 116(1) of the Financial Regulation, the Commission shall make the corresponding payment within, to the extent possible, two months after the adoption by the Commission of the legal commitment referred to in Article 19.*
2. *In cases of pre-financing under paragraph 1, the financial contributions and, where applicable, the loan support to be paid as referred to in Article 17(4)(a) shall be adjusted proportionally.*
3. *If the amount of pre-financing of the financial contribution in the form of non-repayable support paid in 2021 under paragraph 1 exceeds 13 per cent of the maximum financial contribution calculated in accordance with Article 10(2) by 30 June 2022, the next disbursement authorised in accordance with Article 19a(3), and if needed the following disbursements, shall be reduced until the excess amount is offset. In case the remaining disbursements are insufficient, the excess amount shall be returned.*

#### *Article 12* *Loans*

1. ~~Until 31 December 2024-2023~~, upon request from a Member State, the Commission may grant to the Member State concerned a loan support for the implementation of its recovery and resilience plans.
2. A Member State may request a loan at the same time of the submission of a recovery and resilience plan referred to in Article 15, or at a different moment in time until 31 August ~~2024-2023~~. In the latter case, the request shall be accompanied by a revised plan, including additional milestones and targets.
3. The request for a loan by a Member State shall set out:
  - (a) the reasons for the loan support, justified by the higher financial needs linked to additional reforms and investments;
  - (b) the additional reforms and investments in line with Article 15;
  - (c) the higher cost of the recovery and resilience plan concerned compared to the amount of the ~~maximum~~ financial *contributions* referred to in Article 10, ~~or to the financial contribution allocated to the recovery and resilience plan~~ *respectively* on the basis of Article 17(3)(a), ~~or Article 17(3)(b)~~.
4. The loan support to the recovery and resilience plan of the Member State concerned shall not be higher than the difference between the total cost of the recovery and resilience plan, as revised where relevant, and the maximum financial contribution referred to in Article 10. The maximum volume of the loan for each Member State shall not exceed 6.84.7% of its Gross National Income *in 2019 in current prices*.
5. By derogation from *the second sentence of* paragraph 4, subject to availability of resources, in exceptional circumstances the amount of the loan support may be increased.

6. The loan support shall be disbursed in instalments subject to the fulfilment of milestones and targets in line with Article 17(4)(g).
7. The Commission shall ~~take a decision on~~ assess the request for a loan support in accordance with Article 167. ***The Council shall take a decision, on a proposal from the Commission, in accordance with Article 17(1).*** Where appropriate, the recovery and resilience plan shall be amended accordingly.

### *Article 13*

#### *Loan agreement*

1. Prior to entering into a loan agreement with the Member State concerned, the Commission shall assess whether:
  - (a) the justification for requesting the loan and its amount is considered reasonable and plausible in relation to the additional reforms and investments; and
  - (b) the additional reforms and investments comply with the criteria set out in Article 16(3).
2. Where the request for a loan fulfils the criteria referred to in paragraph 1, and upon adoption of the decision referred to in Article 17(21), the Commission shall enter into a loan agreement with the Member State concerned. The loan agreement, in addition to the elements laid down in Article 220(5) of the Financial Regulation, shall contain the following elements:
  - (a) the amount of the loan in euro ***including, where applicable, the amount of pre-financed loan support in accordance with Article 11a;***
  - (b) the average maturity; Article 220(2) of the Financial Regulation shall not apply with regard to this maturity;
  - (c) the pricing formula, and the availability period of the loan;
  - (d) the maximum number of instalments and the repayment schedule;
  - (e) the other elements needed for the implementation of the loan support in relation to the reforms and the investment projects concerned in line with the decision referred to in Article 17(2).
3. In accordance with Article 220(5)(e) of the Financial Regulation, costs related to the borrowing of funds for the loans referred to in this Article shall be borne by the beneficiary Member States.
4. The Commission shall establish the necessary arrangements for the administration of the lending operations related to loans granted in accordance with this Article.
5. A Member State benefitting from a loan granted in accordance with this Article shall open a dedicated account for the management of the loan received. It shall also transfer the principal and the interest due under any related loan to an account indicated by the Commission in line with the arrangements put in place in accordance with the previous paragraph twenty business days prior to the corresponding due date.

### *Article 13a*

#### *Review Report*

1. ***By 31 July 2022, the Commission shall present to the European Parliament and the Council a review report on the implementation of the Facility.***
2. ***Such report shall set out the following elements:***
  - (a) ***an assessment of the extent to which the implementation of the plans contributes to scope and the general objectives of the program, including how the plans tackle the inequalities between women and men:***
  - (b) ***a quantitative assessment of the contribution of the plans to:***
    - (1) ***the climate target. of at least 37%,***



- (2) *the digital target of at least 20%,*
  - (3) *each of the six pillars referred to in Article 3;*
  - (c) *the state of the implementation of the plans and observations and guidance to the Member States before the update of their plans referred to in Article 15(1a).*
- For the purposes of this review report, the Commission shall take into account the the Scoreboard referred to in Article 23a, the bi-annual reports of the Member States referred to in Article 20, and relevant information on the fulfilment of the milestones and targets of the recovery and resilience plans as available from the payment, suspension and termination procedures referred to in Article 19a.*
3. *The competent committee of the European Parliament may invite the Commission to present the main findings of the review report in the context of the recovery and resilience dialogue referred to in Article 20a.*

## CHAPTER III

### Recovery and resilience plans

#### Article 14

#### Eligibility

1. *Within the scope set out in Article 3 and in* pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned. Recovery and resilience plans eligible for financing under this *Facility* instrument shall comprise measures for the implementation of reforms and public investment projects through a *comprehensive and coherent package, which could also include public schemes aimed at incentivising private investment.*
- 1a. *Measures started from 1 February 2020 onwards shall be eligible provided that they comply with the requirements set out in this Regulation.*
2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, *as well as those identified in the most recent Council recommendation on the economic policy of the euro area for Member States whose currency is the euro.*  
The recovery and resilience plans shall also be consistent with the information included by the Member States in the nNational rReform pProgrammes under the European Semester, in their nNational eEnergy and cClimate pPlans and updates thereof under the Regulation (EU)2018/1999<sup>16</sup>, in the territorial just transition plans under the Just Transition Fund<sup>17</sup>, *in the Youth Guarantee implementation plans* and in the partnership agreements and operational programmes under the Union funds.
- 2a. The recovery and resilience plans *shall respect the horizontal principles established under Article 4a.*
3. Where a Member State is exempted from the monitoring and assessment of the European Semester on the basis of Article 12 of Regulation (EU) 472/2013, or is subject to surveillance under Council Regulation (EC) No 332/2002, the provisions set out in this regulation shall be applied to the Member State concerned in relation to the challenges and priorities identified by the measures set out under the regulations thereof.

<sup>16</sup> Regulation (EU)2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action.

<sup>17</sup> [...]

## Article 15

### Recovery and resilience plan

1. A Member State wishing to receive *a financial contribution as made available for allocation in accordance with Article 11* ~~support under the Facility~~ shall submit to the Commission a recovery and resilience plan as defined in Article 14(1).
- 1a. *After the Commission makes available for allocation the amount referred to in Article 11(2) a Member State may update and submit the recovery and resilience plan referred to in paragraph 1 to take into account the updated maximum financial contribution calculated in accordance with Article 10(2).*
2. The recovery and resilience plan presented by the Member State concerned ~~shall constitute an annex to its~~ *may be submitted in a single integrated document together with the National Reform Programme and shall be officially submitted as a rule by 30 April. A draft plan may be submitted by Member States starting from 15 October of the preceding year together with the draft budget of the subsequent year.*
3. The recovery and resilience plan shall be duly reasoned and substantiated. It shall in particular set out the following elements:
  - (a-) *an explanation on how the recovery and resilience plan, taking into account the measures included therein, represents a comprehensive and adequately balanced response to the economic and social situation of the Member State, thereby contributing appropriately to all pillars set out in Article 3, taking into account the specific challenges of the Member State concerned;*
  - (a) *an explanation of how the plan contributes to effectively address the way the relevant country-specific challenges and priorities identified in the relevant country-specific recommendations context of the European Semester, including fiscal aspects thereof, and challenges related to Article 6 of Regulation (EU) No 1176/2011 for the Member States concerned, or in other relevant documents officially adopted by the Commission in the context of the European Semester are expected to be addressed;*
  - (b) *an detailed explanation of how the plan strengthens the growth potential, job creation and economic, social and institutional resilience of the Member State concerned, including through the promotion of policies for children and youth, and mitigates the economic and social impact of the crisis, contributing to the implementation of the European Pillar of Social Rights, thereby enhancing the, and its economic, social and territorial cohesion and convergence within the Union;*
  - (bb) *an explanation of how the plan ensures that no measure for the implementation of reforms and investments included in the plan makes a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 ('do no significant harm principle');*
  - (c) *an qualitative explanation of how the measures in the plan are expected to contribute to the green and the digital transitions including biodiversity or to the challenges resulting from them, and whether they account for an amount that represents at least 37% of the plan's total allocation, based on the methodology for climate tracking set out in Annex IIA; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the climate objectives may be increased up to a total amount of 3% of the allocation of the plan for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives as explained in the plan;*
  - (ca) *an explanation of how the measures in the plan are expected to contribute to and the digital transitions or to the challenges resulting from, and whether they account for an amount which represents at least 20% of the plan's total allocation, based on the methodology for digital tagging set out in Annex -III; the*

*methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the digital objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives;*

- (cb) *where appropriate, for investments in digital capacities and connectivity, a security self-assessment based on common objective criteria identifying any security issues, and detailing how those issues will be addressed in order to comply with the relevant national and Union laws;*
- (cc) *an indication of whether the measures included in the plan comprise cross-border, or multi-country projects;*
- (d) *envisaged milestones, targets and an indicative timetable for the implementation of the reforms ~~over a maximum period of four years~~, and of the investments ~~over a maximum period of seven years~~ to be completed by the end of August 2026 at the latest;*
- (e) *the envisaged investment projects, and the related investment period;*
- (f) *the estimated total cost of the reforms and investments covered by the recovery and resilience plan submitted (also referred as ‘estimated total cost of the recovery and resilience plan’) backed up by appropriate justification and how it is **in line with the principle of cost-efficiency and** commensurate to the expected **national economic and social** impact on the economy and employment;*
- (g) *where relevant, information on existing or planned Union financing;*
- (h) *the accompanying measures that may be needed;*
- (i) *a justification of the coherence of the recovery and resilience plan; **and an explanation of its consistency with principles and plans and, where relevant, programmes referred to in Article 14;***
- (ia) *an explanation of how the measures in the plan are expected to contribute to gender equality and equal opportunities for all and the mainstreaming of these objectives, in line with the principles 2 and 3 of the European Pillar of Social Rights, and principle 5 of the SDGs and the national Gender equality strategy, where relevant;*
- (j) *the arrangements for the effective **monitoring and** implementation of the recovery and resilience plan by the Member State concerned, including the proposed milestones and targets, and the related indicators;*
- (ja) *a summary of the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations, and other relevant stakeholders, for the preparation and, where available, the implementation of the plan and how the inputs of the stakeholders are reflected in the plan;*
- (jb) *an explanation of the Member State's system to prevent, detect and correct corruption, fraud and conflicts of interest, when using the funds provided under the Facility, including arrangements aimed at avoiding double funding from other Union programmes;*
- (k) *where appropriate, the request for loan support and the additional milestones as referred to in Article 12(2) and (3) and the elements thereof ; and*
- (l) *any other relevant information.*

4. In the preparation of proposals for their recovery and resilience plan, Member States may request the Commission to organise an exchange of good practices in order to allow the requesting Member States to benefit from the experience of other Member States. Member States may also request technical support under the Technical Support Instrument in accordance with the regulation thereof. **Member States shall be encouraged to foster synergies with plans of other Member States.**

## Article 16

### Commission assessment

1. ***The Commission shall assess the recovery and resilience plan or, where applicable, its update as submitted by the Member State in accordance with Article 15(1) or 15(1a) within two months of the official submission, and make a proposal for a Council implementing decision in accordance with Article 17(1).***

When assessing the recovery and resilience plan, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the plan if needed, ***also after the official submission of the plan prior to its official submission. The Member State concerned and the Commission may agree to extend the deadline referred to in Paragraph 1 by a reasonable time period if necessary.***

2. When assessing the recovery and resilience plan and in the determination of the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester as well as the justification and the elements provided by the Member State concerned, as referred to in Article 15(3), and any other relevant information including, in particular, the one contained in the National Reform Programme and the National Energy and Climate Plan of the Member State concerned and, ***in the territorial just transition plans under the Just Transition Fund, in the Youth Guarantee implementation plans and,*** if relevant, information from technical support received via the Technical Support Instrument.

