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NOTE

From:	General Secretariat of the Council
To:	Permanent Representative Committee 2
Subject:	Proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility - Mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 28 May 2020, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility (RRF).

II. STATE OF PLAY

2. Following comprehensive deliberations at the Working Party of Financial Counsellors, the Presidency submitted on 30 September 2020 a compromise text to the Permanent Representatives Committee, set out in ST 11058/20.

3. To that compromise, a digital target of 20% as well as a methodology for its tracking was added on 2 October 2020, following the guidance given by the European Council of 1-2 October 2020. That compromise is set out in ST 11445/20.

4. Following a technical discussion by Financial Counsellors on the additions regarding a digital target, a revised compromise was issued on 5 October 2020 as set out in ST 11445/1/20 REV1.

5. At the informal videoconference of the Ministers of Economy and Finance on 6 October 2020, Ministers discussed that latest compromise text and a majority expressed their support for the text as a suitable compromise to start negotiations with the European Parliament.

6. In preparation of the adoption in Coreper minor technical corrections on the formatting throughout the text were made.

III. <u>CONCLUSIONS</u>

7. Against this background the Permanent Representatives Committee is invited to:

   – agree on a mandate with regard to the proposed Regulation, as set out in Annex to this note;

   – invite the Presidency to conduct negotiations with the European Parliament on the basis of this mandate.

8. Unless objected by the Permanent Representatives Committee, this document will be made public by the General Secretariat of the Council after endorsement.

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[1],

Having regard to the opinion of the Committee of the Regions[2],

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.

(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. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented 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.

(4) The outbreak of the COVID-19 pandemic in early 2020 changed the economic outlook ~~for the years to come~~ in the Union and in the world, calling for an urgent and coordinated

[1] OJ C , , p. .
[2] OJ C , , p. .

response from the Union in order to cope with the enormous economic and social consequences for all Member **States**. ~~The challenges linked to the demographic context have been amplified by COVID-19.~~ The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States' economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the 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**~~I~~nvesting in green and digital technologies, **as well as innovation and research,** ~~capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing~~ and other key sectors of the econom**y**~~ie~~ are important to achieve sustainable growth, **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 **and thereby strengthening its strategic autonomy**.

(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, and with a view to having a lasting impact on the productivity and 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 reforms and related public investments in the Member States. 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. **<u>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.</u>** ~~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 Recovery and Resilience 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].

(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 ~~25~~**<u>30</u>** % of the EU budget expenditures supporting climate objectives. **<u>To this effect, the measures supported by the Facility and included in the individual Member State plans should account for an amount that represents at least 37% of the plan's allocation. Member States should calculate the coefficient for support to the climate change objectives based on the methodology for climate tracking applied for cohesion policy funds, in particular as set out in Table 1, Table 4 and Table 6 of Annex I to [Common Provision Regulation COM(2018) 375][3]. 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 to take account of accompanying reform measures that increase their impact on the climate objectives. 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.</u>**

<u>(11a) Member States should also ensure compliance of the other activities included in their plans with the rationale of the 'do no significant harm' principle, as defined in Articles 3(b) and 17 of Regulation (EU) 2020/852 of the European Parliament and of the</u>

[3] […]

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")[4]. In this regard, Article 3(d) of Regulation (EU) 2020/852 should not apply.

(11b) 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.

(11c) 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~~ **achieve** 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~~ **and** the digital transformation**, as t**~~T~~hey will both play a priority role in relaunching and modernising our economy.

(12a) The equality between women and men, as well as rights 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.

(13) In order to enable measures to be taken that link the Facility 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 **decisions**~~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 **decisions**~~acts~~, on a proposal from the Commission, should also be conferred on the Council in relation to the same relevant cases.

