

EUROPEAN UNION

THE EUROPEAN PARLIAMENT

THE COUNCIL

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**LEGISLATIVE ACTS AND OTHER INSTRUMENTS**

Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE  
COUNCIL establishing the Recovery and Resilience Facility

**REGULATION (EU) 2021/...**  
**OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**of ...**

**establishing the Recovery and Resilience Facility**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175 thereof,

Having regard to the proposal from the European Commission,

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

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

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

Acting in accordance with the ordinary legislative procedure<sup>3</sup>,

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<sup>1</sup> OJ C 364, 28.10.2020, p. 132.

<sup>2</sup> OJ C 440, 18.12.2020, p. 160.

<sup>3</sup> Position of the European Parliament of 10 February 2021 (not yet published in the Official Journal) and decision of the Council of ....

Whereas:

- (1) In accordance with Articles 120 and 121 of the Treaty on the Functioning of the European Union (TFEU), 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. Article 148 TFEU provides that Member States are to 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 TFEU provides, inter alia, that Member States are to coordinate their economic policies in such a way as to attain the objectives on economic, social and territorial cohesion set out in Article 174 TFEU.
- (3) Article 174 TFEU provides that, in order to promote its overall harmonious development, the Union is to develop and pursue actions that lead to the strengthening of its economic, social and territorial cohesion. It further provides that the Union shall, in particular, aim to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Efforts to reduce disparities should in particular benefit islands and outermost regions. The different starting positions and specificities of regions should be taken into consideration in the implementation of Union policies.

- (4) At Union level, the European Semester for economic policy coordination (European Semester), including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. In addition to measures that strengthen the competitiveness, growth potential and sustainable public finances, reforms based on solidarity, integration, social justice and a fair distribution of wealth should also be introduced with the aim of creating quality employment and sustainable growth, ensuring equality of, and access to, opportunities and social protection, protecting vulnerable groups and improving the living standards of all Union citizens. Member States are to develop their own national multiannual investment strategies in support of those reforms, while bearing in mind the Paris Agreement adopted under the United Nations Framework Convention on Climate Change<sup>1</sup> (the ‘Paris Agreement’), the National Energy and Climate Plans adopted in the framework of the Governance of the Energy Union and Climate Action as established by Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>2</sup>, the just transition plans and the Youth Guarantee implementation plans, as well as the UN Sustainable Development Goals. Those strategies should be presented, where relevant, alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.

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<sup>1</sup> OJ L 282, 19.10.2016, p. 4.

<sup>2</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (5) The Commission outlined in the Annual Sustainable Growth Strategy 2020 and the European Semester Spring and Summer Package 2020 that the European Semester should help achieve the implementation of the European Green Deal, the European Pillar of Social Rights and the UN Sustainable Development Goals.
- (6) The COVID-19 outbreak in early 2020 changed the economic, social and budgetary outlook in the Union and in the world, calling for an urgent and coordinated response both at Union and national level in order to cope with the enormous economic and social consequences as well as asymmetrical effects for Member States. The COVID-19 crisis as well as the previous economic and financial crisis have shown that developing sound, sustainable and resilient economies as well as financial and welfare systems built on strong economic and social structures helps Member States respond more effectively and in a fair and inclusive way to shocks and recover more swiftly from them. A lack of resilience can also lead to negative spill-over effects of shocks between Member States or within the Union as a whole, thereby posing challenges to convergence and cohesion in the Union. Reductions in spending on sectors, such as the education sector, cultural sector and creative sector, and on healthcare can prove counterproductive to achieving a swift recovery. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States' economies and societies will recover from that crisis, which in turn depends on the available fiscal space of Member States to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies and social structures. Sustainable and growth-enhancing reforms and investments that address structural weaknesses of Member State economies, and that strengthen the resilience, increase productivity and lead to higher competitiveness of Member States, will therefore be essential to set those economies back on track and reduce inequalities and divergences in the Union.

- (7) 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 internal market and investing in green and digital technologies, in innovation and research including in a knowledge-based economy, in the clean energy transition, and in boosting energy efficiency in housing and other key sectors of the economy are important to achieve fair, inclusive and sustainable growth, help create jobs, and reach EU climate neutrality by 2050.
- (8) In the context of the COVID-19 crisis, it is necessary to strengthen 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 to provide effective and significant financial support to step up the implementation of sustainable reforms and related public investments in the Member States. The Facility should be a dedicated instrument designed to tackle the adverse effects and consequences of the COVID-19 crisis in the Union. It should be comprehensive and should benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. Private investment could also be incentivised through public investment schemes, including financial instruments, subsidies and other instruments, provided State aid rules are complied with.
- (9) Reforms and investments under the Facility should help make the Union more resilient and less dependent by diversifying key supply chains and thereby strengthening the strategic autonomy of the Union alongside an open economy. Reforms and investments under the Facility should also generate European added value.

- (10) Recovery should be achieved, and the resilience of the Union and its Member States enhanced, through the support for measures that refer to the policy areas of European relevance structured in six pillars (the ‘six pillars’), namely: green transition; digital transformation; smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong small and medium enterprises (SMEs); social and territorial cohesion; health, and economic, social and institutional resilience with the aim of, inter alia, increasing crisis preparedness and crisis response capacity; and policies for the next generation, children and the youth, such as education and skills.
- (11) The green transition should be supported by reforms and investments in green technologies and capacities, including in biodiversity, energy efficiency, building renovation and the circular economy, while contributing to the Union’s climate targets, fostering sustainable growth, creating jobs and preserving energy security.
- (12) Reforms and investments in digital technologies, infrastructure and processes will increase the Union’s competitiveness at global level and will also help make the Union more resilient, more innovative and less dependent by diversifying key supply chains. Reforms and investments should in particular promote the digitalisation of services, the development of digital and data infrastructure, clusters and digital innovation hubs and open digital solutions. The digital transition should also incentivise the digitalisation of SMEs. Investments in digital technologies should respect the principles of interoperability, energy efficiency and personal data protection, allow for the participation of SMEs and start-ups, and promote the use of open-source solutions.

- (13) Reforms and investments in smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs should aim to enhance the growth potential and enable a sustainable recovery of the Union's economy. Those reforms and investments should also promote entrepreneurship, social economy, the development of sustainable infrastructure and transport, and industrialisation and reindustrialisation, and mitigate the effect of the COVID-19 crisis on the economy.
- (14) Reforms and investments in social and territorial cohesion should also contribute to fighting poverty and tackling unemployment in order for Member State economies to rebound while leaving nobody behind. Those reforms and investments should lead to the creation of high-quality and stable jobs, the inclusion and integration of disadvantaged groups, and enable the strengthening of social dialogue, infrastructure and services, as well as of social protection and welfare systems.
- (15) The COVID-19 crisis has also highlighted the importance of reforms and investments in health, and economic, social and institutional resilience, that aim to, inter alia, increase crisis preparedness and crisis response capacity, in particular by improving business and public service continuity, the accessibility and capacity of health and care systems, the effectiveness of public administration and national systems, including minimising the administrative burden, and the effectiveness of judicial systems as well as fraud prevention and anti-money laundering supervision.