3. The Commission shall assess the ~~importance~~ ***relevance, effectiveness, efficiency,*** and coherence of the recovery and resilience plan ~~and its contribution to the green and digital transitions~~ and for that purpose, shall take into account the following criteria:

#### ***Relevance:***

- (a-) ***whether the recovery and resilience plan represents a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars set out in Article 3, taking the specific challenges and the financial allocation of the Member State concerned into account;***
- (a) whether the recovery and resilience plan is expected to contribute to effectively address ***all or a significant subset of*** challenges identified in the relevant country-specific recommendations, ***including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011 where appropriate,*** addressed to the Member State concerned or ***challenges*** in other relevant documents officially adopted by the Commission in the European Semester;
- (b) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic, ***institutional*** and social resilience of the Member State, ***contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth*** and mitigate the economic and social impact of the crisis, ***thereby enhancing the*** ~~and contribute to enhance~~ economic, social and territorial cohesion ***and convergence within the Union;***
- (d) ***whether the recovery and resilience plan is expected to ensure that no measure for the implementation of reforms and investment projects included in the plan makes a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 ('do no significant harm principle'); the Commission shall provide technical guidance to the Member States to that effect.***

- (eb) whether the plan contains measures that effectively contribute to the green and digital transitions, *including biodiversity*, or to addressing the challenges resulting from it, *and whether they account for an amount which represents at least 37% of the plan's total allocation, based on the methodology for climate tracking set out in Annex IIA; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the climate objectives may be increased up to a total amount of 3% of the allocation of the plan for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives, subject to the agreement of the Commission;*
- (f) *whether the plan contains measures that effectively contribute to the digital transitions or to addressing the challenges resulting from it, and whether they account for an amount which represents at least 20% of the plan's total allocation, based on the methodology for digital tagging set out in Annex -III; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the digital objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives;*

**Effectiveness:**

- (eg) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned;
- (h) whether the arrangements proposed by the Member States concerned are expected to ensure an effective *monitoring and* implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators.

**Efficiency:**

- (i) whether the justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is *in line with the principle of cost-efficiency* and is commensurate to the expected *national economic and social* impact ~~on the economy and employment~~;
- (j) *whether the arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from other Union programmes;*

**Coherence:**

- (k) whether the recovery and resilience plan contains measures for the implementation of reforms and public investments projects that represent coherent actions;

***Those assessment criteria shall be applied in accordance with Annex II.***

- 4. In case the Member State concerned has requested a loan support as referred to in Article 12, the Commission shall assess whether the request for loan support fulfils the criteria set out in Article 13(1), notably whether the additional reforms and investments concerned by the loan request fulfil the assessment criteria under paragraph 3.
- 4a. ***Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within the deadline mentioned in paragraph 1.***
- 5. For the purpose of the assessment of the recovery and resilience plans submitted by Member States, the Commission may be assisted by experts.

*Article 17*  
*Commission proposal and Council implementing decision*

1. ***On a proposal from the Commission, the Council shall approve by means of an implementing decision, the assessment of the recovery and resilience plan submitted by the Member State in accordance with Article 15(1) or, where applicable, of its update in accordance with Article 15(1a).***
- 1b. ~~The Commission shall adopt a decision within four months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that~~ ***the Commission proposal for a Council implementing decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contributions allocated-calculated in accordance with Article 140.***
2. In case the Member State concerned requests a loan support, the ***Commission proposal for a Council implementing decision*** shall also set out the amount of the loan support as referred to in Article 12(4) and (5) and the additional reforms and investment projects to be implemented by the Member State covered by that loan support, including the additional milestones and targets.
3. The financial contribution referred to in paragraph 1b shall be determined on the basis of the estimated total costs of the recovery and resilience plan proposed by the Member State concerned, as assessed under the criteria set out in Article 16(3). The amount of financial contribution shall be set as follows:
  - (a) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is equal to, or higher than, the maximum financial contribution ***calculated*** for that Member State ***in accordance with*** ~~referred to in~~ Article 10, the financial contribution allocated to the Member State concerned shall be equal to the total amount of the maximum financial contribution ***calculated for that Member State in accordance with*** ~~referred to in~~ Article 10;
  - (b) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is lower than the maximum financial contribution ***calculated*** for that Member State ***in accordance with*** ~~referred to in~~ Article 10, the financial contribution allocated to the Member State shall be equal to the amount of the estimated total costs of the recovery and resilience plan;
  - (c) where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned.
4. The ~~Commission proposal~~ ***decision*** referred to in paragraph 1b shall also lay down:
  - (a) the financial contribution to be paid in instalments once the Member State has satisfactorily ***fulfilled*** ~~implemented~~ the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;
  - (aa) ***the financial contribution and, where applicable, the amount of loan support to be paid in the form of a prefinancing in accordance with Article 11a after the approval of the recovery and resilience plan;***
  - (b) the description of the reforms and of the investment projects and the amount of the estimated total cost of the recovery and resilience plan;
  - (c) the period, ***no later than 31 August 2026, for implementation of the recovery and resilience plan by which the final milestones and targets for both investment projects and reforms must be completed;*** ~~as follows:~~



- ~~(1) as regards completion of the investment, the investment period by which the investment project must be implemented shall end no later than seven years after the adoption of the decision;~~
- ~~(2) as regards completion of reforms, the period by which the reforms must be implemented shall end no later than four years after the adoption of the decision.~~
- (d) the arrangements and timetable for **monitoring and** implementation of the recovery and resilience plan **including where relevant measures necessary for complying with Articles -19;**
- (e) the relevant indicators relating to the fulfilment of the envisaged milestones and targets; and
- (f) the arrangements for providing **full** access by the Commission to the underlying relevant data.
- (g) where appropriate, the amount of the loan to be paid in instalments and the additional milestones and targets related to the disbursement of the loan support.
- 5. ~~Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within four months of the submission of the proposal by the Member State.~~
- 6. The arrangements and timetable for implementation as referred to in point (d), the relevant indicators relating to the fulfilment of the envisaged milestones and targets referred to in point (e), the arrangements for providing access by the Commission to the underlying data referred to in point (f), and, where appropriate, the additional milestones and targets related to the disbursement of the loan support referred to in point (g) of paragraph 4 **of this Article** shall be further illustrated in an operational arrangement to be agreed by the Member State concerned and the Commission after the adoption of the decision referred to in paragraph 1 **of this Article**.
- 7. The **Council shall adopt the** implementing acts~~decisions~~ referred to in paragraphs 1 and 2, **as a rule, within four weeks of the adoption of the Commission proposal**~~shall be adopted in accordance with the examination procedure referred to in Article 27(2).~~
- 8. **The Council, on a proposal from the Commission, shall amend its implementing decision adopted in accordance with Article 17(1) to include the updated maximum financial contribution, calculated in accordance with Article 10(2), without undue delay.**

#### Article 18

##### *Amendment of the Member State's recovery and resilience plan*

- 1. Where the recovery and resilience plan including relevant milestones and targets, is no longer achievable, either partially or totally, by the Member State concerned because of objective circumstances, the Member State concerned may make a reasoned request to the Commission to amend or replace the decisions referred to in Article 17(1) and 17(2). To that effect, the Member State may propose a modified or a new recovery and resilience plan. **Member States may request technical support under the Technical Support Instrument in accordance with the regulation thereof.**
- 2. Where the Commission considers that the reasons put forward by the Member State concerned justify an amendment of the relevant recovery and resilience plan, the Commission shall assess the new plan in accordance with the provisions of Article 16 and shall **propose take** a new decision **of the Council** in accordance with Article 17(1) within ~~four~~**two** months of the official submission of the request. **The Member State concerned and the Commission may agree to extend this deadline by a reasonable time period if necessary. The Council shall adopt the new implementing decision, as a rule, within four weeks of the adoption of the Commission proposal.**
- 3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall

reject the request within ~~four months of its official submission~~ *the same time period referred to in paragraph 2*, after having given the Member State concerned the possibility to present its observations within a ~~period of one month of the communication of the Commission's conclusions.~~

## **CHAPTER IV**

### **Financial provisions**

#### *Article -19*

#### *Protection of the financial interests of the Union*

1. *In implementing the Facility, the Member States, as beneficiaries or borrowers of funds under the Facility, shall take all the appropriate measures to protect the financial interests of the Union, and to ensure that the use of funds in relation to measures supported by the Facility complies with the applicable Union and national law, in particular regarding the prevention, detection and correction of fraud, corruption and conflict of interests. To this effect, the Member States shall provide an effective and efficient internal control system and the recovery of amounts unduly paid or misused. Member States may rely on their regular national budget management systems.*
2. *The agreements referred to in Articles 13(2) and 19(1) shall provide for the obligations of the Member States:*
  - a) *to regularly check that the financing provided has been properly used in accordance with all applicable rules and that any measure for the implementation of reforms and investment projects under the recovery and resilience plan has been properly implemented in accordance with all applicable rules, including Union law and national law, in particular regarding the prevention, detection and correction of fraud, corruption and conflict of interests;*
  - b) *to take appropriate measures to prevent, detect and correct fraud, corruption, and conflict of interest as defined in Article 61(2) and (3) of Regulation [FR] affecting the financial interests of the Union and to take legal actions to recover funds that have been misappropriated, including in relation to any measure for the implementation of reforms and investment projects under the recovery and resilience plan;*
  - c) *to accompany a request for payment by:*
    - i) *a management declaration that the funds were used for its intended purpose, that the information submitted with the request for payment is complete, accurate and reliable and that the control systems put in place gives the necessary assurances that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflict of interest, fraud prevention, corruption and double funding in accordance with the principle of sound financial management; and*
    - ii) *a summary of the audits carried out, including weaknesses identified and any corrective actions taken;*
  - d) *for the purpose of audit and control and to provide for comparable information on the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan, to collect and ensure access to the following standardized categories of data:*
    - (i) *name of the final recipient of funds;*