(14) The Facility's general objective should be**, in the aftermath of the COVID-19 crisis, to promote**~~the promotion of~~ economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience**, growth potential** and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting

[4] […]

the green **transition towards achieving the most recent Union's 2030 climate targets and complying with the objective of EU climate neutrality by 2050** and **the** digital transition~~s~~ ~~aimed at achieving a climate neutral Europe by 2050~~, thereby **contributing to the upward economic and social convergence,** restoring **and promoting sustainable** ~~the~~ growth ~~potential~~ **and the integration** of the economies of the Union ~~in the aftermath of the crisis~~, **and** fostering employment creation~~, 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.

(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 ~~n~~**N**ational ~~r~~**R**eform ~~p~~**P**rogrammes, the ~~n~~**N**ational ~~e~~**E**nergy and ~~c~~**C**limate ~~p~~**P**lans, the just transition plans, 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 deliver**y** of targets, objectives and contributions set out in ~~n~~**N**ational ~~e~~**E**nergy and ~~c~~**C**limate ~~p~~**P**lans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental **standards and** priorities of the Union.

(17) Where a Member State~~s~~ is exempted from the monitoring and assessment of the European Semester on the basis of Article 12 of Regulation (EU) 472/2013[5], or is subject to surveillance under Council Regulation (EC) No 332/2002[6] , 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

5 OJ L 140 of 27.5.2013.
6 OJ L 53 of 23.2.2002.

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 by 30 April, in the form of a separate annex of **and possibly at a different point in time than** 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 **monitoring and** implementation, including targets and milestones **and estimated costs, as well as**~~, 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 **both** 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**, including fiscal aspects thereof, and, where relevant, those identified in the context of the macroeconomic imbalances procedure**. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

(22) The Commission should assess the recovery and resilience plan**s** proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether 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 contains measures that effectively contribute to **both** the green and the digital transitions 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; 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 impact on the economy and employment; 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**s** 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. **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 of consistency with the country-specific recommendations, as well as strengthening the growth potential, job creation and economic and social resilience of the Member State 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.

(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 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 202**3**~~4~~. To this effect, ~~at least~~ ~~6~~**7**0 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 202**3**~~4~~. **In 2021, on request of a Member State to be submitted together with the plan, an amount of up to 10 per cent of the financial contribution and, where**

applicable, of up to 10 per cent of the loan support of the Member State concernced 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 202**3**4. 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 ~~4.7~~**6,8**% of its Gross National Income **in 2019**.[7] 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 proposal.**

(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 t**~~T~~he Commission **considers that the reasons put forward by the Member State concerned justify such an amendment it** should 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.**

(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

[7] **Data from Eurostat; cut off date May 2020.**

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. 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~~**satisfactory fulfilment** of **milestones and targets set out in** 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.** 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. 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 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.

(32b) The Member States and the Commission should be allowed to process personal data only where necessary for the purpose of ensuring an 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 shall 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.

(34) For the purposes of transparency, the **assessment of the** recovery and resilience plans ~~adopted~~ by the Commission should be ~~communicated~~**transmitted** to the European Parliament**.** ~~and the Council and c~~**C**ommunication 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 Facility should be additional to the support provided under other Union funds and programmes, 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.

(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.

(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.

(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, i**~~I~~n 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[8]. **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. 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 **other conditionalities to** ~~the~~ protect~~ion of~~ the ~~Union's~~ budget **and the European Union Recovery Instrument** ~~in case of~~

8 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).

~~generalised 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.~~[9]

(40) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council[10], Council Regulation (Euratom, EC) No 2988/95[11],Council Regulation (Euratom, EC) No 2185/96[12] and Council Regulation (EU) 2017/1939[13], 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**~~fraud~~, ~~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[14]. 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.

(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.

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9 **This recital may have to be updated pending the outcome of negotiations on the conditionality regime.**

10 Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 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)

11 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)

12 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)

13 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)

14 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)

(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,

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) YYY/XX of the European Parliament and of the Council [CPR successor][15];

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[16].

Article 3
Scope

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas 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~~**a well-functioning single market**.

[15] OJ C , , p. .
[16] 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).

