RECOVERY AND RESILIENCE FACILITY

30th RRF Working Group meeting

The RRF: 2 years on. A unique instrument at the heart of the EU’s green and digital transformation

1 March 2023
State of play on implementation: EUR 144 bn disbursed

27 plans approved by the Commission

27 CID adopted by the Council

21 pre-financing disbursed (EUR 56.6 bn grants and loans)

22 Operational Arrangements signed

27 payment requests submitted to the Commission

16 payments disbursed (EUR 87.5 bn)

3 modified plans submitted by Member States

Notes:

- No pre-financing requested.
- Prerequisite to request pre-financing: CID was adopted by 31 December 2021.
…delivering on the EU recovery

- 16 payment requests already paid, 11 ongoing
- Over EUR 144 billion disbursed
- The EU economy closed the gap with its pre-pandemic output levels in summer 2021.

Funding the RRF made the EU one of the largest issuers of euro-denominated bonds.
In 2022 EU gross issuances reached EUR 119 billion in long-term instruments.

1/3 of all measures in the 27 recovery and resilience plans are reforms, 2187 in total

EUR 203 billion for green transition, EUR 131 billion for digital transformation and EUR 138 billion for social spending, across 27 plans.
Next steps

Deadline for the submission of intentions to take loans
31 Mar. 2023

Minimum time for assessment and adoption process
(MS encouraged to submit any modified RRP before Aug. 2023)

31 Dec. 2023

Member States are encouraged to submit modified RRP with REPowerEU chapter until this point in time
30 Apr. 2023

Legal deadline for:
• Committing the loan support
• Committing the remaining 30% of the grant allocation
31 Aug. 2023

Legal deadline for the submission of modified RRP with a loan request

Date of entry into force of the REPowerEU Regulation
28 Feb. 2023

Remaining loans available under the RRF:
• EUR 225 billion

Additional grants available under RRF / REPowerEU:
• EUR 20 billion in new grants under ETS
• Up to EUR 5.4 billion transfers from BAR
• Up to EUR 17 billion transfers from CPR

31 Aug. 2023
What have Member States implemented?

**REFORMS**

- CROATIA adopted reforms to enhance employment and social protection
- ITALY and SPAIN implemented reforms of their civil and justice system → will reduce the length of proceedings and improve the organisation of courts
- CYPRUS adopted reforms tackling corruption and protecting whistle-blowers

**INVESTMENTS**

- FRANCE supports the decarbonisation and improving energy efficiency of industry (EUR 1.4 bn)
- PORTUGAL digitalises the public administration to make it more accessible for citizens and businesses (EUR 170 mn)
- LATVIA develops broadband infrastructure (EUR 4 mn)
Framework for the assessment of milestones and targets

Total number of milestones and targets assessed as satisfactorily fulfilled: 466 out of 5964 (cut-off date February 2023)

The Commission relies on the wording of each milestone and target included in the Council Implementing Decision in light of its context and their purpose to establish the requirements that should be fulfilled.

Context & Purpose derived from plans, Council implementing decision, exchanges with authorities, CSR,…

The satisfactory fulfilment of those requirements - minimal deviations

- **Amount**: around 5% or less deviation from the amount set in the target or milestone
- **Formal requirements**: deviation linked to internal procedures of the Member State
- **Timing**: limited and proportional delays between the publication of regulatory measures and their entry into force
- **Substance**: minimal deviation that does not change the nature of the measure and does not affect the progress towards the policy objective of the reform or investment
Partial suspension methodology (1)

- Payment suspension provides time for Member States to fulfil relevant milestones or targets within six months.
- The calculation of the suspended amount to reflect the performance-based nature of RRF.
- Full respect of equal treatment and proportionality principles.
- The contradictory procedure allows Member States to submit observations.
Partial suspension methodology (2)

Unit value of a Milestone & Target (M&T)
- Total RRP allocation/number of M&T
- Two average values for M&Ts: one for the grant, one for the loan

Corrected unit value per unfulfilled M&T
- Reflecting the importance of each unfulfilled M&T
- Coefficient of 5 for entry into force of reforms, coefficient of 2 for large investments
- Coefficient of 0.5 for small investments, interim and ex-post steps

Adjustment of the corrected unit value
- Reductions: proportionality to the depth of the implementation gap, fulfilment of part of the objectives, less importance vis-à-vis ratings underpinning positive assessment
- Upward adjustment: importance to justify the ratings for all or significant subset of challenges in the relevant CSRs

The non-fulfilment of milestones or targets related to a Member State’s audit and control system that were necessary for complying with Article 22 of the RRF Regulation shall lead to the suspension of the full instalment and all future instalments.
Partial suspension methodology (3)

If COM finds that only part of the relevant milestones and targets have been satisfactorily fulfilled:
1. Positive preliminary assessment of the fulfilled part will be provided to EFC and the EP.
2. Member State will be informed through a letter about the negative assessment of some M&T.

Ultimately, if milestones or targets are not fulfilled, COM will reduce the financial contribution.

- Member State may present observations within 1 month to COM.
- COM proceeds with partial payment and suspends the rest.
- Member State has then 6 months to take necessary measures to ensure satisfactory fulfilment.
Thank you!

More information:
• Recovery and Resilience Facility | European Commission (europa.eu)
• Recovery and Resilience Scoreboard
• Annual Report on the RRF
• Review Report on the RRF
• Communication: 2 years of the RRF

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