- (ii) *name of the contractor and sub-contractor, where the final recipient of funds is a contracting authority in accordance with the Union or national provision on public procurement;*
  - (iii) *first name(s), last name(s) and date of birth of beneficial owner(s) of the recipient of funds or contractor, as defined by Article 3, paragraph 6 of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;*
  - (iv) *list of any measures for the implementation of reforms and investment projects under the recovery and resilience plan, the total amount of public funding, by indicating the amount of funds disbursed under the Facility and under other Union funds:*
    - e) *to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as foreseen by Article 129(1) of Regulation [FR] and to impose obligations to all final recipients of funds disbursed for the measures for the implementation of reforms and investment projects included in the recovery and resilience plan, or to all other persons or entities involved in their implementation to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as foreseen by Article 129(1) of Regulation [FR] and to impose similar obligations to all final recipients of funds disbursed;*
    - f) *to keep records in line with Article 132 of Regulation [FR].*
- 2a. *Personal data referred to in paragraph (2) letter (d) shall only be processed by Member States and by the Commission for the purpose and corresponding duration of discharge audit and control proceedings related to the use of funds related to the implementation of the agreements referred to in Articles 13(2) and 19(1).*
- Within the framework of the discharge procedure to the Commission, in accordance with article 319 TFEU, the Facility shall be subject to reporting under the integrated financial and accountability reporting referred to in Article 247 of the Financial Regulation, and in particular, separately in the Annual Management and Performance Report.*
- (2b) *The Commission shall make available to the Member States an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyze the relevant data, with a view to a generalized application, including with the help of the Technical Support Instrument.*
3. *The agreements referred to in Article 13(2) and in Article 19(1) shall also provide for the right of the Commission to reduce proportionately the support under the Facility and recover any amount due to the Union budget or to ask early repayment of the loan, in cases of fraud, corruption, and conflict of interests affecting the financial interests of the Union that have not been corrected by the Member State, or serious breach of obligations resulting from the said agreements.*
- When deciding on the amount of the recovery, the reduction or on the amount to be early repaid the Commission shall respect the principle of proportionality and shall take into account the seriousness of the fraud, corruption, and conflict of interest affecting the financial interests of the Union, or of the breach of obligations. The Member State shall be given the opportunity to present its observations before the reduction is made or early repayment is requested.*

## Article 19

### ~~Rules on payments, suspension and cancellation of financial contributions~~ **Commitment of the financial contribution and the loan support**

1. ~~The Commission~~ **Once the Council has adopted the implementing decision** referred to in Article 17(1), ~~the Commission shall conclude an agreement with the Member State concerned constituting~~ **constitute an individual legal commitment within the meaning of the Financial Regulation, which may be based on global commitments. Where appropriate, budgetary commitments may be broken down into annual instalments spread over several years. For each Member State the legal commitment shall not exceed the financial contribution referred to in Article 10(1a) for the years 2021 and 2022, and the updated financial contribution referred to in Article 10(2) for the year 2023.**
2. **Budgetary commitments may be based on global commitments and, where appropriate, may be broken down into annual instalments spread over several years.**

## Article 19a

### **Rules on payments, suspension and termination of agreements regarding financial contributions and loan support**

12. Payments of financial contributions to the Member State concerned under this Article shall be made **by 31 December 2026 and** in accordance with the budget appropriations and subject to the available funding. **For this purpose,** ~~the Commission decisions referred to in paragraph 3 of this Article shall be adopted in accordance with the examination procedure referred to in Article 27(2).~~
23. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in **accordance with Article 17** ~~the implementing act of the Commission~~, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis.
- 2a. The Commission shall assess **on a preliminary basis without undue delay, and at the latest** within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily **fulfilled** ~~implemented~~. **The satisfactory fulfillment of milestones and targets shall presuppose that measures related to previously satisfactory fulfilled milestones and targets have not been reversed by the Member State concerned.** For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.
- 2b. Where the Commission makes a positive **preliminary assessment of the satisfactory fulfilment of the relevant milestones and targets, it shall provide its findings to the Economic and Financial Committee and ask for its opinion on the satisfactory fulfilment of the relevant milestones and targets. The Commission shall take the opinion of the Economic and Financial Committee into account for its assessment.**
3. **In case the Commission makes a positive assessment,** it shall adopt **without undue delay** a decision authorising the disbursement of the financial contribution **and, where applicable, of the loan support** in accordance with the Financial Regulation.
4. Where, as a result of the assessment referred to in paragraph 3, the Commission establishes that the milestones and targets set out in the decision referred to in Article 17(1) have not been satisfactorily ~~implemented~~ **fulfilled**, the payment of all or part of the financial contribution shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

The suspension shall **only** be lifted where the Member State has taken the necessary measures to ensure a satisfactory ~~implementation~~ **fulfilment** of the milestones and targets referred to in Article 17(1).

5. By derogation from Article 116(2) of the Financial Regulation, the payment deadline shall start running from the date of the communication of the **decision authorising the disbursement** ~~positive outcome~~ to the Member State concerned pursuant to the ~~second subparagraph of paragraph 3~~, or from the date of the communication of the lifting of a suspension pursuant to the second subparagraph of paragraph 4.
6. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the Commission shall ~~reduce~~ **cancel** the amount of the financial contribution ~~proportionately pursuant to Article 14(1) of the Financial Regulation~~ after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.
7. Where, within eighteen months of the date of the adoption the **implementing** decision referred to in Article 17(1), no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, **the Commission shall terminate the agreements referred to in Article 13(2) and Article 19(1) and shall decommit the amount of the financial contribution without prejudice to Article 14(3) of the Financial Regulation** ~~the amount of the financial contribution shall be cancelled pursuant to Article 14(1) of the Financial Regulation. Any pre-financing according to Article 11a shall be recovered in full.~~

The Commission shall take a decision on the ~~cancellation~~ **termination of agreements related to financial support as mentioned in Article 19** of the financial contribution **and, where applicable, of the recovery of the pre-financing** after having given the Member State concerned the possibility to present its observations within a period of two months of the communication of its assessment as to whether no tangible progress has been made.
- 7a. **If exceptional circumstances arise, the adoption of the decision authorising the disbursement of the financial contribution according to Article 19a(3) may be postponed for up to three months.**
8. The provisions of this Article apply mutatis mutandis to the additional loan support in line with the provisions of the loan agreement referred to in Article 13, and of the decision referred to in Article 17(2).

## **CHAPTER IVa**

### **Institutional Provisions**

#### **Article 20-a**

##### **Transparency**

1. **The Commission shall transmit the recovery and resilience plans as submitted by the Member States, and the proposals for Council implementing decision, as made public by the Commission, simultaneously and on equal terms to the European Parliament and the Council without undue delay.**
2. **Information transmitted by the Commission to the Council or any of its preparatory bodies in the context of this Regulation or its implementation shall simultaneously be made available to the European Parliament, subject to confidentiality arrangements if necessary. Relevant outcomes of discussions held in Council preparatory bodies shall be shared with the relevant committees of the European Parliament.**
3. **The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State. In such a case, the Commission shall liaise with the Parliament and**

*Council how the redacted information can be made available to them in a confidential manner in accordance with applicable rules.*

4. *The Commission shall provide to the competent committees of the European Parliament an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets included in the plans of the Member States.*
5. *The competent committee of the European Parliament may invite the Commission to provide information on the state of play of the assessment of the recovery and resilience plans in the context of the recovery and resilience dialogue referred to in Article 20a.*

#### **Article 20a**

##### **Recovery and Resilience Dialogue**

1. *In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committees of the European Parliament may invite every two months, the Commission to discuss the following matters:*
  - (a) the state of recovery, resilience and adjustment capacity in the Union, as well as the measures adopted under this Regulation.*
  - (b) the recovery and resilience plans of the Member States;*
  - (c) the assessment of the recovery and resilience plans of the Member States;*
  - (d) the main findings of the review report referred to in Article 13a(2);*
  - (e) the status of fulfilment of the milestones and targets of the plans of the Member States;*
  - (f) payment, suspension and termination procedures, including any observation presented and remedial measures taken by the Member States to ensure a satisfactory fulfilment of the milestones and targets;*
  - (g) any other relevant information and documentation provided by the Commission to the competent committee of the European Parliament in relation to the implementation of the Facility;*
- 1a. *The European Parliament may express its views in Resolutions as regards the matters mentioned in paragraph 1.*
2. *The Commission shall take into account any elements arising from the views expressed through the recovery and resilience dialogue, including the Resolutions from the European Parliament, if provided.*
3. *The Recovery and Resilience Scoreboard referred to in Article 21a shall serve as a basis for the recovery and resilience dialogue.*

## **CHAPTER V**

### **Reporting**

#### **Article 20**

##### **Reporting by the Member State in the European Semester**

The Member State concerned shall report on a ~~quarterly~~**biannual** basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6) **and on the common indicators as referred to in Article 23a**. To that effect, the ~~quarterly~~**biannual** reports of the Member States shall be appropriately reflected in the National Reform Programmes, which shall be used as a tool for reporting on progress towards completion of the recovery and resilience plans.

## *Article 21*

### *Information to the European Parliament and the Council and communication on the Member States' recovery and resilience plans*

- ~~1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.~~
- ~~2. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant recovery and resilience plan, including through joint communication activities with the national authorities concerned.~~

## CHAPTER VI

### Complementarity, monitoring and evaluation

## *Article 22*

### *Coordination and complementarity*

The Commission and the Member States concerned shall, in a measure commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the ~~instruments~~ **Facility established by this Regulation** and other Union programmes and instruments, **including the Technical support instrument**, and in particular with measures financed by the Union funds. For that purpose, they shall:

- (a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional levels, in particular in relation to measures financed by Union funds, both in the planning phase and during implementation;
- (b) optimise mechanisms for coordination to avoid duplication of effort; and
- (c) ensure close cooperation between those responsible for implementation **and control** at Union, national and, where appropriate, regional levels to achieve the objectives of the ~~instruments~~ **Facility established under this Regulation**.