Article 4
General and specific objectives

1. The general objective of the Recovery and Resilience Facility shall be**, in the aftermath of the COVID-19 crisis,** to promote the Union's economic, social and territorial cohesion by improving the resilience**, growth potential** and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green **transition towards achieving 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~~s~~, thereby contributing **to the upward economic and social convergence,** to restoring **and promoting sustainable** ~~the~~ growth ~~potential~~ **and the integration** of the economies of the Union~~,~~ **and** fostering employment creation~~, in the aftermath of the COVID-19 crisis, and promoting sustainable growth~~.

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 cooperation with the Member States concerned.

Article 5
Resources from the European Union Recovery Instrument

1. ~~[~~Measures referred to in Article 2 of Regulation [EURI] shall be implemented under this Facility:

(a) through **an** amount of **up to** EUR ~~334 950~~**337 968** 000 000 referred to in point (ii) of Article 3(2)(a) of Regulation [EURI] in current prices, available for non-repayable support, subject to Article 4(4) and (8) of Regulation [EURI].

These amounts shall constitute external assigned revenues in accordance with Article ~~21(5) of the Financial Regulation~~**4(1) of Regulation [EURI]**.

(b) through **an** amount of **up to** EUR ~~267 955~~**385 856** 000 000 referred to in Article 3(2)(b) of Regulation [EURI] in current prices, available for loan support to Members 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, information and communication actions, including 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 **the Facility**~~each instrument~~. 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

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.

Article 7
Implementation

The Recovery and Resilience Facility shall be implemented by the Commission in direct management in accordance with the Financial Regulation.

Article 8
Additionality and complementary funding

Support under the Recovery and Resilience 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 **decision**~~act~~ to suspend the time period for the adoption of the decisions referred to in Articles 17(1**), 17(1b)** 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 **decision**~~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.

CHAPTER II

Financial contribution, allocation process and loans

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)~~, 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), 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 contribution~~s~~*

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** request~~s~~ 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).

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).** ~~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 10 per cent of the financial contribution in the form of non-repayable support, and, where applicable, of up to 10 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 10 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 Article17(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 **6.8**~~4.7~~% of its Gross National Income **in 2019**.

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 1**6**~~7~~. **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(**1**~~2~~), 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 TARGET2 business days prior to the corresponding due date.

CHAPTER III

Recovery and resilience plans

Article 14
Eligibility

1. 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 ~~for the subsequent four years~~. 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 coherent package.

1a. Measures started from 1 February 2020 onwards shall be eligible.

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, in particular those relevant for or resulting from the green and digital transition **and for strengthening growth potential, job creation and economic and social resilience, 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 ~~n~~**N**ational ~~r~~**R**eform ~~p~~**P**rogrammes under the European Semester, in their ~~n~~**N**ational ~~e~~**E**nergy and ~~c~~**C**limate ~~p~~**P**lans and updates thereof under the Regulation (EU)2018/1999 [17],

[17] 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.

in the territorial just transition plans under the Just Transition Fund[18], and in the partnership agreements and operational programmes under the Union funds.

3. Where a Member **State**~~States~~ 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.

Article 15
Recovery and resilience plan

1. A Member State wishing to receive ~~support~~**a financial contribution as made available for allocation in accordance with Article 11** ~~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 to the 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 National Reform Programme and shall be officially submitted at the latest by 30 April. **The recovery and resilience plan may be submitted separately from the National Reform Programme**. A draft plan may be submitted by Member State**s** 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 of the way the relevant country-specific challenges and priorities identified in the context of the European Semester**, including fiscal aspects thereof, and challenges related to Article 6 of Regulation (EU) No 1176/2011,** are expected to be addressed;

(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence**, while ensuring 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')**;

(c) an explanation of how the measures in the plan are expected to contribute to the green **transition or to the challenges resulting from it, 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 Table 1, Table 4 and Table 6 of Annex I to [the Common Provision Regulation COM(2018) 375] on the**

18 […]

calculation of the coefficient for support to the climate change objectives[19]; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the tables; the coefficients for support to the climate objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the climate objectives;

(c1) an explanation of how the measures in the plan are expected to contribute to ~~and~~ the digital transition~~s~~ or to the challenges resulting from ~~them~~**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**;

(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 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;

(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;

(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.