- (16) Reforms and investments in the next generation, children and the youth are essential to promote education and skills, including digital skills, upskilling, reskilling and requalification of the active labour force, integration programmes for the unemployed, policies of investing in access and opportunity for children and the youth related to education, health, nutrition, jobs and housing, and policies that bridge the generational gap in line with the objectives of the Child Guarantee and Youth Guarantee. Those actions should ensure that the next generation of Europeans is not permanently affected by the impact of the COVID-19 crisis and that the generational gap is not further deepened.
- (17) Currently, no instrument foresees direct financial support linked to the achievement of results and to the implementation of reforms and public investments of the Member States in response to challenges identified in the context of the European Semester, including the European Pillar of Social Rights and the UN Sustainable Development Goals, and with a view to having a lasting impact on the productivity and economic, social and institutional resilience of the Member States.

(18) 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. Non-repayable financial 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 plans. Therefore, such contribution 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 Article 125(1) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>1</sup> (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, implementation and control of non-repayable financial 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, conflicts of interests or double funding from the Facility and other Union programmes, payments should not be subject to controls on the costs actually incurred by the beneficiary.

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<sup>1</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

- (19) In accordance with Council Regulation (EU) 2020/2094<sup>1</sup> and within the limits of resources allocated therein, recovery and resilience measures under the Facility should be carried out to address the unprecedented impact of the COVID-19 crisis. Those additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation (EU) 2020/2094.
- (20) The Facility should support projects that respect the principle of additionality of Union funding. The Facility should not, unless in duly justified cases, be a substitute for recurring national expenditures.

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<sup>1</sup> Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I, 22.12.2020, p. 23).

- (21) Guaranteeing a high level of cybersecurity and trust in technologies is a pre-requisite for a successful digital transformation in the Union. In its conclusions of 1 and 2 October 2020, the European Council called on the Union and its Member States to make full use of the 5G cybersecurity toolbox adopted on 29 January 2020, and in particular to apply the relevant restrictions on high-risk suppliers for key assets defined as critical and sensitive in the Union coordinated risk assessments. The European Council underlined that potential 5G suppliers need to be assessed on the basis of common, objective criteria.
- (22) In order to foster synergies between the Facility, the InvestEU Programme established by a Regulation of the European Parliament and of the Council establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (the ‘InvestEU Regulation’) and the Technical Support Instrument established by Regulation (EU) 2021/... of the European Parliament and of the Council<sup>1+</sup>, the recovery and resilience plans might include, within a certain ceiling, contributions to the Member State compartments under the InvestEU Programme and to the Technical Support Instrument, in compliance with this Regulation.

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<sup>1</sup> Regulation (EU) 2021/... of the European Parliament and of the Council of ... establishing a Technical Support Instrument (OJ L ..., ..., p. ...).

<sup>+</sup> OJ: Please insert in the text the number of the Regulation contained in document PE-CONS 61/20 (2020/0103(COD)) and insert the number, date and OJ reference of that Regulation in the footnote.

(23) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the importance of tackling climate change in line with the Union’s commitments to implement the Paris Agreement and the UN Sustainable Development Goals, the Facility is to contribute to the mainstreaming of climate action and environmental sustainability and to the achievement of an overall target of 30 % of Union budget expenditure supporting climate objectives. To that end, the measures supported by the Facility and included in recovery and resilience plans of the individual Member States should contribute to the green transition, including biodiversity, or to addressing the challenges resulting therefrom, and should account for an amount that represents at least 37 % of the recovery and resilience plan’s total allocation based on the methodology for climate tracking set out in an annex to this Regulation. That methodology should be used accordingly for measures that cannot be directly assigned to an intervention field listed in the annex to this Regulation. If the Member State concerned and the Commission agree, it should be possible to increase the coefficients for support for the climate objectives to 40 % or 100 % for individual investments, as explained in the recovery and resilience plan, to take account of accompanying reform measures that credibly increase their impact on the climate objectives. To that end, it should be possible to increase the coefficients for support for the climate objectives up to a total amount of 3 % of the allocation of the recovery and resilience plan for individual investments. The Facility should support activities that fully respect the climate and environmental standards and priorities of the Union and the principle of ‘do no significant harm’ within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>1</sup> (the principle of ‘do no significant harm’).

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<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (24) Reflecting the importance of tackling the dramatic loss of biodiversity, this Regulation should contribute to the mainstreaming of biodiversity action in Union policies.
- (25) Member States should ensure that the measures included in their recovery and resilience plans comply with the principle of ‘do no significant harm’ within the meaning of Article 17 of Regulation (EU) 2020/852. The Commission should provide technical guidance to that effect. The entry into force of the delegated acts referred to in point (d) of Article 3 of Regulation (EU) 2020/852 should not affect that guidance.
- (26) The measures supported by the Facility and included in the recovery and resilience plans of the individual Member States should also account for an amount that represents at least 20 % of the recovery and resilience plan’s allocation for digital expenditure. To that end, Member States should calculate the coefficient for support for the digital objectives based on a methodology which reflects the extent to which support under the Facility makes a contribution to digital objectives. The coefficients for individual measures should be determined on the basis of the intervention fields established in an annex to this Regulation. The methodology should be used accordingly for measures that cannot be directly assigned to an intervention field. If the Member State concerned and the Commission agree, it should be possible to increase those coefficients to 40 % or 100 % for individual investments to take account of accompanying reforms that increase the impact of the measures on digital objectives.

- (27) For the purpose of determining the contribution of the relevant measures under the recovery and resilience plans to the climate and digital targets, it should be possible to count such measures under both objectives in accordance with their respective methodologies.
- (28) Women have been particularly affected by the COVID-19 crisis as they represent the majority of healthcare workers across the Union and balance unpaid care work with their employment responsibilities. The situation is especially difficult for single parents, 85 % of whom are women. Gender equality and equal opportunities for all, and the mainstreaming of those objectives should be taken into account and promoted throughout the preparation and implementation of recovery and resilience plans submitted pursuant to this Regulation. Investment in robust care infrastructure is also essential in order to ensure gender equality and the economic empowerment of women, in order to build resilient societies, combat precarious conditions in a female-dominated sector, boost job creation, prevent poverty and social exclusion, and in order to have a positive effect on Gross Domestic Product (GDP), as it allows more women to take part in paid work.

- (29) A mechanism to ensure the link between the Facility and sound economic governance should be established, allowing the Commission to make a proposal to the Council to suspend all or part of the commitments or payments under the Facility. The obligation of the Commission to propose a suspension should be suspended when and for as long as the so-called ‘general escape clause’ under the Stability and Growth Pact has been activated. In order to ensure uniform implementation and in view of the importance of the financial effects of the measures imposed, implementing powers should be conferred on the Council which should act on the basis of a Commission proposal. To facilitate the adoption of decisions which are required to ensure effective action in the context of the economic governance framework, reversed qualified majority voting should be used for the suspension of commitments. The competent committee of the European Parliament should be able to invite the Commission to discuss the application of that mechanism in the context of a structured dialogue to allow the European Parliament to express its views. In order for the Commission to give due consideration to the views expressed by the European Parliament, the structured dialogue should take place within four weeks after the Commission informing the European Parliament of the application of that mechanism.
- (30) 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 set out in recovery and resilience plans. That objective should be pursued in close cooperation with the Member States concerned.