## *Article 23*

### *Monitoring of implementation*

1. The Commission shall monitor the implementation of the Facility and measure the achievement of the objectives set out in Articles 4. ~~Indicators to be used for reporting on progress and for the purpose of monitoring and evaluation of the Facility towards the achievement of the general and specific objectives are set in Annex III. The monitoring of implementation shall be targeted and proportionate to the activities carried out under the Facility.~~
2. The performance reporting system of the Commission shall ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funding.
- 2a. **Member States shall report to the Commission on the common indicators.**
3. **The Commission shall report ex-post on the expenditure financed by the Facility under each of the pillars set out in Article 3. Such reporting will be based on the break-down of the estimated expenditure provided in the approved recovery and resilience plans.**
4. **The Commission shall be empowered to adopt, by the end of December 2021, delegated acts to supplement this Regulation in order to:**



- a) *set out the common indicators to be used for reporting on progress and for the purpose of monitoring and evaluation of the Facility towards the achievement of the general and specific objectives; and*
- b) *define a methodology for reporting social expenditure, including children and youth, under the Facility.*

#### *Article 23a*

##### *Recovery and resilience scoreboard*

1. *The Commission shall establish a recovery and resilience scoreboard (the ‘Scoreboard’), which shall display the progress of the implementation of the recovery and resilience plans of the Member States in each of the six pillars covered by the scope of the Facility set out in Article 3. The Scoreboard shall constitute the performance reporting system of the Facility.*
2. *The Commission shall be empowered to adopt a delegated act to supplement this Regulation by defining the detailed elements of the Scoreboard with a view to displaying the implementation of the plans as referred to in paragraph 1.*
3. *The Scoreboard shall also display the progress made by the recovery and resilience plans in relation to the common indicators referred to in Article 23(4).*
4. *The Scoreboard shall be operational by December 2021 at the latest and shall be updated by the Commission on a biannual basis; it shall be made publicly available on a website, or internet portal.*

#### *Article 24*

##### *Annual Report*

1. The Commission shall provide an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation.
2. The annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility, *including information on the status of implementation of milestones and targets, and the status of disbursements and suspensions thereof.*
3. The annual report shall also include the following information on:
  - ~~(a) The volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and~~ *The contribution of the Facility to the climate and digital targets;*
  - ~~(b) the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility. The performance of the Facility based on the common indicators referred to in Article 23(4).~~
  - (c) the expenditure financed by the Facility under the pillars set out in Article 3, including on social, youth and children expenditures, as referred to in Article 23 (3).*
4. For the purpose of the reporting on the activities referred to in paragraph 2 *and* 3, the Commission may use the content of the relevant documents officially adopted by the Commission under the European Semester as appropriate.

#### *Article 25*

##### *Evaluation and ex-post evaluation of the Facility*

1. ~~Four~~*Three* years after the entry into force of this Regulation, the Commission shall provide the European Parliament, and the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on its implementation and with an independent ex post evaluation report no later than ~~two~~ *three* years after the end of 2027~~6~~.

2. The evaluation report shall, in particular, assess to which extent the objectives have been achieved, the efficiency of the use of resources and the European added value. It shall also consider the continued relevance of all objectives and actions.
3. Where appropriate, the evaluation shall be accompanied by a proposal for an amendments to this Regulation.
4. The ex-post evaluation report shall consist of a global assessment of the ~~instruments~~**Facility** ~~established by this Regulation~~ and shall include information on its impact in the long-term.

#### *Article 25a*

##### *Exercise of the delegation*

1. *The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.*
2. *The power to adopt delegated acts referred to in Article 23a(2) and Article 23 (4) shall be conferred on the Commission from [date of entry into force of the Regulation].*
3. *The delegation of power referred to in Article 23a(2) and Article 23 (4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.*
4. *Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.*
5. *As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*
6. *A delegated act adopted pursuant to Article 23a and Article 23 (4) shall enter into force if no objection has been expressed either by the European Parliament or by the Council within a period of one month of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by one month at the initiative of the European Parliament or of the Council.*

## CHAPTER VII

### Communication and final provisions

#### *Article 26*

##### *Information, communication and publicity*

1. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant recovery and resilience plan, including through joint communication activities with the national authorities concerned. The Commission may, as appropriate, ensure that the support under the Facility is communicated and acknowledged through a funding statement.
2. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, *including, where applicable, by displaying the emblem of the Union and an appropriate funding statement that reads “funded by the European Union–NextGenerationEU”*, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

3. The Commission shall implement information and communication actions relating to the *Facility* instruments established by this Regulation, its actions and its results. ***The Commission shall where appropriate inform and involve the representation offices of the European Parliament of its actions.*** Financial resources allocated to the *Facility* instruments established by this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Articles 4.

#### *Article 27*

##### *Committee procedure*

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### *Article 28*

##### *Entry into force*

This Regulation shall enter into force on the following day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## ANNEX I

### Methodology for the calculation of the maximum financial contribution (i.e. the non-repayable financial support) per Member State under the Facility

This annex sets out the methodology for calculating the maximum financial contribution available for each Member State *in accordance with Article 10*. The method takes into account:

- Population;
- The inverse of GDP per capita;
- The average unemployment rate over the past 5 years compared to the EU average (2015-2019);
- *The fall in real GDP in 2020 and the fall in real GDP in 2020 and 2021 combined.*

To avoid excessive concentration of resources:

- the inverse GDP per capita is capped at *to a maximum of* 150% of EU average;
- the deviation of individual country's unemployment rate from the EU average is capped to *a maximum of* 150% of EU average;
- To account for the generally more stable labour markets of wealthier Member States (with GNI per capita above EU average) the deviation of their unemployment rate from the EU average is capped to *a maximum of* 75%.

The maximum financial contribution of a Member State under the Facility ( $MFC_i$ ) is defined as follows:

$$MFC_i = v_i \times (FS)$$

where:

$FS$  (Financial Support) is the available financial envelope under the facility as referred to *in* Article 5(1)(a); and

$v_i$  is the allocation key of Member State  $i$ , defined as:

$$\alpha_i = \frac{\frac{GDP_{average}^{PC}}{GDP_i^{PC}} * pop_i * U_i}{\sum_{i=1}^{19} \frac{GDP_{average}^{PC}}{GDP_i^{PC}} * pop_i * U_i},$$

$$\text{with } 1.5 \geq \frac{GDP_{average}^{PC}}{GDP_i^{PC}}$$

and with  $1.5 \geq U_i/U_{EU}$  and  $0.75 \geq U_i/U_{EU}$  for Member States with  $GDP_i^{PC} > 100\% * GDP_{average}^{PC}$

With:

~~$\alpha_i$  is the allocation key of country  $i$~~

$$v_i = 0,7 \kappa_i + 0,3 \alpha_i$$

where  $\kappa_i$  is the allocation key applied to 70 per cent of the amount referred to in Article 5(1)(a) and set out in Annex I a);  $\alpha_i$  is the allocation key applied to 30 per cent of the amount referred to in Article 5(1)(a) and set out in Annex I b).

## ANNEX I a)

The allocation key applied to 70 per cent of the amount referred to in Article 5(1)(a),  $\kappa_i$ , is defined as follows:

$$\kappa_i = \frac{\sigma_{i,2019} * v_i}{\sum_{i=1}^{27} \sigma_{i,2019} * v_i},$$

$$\text{where } \sigma_{i,2019} = \frac{GDP_{EU,2019}^{PC}}{GDP_{i,2019}^{PC}} * \frac{pop_{i,2019}}{pop_{EU,2019}} \text{ and } v_i = \frac{U_{i,2015-2019}}{U_{EU,2015-2019}},$$

with  $\frac{GDP_{EU,2019}^{PC}}{GDP_{i,2019}^{PC}} \leq 1.5$ ,  $v_i \leq 0.75$  for Member States with  $GNI_{i,2019}^{PC} > GNI_{EU,2019}^{PC}$  and

$v_i \leq 1.5$  for the Member States with  $GNI_{i,2019}^{PC} \leq GNI_{EU,2019}^{PC}$ .

**Defining<sup>18</sup>:**

- $GDP_{i,2019}^{PC}$  is as the 2019 nominal Gross Domestic Product per capita of country i;
- $GDP_{averageEU,2019}^{PC}$  as the 2019 weighted average of Gross Domestic Product per capita of the EU-27 Member States;
- $pop_{i,2019}$  is as the 2019 total population in country i;
- $pop_{EU,2019}$  is as the 2019 total population in EU-27 Member States;
- $U_{i,2015-2019}$  is as the average unemployment rate over the period 2015-2019 of country i;
- $U_{EU,2015-2019}$  is as the average unemployment rate over the period 2015-2019 in the EU-27 (in each year the weighted average of the EU-27 Member States);
- $GNI_{i,2019}^{PC}$  as the 2019 Gross National Income per capita of country i;
- $GNI_{EU,2019}^{PC}$  as the 2019 weighted Average Gross National Income per capita of the EU-27 Member States.

<sup>18</sup>

All data in the regulation is from Eurostat; cut-off date May 2020 for historical data.

#### ANNEX I b)

The allocation key applied to 30 per cent of the amount referred to in Article 5(1)(a),  $\alpha_i$ , is defined as follows:

$$\alpha_i = \frac{\phi_i + \rho_i}{2}$$

where

$$\phi_i = \frac{\sigma_{i,2019} * \delta GDP_{i,2020-2019}}{\sum_{i=1}^{27} \sigma_{i,2019} * \delta GDP_{i,2020-2019}} \quad \text{and} \quad \rho_i = \frac{\sigma_{i,2019} * \delta GDP_{i,2021-2019}}{\sum_{i=1}^{27} \sigma_{i,2019} * \delta GDP_{i,2021-2019}}$$

where

$$\delta GDP_{i,2020-2019} = \min \left\{ \frac{GDP_{i,2020}}{GDP_{i,2019}} - 1; 0 \right\}, \quad \delta GDP_{i,2021-2019} = \min \left\{ \frac{GDP_{i,2021}}{GDP_{i,2019}} - 1; 0 \right\} \text{ and}$$

$$\sigma_{i,2019} = \frac{GDP_{EU,2019}^{PC}}{GDP_{i,2019}^{PC}} * \frac{pop_{i,2019}}{pop_{EU,2019}}$$

$$\text{with } \frac{GDP_{EU,2019}^{PC}}{GDP_{i,2019}^{PC}} \leq 1.5$$

Defining:

- $GDP_{i,t}$  as the real Gross Domestic Product of country  $i$  at time  $t = 2019, 2020, 2021$ ;
- $GDP_{i,2019}^{PC}$  as the 2019 Gross Domestic Product per capita of country  $i$ ;
- $GDP_{EU,2019}^{PC}$  as the 2019 weighted average of Gross Domestic Product per capita of the EU-27 Member States;
- $pop_{i,2019}$  as the 2019 total population in country  $i$ ;
- $pop_{EU,2019}$  as the 2019 total population in EU-27 Member States.

The fall in real GDP for 2020 ( $\delta GDP_{i,2020-2019}$ ) and the cumulative fall in real GDP for the period 2020-2021 ( $\delta GDP_{i,2021-2019}$ ) shall be based on the Commission Autumn 2020 forecasts and updated by 30 June 2022 for each Member State replacing the data from the Commission Autumn 2020 forecasts with the actual outturns as reported in the latest available update of the Eurostat code series "tec00115 (Real GDP growth rate - volume)".