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[19] […]

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 implemeting decison 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 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, if relevant, information from technical support received via the Technical Support Instrument.

3. The Commission shall assess the importance 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:

(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;

(a1) 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 and convergence, while ensuring 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');

(b) whether the plan contains measures that effectively contribute to the green ~~and~~**transition 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 Table 1, Table 4 and Table 6 of Annex I to [the Common Provision Regulation COM(2018)375] on the calculation of the coefficient for support to the climate**

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

(b1) whether the plan contains measures that effectively contribute to the digital transition~~s~~ or to addressing the challenges resulting from ~~them~~**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**;

(c) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned;

~~(d) 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;~~

(e) 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 princple of cost-efficiency and** commensurate to the expected impact on the economy and employment;

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

(g) 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.

These 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 1~~1~~**0**.

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 1**b** 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 Article 10**~~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 Article 10** ~~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 Article 10** ~~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 1**b** 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;

(a1) 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 Article 19-a**;

(e) the relevant indicators relating to the fulfilment of the envisaged milestones and targets; and

(f) the arrangements for providing 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 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.

7. The **Council shall adopt the** implementing ~~acts~~**decisions** referred to in ~~paragraphs~~**paragraph** 1 ~~and~~**, 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.

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

1.~~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~~**an** individual legal commitment~~s~~ 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 19-a
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 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; and**

   d) **to ensure access for the purpose of 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 to the following 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 of audit and control of the use of funds related to the implementation of the agreements referred to in Articles 13(2) and 19(1). Those personal data shall be stored for a period of 5 years from their collection. In case of legal proceedings, the time period shall be suspended until the last possibility of judicial appeal has expired.

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.

Art. 19a

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

1~~2~~. Payment**s** 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, t**~~T~~he Commission **decision**~~decisions~~ referred to in **paragraph 3**~~ this Article~~ shall be adopted in accordance with the examination procedure referred to in Article 27(2).

2~~3~~. 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**~~ 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 be lifted where the Member State has taken the necessary measures to ensure a satisfactory ~~implementation~~**fulfillment** 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 V

Reporting and Information

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). 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 **assessment of 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, 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 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 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.

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.

3. The annual report shall also include the following information:

(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

(b) the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.

4. For the purpose of the reporting on the activities referred to in paragraph 2, 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 three years after the end of ~~2027~~**2026**.

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.

CHAPTER VII

Communication and final provisions

Article 26
Information, communication and publicity

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, 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.

2. The Commission shall implement information and communication actions relating to the **Facility**~~instruments~~ established by this Regulation, its actions and its results. 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	*For the Council*
The President	*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 **referred to in 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:

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

where:

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

ν_i is the allocation key of Member State *i,* defined as:

$$\cancel{\alpha_i = \frac{\frac{GDP^{PC}_{average}}{GDP^{PC}_i} * \frac{pop_i}{pop_{EU}} * \frac{U_i}{U_{EU}}}{\sum_{i=1}^{19} \frac{GDP^{PC}_{average}}{GDP^{PC}_i} * \frac{pop_i}{pop_{EU}} * \frac{U_i}{U_{EU}}}},$$

~~with 1.5 ≥~~ $\cancel{\frac{GDP^{PC}_{average}}{GDP^{PC}_i}}$

~~and with 1.5 ≥~~ $\cancel{U_i/U_{iEU}}$ ~~and 0.75≥~~ $\cancel{U_i/U_{iEU}}$ ~~for Member States with~~ $\cancel{GDP^{PC}_i > 100\% * GDP^{PC}_{average}}$