- (31) By 31 July 2022, the Commission should present a review report on the implementation of the Facility to the European Parliament and to the Council. For that purpose, the Commission should take into account the common indicators and the recovery and resilience scoreboard provided under this Regulation as well as other available relevant information. The competent committee of the European Parliament might invite the Commission to present the main findings of its review report in the context of the recovery and resilience dialogue established under this Regulation.
- (32) To ensure their contribution to the objectives of the Facility, recovery and resilience plans should comprise measures for the implementation of reforms and public investment projects through a coherent package. Measures started from 1 February 2020 onwards should be eligible. Recovery and resilience plans 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. Recovery and resilience plans should also be consistent with National Reform Programmes, National Energy and Climate Plans, just transition plans, the Youth Guarantee Implementation Plan and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, recovery and resilience plans should also set out measures that are relevant for the green and digital transitions. Such measures should enable a swift delivery of the targets, objectives and contributions set out in National Energy and Climate Plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental standards and priorities of the Union. Recovery and resilience plans should also respect the horizontal principles of the Facility.

- (33) Recovery and resilience plans should not affect the right to conclude or enforce collective agreements or to take collective action in accordance with the Charter of Fundamental Rights of the European Union, and Union and national law and practices.
- (34) Regional and local authorities can be important partners in the implementation of reforms and investments. In that regard, they should be appropriately consulted and involved, in accordance with the national legal framework.
- (35) Where a Member State is exempted from the monitoring and assessment in the context of the European Semester pursuant to Article 12 of Regulation (EU) No 472/2013 of the European Parliament and of the Council<sup>1</sup> or is subject to surveillance under Council Regulation (EC) No 332/2002<sup>2</sup>, it should be possible to apply this Regulation to the Member State concerned in relation to the challenges and priorities identified by those Regulations.
- (36) To inform the preparation and the implementation of the recovery and resilience plans by Member States, the Council should be able to discuss, in the context of the European Semester, the state of the recovery, resilience and adjustment capacity in the Union. That discussion should be based on the strategic and analytical information available to the Commission in the context of the European Semester and, if available, on the basis of the information on the implementation of the recovery and resilience plans in the preceding years.

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<sup>1</sup> Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).

<sup>2</sup> Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1).

- (37) 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 non-repayable financial support. 70 % of that maximum financial contribution should be calculated on the basis of the population, the inverse of the GDP per capita and the relative unemployment rate of each Member State. 30 % of that maximum financial contribution should be calculated on the basis of the population, the inverse of the GDP per capita, and, in equal proportion, the change in real GDP in 2020 and the aggregated change in real GDP during 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.
- (38) It is necessary to establish a process for the submission of recovery and resilience plans by the Member States, and the content thereof. Member States should officially submit their recovery and resilience plans, as a rule, by 30 April, and could do so in a single integrated document together with their National Reform Programme. To ensure fast implementation of the Facility, Member States should be able to submit a draft recovery and resilience plan from 15 October of the preceding year.

(39) 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. That plan should detail how, taking into account the measures included therein, it represents a comprehensive and adequately balanced response to the economic and social situation of the Member State concerned, thereby contributing appropriately to the six pillars, taking into account the specific challenges of the Member State concerned. The recovery and resilience plan should set out the detailed set of measures for its monitoring and implementation, including targets and milestones and estimated costs, as well as the expected impact of the recovery and resilience plan on growth potential, job creation and economic, social and institutional resilience, including through the promotion of policies for children and the youth, and on the mitigation of the economic and social impact of the COVID-19 crisis, contributing to the implementation of the European Pillar of Social Rights, thereby enhancing the economic, social and territorial cohesion and convergence within the Union. It should also include measures that are relevant for the green transition, including biodiversity, and the digital transition. It should also include an explanation of how it contributes to effectively addressing the relevant country-specific challenges and priorities identified in the context of the European Semester, including fiscal aspects and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council<sup>1</sup>. It should also include an explanation of how the recovery and resilience plan ensures that no measure for the implementation of reforms and investments included in that plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the principle of ‘do no significant harm’). The recovery and resilience plan should set out the expected contribution to gender equality and equal opportunities for all as well as a summary of the conducted consultation process with relevant national stakeholders.

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<sup>1</sup> Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

The recovery and resilience plan should contain an explanation of the Member State's plans, systems and concrete measures to prevent, detect and correct conflicts of interest, corruption and fraud, and to avoid double funding from the Facility and other Union programmes. The recovery and resilience plan might also include cross-border or multi-country projects. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

- (40) The implementation of the Facility should be carried out in line with the principle of sound financial management, including the effective prevention and prosecution of fraud, including tax fraud, tax evasion, corruption and conflicts of interest.
- (41) The Commission should assess the recovery and resilience plan proposed by each Member State and should act in close cooperation with the Member State concerned. The Commission should fully respect the national ownership of the plan and should therefore take into account the justifications and elements provided by the Member State concerned. The Commission should assess the relevance, effectiveness, efficiency and coherence of the recovery and resilience plan proposed by the Member State, based on the list of criteria set out in this Regulation. The Commission should assess the recovery and resilience plans proposed, and, where applicable, their updates, within two months of the official submission of the recovery and resilience plans. The Member State concerned and the Commission should be able to agree to extend that deadline by a reasonable period if necessary.

- (42) Appropriate guidelines should be set out in 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 line with the objectives and any other relevant requirements laid down in this Regulation. In the interest of transparency and efficiency, a rating system for the assessment of the proposals for recovery and resilience plans should be established to that effect. The criteria related to the country-specific recommendations, to the strengthening of the growth potential, job creation and economic, social and institutional resilience, and to contributing to the implementation of the European Pillar of Social Rights, should require the highest score of the assessment. Effective contribution to the green and digital transitions should also be a prerequisite for a positive assessment.
- (43) In order to contribute to the preparation of high-quality recovery and resilience 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 request of the Member State concerned, peer counselling and technical support. Member States might also request support under the Technical Support Instrument. Member States should be encouraged to foster synergies with recovery and resilience plans of other Member States.
- (44) 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.

(45) 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, which it should endeavour to adopt within four weeks of the adoption of that 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 costs of the recovery and resilience plan where such estimated total costs are 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 the relevant amending decision without undue delay.

- (46) To ensure that the financial support is frontloaded in the initial years after the COVID-19 crisis, and to ensure compatibility with the available funding for the Facility, the funds should be made available until 31 December 2023. To that end, it should be possible for 70 % of the amount available for non-repayable financial support to be legally committed by 31 December 2022 and 30 % between 1 January 2023 and 31 December 2023. By 31 December 2021, upon request of a Member State to be submitted together with the recovery and resilience plan, an amount of up to 13 % of the financial contribution and, where applicable, of up to 13 % of the loan of the Member State concerned can be paid in the form of a pre-financing within, to the extent possible, two months after the adoption by the Commission of the legal commitments.
- (47) Financial support for a Member State's recovery and resilience 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 substantiated request by the Member State concerned. Loans supporting the implementation of national recovery and resilience plans should be provided until 31 December 2023 and should be provided at maturities that reflect the longer-term nature of such spending. Pursuant to Article 5(2) of Council Decision (EU, Euratom) 2020/2053<sup>1</sup>, repayments should be scheduled, in accordance with the principle of sound financial management, in a manner that ensures the steady and predictable reduction of liabilities. Those maturities might 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.

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<sup>1</sup> Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).



(48) The request for loan support should be justified by the higher financial needs linked to additional reforms and investments included in the recovery and resilience plan, relevant in particular for the green and digital transitions, and by a higher cost of the recovery and resilience plan than the maximum financial contribution allocated via the non-repayable contribution. It should be possible to submit the request for loan support together with the submission of the recovery and resilience plan. Where the request for loan support is made at a different moment in time, it should be accompanied by a revised recovery and resilience plan with additional milestones and targets. To ensure that resources are frontloaded, Member States should request loan support by 31 August 2023. For the purposes of sound financial management, the total amount of all loan support granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 6,8 % of its 2019 Gross National Income (GNI), as per data from Eurostat with cut off date May 2020. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reason, it should be possible to disburse the loan in instalments against the fulfilment of results. The Commission should assess the request for loan support within two months. Acting on a Commission proposal, the Council should be able to approve that assessment by qualified majority by means of an implementing decision which the Council should endeavour to adopt within four weeks of the adoption of that Commission proposal.