# ANNEX I c)

*The application of the methodologies in Annex I(a) and Annex I(b) to the amount referred to in Article 5(1)(a) will result in the following share and amount for the maximum financial contribution per Member State, without prejudice to the updated calculation by 30 June 2022:*

Maximum financial contribution per EU Member State					
	for 70% of the amount available		for 30% of the amount available (Indicative amount based on the Commission Autumn 2020 forecasts)		Total
	Share as % of total	Amount (in EUR 1'000, current prices)	Share as % of total	Amount (in EUR 1'000, current prices)	
BE	1,56%	3.646.437	2,20%	2.278.834	5.925.271
BG	1,98%	4.637.074	1,58%	1.631.632	6.268.706
CZ	1,51%	3.538.166	3,41%	3.533.509	7.071.676
DK	0,56%	1.303.142	0,24%	248.604	1.551.746
DE	6,95%	16.294.947	9,01%	9.324.228	25.619.175
EE	0,32%	759.715	0,20%	209.800	969.515
IE	0,39%	914.572	0,07%	74.615	989.186
EL	5,77%	13.518.285	4,11%	4.255.610	17.773.895
ES	19,88%	46.603.232	22,15%	22.924.818	69.528.050
FR	10,38%	24.328.797	14,54%	15.048.278	39.377.074
HR	1,98%	4.632.793	1,61%	1.664.039	6.296.831
IT	20,45%	47.935.755	20,25%	20.960.078	68.895.833
CY	0,35%	818.396	0,18%	187.774	1.006.170
LV	0,70%	1.641.145	0,31%	321.944	1.963.088
LT	0,89%	2.092.239	0,13%	132.450	2.224.690
LU	0,03%	76.643	0,02%	16.883	93.526
HU	1,98%	4.640.462	2,45%	2.535.376	7.175.838
MT	0,07%	171.103	0,14%	145.371	316.474
NL	1,68%	3.930.283	1,96%	2.032.041	5.962.324
AT	0,95%	2.231.230	1,19%	1.230.938	3.462.169
PL	8,65%	20.275.293	3,46%	3.581.694	23.856.987
PT	4,16%	9.760.675	4,01%	4.149.713	13.910.387
RO	4,36%	10.213.809	3,90%	4.034.211	14.248.020
SI	0,55%	1.280.399	0,48%	496.924	1.777.322
SK	1,98%	4.643.840	1,63%	1.686.154	6.329.994
FI	0,71%	1.661.113	0,41%	424.692	2.085.805
SE	1,24%	2.911.455	0,36%	377.792	3.289.248
EU27	100,00%	234.461.000	100,00%	103.508.000	337.969.000

## ANNEX II

### Assessment guidelines for the Facility

#### 1. Scope

The purpose of these assessment guidelines is to serve together with this Regulation as a basis for the Commission to assess - in a transparent and equitable manner - the proposals for recovery and resilience plans put forward by Member States and to determine the financial contribution in conformity with the objectives and any other relevant requirements laid down in this Regulation. These guidelines notably represent the basis for the application of the assessment criteria and the determination of the financial contribution as referred to, respectively, in Articles 16(3) and 17(3).

The assessment guidelines are designed to:

- (a) give further guidance on the assessment process of the proposals for recovery and resilience plans submitted by Member States;
- (b) provide further details on the assessment criteria and provide for a rating system, to be established with a view to ensuring an equitable and transparent process; and
- (c) define the link between the assessment to be made by the Commission under the assessment criteria and the determination of the financial contribution to be set out in the Commission *proposal for a Council* decision in relation to the recovery and resilience plans ~~selected~~.

The guidelines are a tool to facilitate assessment by the Commission of the proposals for recovery and resilience plans as submitted by Member States, and to ensure that the recovery and resilience plans support reforms and public investment that are relevant and display high added value *with regard to the objectives of the Facility*, while ensuring equal treatment among the Member States.

#### 2. Assessment criteria

In accordance with Article 16(3), the Commission shall assess the *recovery and resilience plans under the criteria of relevance, effectiveness, efficiency and coherence*. ~~importance and coherence of the recovery and resilience plan, and its contribution to the green and digital transitions, and for that purpose, it shall take into account the following criteria:~~

- ~~whether the recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester;~~
- ~~(a) whether the plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them;~~
- ~~(b) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned;~~
- ~~(c) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;~~
- ~~(d) whether the justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment;~~
- ~~(e) whether the recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions;~~

- (f) ~~whether the arrangements proposed by the Member States concerned are expected to ensure an effective implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators.~~

As a result of the assessment process, the Commission shall give ratings to the recovery and resilience plans submitted by the Member States, under each of the assessment criteria referred to in Article 16(3), ~~in order to assess the importance and coherence of the plans and~~ with a view to establishing the financial allocation in accordance with Article 17(3).

For the sake of simplification and efficiency, the rating system shall range from A to C, as set out in the following:

***Relevance:***

***2.1. The recovery and resilience plan represents a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars set out in Article 3, taking the specific challenges and the financial allocation of the Member State concerned into account;***

***The Commission shall take into account the following elements for the assessment under this criterion:***

***Scope***

<p><b>- the recovery and resilience plan contributes in a comprehensive and adequately balanced manner to all pillars set out in Article 3, considering the specific challenges of the Member State and taking into account the maximum financial contribution of the Member State concerned.</b></p>
---

## Rating

- A – To a large extent.
- B – To a moderate extent
- C – To a small extent

2.42 The recovery and resilience plan is expected to contribute to effectively address ***all or a significant subset of*** challenges identified in the relevant country-specific recommendations addressed to the Member State concerned, ***including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011 where appropriate, addressed to the Member State concerned*** or challenges in other relevant documents officially adopted by the Commission in the European Semester.

The Commission shall take into account the following elements for the assessment under this criterion:

### Scope

- The recovery and resilience plan is expected to contribute to effectively address ***all or a significant subset of*** challenges identified in the relevant country-specific recommendations, including fiscal aspects ***and recommendations based on Article 6 of Regulation (EU) No 1176/2011 where appropriate***, or ***challenges*** in other relevant documents officially adopted by the Commission in the European Semester addressed to the Member States concerned, ***taking into account the maximum financial contribution of the Member State concerned and the requested loan support as well as the scope and scale of country-specific challenges and the information included in the National Reform Programme;***

and,

- the recovery and resilience plan represents a comprehensive and adequate response to the economic and social situation of the Member State concerned.

and,

- the challenges addressed by the plan are considered as significant to boost the growth potential of the economy of the Member State concerned ***in a sustainable manner;***

and,

Following the completion of the proposed reforms and investments, the related challenges would be expected to have been resolved or addressed in a satisfactory manner ***that significantly contributes to their resolution.***

## Rating

A – The recovery and resilience plan contributes to effectively address ***all or a significant subset of*** challenges identified in the CSRs, or ***challenges*** in other relevant documents officially adopted by the Commission in the European Semester, and the plan represents an adequate response to the economic and social situation of the Member State concerned.

B – The recovery and resilience plan contributes to partially address ***all or a significant subset of*** challenges identified in the CSRs, or ***challenges*** in other relevant documents officially adopted by the Commission in the European Semester and the plan represents an adequate response to the economic and social situation of the Member State concerned.

C – The recovery and resilience plan does not contribute to address any challenges identified in the CSRs, or in other relevant documents officially adopted by the Commission in the European Semester and the plan does not represent an adequate response to the economic and social situation of the Member State concerned.

2.34. The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic, ***institutional*** and social resilience of the Member State,

*contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and mitigate the economic and social impact of the crisis, thereby enhancing the and contribute to enhance economic, social and territorial cohesion and convergence within the Union;*

The Commission shall take into account the following elements for the assessment under this criterion:

#### **Scope**

- the recovery and resilience plan contains measures that aim at *fostering economic growth and economic cohesion in an inclusive manner, in particular* addressing weaknesses of the economy of the Member States, ~~concerned boosting the growth potential of the economy of the Member State concerned~~, stimulating job creation, and mitigating the adverse effects of the crisis ~~while avoiding adverse impacts of those measures on climate and environment;~~

and

- the recovery and resilience plan contains measures that aim at *strengthening social cohesion and social protection systems, including policies for children and youth, reducing social vulnerabilities, contributing to the implementation of the principles of the European Pillar of Social Rights<sup>19</sup> and contributing to improve the levels of the indicators of the Social Scoreboard<sup>20</sup>;*

and

- the recovery and resilience plan is aimed at reducing the *economic* vulnerabilities ~~y of the economy~~ of the Member State to shocks;

and ~~or~~

- the recovery and resilience plan is aimed at increasing the capacity of the economic and/or social structures and institutions of the Member State to adjust to and withstand shocks.;

and

the recovery and resilience plan is expected to contribute to enhancing economic, social and territorial cohesion and convergence.

#### **Rating**

~~A – High expected impact on growth potential and economic and social resilience, and on cohesion and convergence, and ‘no significant harm’ to the environment~~

~~B – Medium expected impact on growth potential and economic and social resilience, and on cohesion~~

~~C – Low expected impact on growth potential and economic and social resilience, and on cohesion~~

*2.4. The recovery and resilience plan is expected to ensure that no measure for the implementation of reforms and investments projects included in the plan makes a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (‘do no significant harm principle’);*

*The Commission shall take into account the following elements for the assessment under this criterion:*

#### **Scope**

*- no measure for the implementation of reforms and investments projects included in the recovery and resilience plan makes a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (‘do no significant harm principle’);*

---

19 [...]

20 [...]

### **Rating**

**A – No measure makes a significant harm to environmental objectives ('do no significant harm principle').**

**C – One or more measure makes a significant harm to environmental objectives ('do no significant harm principle').**

2.25. The plan contains measures that effectively contribute to the green ~~and the digital transition,~~s or to ~~addressing the challenges resulting from them~~ *including biodiversity, or to addressing the challenges resulting from it, and whether they account for an amount which represents at least 37% of the plan's total allocation, based on the methodology for climate tracking set out in Annex IIA; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the climate objectives may be increased up to a total amount of 3% of the allocation of the plan for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives, subject to the agreement of the Commission;*

The Commission shall take into account the following elements for the assessment under this criterion:

### **Scope**

~~- the implementation of the envisaged measures is expected to effectively significantly contribute to the green transition, including biodiversity, and, where applicable, addressing the challenges resulting from it, thereby contributing to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050; establish climate and environmental friendly systems and to the greening of economic or social sectors with a view to contribute to the overall objective of a climate neutral Europe by 2050;~~

### **or and**

~~- the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the green and/or digital transitions;~~

*- Member States apply a methodology consisting of assigning a specific weighting to the support provided, which reflects the extent to which such support makes a contribution to climate objectives. The weightings shall be based on the dimensions and codes for the types of intervention established in Annex IIA and may be increased for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives. The same weighting system shall apply for measures that cannot be directly assigned to an intervention field listed in the tables.*

### **and**

- the implementation of the envisaged measures is expected to have a lasting impact.

### **Rating**

A – To a large extent

B – To a moderate extent

C – To a small extent

**2.6 The plan contains measures that effectively contribute to the digital transition or to addressing the challenges resulting from it, and whether they account for an amount which represents at least 20% of the plan's total allocation, based on the methodology for digital tagging set out in**

*Annex -III; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the digital objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives.*

*The Commission shall take into account the following elements for the assessment under this criterion:*

*Scope*

*- the implementation of the envisaged measures is expected to significantly contribute to the digital transformation of economic or social sectors;*

*or*

*- the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from digital transition;*

*and*

*- Member States apply a methodology consisting of assigning a specific weighting to the support provided, which reflects the extent to which such support makes a contribution to digital objectives. The weightings shall be based on the dimensions and codes for the types of intervention established in Annex -III and may be increased for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives. The same weighting system shall apply for measures that cannot be directly assigned to an intervention field listed in the table;*

*and*

*- the implementation of the envisaged measures is expected to have a lasting impact.*



### ***Rating***

- A – To a large extent
- B – To a moderate extent
- C – To a small extent

### ***Effectiveness:***

### ***2.37. The recovery and resilience plan is expected to have a lasting impact on the Member State concerned.***

The Commission shall take into account the following elements for the assessment under this criterion:

### ***Scope***

- the implementation of the envisaged measures is expected to bring about a structural change in the administration or in relevant institutions;
- or
- the implementation of the envisaged measures is expected to bring about a structural change in relevant policies;
- and
- the implementation of the envisaged measures is expected to have a lasting impact.