~~With:~~

~~α_i is the allocation key of country i~~

$$\underline{\boldsymbol{\nu_i = 0{,}7\ \kappa_i + 0{,}3\ \alpha_i}}$$

<u>**where $\boldsymbol{\kappa_i}$ 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); $\boldsymbol{\alpha_i}$ 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).**</u>

ANNEX I a)

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

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

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

with $\frac{GDP^{PC}_{EU,2019}}{GDP^{PC}_{i,2019}} \leq 1.5$, $v_i \leq 0.75$ **for Member States with** $GNI^{PC}_{i,2019} > GNI^{PC}_{EU,2019}$ **and**

$v_i \leq 1.5$ **for the Member States with** $GNI^{PC}_{i,2019} \leq GNI^{PC}_{EU,2019}$~~.~~

Defining[20]**:**

- $GDP^{PC}_{i,2019}$ ~~is~~ **as** the 2019 **nominal** Gross ~~d~~**D**omestic ~~p~~**P**roduct per capita of country *i;*
- $GDP^{PC}_{\cancel{average}EU,2019}$ **as** the 2019 weighted average **of** Gross Domestic ~~p~~**P**roduct 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);**
- $GNI^{PC}_{i,2019}$ **as the 2019 Gross National Income per capita of country *I;***
- $GNI^{PC}_{EU,2019}$ **as the 2019 weighted Average Gross National Income per capita of the EU-27 Member States.**

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

The application of the methodology **to the 70 per cent of 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.

Maximum financial contribution per EU Member State for 70 per cent of the allocation		
	Share as % of total	Amount (in EUR 1'000, current prices)
BE	1,56%	3.646.437
BG	1,98%	4.637.074
CZ	1,51%	3.538.166
DK	0,56%	1.303.142
DE	6,95%	16.294.947
EE	0,32%	759.715
IE	0,39%	914.572
EL	5,77%	13.518.285
ES	19,88%	46.603.232
FR	10,38%	24.328.797
HR	1,98%	4.632.793
IT	20,45%	47.935.755
CY	0,35%	818.396
LV	0,70%	1.641.145
LT	0,89%	2.092.239
LU	0,03%	76.643
HU	1,98%	4.640.462
MT	0,07%	171.103
NL	1,68%	3.930.283
AT	0,95%	2.231.230
PL	8,65%	20.275.293
PT	4,16%	9.760.675
RO	4,36%	10.213.809
SI	0,55%	1.280.399
SK	1,98%	4.643.840
FI	0,71%	1.661.113
SE	1,24%	2.911.455
EU 27	**100,00%**	**234.461.000**

ANNEX I b)

The allocation key applied to 30 per cent of the amount referred to in Article 5(1)(a), α_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

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

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

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

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 II

Assessment guid<u>elines</u>~~ance~~ 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 <u>**proposal for a Council**</u> 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 <u>**with regard to the objectives of the Facility**</u>, while ensuring equal treatment among the Member States.

2. Assessment criteria

In accordance with Article 16(3), the Commission shall assess the 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:

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

<u>**(a1) 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 and convergence, while ensuring 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');**</u>

(b) whether the plan contains measures that effectively contribute to the green ~~and~~**transition 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 Table 1, Table 4 and Table 6 of Annex I to [the Common Provision Regulation COM(2018)375] on the calculation of the coefficient for support to the climate change objectives; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the tables; the coefficients for support to the climate objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the climate objectives;**

(b1) whether the plan contains measures that effectively contribute to the digital **transition**~~transitions~~ or to addressing the challenges resulting from ~~them~~**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**;

(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 **monitoring and** 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:

2.1 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, <u>including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011</u>, or 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 **<u>all or a significant subset of</u>** challenges identified in the relevant country-specific recommendations, including fiscal aspects **<u>and recommendations based on Article 6 of Regulation (EU) No 1176/2011 where appropriate</u>**, or **<u>challenges</u>** in other relevant documents officially adopted by the Commission in the European Semester addressed to the Member States concerned, **<u>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;</u>** and, - these challenges are considered as significant to boost the growth potential of the economy of the Member State concerned; 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 **<u>that significantly contributes to their resolution;</u>**. and - The recovery and resilience plan represents a comprehensive and adequate response to the economic and social situation of the Member State concerned.