- (49) It should be possible for a Member State to make a reasoned request to amend the recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. Where the Commission considers that the reasons put forward by the Member State concerned justify such an amendment it should assess the new recovery and resilience plan within two months. The Member State concerned and the Commission should be able to agree to extend that deadline by a reasonable period if necessary. The Council should approve the assessment of the new recovery and resilience 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 adoption of the proposal.
- (50) Union institutions should do their utmost to reduce processing time in order to ensure the smooth and rapid implementation of the Facility.
- (51) For reasons of efficiency and simplification in the financial management of the Facility, Union financial support for recovery and resilience plans should take the form of financing based on the achievement of results measured by reference to milestones and targets indicated in the approved recovery and resilience plans. To that end, additional loan support should be linked to additional milestones and targets compared to those relevant for the financial support (that is, the non-repayable financial support).

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

(53) For the purposes of sound financial management, while respecting the performance-based nature of the Facility, specific rules should be laid down for budget commitments, payments, suspension, 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 twice a year. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State concerned. The Member States should take appropriate measures to ensure that the use of funds in relation to measures supported by the Facility complies with applicable Union and national law. In particular, they should ensure that fraud, corruption and conflicts of interests are prevented, detected and corrected, and that double funding from the Facility and other Union programmes is avoided. Suspension and the termination of agreements related to financial support as well as reduction and 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 concerned, or in the case of serious irregularities, meaning fraud, corruption and conflicts of interest in relation to the measures supported by the Facility, or a serious breach of an obligation under the agreements related to financial support. Recovery should, where possible, be ensured through offsetting outstanding payments under the Facility. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension and recovery of amounts paid as well as the termination of agreements related to financial support respects the right of Member States to submit 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 1(3) of Regulation (EU) 2020/2094 and cases where, although the legal commitment has been entered, or the decision adopted, in compliance with the deadlines referred to in Article 3 of that Regulation, 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.

- (54) 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 that regard. To that end, in implementing the Facility, the Member States should ensure the functioning of an effective and efficient internal control system and recover amounts unduly paid or misused. In that regard, Member States should be able to rely on their regular national budget management systems. Member States should collect standardised categories of data and information allowing the prevention, detection and correction of serious irregularities, meaning fraud, corruption and conflicts of interests, in relation to the measures supported by the Facility. The Commission should make available an information and monitoring system, including a single data-mining and risk-scoring tool, to access and analyse this data and information, with a view to a generalised application by the Member States.
- (55) The Commission, the European Anti-Fraud Office (OLAF), the Court of Auditors and, where applicable, the European Public Prosecutor's Office (EPPO) should be able to use the information and monitoring system within their competences and rights.
- (56) In order to facilitate the implementation of Member State arrangements that aim to avoid double funding from the Facility and other Union programmes, the Commission should make available information on the recipients of funds financed from the Union budget, in accordance with Article 38(1) of the Financial Regulation.

- (57) The Member States and the Commission should be allowed to process personal data only where necessary for the purpose of ensuring discharge, audit and control of the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan. The personal data should be processed in accordance with Regulation (EU) 2016/679<sup>1</sup> or (EU) 2018/1725<sup>2</sup> of the European Parliament and of the Council, whichever of the two Regulations is applicable.
- (58) For the effective monitoring of implementation, Member States should report twice a year in the context of the European Semester 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.
- (59) Member States should be encouraged to seek the opinion of their national productivity boards and independent fiscal institutions on their recovery and resilience plans, including possible validation of elements of their recovery and resilience plan.

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<sup>1</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

<sup>2</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

- (60) In order to ensure transparency and accountability in the implementation of the Facility, the Commission should transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents and information simultaneously and on equal terms to the European Parliament and to the Council, such as the recovery and resilience plans, or their amendments, as submitted by the Member States, and the proposals for Council implementing decisions as made public by the Commission.
- (61) The competent committee of the European Parliament might every two months invite the Commission to discuss in a recovery and resilience dialogue matters that concern the implementation of the Facility, such as the recovery and resilience plans of the Member States, the assessment by the Commission, the main findings of the review report, the status of fulfilment of the milestones and targets, procedures related to payment and suspension, and any other relevant information and documentation provided by the Commission in relation to the implementation of the Facility. The Commission should take into account elements arising from the views expressed through the recovery and resilience dialogue, including the resolutions from the European Parliament if provided.

- (62) In order to ensure an efficient and coherent allocation of funds 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 from the Facility and other Union programmes 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 recovery and resilience plans to the Commission. Financial support under the Facility should be additional to the support provided under other Union programmes and instruments, including the InvestEU Programme. Reforms 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.
- (63) The Commission should monitor the implementation of the Facility and measure the achievement of the objectives under this Regulation in a targeted and proportionate manner. When monitoring the implementation of the Facility, the Commission should ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively and in a timely manner. To that end, proportionate reporting requirements should be imposed on recipients of Union funding. By way of delegated acts, the Commission should set out the common indicators to be used for reporting on progress and for the purpose of monitoring and evaluation of the Facility and define a methodology for reporting social expenditure, including on children and the youth, under the Facility.



- (64) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making<sup>1</sup>, this Facility should be evaluated on the basis of information collected in accordance with specific monitoring requirements, while avoiding an administrative burden, in particular on Member States, and overregulation. Those requirements, where appropriate, should include measurable indicators as a basis for evaluating the effects of the Facility on the ground.
- (65) A dedicated scoreboard should be established by way of a delegated act to display the progress of the implementation of the recovery and resilience plans of the Member States in each of the six pillars and the progress made as regards the implementation of the recovery and resilience plans in respect of the common indicators of the Facility. The scoreboard should be operational by December 2021 and should be updated by the Commission twice a year.

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<sup>1</sup> OJ L 123, 12.5.2016, p. 1.

- (66) In order to ensure appropriate performance reporting and monitoring of the implementation of the Facility, including on social expenditure, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the dedicated scoreboard displaying the progress of the implementation and the common indicators to be used as well as the methodology for reporting social expenditure, including on children and the youth. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (67) The Commission should provide an annual report to the European Parliament and to the Council on the implementation of the Facility. That 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 implementation of the milestones and targets, payments and suspensions, as well as on the contribution of the Facility to the climate and digital targets, common indicators and expenditure financed under the six pillars.

- (68) An independent evaluation looking at the achievement of the objectives of the Facility, 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 Facility.
- (69) The assessment of the recovery and resilience plans to be implemented by the Member States and the corresponding financial support should be adopted by the Council by means of an implementing decision, on a proposal from the Commission. To that end, and in order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Council. Those implementing powers relating to the payment of the financial support upon fulfilment of the relevant milestones and targets should be conferred on and be exercised by the Commission in accordance the examination procedure of Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>1</sup>. Taking into account the possible need for a prompt payment of financial support under the Facility, in accordance with the relevant provisions of Regulation (EU) No 182/2011, the Chair of the committee within the meaning of that Regulation 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.