### ***Rating***

- A – To a large extent
- B – To a moderate extent
- C – To a small extent

2.87. The arrangements proposed by the Member States concerned are expected to ensure effective ***monitoring and*** implementation of the recovery and resilience plan, including the ***envisaged timetable***, proposed milestones and targets, and the related indicators.

The Commission shall take into account the following elements for the assessment under this criterion:

### ***Scope***

- a structure is tasked within the Member State with: (i) the implementation of the recovery and resilience plan; (ii) the monitoring of progress on milestones and targets; and (iii) the reporting;
- and
- the proposed milestones and targets are clear and realistic; and the proposed indicators ***for those milestones and targets*** are relevant, acceptable and robust;
- and
- the overall arrangements proposed by the Member States in terms of organisation (including provision to ensure sufficient staff allocation) of the implementation of the reforms and investments, are credible.

### ***Rating***

- A – Adequate arrangements for effective implementation
- B – Minimum arrangements for effective implementation

***Efficiency:***

2.59. The justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan is reasonable and plausible and is in *line with the principle of cost-efficiency and is* commensurate to the expected *national economic and social* impact ~~on the economy and employment.~~

The Commission shall take into account the following elements for the assessment under this criterion:

## Scope

- the Member State provided sufficient information and evidence that the amount of the estimated total cost of the recovery and resilience plan is appropriate (“reasonable”);  
and
- the Member State provided sufficient information and evidence that the amount of the estimated total cost of the recovery and resilience plan is in line with the nature and the type of the envisaged reforms and investments (“plausible”);  
and
- the Member State provided sufficient information and evidence that the amount of the estimated total cost of the recovery and resilience plan to be financed under the ~~instrument~~ **Facility** is not covered by existing or planned Union financing;  
and
- the amount of the estimated total cost of the recovery and resilience plan is commensurate to the expected social and economic impact of the envisaged measures included on the Member State concerned.

## Rating

- A – To a high extent
- B – To a medium extent
- C – To a low extent

***2.10. The arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from other Union programmes.***

***The Commission shall take into account the following elements for the assessment under this criterion:***

### *Scope*

*- the internal control system described in the recovery and resilience plan is based on robust processes and structures, and identifies clear actors (bodies/entities) and their roles and responsibilities for the performance of the internal control tasks; it notably ensures appropriate segregation of relevant functions.*

*and*

*- the controls system and other relevant arrangements, including for the collection and making available of data on final recipients described in the recovery and resilience plan, in particular to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility are adequate;*

*and*

*- the arrangements described in the recovery and resilience plan to avoid double funding from other Union programmes are adequate;*

*and*

*- the actors (bodies/entities) responsible for controls have the legal empowerment and administrative capacity to exercise their foreseen roles and tasks.*

### *Rating*

*A –adequate arrangements*

*C – insufficient arrangements*

### **Coherence:**

**2.611.** The recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions.

The Commission shall take into account the following elements for the assessment under this criterion:

### **Scope**

- the recovery and resilience plan includes measures that contribute to reinforce the effects of one another;

*or*

- *the recovery and resilience plan includes measures that are complementary to one another.*

### **Rating**

A – To a high extent

B – To a medium extent

C – To a low extent

### **3. Determination of the financial contribution ~~under the budgetary instrument for recovery and resilience~~**

In accordance with Article 17(3), the Commission *proposal* shall determine the financial contribution taking into account the importance and coherence of the recovery and resilience plan proposed by the Member State concerned, as assessed under the criteria set out in Article 167(3). For that purpose, it shall apply the following criteria:

1. where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is equal to, or higher than, the maximum financial contribution *calculated* for that Member State *in accordance with referred to in Article 10*, the financial contribution allocated to the Member State concerned shall be equal to the total amount of the maximum financial contribution *calculated for that Member State in accordance with referred to in Article 10*;
2. where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is lower than the maximum financial contribution *calculated* for that Member State *in accordance with referred to in Article 10*, the financial contribution allocated to the Member State shall be equal to the amount of the estimated total costs of the recovery and resilience plan;
3. where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned.

For the purpose of the implementation of this subparagraph, the following formulas shall apply:

- for (a) above: *If  $C^i \geq MFC^i$  the Member State  $i$  receives  $MFC^i$*
- for (b) above: *If  $C^i < MFC^i$  the Member State  $i$  receives  $C^i$*
- where:
- $i$  refers to the Member State concerned
- $MFC$  is the maximum financial contribution for the Member State concerned
- $C$  is the amount of the estimated total costs of the recovery and resilience plan

As a result of the assessment process, and taking into account the ratings:

The recovery and resilience plan complies satisfactorily with the assessment criteria:

If the final ratings for *the* criteria ~~2.1 to 2.7~~ *under point 2* include scores with:

- an A for criteria ~~2.1~~ 2.2, 2.3, 2.5 and 2.6;

and for the other criteria:

- all A's,

or

- *no* majority of A's B's over B's A's and no C's,

The recovery and resilience plan does not comply satisfactorily with the assessment criteria:

If the final ratings for *the* criteria ~~2.1 to 2.7~~ *under point 2* include scores with:

- not *an* A in criteria ~~2.1~~ 2.2, 2.3, 2.5 and 2.6;

and for the other criteria:

- a majority of B's over A's

or

- at least one C

## ANNEX IIA

### Methodology for climate tracking

#### *Dimensions and codes for the types of intervention for the RRF*

<b>INTERVENTION FIELD</b>		Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
001	Investment in fixed assets, including research infrastructure, in micro enterprises directly linked to research and innovation activities	0%	0 %
002	Investment in fixed assets, including research infrastructure, in small and medium-sized enterprises (including private research centres) directly linked to research and innovation activities	0%	0 %
002 bis1	Investment in fixed assets in large, including research infrastructure, enterprises <sup>21</sup> directly linked to research and innovation activities	0%	0 %
003	Investment in fixed assets, including research infrastructure, in public research centres and higher education directly linked to research and innovation activities	0%	0 %
004	Investment in intangible assets in micro enterprises directly linked to research and innovation activities	0%	0 %
005	Investment in intangible assets in small and medium-sized enterprises (including private research centres) directly linked to research and innovation activities	0%	0 %
005bis 1	Investment in intangible assets in large enterprises directly linked to research and innovation activities	0%	0 %
006	Investment in intangible assets in public research centres and higher education directly linked to research and innovation activities	0%	0 %
007	Research and innovation activities in micro enterprises including networking (industrial research, experimental development, feasibility studies)	0%	0 %
008	Research and innovation activities in small and medium-sized enterprises, including networking	0%	0 %
008bis 1	Research and innovation activities in large enterprises, including networking	0%	0 %

<sup>21</sup> Large enterprises are all enterprises other than SMEs, including small mid-cap companies.



009	Research and innovation activities in public research centres, higher education and centres of competence including networking (industrial research, experimental development, feasibility studies)	0%	0 %
010	Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	0%	0 %
010bis 1	Digitising large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	0%	0 %
010ter	Digitising SMEs or large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B) compliant with GHG emission reduction or energy efficiency criteria <sup>22</sup>	40%	0%
011	Government ICT solutions, e-services, applications	0%	0 %
011bis	Government ICT solutions, e-services, applications compliant with GHG emission reduction or energy efficiency criteria (see footnote 2)	40%	0%
012	IT services and applications for digital skills and digital inclusion	0%	0 %
013	e-Health services and applications (including e-Care, Internet of Things for physical activity and ambient assisted living)	0%	0 %
014	Business infrastructure for SMEs (including industrial parks and sites)	0%	0 %
015	SME business development and internationalisation, including productive investments	0%	0 %
015bis	Support for large enterprises through financial instruments, including productive investments	0%	0%
016	Skills development for smart specialisation, industrial transition, entrepreneurship, and adaptability of enterprises to change	0%	0 %
017	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	0%	0 %
018	Incubation, support to spin offs and spin outs and start ups	0%	0 %

<sup>22</sup> If the objective of the measure is that the activity has to process or collect data to enable GHG emission reductions that result in demonstrated substantial life-cycle GHG emissions savings. If the objective of the measure requires data centres to comply with "European Code of Conduct on Data Centre Energy Efficiency"

019	Support for Innovation clusters including between businesses, research organisations and public authorities and business networks primarily benefiting SMEs	0%	0 %
020	Innovation processes in SMEs (process, organisational, marketing, co-creation, user and demand driven innovation)	0%	0 %
021	Technology transfer and cooperation between enterprises, research centres and higher education sector	0%	0 %
022	Research and innovation processes, technology transfer and cooperation between enterprises focusing on the low carbon economy, resilience and adaptation to climate change	100%	40 %
023	Research and innovation processes, technology transfer and cooperation between enterprises focusing on circular economy	40%	100 %
024	Energy efficiency and demonstration projects in SMEs and supporting measures	40%	40 %
024bis	Energy efficiency and demonstration projects in large enterprises and supporting measures	40%	40 %
024ter	Energy efficiency and demonstration projects in SMEs or large enterprises and supporting measures compliant with energy efficiency criteria <sup>23</sup>	100%	40%
025	Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	40%	40 %
025bis	Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures compliant with energy efficiency criteria <sup>24</sup>	100%	40%
025ter	Construction of new energy efficient buildings <sup>25</sup>	40%	40%
026	Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures	40%	40 %
026bis	Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and	100%	40%

<sup>23</sup> (a) If the objective of the measure is to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786 or (b) if the objective of the measures is to achieve, on average, at least a 30% reduction of direct and indirect GHG emissions compared to the ex-ante emissions.

<sup>24</sup> If the objective of the measure is to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786. The renovation of buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.

<sup>25</sup> If the objective of the measures concerns the construction of new buildings with a Primary Energy Demand (PED) that is at least 20% lower than the NZEB requirement (nearly zero-energy building, national directives). The construction of new energy efficient buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.

	supporting measures compliant with energy efficiency criteria <sup>26</sup>		
027	Support to enterprises that provide services contributing to the low carbon economy and to resilience to climate change including awareness-raising measures	100%	40 %
028	Renewable energy: wind	100%	40 %
029	Renewable energy: solar	100%	40 %
030	Renewable energy: biomass <sup>27</sup>	40%	40 %
030bis	Renewable energy: biomass with high GHG savings <sup>28</sup>	100%	40%
031	Renewable energy: marine	100%	40 %
032	Other renewable energy (including geothermal energy)	100%	40 %
033	Smart Energy Systems (including smart grids and ICT systems) and related storage.	100%	40 %
034	High efficiency co-generation, district heating and cooling	40%	40 %
034bis 0	High efficiency co-generation, efficient district heating and cooling with low lifecycle emissions <sup>29</sup>	100%	40%
034bis 1	Replacement of coal-based heating systems by gas-based heating systems for climate mitigation purposes	0%	0 %
034bis 2	Distribution and transport of natural gas substituting coal	0%	0 %
035	Adaptation to climate change measures and prevention and management of climate related risks: floods (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	100%	100 %

<sup>26</sup> If the objective of the measure is (a) to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786 or (b) to achieve, on average, at least a 30% reduction of direct and indirect GHG emissions compared to the ex-ante emissions. The renovation of buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.