Rating

A – The recovery and resilience plan contributes to effectively address **<u>all or a significant subset of</u>** challenges identified in the CSRs, or **<u>challenges</u>** 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 **<u>all or a significant subset of</u>** challenges identified in the CSRs, or **<u>challenges</u>** in other relevant documents officially adopted by the Commission in the European Semester and the plan represents a partially 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.

2.1a 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 and convergence, while ensuring 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

- the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the growth potential of the economy of the Member State concerned, stimulating job creation and mitigating the adverse effects of the crisis;

and

- 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');

and

- the recovery and resilience plan is aimed at reducing the vulnerability of the economy of the Member State to shocks;

or

- the recovery and resilience plan is aimed at increasing the capacity of the economic and/or social structures 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 and convergence, and 'no significant harm' to the environment** **C – Low expected impact on growth potential and economic and social resilience, and on cohesion and convergence, and 'no significant harm' to the environment**

2.2 The plan contains measures that effectively contribute to the green transition ~~and the digital~~ ~~transitions~~ or to addressing the challenges resulting from ~~them~~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 Table 1, Table 4 and Table 6 of Annex I to [the Common Provision Regulation COM(2018)375] on the calculation of the coefficient for support to the climate change objectives; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the tables; the coefficients for support to the climate objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the climate 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 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~~ ~~- 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 the green **transition**~~and/or digital transitions~~; **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 climate objectives. The weightings shall be based on the dimensions and codes for the types of intervention established in Table 1, Table 4 and 6 of Annex I of the [Common Provision Regulation] and may be increased for individual investments to take account of**

accompanying reform measures that 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

2.2a 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;**

<u>and</u> **<u>- the implementation of the envisaged measures is expected to have a lasting impact.</u>**

<u>Rating</u>

<u>A – To a large extent</u> **<u>B – To a moderate extent</u>** **<u>C – To a small extent</u>**

2.3 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

~~***2.4 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***~~;

~~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 addressing weaknesses of the economy of the Member States and at 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 on climate and environment.~~ ~~and~~ ~~- the recovery and resilience plan is aimed at reducing the vulnerability of the economy of the Member State to shocks,~~ ~~or~~ ~~- the recovery and resilience plan is aimed at increasing the capacity of the economic and/or social structures 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~~

~~Rating~~

~~A – High expected impact on growth potential and economic and social resilience, and on cohesion,~~ ~~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,~~

2.5 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 commensurate to the expected 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~~**<u>Facility</u>** is not covered by existing or planned Union financing; and - the amount of the estimated total cost of the recovery and resilience plan is **<u>in line with the principle of cost-efficiency and</u>** commensurate to the expected impact of the envisaged measures included in the plan on the economy of the Member State concerned**<u>.</u>**

Rating

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

2.6. 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**<u>;</u>** **<u>or</u>** **<u>- the recovery and resilience plan includes measures that are complementary to one another</u>**.

Rating

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

2.7 The arrangements proposed by the Member States concerned are expected to ensure effective <u>monitoring and</u> implementation of the recovery and resilience plan, including the 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 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 reform and investment, are credible.

Rating

A – Adequate arrangements for effective implementation B – Minimum arrangements for effective implementation C – Insufficient arrangements for effective implementation

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 1**6**~~7~~(3). For that purpose, it shall apply the following criteria:

(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 Article 10**~~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 Article 10**~~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 Article 10**~~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.