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<sup>1</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

- (70) After the adoption of an implementing decision, 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 ensure 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 operational arrangements be modified by mutual consent.
- (71) Horizontal financial rules adopted by the European Parliament and the Council pursuant to Article 322 TFEU apply to this Regulation. Those 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 pursuant to Article 322 TFEU also include a general regime of conditionality for the protection of the Union's budget.

(72) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>1</sup>, Council Regulations (EC, Euratom) No 2988/95<sup>2</sup>, (Euratom, EC) No 2185/96<sup>3</sup> and (EU) 2017/1939<sup>4</sup>, the financial interests of the Union are to be protected by means of proportionate measures, including measures relating to the prevention, detection, correction and investigation of fraud, corruption and conflicts of interests, and, where appropriate, the imposition of administrative penalties. In particular, in accordance with Regulations (Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013, OLAF has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption, conflicts of interests or any other illegal activity affecting the financial interests of the Union. EPPO is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute fraud, corruption, conflicts of interests and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council<sup>5</sup>. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, grant the necessary rights and access to the Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, EPPO and ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

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- <sup>1</sup> 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 L 248, 18.9.2013, p. 1).
- <sup>2</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).
- <sup>3</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).
- <sup>4</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (OJ L283, 31.10.2017, p. 1).
- <sup>5</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

- (73) It should be possible for the Commission to engage in communication activities to ensure the visibility of Union funding and, as appropriate, to ensure that support under the Facility is communicated and acknowledged through a funding statement.
- (74) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, 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 what is necessary to achieve those objectives.
- (75) In order to allow for the prompt application of the measures provided for in this Regulation, it 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 financing

### *Article 1*

#### *Subject matter*

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

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

### *Article 2*

#### *Definitions*

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

- (1) ‘Union funds’ means funds covered by a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Border Management and Visa Instrument (the ‘Common Provisions Regulation for 2021-2027’);
- (2) ‘financial contribution’ means non-repayable financial support under the Facility that is available for allocation or that has been allocated to a Member State;

- (3) ‘European Semester’ means the process set out in Article 2-a of Council Regulation (EC) No 1466/97<sup>1</sup>;
- (4) ‘milestones and targets’ means measures of progress towards the achievement of a reform or an investment, with milestones being qualitative achievements and targets being quantitative achievements;
- (5) ‘resilience’ means the ability to face economic, social and environmental shocks or persistent structural changes in a fair, sustainable and inclusive way; and
- (6) ‘do no significant harm’ means not supporting or carrying out economic activities that do significant harm to any environmental objective, where relevant, within the meaning of Article 17 of Regulation (EU) 2020/852.

### *Article 3*

#### *Scope*

The scope of application of the Facility shall refer to policy areas of European relevance structured in six pillars:

- (a) green transition;
- (b) digital transformation;
- (c) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs;

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



- (d) social and territorial cohesion;
- (e) health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity; and
- (f) policies for the next generation, children and the youth, such as education and skills.

#### *Article 4*

##### *General and specific objectives*

1. In line with the six pillars referred in Article 3 of this Regulation, the coherence and synergies they generate, and in the context of the COVID-19 crisis, the general objective of the Facility shall be to promote the Union's economic, social and territorial cohesion by improving the resilience, crisis preparedness, adjustment capacity and growth potential of the Member States, by mitigating the social and economic impact of that crisis, in particular on women, by contributing to the implementation of the European Pillar of Social Rights, by supporting the green transition, by contributing to the achievement of the Union's 2030 climate targets set out in point (11) of Article 2 of Regulation (EU) 2018/1999 and by complying with the objective of EU climate neutrality by 2050 and of the digital transition, thereby contributing to the upward economic and social convergence, restoring and promoting sustainable growth and the integration of the economies of the Union, fostering high quality employment creation, and contributing to the strategic autonomy of the Union alongside an open economy and generating European added value.

2. To achieve that general objective, the specific objective of the Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans. That specific objective shall be pursued in close and transparent cooperation with the Member States concerned.

#### *Article 5*

##### *Horizontal principles*

1. Support from the Facility shall not, unless in duly justified cases, substitute recurring national budgetary expenditure and shall respect the principle of additionality of Union funding as referred to in Article 9.
2. The Facility shall only support measures respecting the principle of ‘do no significant harm’.

#### *Article 6*

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

1. Measures referred to in Article 1 of Regulation (EU) 2020/2094 shall be implemented under the Facility:
  - (a) through an amount of up to EUR 312 500 000 000 as referred to in point (ii) of Article 2(2)(a) of Regulation (EU) 2020/2094 in 2018 prices, available for non-repayable financial support, subject to Article 3(4) and (7) of Regulation (EU) 2020/2094.

As provided for in Article 3(1) of Regulation (EU) 2020/2094, those amounts shall constitute external assigned revenue for the purpose of Article 21(5) of the Financial Regulation;

- (b) through an amount of up to EUR 360 000 000 000 as referred to in point (b) of Article 2(2) of Regulation (EU) 2020/2094 in 2018 prices, available for loan support to Member States pursuant to Articles 14 and 15 of this Regulation, subject to Article 3(5) of Regulation(EU) 2020/2094.

2. The amounts referred to in point (a) of paragraph 1 may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of the Facility and the achievement of its objectives, in particular studies, meetings of experts, consultation of stakeholders, information and communication actions, including inclusive outreach actions, and corporate communication of the political priorities of the Union, insofar 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. 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 7*

### *Resources from shared management programmes and use of resources*

1. Resources allocated to Member States under shared management may, at their request, be transferred to the Facility subject to the conditions set out in the relevant provisions of the Common Provisions Regulation for 2021-2027. The Commission shall implement those resources directly in accordance with point (a) of the first subparagraph of Article 62(1) of the Financial Regulation. Those resources shall be used exclusively for the benefit of the Member State concerned.
2. Member States may propose to include in their recovery and resilience plan, as estimated costs, the payments for additional technical support in accordance with Article 7 of Regulation (EU) 2021/...<sup>+</sup> and the amount of the cash contribution for the purpose of the Member State compartment pursuant to the relevant provisions of the InvestEU Regulation. Those costs shall not exceed 4 % of the recovery and resilience plan's financial total allocation, and the relevant measures, as set out in the recovery and resilience plan, shall respect the requirements of this Regulation.

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<sup>+</sup> OJ: Please insert in the text the number of the Regulation contained in document PE-CONS 61/20 (2020/0103(COD)).

*Article 8*  
*Implementation*

The Facility shall be implemented by the Commission in direct management in accordance with the relevant rules adopted pursuant to Article 322 TFEU, in particular the Financial Regulation and the Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council<sup>1</sup>.

*Article 9*  
*Additionality and complementary funding*

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

*Article 10*  
*Measures linking the Facility to sound economic governance*

1. The Commission shall make a proposal to the Council to suspend all or part of the commitments or payments where the Council decides in accordance with Article 126(8) or (11) TFEU that a Member State has not taken effective action to correct its excessive deficit, unless it has determined the existence of a severe economic downturn for the Union as a whole within the meaning of Articles 3(5) and 5(2) of Council Regulation (EC) No 1467/97<sup>2</sup>.

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<sup>1</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).