<sup>27</sup> If the objective of the measure relates to the production of electricity or heat from biomass, in line with Directive (EU) 2018/2001.

<sup>28</sup> If the objective of the measure relates to the production of electricity or heat from biomass, in line with Directive (EU) 2018/2001; and if the objective of the measure is to achieve at least 80% GHG emission savings at the facility from the use of biomass in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001. If the objective of the measure relates to the production of biofuel from biomass (excluding food and feed crops), in line with Directive (EU) 2018/2001; and if the objective of the measure is to achieve at least 65% GHG emission savings at the facility from the use of biomass for this purpose in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex V to Directive (EU).

<sup>29</sup> In case of high-efficiency cogeneration, if the objective of the measure is to achieve life cycle emissions that are lower than 100gCO<sub>2</sub>e/kWh or heat/cool produced from waste heat. In case of district heating/cooling, if the associated infrastructure follows the EU Energy Efficiency Directive, or the existing infrastructure is refurbished to meet the definition of the efficient district heating and cooling, or the project is an advanced pilot system (control and energy management systems, Internet of Things) or leads to a lower temperature regime in the district heating and cooling system.

036	Adaptation to climate change measures and prevention and management of climate related risks: fires (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	100%	100 %
037	Adaptation to climate change measures and prevention and management of climate related risks: others, e.g. storms and drought (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	100%	100 %
038	Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches	0%	100 %
039	Provision of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply)	0%	100 %
039bis	Provision of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply) compliant with efficiency criteria <sup>30</sup>	40%	100 %
040	Water management and water resource conservation (including river basin management, specific climate change adaptation measures, reuse, leakage reduction)	40%	100 %
041	Waste water collection and treatment	0%	100 %
041bis	Waste water collection and treatment compliant with energy efficiency criteria <sup>31</sup>	40%	100 %
042	Household waste management: prevention, minimisation, sorting, reuse, recycling measures	40%	100%
042bis	Household waste management: residual waste management	0%	100%
044	Commercial, industrial waste management: prevention, minimisation, sorting, reuse, recycling measures	40%	100 %
044bis	Commercial, industrial waste management: residual and hazardous waste	0%	100 %
045	Promoting the use of recycled materials as raw materials	0%	100 %
045bis	Use of recycled materials as raw materials compliant with	100%	100 %

<sup>30</sup> If the objective of the measure is for the constructed system to have an average energy consumption of  $\leq 0.5$  kWh or an Infrastructure Leakage Index (ILI) of  $\leq 1.5$ , and for the renovation activity to decrease the average energy consumption by more than 20% or decrease leakage by more than 20%.

<sup>31</sup> If the objective of the measure for the constructed front-to-end waste water system to have net zero energy use or for the renewal of the front-to-end waste water system to lead to a decreased average energy use by at least 10% (solely by energy efficiency measures and not by material changes or changes in load).

the efficiency criteria <sup>32</sup>			
046	Rehabilitation of industrial sites and contaminated land	0%	100 %
046bis	Rehabilitation of industrial sites and contaminated land compliant with efficiency criteria <sup>33</sup>	40%	100 %
047	Support to environmentally-friendly production processes and resource efficiency in SMEs	40%	40 %
047bis	Support to environmentally-friendly production processes and resource efficiency in large enterprises	40%	40 %
048	Air quality and noise reduction measures	40%	100 %
049	Protection, restoration and sustainable use of Natura 2000 sites.	40%	100 %
050	Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure	40%	100 %
051	ICT: Very High-Capacity broadband network (backbone/backhaul network)	0%	0 %
052	ICT: Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for multi-dwelling premises)	0%	0 %
053	ICT: Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for homes and business premises)	0%	0 %
054	ICT: Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the base station for advanced wireless communication)	0%	0 %
055	ICT: Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment)	0%	0 %
055bis	ICT: Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment) compliant with the carbon emission reduction and energy efficiency criteria (footnote 2).	40%	0 %
056	Newly built or upgraded motorways and roads - TEN-T core network <sup>34</sup>	0%	0 %

<sup>32</sup> If the objective of the measure is to convert at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials.

<sup>33</sup> If the objective of the measure is to turn industrial sites and contaminated land into a natural carbon sink [reference to legal definition].



057	Newly built or upgraded motorways and roads - TEN-T comprehensive network	0%	0 %
058	Newly built or upgraded secondary road links to TEN-T road network and nodes	0%	0 %
059	Newly built or upgraded other national, regional and local access roads	0%	0 %
060	Reconstructed or modernised motorways and roads - TEN-T core network	0%	0 %
061	Reconstructed or modernised motorways and roads - TEN-T comprehensive network	0%	0 %
062	Other reconstructed or modernised roads (motorway, national, regional or local)	0%	0 %
063	Digitalisation of transport: road	0%	0 %
063bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: road	40%	0%
064	Newly built or upgraded railways - TEN-T core network	100%	40 %
065	Newly built or upgraded railways - TEN-T comprehensive network	100%	40 %
066	Other newly or upgraded built railways	40%	40 %
066bis	Other newly or upgraded built railways – electric/zero emission <sup>35</sup>	100%	40%
067	Reconstructed or modernised railways - TEN-T core network	100%	40 %
068	Reconstructed or modernised railways - TEN-T comprehensive network	100%	40 %
069	Other reconstructed or modernised railways	40%	40 %
069bis	Other reconstructed or modernised railways – electric/zero emission (see footnote 15)	100%	40%
070	Digitalisation of transport: rail	40%	0 %
071	European Rail Traffic Management System (ERTMS)	40%	40 %
072	Mobile rail assets	0%	40 %
072bis	Mobile zero emission/electric powered <sup>36</sup> rail assets	100%	40%

<sup>34</sup> For intervention fields 56 to 62, intervention fields 73, 74 and 77 can be used for elements of the measures that relate to interventions in alternative fuels, including EV charging, or public transport.

<sup>35</sup> If the objective of the measure relates to electrified trackside and associated subsystems or if there is a plan for electrification or it will be fit for use by zero tailpipe emission trains within 10 years.

<sup>36</sup> Also applies to bi-mode trains

073	Clean urban transport infrastructure <sup>37</sup>	100%	40 %
074	Clean urban transport rolling stock <sup>38</sup>	100%	40 %
075	Cycling infrastructure	100%	100 %
076	Digitalisation of urban transport	0%	0 %
076bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: urban transport	40%	0%
077	Alternative fuels infrastructure <sup>39</sup>	100%	40 %
078	Multimodal transport (TEN-T)	40%	40 %
079	Multimodal transport (not urban)	40%	40 %
080	Seaports (TEN-T)	0%	0 %
080bis	Seaports (TEN-T) excluding facilities dedicated to transport of fossil fuels	40%	0%
081	Other seaports	0%	0 %
081bis	Other seaports excluding facilities dedicated to transport of fossil fuels	40%	0%
082	Inland waterways and ports (TEN-T)	0%	0 %
082bis	Inland waterways and ports (TEN-T) excluding facilities dedicated to transport of fossil fuels	40%	0%
083	Inland waterways and ports (regional and local)	0%	0 %
083bis 0	Inland waterways and ports (regional and local) excluding facilities dedicated to transport of fossil fuels	40%	0%
083bis 1	Security, safety and air traffic management systems, for existing airports	0%	0 %
084	Digitising transport: other transport modes	0%	0 %
084bis	Digitising transport when dedicated in part to GHG emissions reduction: other transport modes	40%	0%
085	Infrastructure for early childhood education and care	0%	0 %
086	Infrastructure for primary and secondary education	0%	0 %
087	Infrastructure for tertiary education	0%	0 %
088	Infrastructure for vocational education and training and adult learning	0%	0 %

<sup>37</sup> Clean urban transport infrastructure refers to infrastructure that enables the operation of zero-emission rolling stock.

<sup>38</sup> Clean urban transport rolling stock refers to zero-emission rolling stock.

<sup>39</sup> If the objective of the measure is in line with Directive (EU) 2018/2001

089	Housing infrastructure for migrants, refugees and persons under or applying for international protection	0%	0 %
090	Housing infrastructure (other than for migrants, refugees and persons under or applying for international protection)	0%	0 %
091	Other social infrastructure contributing to social inclusion in the community	0%	0 %
092	Health infrastructure	0%	0 %
093	Health equipment	0%	0 %
094	Health mobile assets	0%	0 %
095	Digitalisation in health care	0%	0%
096	Temporary reception infrastructure for migrants, refugees and persons under or applying for international protection	0%	0 %
097	Measures to improve access to employment	0%	0 %
098	Measures to promote access to employment of long-term unemployed	0%	0 %
099	Specific support for youth employment and socio-economic integration of young people	0%	0 %
100	Support for self-employment and business start-up	0%	0 %
101	Support for social economy and social enterprises	0%	0 %
102	Measures to modernise and strengthen labour market institutions and services to assess and anticipate skills needs and to ensure timely and tailor-made assistance	0%	0 %
103	Support for labour market matching and transitions	0%	0 %
104	Support for labour mobility	0%	0 %
105	Measures to promote women's labour market participation and reducing gender-based segregation in the labour market	0%	0 %
106	Measures promoting work-life balance, including access to childcare and care for dependent persons	0%	0 %
107	Measures for a healthy and well-adapted working environment addressing health risks, including promotion of physical activity	0%	0 %
108	Support for the development of digital skills	0%	0 %
109	Support for adaptation of workers, enterprises and entrepreneurs to change	0%	0 %
110	Measures encouraging active and healthy ageing	0%	0 %



111	Support for early childhood education and care (excluding infrastructure)	0%	0 %
112	Support for primary to secondary education (excluding infrastructure)	0%	0 %
113	Support for tertiary education (excluding infrastructure)	0%	0 %
114	Support for adult education (excluding infrastructure)	0%	0 %
115	Measures to promote equal opportunities and active participation in society	0%	0 %
116	Pathways to integration and re-entry into employment for disadvantaged people	0%	0 %
117	Measures to improve access of marginalised groups such as the Roma to education, employment and to promote their social inclusion	0%	0 %
118	Support to the civil society working with marginalised communities such as the Roma	0%	0 %
119	Specific actions to increase participation of third-country nationals in employment	0%	0 %
120	Measures for the social integration of third-country nationals	0%	0 %
121	Measures to enhancing the equal and timely access to quality, sustainable and affordable services	0%	0 %
122	Measures to enhancing the delivery of family and community-based care services	0%	0 %
123	Measures to improve the accessibility, effectiveness and resilience of healthcare systems (excluding infrastructure)	0%	0 %
124	Measures to improve access to long-term care (excluding infrastructure)	0%	0 %
125	Measures to modernise social protection systems, including promoting access to social protection	0%	0 %
126	Promoting social integration of people at risk of poverty or social exclusion, including the most deprived and children	0%	0 %
127	Addressing material deprivation through food and/or material assistance to the most deprived, including accompanying measures	0%	0 %
128	Protection, development and promotion of public tourism assets and tourism services	0%	0 %
129	Protection, development and promotion of cultural heritage and cultural services	0%	0 %