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:

<u>The recovery and resilience plan complies satisfactorily with the assessment criteria:</u>

If the final rating for criteria 2.1 to 2.7 includes scores with:

- an A for criteria 2.1<u>**, 2.1a, 2.2,**</u> and 2.2<u>**a**</u>;

and for the other criteria:

- all A's,

or

- <u>**no**</u>~~a~~ majority of ~~A~~<u>**B**</u>'s over ~~B~~<u>**A**</u>'s and no C's,

<u>The recovery and resilience plan does not comply satisfactorily with the assessment criteria:</u>

If the final rating for criteria 2.1 to 2.7 includes scores with:

- not *an* A in criteria 2.1<u>**, 2.1a, 2.2,**</u>-and 2.2<u>**a**</u>;

and for the other criteria:

- a majority of B's over A's

or

- at least one C

ANNEX -III

Methodology for digital tagging under the Facility

Methodology for digital tagging:

Intervention table

Code CPR Annex I	Intervention field and type of intervention[21]	Coefficient for the calculation of support to digital transition
	Intervention field 1: Connectivity DESI dimension 1: Connectivity	
051	Very High-Capacity broadband network (backbone/backhaul network)[22]	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)[23]	100%
	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%
	Mobile data connectivity with wide territorial coverage	100%
	Intervention field 2: Digital-related investment in R&D DESI: "The EU ICT Sector and its R&D Performance"	
	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%
	Intervention field 3: Human Capital DESI dimension 2: Human Capital	
012	IT services and applications for digital skills and digital inclusion[24]	100%
016	Skills development for smart specialisation, industrial transition and entrepreneurship	40%
108	Support for the development of digital skills[25]	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%
	Intervention field 4: e-government, digital public services and local digital ecosystems DESI dimension 5: Digital Public services	
011	Government ICT solutions, e-services, applications[26]	100%
	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%
070	Digitalisation of transport: rail	100%
071	European Rail Traffic Management System (ERTMS)	100%
076	Digitalisation of urban transport	100%
084	Digitising transport: other transport modes	100%
033	Smart Energy Systems (including smart grids and ICT systems) and related storage	40%
	Digitalisation of Justice Systems	100%

[21] 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

[22] Including submarine cables within and between Member States and between the Union and third countries.

[23] Including 5G and 6G networks.

[24] 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.

[25] 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.

[26] **Including** ~~U~~**u**se 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).

Code CPR Annex I	Intervention field and type of intervention[21]	Coefficient for the calculation of support to digital transition
	Intervention field 5: Digitalisation of businesses DESI dimension 4: Integration of digital technologies	
010	Digitizing SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100%
010bis	Digitizing large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100%
014	Business infrastructure for SMEs (including industrial parks and sites)[27]	40%
015	SME business development and internationalisation including productive investments27	40%
017	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)27	40%
018	Incubation, support to spin offs and spin outs and start ups27	40%
019	Innovation cluster support and business networks primarily benefiting SMEs27 [28]	40%
020	Innovation processes in SMEs (process, organisational, marketing, co-creation, user and demand driven innovation) 27	40%
021	Technology transfer and cooperation between enterprises, research centres and higher education sector 27	40%
	Support to digital content production and distribution	100%
	Intervention field 6: Investment in digital capacities and deployment of advanced technologies 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%
	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%
	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%
	Development and deployment of cybersecurity technologies, measures and support facilities for public and private sector users.	100%
	Intervention field 7: Greening the digital sector	
	Investment in technologies, skills, infrastructures and solutions that improve the energy efficiency and ensure climate neutrality of data centres and networks.	100%

[27] The intervention should be focused on elements directly linked to digitalisation of business, including for instance digital products, ICT assets, etc.

[28] Including social economy entities.

ANNEX III

Indicators

The achievement of the objectives referred to in **Article**~~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:

(a) number of recovery and resilience plans as approved in the implementing **decision**~~act~~ of the Commission;

(b) overall financial contribution allocated to the recovery and resilience plan;

Result indicators:

(c) number of recovery and resilience plans implemented;

Impact indicators established by this Regulation

(d) 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.