<sup>2</sup> Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

2. The Commission may make a proposal to the Council to suspend all or part of the commitments or payments in relation to any of the following cases:
- (a) where the Council adopts two successive recommendations in the same excessive imbalance procedure in accordance with Article 8(3) of Regulation (EU) No 1176/2011 on the grounds that a Member State has submitted an insufficient corrective action plan;
  - (b) where the Council adopts two successive decisions in the same excessive imbalance procedure in accordance with Article 10(4) of Regulation (EU) No 1176/2011 establishing non-compliance by a Member State on the grounds that it has not taken the recommended corrective action;
  - (c) where the Commission concludes that a Member State has not taken measures as referred to in Regulation (EC) No 332/2002 and as a consequence decides not to authorise the disbursement of the financial assistance granted to that Member State;
  - (d) where the Council decides that a Member State does not comply with the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013, or with the measures requested by a Council decision adopted in accordance with Article 136(1) TFEU.

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

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

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

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

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

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

- (b) in the first case of non-compliance relating to a corrective action plan under an excessive imbalance procedure as referred to in point (a) of paragraph 2;
- (c) in the case of non-compliance with the recommended corrective action pursuant to an excessive imbalance procedure as referred to in point (b) of paragraph 2;
- (d) in the first case of non-compliance as referred to in points (c) and (d) of paragraph 2.

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

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



- (c) where the Commission has concluded that a Member State has taken appropriate measures as referred to in Regulation (EC) No 332/2002;
- (d) where the Commission has concluded that the Member State concerned has taken appropriate measures to implement the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 or the measures requested by a Council decision adopted in accordance with Article 136(1) TFEU.

After the Council has lifted the suspension of commitments, the Commission may again enter into the commitments previously suspended without prejudice to Article 3(4), (7) and (9) of Regulation (EU) 2020/2094.

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

7. The Commission shall keep the European Parliament informed of the implementation of this Article. In particular, when the Commission makes a proposal pursuant to paragraph 1 or 2, it shall immediately inform the European Parliament and provide details on commitments and payments which could be subject to a suspension.

The competent committee of the European Parliament may invite the Commission to discuss the application of this Article in the context of a structured dialogue in order to allow the European Parliament to express its views. The Commission shall give due consideration to the views expressed by the European Parliament.

The Commission shall transmit the proposal for suspension or the proposal to lift such a suspension, to the European Parliament and to the Council without delay after its adoption. The European Parliament may invite the Commission to explain the reasons for its proposal.

8. By 31 December 2024, the Commission shall carry out a review of the application of this Article. To that end, the Commission shall prepare a report which it shall transmit to the European Parliament and the Council, accompanied where necessary by a legislative proposal.
9. Where there are major changes in the social and economic situation in the Union, the Commission may submit a proposal to review the application of this Article, or the European Parliament or the Council, acting in accordance with Articles 225 or 241 TFEU respectively, may request the Commission to submit such a proposal.

## CHAPTER II

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

#### *Article 11*

##### *Maximum financial contribution*

1. The maximum financial contribution shall be calculated for each Member State as follows:
  - (a) for 70 % of the amount referred to in point (a) of Article 6(1), converted into current prices, on the basis of the population, the inverse of the GDP per capita and the relative unemployment rate of each Member State as set out in the methodology in Annex II;
  - (b) for 30 % of the amount referred to in point (a) of Article 6(1), converted into current prices, on the basis of the population, the inverse of the GDP per capita 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 III. 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 point (b) of paragraph 1 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 12*

### *Allocation of financial contribution*

1. Each Member State may submit a request up to its maximum financial contribution, referred to in Article 11, to implement its recovery and resilience plan.
2. Until 31 December 2022, the Commission shall make available for allocation 70 % of the amount referred to in point (a) of Article 6(1), converted into current prices.
3. From 1 January 2023 until 31 December 2023, the Commission shall make available for allocation 30 % of the amount referred to in point (a) of Article 6(1), converted into current prices.
4. The allocations under paragraphs 2 and 3 are without prejudice to Article 6(2).

## *Article 13*

### *Pre-financing*

1. Subject to the adoption by 31 December 2021 by the Council of the implementing decision referred to in Article 20(1), and when requested by a Member State together with the submission of its recovery and resilience plan, the Commission shall make a pre-financing payment of an amount of up to 13 % of the financial contribution and, where applicable, of up to 13 % of the loan as set out in Article 20(2) and (3). 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 23.

2. In cases of pre-financing under paragraph 1 of this Article, the financial contributions and, where applicable, the loan to be paid as referred to in point (a) or point (h) of Article 20(5), respectively, shall be adjusted proportionally.
3. If the amount of pre-financing of the financial contribution under paragraph 1 of this Article exceeds 13 % of the maximum financial contribution calculated in accordance with Article 11(2) by 30 June 2022, the next payment authorised in accordance with Article 24(5), and if needed the following payments, shall be reduced until the excess amount is offset. If the remaining payments are insufficient, the excess amount shall be returned.

#### *Article 14*

##### *Loans*

1. Until 31 December 2023, upon request from a Member State, the Commission may grant the Member State concerned a loan for the implementation of its recovery and resilience plan.
2. A Member State may request loan support at the time of the submission of a recovery and resilience plan referred to in Article 18, or at a different moment in time until 31 August 2023. In the latter case, the request shall be accompanied by a revised recovery and resilience plan, including additional milestones and targets.

3. The request for loan support 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 18;
  - (c) the higher cost of the recovery and resilience plan concerned compared to the amount of the financial contributions allocated to the recovery and resilience plan respectively pursuant to point (a) or (b) of Article 20(4).
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 costs of the recovery and resilience plan, as revised where relevant, and the maximum financial contribution referred to in Article 11.
5. The maximum volume of the loan support for each Member State shall not exceed 6,8 % of its 2019 GNI in current prices.
6. By derogation from paragraph 5, subject to the availability of resources, in exceptional circumstances the amount of the loan support may be increased.
7. The loan shall be paid in instalments subject to the fulfilment of milestones and targets in line with Article 20(5)(h).

8. The Commission shall assess the request for loan support in accordance with Article 19. The Council shall adopt an implementing decision, on a proposal from the Commission, in accordance with Article 20(1). Where appropriate, the recovery and resilience plan shall be amended accordingly.

*Article 15*

*Loan agreement*

1. Before entering into a loan agreement with the Member State concerned, the Commission shall assess whether:
  - (a) the justification for requesting the loan support 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 19(3).
  
2. Where the Commission considers that the request for loan support fulfils the criteria of paragraph 1, and upon adoption of the Council implementing decision referred to in Article 20(1), 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 the pre-financed loan in accordance with Article 13;

- (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 in relation to the reforms and the investment projects concerned in line with the decision referred to in Article 20(3).
3. In accordance with point (e) of Article 220(5) 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 on any related loan to an account indicated by the Commission in line with the arrangements put in place in accordance with paragraph 4 twenty business days before the corresponding due date.



*Article 16*  
*Review report*

1. By 31 July 2022, the Commission shall present to the European Parliament and the Council a review report on the implementation of the Facility.
2. The review report shall set out the following elements:
  - (a) an assessment of the extent to which the implementation of the recovery and resilience plans is in line with the scope and contributes to the general objective of this Regulation in line with the six pillars referred to in Article 3, including how the recovery and resilience plans tackle the inequalities between women and men;
  - (b) a quantitative assessment of the contribution of the recovery and resilience plans to:
    - (i) the climate target of at least 37 %,
    - (ii) the digital target of at least 20 %,
    - (iii) each of the six pillars referred to in Article 3;
  - (c) the state of the implementation of the recovery and resilience plans and observations and guidance to the Member States before the update of their recovery and resilience plans referred to in Article 18(2).