130	Protection, development and promotion of natural heritage and eco-tourism other than Natura 2000 sites	0%	100 %
131	Physical regeneration and security of public spaces	0%	0 %
131 bis	Territorial development initiatives, including preparation of territorial strategies	0%	0 %
132	Improve the capacity of programme authorities and bodies linked to the implementation of the Funds	0%	0 %
133	Enhancing cooperation with partners both within and outside the Member State	0%	0 %
134	Cross-financing under the ERDF (support to ESF-type actions necessary for the implementation of the ERDF part of the operation and directly linked to it)	0%	0 %
135	Enhancing institutional capacity of public authorities and stakeholders to implement territorial cooperation projects and initiatives in a cross-border, transnational, maritime and inter-regional context	0%	0 %
135 bis	Interreg: border crossing management and mobility and migration management	0%	0 %
136	Outermost regions: compensation of any additional costs due to accessibility deficit and territorial fragmentation	0%	0 %
137	Outermost regions: specific action to compensate additional costs due to size market factors	0%	0 %
138	Outermost regions: support to compensate additional costs due to climate conditions and relief difficulties	40%	40 %
139	Outermost regions: airports	0%	0 %
140	Information and communication	0%	0 %
141	Preparation, implementation, monitoring and control	0%	0 %
142	Evaluation and studies, data collection	0%	0 %
143	Reinforcement of the capacity of Member State authorities, beneficiaries and relevant partners	0%	0 %
01	Contributing to green skills and jobs and the green economy	100%	-

## ANNEX -III

### Methodology for digital tagging under the Facility

#### **Methodology for digital tagging:**

#### **Intervention table**

Code	Intervention field and type of intervention <sup>40</sup>	Coefficient for the calculation of support to digital transition
	<b>Intervention field 1: Connectivity</b> DESI dimension 1: Connectivity	
051	Very High-Capacity broadband network (backbone/backhaul network) <sup>41</sup>	100%
052	Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for multi-dwelling premises)	100%
053	Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for homes and business premises)	100%
054	Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the base station for advanced wireless communication) <sup>42</sup>	100%
054bis	5G network coverage, including uninterrupted provision of connectivity along transport paths; Gigabit connectivity (networks offering at least 1 Gbps symmetric) for socio-economic drivers, such as schools, transport hubs and main providers of public services	100%
054ter	Mobile data connectivity with wide territorial coverage	100%
	<b>Intervention field 2: Digital-related investment in R&amp;D</b> DESI: "The EU ICT Sector and its R&D Performance"	
009bis	Investment in digital-related R&I activities (including excellence research centres, industrial research, experimental development, feasibility studies, acquisition of fixed or intangible assets for digital related R&I activities)	100%
	<b>Intervention field 3: Human Capital</b> DESI dimension 2: Human Capital	
012	IT services and applications for digital skills and digital inclusion <sup>43</sup>	100%
016	Skills development for smart specialisation, industrial transition, entrepreneurship, and adaptability of enterprises to change	40%
108	Support for the development of digital skills <sup>44</sup>	100%
099	Specific support for youth employment and socio-economic integration of young people	40%
100	Support for self-employment and business start-up	40%
	<b>Intervention field 4: e-government, digital public services and local digital ecosystems</b> DESI dimension 5: Digital Public services	
011	Government ICT solutions, e-services, applications <sup>45</sup>	100%
011bis	Government ICT solutions, e-services, applications compliant with GHG emission reduction or energy efficiency criteria <sup>46</sup>	100%
011ter	Deployment of the European digital identity scheme for public and private use	100%
013	e-Health services and applications (including e-Care, Internet of Things for physical activity and ambient assisted living)	100%
095	Digitalisation in health care	100%
063	Digitalisation of transport: road	100%
063bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: road	100%
070	Digitalisation of transport: rail	100%

<sup>40</sup> The description of interventions in this table are without prejudice to compliance with competition rules, in particular to ensure that interventions do not crowd out private investments.

<sup>41</sup> Including submarine cables within and between Member States and between the Union and third countries.

<sup>42</sup> Including 5G and 6G networks.

<sup>43</sup> Including: measures to support the digitalisation of education and training institutions (including investments in IT&C infrastructure), including for vocational education and training and adult learning.

<sup>44</sup> This refers to digital skills at all levels and includes: highly specialised education programmes to train digital specialists (i.e. technology focused programmes); training of teachers, development of digital content for education purposes and relevant organisational capabilities. This also includes measures and programmes aimed at improving basic digital skills.

<sup>45</sup> **Including** Use of advanced technologies (such as high performance computing, cybersecurity or artificial intelligence) for public services and decision making and interoperability of digital public services and infrastructures (regional, national and cross border).

<sup>46</sup> If the objective of the measure is that the activity has to process or collect data to enable GHG emission reductions that result in demonstrated substantial life-cycle GHG emissions savings. If the objective of the measure requires data centres to comply with "European Code of Conduct on Data Centre Energy Efficiency".

Code	Intervention field and type of intervention <sup>40</sup>	Coefficient for the calculation of support to digital transition
071	European Rail Traffic Management System (ERTMS)	100%
076	Digitalisation of urban transport	100%
076bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: urban transport	100%
084	Digitising transport: other transport modes	100%
084bis	Digitising transport when dedicated in part to GHG emissions reduction: other transport modes	100%
033	Smart Energy Systems (including smart grids and ICT systems) and related storage	40%
011quater	Digitalisation of Justice Systems	100%
	<b>Intervention field 5: Digitalisation of businesses</b>	
	DESI dimension 4: Integration of digital technologies	
010	Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100%
010bis	Digitising large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100%
010ter	Digitising SMEs or large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B) compliant with GHG emission reduction or energy efficiency criteria (see footnote 7)	100%
014	Business infrastructure for SMEs (including industrial parks and sites) <sup>47</sup>	40%
015	SME business development and internationalisation, including productive investments <sup>47</sup>	40%
017	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services) <sup>47</sup>	40%
018	Incubation, support to spin offs and spin outs and start ups <sup>47</sup>	40%
019	Support for innovation clusters including between businesses, research organisations and public authorities and business networks primarily benefiting SMEs <sup>47 48</sup>	40%
020	Innovation processes in SMEs (process, organisational, marketing, co-creation, user and demand driven innovation) <sup>47</sup>	40%
021	Technology transfer and cooperation between enterprises, research centres and higher education sector <sup>47</sup>	40%
021bis	Support to digital content production and distribution	100%
	<b>Intervention field 6: Investment in digital capacities and deployment of advanced technologies</b>	
	DESI dimension 4: Integration of digital technologies + ad hoc data collections	
055	Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment)	100%
055bis	Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment) compliant with the carbon emission reduction and energy efficiency criteria (footnote 7).	100%
021ter	Development of highly specialised support services and facilities for public administrations and businesses (national HPC Competence Centres, Cyber Centres, AI testing and experimentation facilities, blockchain, Internet of Things, etc.)	100%
021quater	Investment in advanced technologies such as: High-Performance Computing and Quantum computing capacities/Quantum communication capacities (including quantum encryption); in microelectronics design, production and system-integration; next generation of European data, cloud and edge capacities (infrastructures, platforms and services); virtual and augmented reality, DeepTech and other digital advanced technologies. Investment in securing the digital supply chain.	100%
021quinquies	Development and deployment of cybersecurity technologies, measures and support facilities for public and private sector users.	100%
	<b>Intervention field 7: Greening the digital sector</b>	
027bis	Investment in technologies, skills, infrastructures and solutions that improve the energy efficiency and ensure climate neutrality of data centres and networks.	100%

<sup>47</sup> The intervention should be focused on elements directly linked to digitalisation of business, including for instance digital products, ICT assets, etc.

<sup>48</sup> Including social economy entities.

### ANNEX III

#### **Indicators**

~~The achievement of the objectives referred to in Articles 4 shall be measured on the basis of the following indicators, broken down by Member State and by area of intervention.~~

~~Indicators shall be used in accordance with data and information available, including quantitative and/or qualitative data.~~

~~—————~~ **Output indicators:**

~~number of recovery and resilience plans as approved in the implementing act of the Commission;~~

~~overall financial contribution allocated to the recovery and resilience plan;~~

~~—————~~ **Result indicators:**

~~(a) — number of recovery and resilience plans implemented;~~

**Impact indicators established by this Regulation**

~~(b) — The objectives set in the recovery and resilience plan, which have been achieved due, inter alia, to the overall financial support (including, where appropriate, the loan support) received under the Recovery and Resilience Facility established by this Regulation;~~

~~The ex-post evaluation referred to in Article 25 shall be undertaken by the Commission also with the purpose of establishing the links between the overall financial support (including, where appropriate, the loan support) from Recovery and Resilience Facility and the implementation of the relevant measures in the Member State concerned with a view to enhancing recovery, resilience, sustainable growth, jobs and cohesion.~~

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## **ADDENDUM 1**

### **JOINT DECLARATION BY THE EUROPEAN PARLIAMENT, COUNCIL AND COMMISSION ON THE ESTABLISHMENT OF REPORTING REQUIREMENTS TO ENABLE THE ISSUANCE OF BONDS CONTRIBUTING TO ENVIRONMENTAL OBJECTIVES FOR NEXTGENERATIONEU**

The Commission recalls the shared political ambition of the European Green Deal. Within this framework it underlines its ambition to raise at least 30 % of the funds to be borrowed in the capital markets for the needs of NextGenerationEU through the issuance of bonds contributing to environmental objectives.

The three Institutions agree to seriously explore the possibility of introducing rules establishing reporting obligations for the Member States, in order to ensure availability of information for the purpose of evaluating the contribution to environmental objectives of the funds borrowed in the capital markets. To that end, the Commission will endeavour to make a legislative proposal to this end during the first quarter of 2021.

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## **ADDENDUM 2**

### **JOINT DECLARATION BY THE EUROPEAN PARLIAMENT AND THE COMMISSION ON DATA COLLECTION FOR EFFECTIVE CONTROLS AND AUDITS**

The European Parliament and the Commission recall the need to ensure effective controls and audits for the purposes of avoiding double funding and preventing, detecting and correcting fraud, corruption and conflict of interests in relation to the measures supported by the Recovery and Resilience Facility. The two institutions consider essential that Member States collect and record data on final recipients and beneficiaries of Union funding in an electronic standardised and interoperable format and use the single data mining tool to be provided by the Commission.

### **ADDITIONAL DECLARATION BY THE COMMISSION ON DATA COLLECTION FOR EFFECTIVE CONTROLS AND AUDITS**

The European Commission recalls its unilateral declaration on this matter under the Common Provisions Regulation, which applies mutatis mutandis to Article 19 of the Recovery and Resilience Facility.

### **COMMISSION DECLARATION ON THE METHODOLOGY FOR CLIMATE TRACKING**

The Commission considers that, in order to ensure consistency, the methodology of Annex [IIA] of the Regulation establishing a Recovery and Resilience Facility should be incorporated in the Common Provisions Regulation.

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