3. For the purposes of the review report referred to in paragraph 1 of this Article, the Commission shall take into account the scoreboard referred to in Article 30, the reports of the Member States referred to in Article 27 and any other relevant information on the fulfilment of the milestones and targets of the recovery and resilience plans as available from the payment, suspension and termination procedures referred to in Article 24.
4. The competent committee of the European Parliament may invite the Commission to present the main findings of the review report in the context of the recovery and resilience dialogue referred to in Article 26.

## **CHAPTER III**

### **Recovery and resilience plans**

#### *Article 17*

#### *Eligibility*

1. Within the scope set out in Article 3 and in pursuit of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. Those plans shall set out the reform and investment agenda of the Member State concerned. Recovery and resilience plans that are eligible for financing under the Facility shall comprise measures for the implementation of reforms and public investment through a comprehensive and coherent package, which may also include public schemes that aim to incentivise private investment.

2. Measures started from 1 February 2020 onwards shall be eligible provided that they comply with the requirements set out in this Regulation.
3. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, as well as those identified in the most recent Council recommendation on the economic policy of the euro area for Member States whose currency is the euro. The recovery and resilience plans shall also be consistent with the information included by the Member States in the National Reform Programmes under the European Semester, in their National Energy and Climate Plans and updates thereof under Regulation (EU) 2018/1999, in the territorial just transition plans under a Regulation of the European Parliament and of the Council establishing the Just Transition Fund (the ‘Just Transition Fund Regulation’), in the Youth Guarantee implementation plans and in the partnership agreements and operational programmes under the Union funds.
4. The recovery and resilience plans shall respect the horizontal principles set out in Article 5.
5. Where a Member State is exempt from the monitoring and assessment in the context of the European Semester on the basis of Article 12 of Regulation (EU) No 472/2013, or is subject to surveillance under Regulation (EC) No 332/2002, this Regulation shall apply to the Member State concerned in relation to the challenges and priorities identified by the measures set out in those Regulations.

*Article 18*  
*Recovery and resilience plan*

1. A Member State wishing to receive a financial contribution in accordance with Article 12 shall submit to the Commission a recovery and resilience plan as defined in Article 17(1).
2. After the Commission makes available for allocation the amount referred to in Article 12(3), a Member State may update and submit the recovery and resilience plan referred to in paragraph 1 of this Article to take into account the updated maximum financial contribution calculated in accordance with Article 11(2).
3. The recovery and resilience plan presented by the Member State may be submitted in a single integrated document together with the National Reform Programme and shall be officially submitted, as a rule, by 30 April. A draft recovery and resilience plan may be submitted by Member States from 15 October of the preceding year.
4. The recovery and resilience plan shall be duly reasoned and substantiated. It shall in particular set out the following elements:
  - (a) an explanation of how the recovery and resilience plan, taking into account the measures included therein, represents a comprehensive and adequately balanced response to the economic and social situation of the Member State, thereby contributing appropriately to all pillars referred to in Article 3, taking into account the specific challenges of the Member State concerned;

- (b) an explanation of how the recovery and resilience plan contributes to effectively address all or a significant subset of challenges identified in the relevant country-specific recommendations, including fiscal aspects thereof and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 where appropriate, addressed to the Member State concerned, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester;
- (c) a detailed explanation of how the recovery and resilience plan strengthens the growth potential, job creation and economic, social and institutional resilience of the Member State concerned, including through the promotion of policies for children and the youth, and mitigates the economic and social impact of the COVID-19 crisis, contributing to the implementation of the European Pillar of Social Rights, and thereby enhancing the economic, social and territorial cohesion and convergence within the Union;
- (d) an explanation of how the recovery and resilience plan ensures that no measure for the implementation of reforms and investments included in the recovery and resilience plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the principle of ‘do no significant harm’);

- (e) a qualitative explanation of how the measures in the recovery and resilience plan are expected to contribute to the green transition, including biodiversity, or to addressing the challenges resulting therefrom, and whether they account for an amount that represents at least 37 % of the recovery and resilience plan's total allocation, based on the methodology for climate tracking set out in Annex VI; that methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI; the coefficients for support for the climate objectives may be increased up to a total amount of 3 % of the allocation of the recovery and resilience plan for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives as explained in the recovery and resilience plan;
- (f) an explanation of how the measures in the recovery and resilience plan are expected to contribute to the digital transition or to the challenges resulting therefrom, and whether they account for an amount which represents at least 20 % of the recovery and resilience plan's total allocation, based on the methodology for digital tagging set out in Annex VII; that methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VII; the coefficients for support for the digital objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives;

- (g) where appropriate, for investments in digital capacities and connectivity, a security self-assessment based on common objective criteria identifying any security issues, and detailing how those issues will be addressed in order to comply with relevant Union and national law;
- (h) an indication of whether the measures included in the recovery and resilience plan comprise cross-border or multi-country projects;
- (i) envisaged milestones, targets and an indicative timetable for the implementation of the reforms, and investments to be completed by 31 August 2026;
- (j) the envisaged investment projects and the related investment period;
- (k) the estimated total costs of the reforms and investments covered by the recovery and resilience plan submitted (also referred to as ‘estimated total costs of the recovery and resilience plan’) backed up by appropriate justification and by explanations of how it is in line with the principle of cost efficiency and commensurate to the expected national economic and social impact;
- (l) where relevant, information on existing or planned Union financing;
- (m) the accompanying measures that may be needed;
- (n) a justification of the coherence of the recovery and resilience plan; and an explanation of its consistency with the principles, plans and programmes referred to in Article 17;

- (o) an explanation of how the measures in the recovery and resilience plan are expected to contribute to gender equality and equal opportunities for all and the mainstreaming of those objectives, in line with principles 2 and 3 of the European Pillar of Social Rights, with the UN Sustainable Development Goal 5 and, where relevant, with the national gender equality strategy;
- (p) 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;
- (q) for the preparation and, where available, for the implementation of the recovery and resilience plan, a summary of the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, and how the input of the stakeholders is reflected in the recovery and resilience plan;
- (r) an explanation of the Member State's system to prevent, detect and correct corruption, fraud and conflicts of interests, when using the funds provided under the Facility, and the arrangements that aim to avoid double funding from the Facility and other Union programmes;
- (s) where appropriate, the request for loan support and the additional milestones as referred to in Article 14(2) and (3) and the elements thereof; and
- (t) any other relevant information.



5. When preparing their recovery and resilience plans, 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. Member States shall be encouraged to foster synergies with recovery and resilience plans of other Member States.

#### *Article 19*

#### *Commission assessment*

1. The Commission shall assess the recovery and resilience plan or, where applicable, the update to that plan submitted by the Member State in accordance with Article 18(1) or 18(2) within two months of the official submission, and make a proposal for a Council implementing decision in accordance with Article 20(1). When carrying out that assessment, 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 recovery and resilience plan if needed, including after the official submission of the recovery and resilience plan. The Member State concerned and the Commission may agree to extend the deadline for assessment by a reasonable 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 that Member State, as referred to in Article 18(4), as well as any other relevant information such as, in particular, the information contained in the National Reform Programme and the National Energy and Climate Plan of that Member State, in the territorial just transition plans under the Just Transition Fund Regulation, in the Youth Guarantee implementation plans and, if relevant, information from technical support received via the Technical Support Instrument.
3. The Commission shall assess the relevance, effectiveness, efficiency and coherence of the recovery and resilience plan and, for that purpose, shall take into account the following criteria which it shall apply in accordance with Annex V:

Relevance:

- (a) whether the recovery and resilience plan represents a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3, taking the specific challenges and the financial allocation of the Member State concerned into account;

- (b) whether the recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges identified in the relevant country-specific recommendations, including fiscal aspects thereof and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 where appropriate, addressed to the Member State concerned or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester;
- (c) whether the recovery and resilience plan is expected to effectively contribute to strengthening the growth potential, job creation, and economic, social and institutional resilience of the Member State, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and the youth, and to mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union;
- (d) whether the recovery and resilience plan is expected to ensure that no measure for the implementation of reforms and investment projects included in the recovery and resilience plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the principle of ‘do no significant harm’); the Commission shall provide technical guidance to the Member States to that effect;

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

Effectiveness:

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

Efficiency:

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

Coherence:

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

4. Where the Member State concerned has requested a loan as referred to in Article 14, the Commission shall assess whether the request for a loan fulfils the criteria set out in Article 15(1), and in particular whether the additional reforms and investments in respect of which that request was made, fulfil the assessment criteria of paragraph 3.
5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within the deadline set out in paragraph 1.
6. For the purpose of the assessment of the recovery and resilience plans submitted by Member States, the Commission may be assisted by experts.

#### *Article 20*

##### *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 18(1) or, where applicable, of its update submitted in accordance with Article 18(2).
2. In the event that the Commission gives a positive assessment to a recovery and resilience plan, 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 calculated in accordance with Article 11.

3. Where the Member State concerned requests 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 14(4) and (6) and the additional reforms and investment projects to be implemented by the Member State covered by that loan, including the additional milestones and targets.
4. The financial contribution referred to in paragraph 2 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 19(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 19(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 11, 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 11;
  - (b) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 19(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 11, 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 19(3), no financial contribution shall be allocated to the Member State concerned.

5. The Commission proposal referred to in paragraph 2 shall also lay down:

- (a) the financial contribution to be paid in instalments once the Member State has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;
- (b) the financial contribution and, where applicable, the amount of the loan support to be paid in the form of a pre-financing in accordance with Article 13 after the approval of the recovery and resilience plan;
- (c) the description of the reforms and of the investment projects and the amount of the estimated total costs of the recovery and resilience plan;
- (d) the time limit, which should be no later than 31 August 2026, by which the final milestones and targets for both investment projects and reforms must be completed;
- (e) the arrangements and timetable for monitoring and implementation of the recovery and resilience plan including, where relevant, measures necessary for complying with Article 22;
- (f) the relevant indicators relating to the fulfilment of the envisaged milestones and targets;



- (g) the arrangements for providing full access by the Commission to the underlying relevant data; and
  - (h) where appropriate, the amount of the loan to be paid in instalments and the additional milestones and targets related to the payment of the loan.
6. The arrangements and timetable for monitoring and implementation as referred to in point (e) of paragraph 5, the relevant indicators relating to the fulfilment of the envisaged milestones and targets referred to in point (f) of paragraph 5, the arrangements for providing full access by the Commission to the underlying data referred to in point (g) of paragraph 5, and, where appropriate, the additional milestones and targets related to the payment of the loan referred to in point (h) of paragraph 5 shall be further specified in operational arrangements 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 decisions referred to in paragraph 1, as a rule, within four weeks of the adoption of the Commission proposal.
8. The Council, on a proposal from the Commission, shall amend its implementing decision adopted in accordance with Article 20(1) to include the updated maximum financial contribution, calculated in accordance with Article 11(2), without undue delay.

## *Article 21*

### *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 make a proposal to amend or replace the Council implementing decisions referred to in Article 20(1) and (3). To that end, the Member State may propose an amended or a new recovery and resilience plan. Member States may request technical support for the preparation of such proposal under the Technical Support Instrument.
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 amended or new recovery and resilience plan in accordance with Article 19 and shall make a proposal for a new Council implementing decision in accordance with Article 20(1) within two months of the official submission of the request. The Member State concerned and the Commission may agree to extend that deadline by a reasonable 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 the period referred to in paragraph 2, after having given the Member State concerned the possibility to present its observations within one month of the communication of the Commission's conclusions.

## CHAPTER IV

### Financial provisions

#### *Article 22*

#### *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 conflicts of interests. To this effect, the Member States shall provide an effective and efficient internal control system and the recovery of amounts wrongly paid or incorrectly used. Member States may rely on their regular national budget management systems.
  
2. The agreements referred to in Articles 15(2) and 23(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 in particular regarding the prevention, detection and correction of fraud, corruption and conflicts of interests;

- (b) to take appropriate measures to prevent, detect and correct fraud, corruption, and conflicts of interests as defined in Article 61(2) and (3) of the Financial Regulation affecting the financial interests of the Union and to take legal actions to recover funds that have been misappropriated, including in relation to any measure for the implementation of reforms and investment projects under the recovery and resilience plan;
- (c) to accompany a request for payment by:
  - (i) a management declaration that the funds were used for its intended purpose, that the information submitted with the request for payment is complete, accurate and reliable and that the control systems put in place give the necessary assurances that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflicts of interests, fraud prevention, corruption and double funding from the Facility and other Union programmes in accordance with the principle of sound financial management; and
  - (ii) a summary of the audits carried out, including weaknesses identified and any corrective actions taken;

- (d) for the purpose of audit and control and to provide for comparable information on the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan, to collect and ensure access to the following standardised 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 Union or national law 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 in point 6 of Article 3 of Directive (EU) 2015/849 of the European Parliament and of the Council<sup>1</sup>;
  - (iv) a list of any measures for the implementation of reforms and investment projects under the recovery and resilience plan with the total amount of public funding of those measures and indicating the amount of funds paid under the Facility and under other Union funds;

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<sup>1</sup> 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, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

- (e) to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as provided for in Article 129(1) of the Financial Regulation and to impose obligations on all final recipients of funds paid 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 provided for in Article 129(1) of the Financial Regulation and to impose similar obligations on all final recipients of funds disbursed;
- (f) to keep records in accordance with Article 132 of the Financial Regulation.
3. Personal data as referred to in point (d) of paragraph 2 of this Article shall only be processed by Member States and by the Commission for the purpose, and corresponding duration, of discharge, audit and control proceedings related to the use of funds related to the implementation of the agreements referred to in Articles 15(2) and 23(1). Within the framework of the discharge procedure to the Commission, in accordance with Article 319 TFEU, the Facility shall be subject to reporting under the integrated financial and accountability reporting referred to in Article 247 of the Financial Regulation, and, in particular, separately in the Annual Management and Performance Report.
4. The Commission shall make available to the Member States an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyse the relevant data, with a view to a generalised application by Member States of that system including with support of the Technical Support Instrument.

5. The agreements referred to in Articles 15(2) and 23(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 for early repayment of the loan, in cases of fraud, corruption, and conflicts of interests affecting the financial interests of the Union that have not been corrected by the Member State, or a serious breach of an obligation resulting from such agreements.

When deciding on the amount of the recovery and reduction, or the amount to be repaid early, the Commission shall respect the principle of proportionality and shall take into account the seriousness of the fraud, corruption and conflict of interests affecting the financial interests of the Union, or of a breach of an obligation. The Member State shall be given the opportunity to present its observations before the reduction is made or early repayment is requested.

### *Article 23*

#### *Commitment of the financial contribution*

1. Once the Council has adopted an implementing decision as referred to in Article 20(1), the Commission shall conclude an agreement with the Member State concerned constituting an individual legal commitment within the meaning of the Financial Regulation. For each Member State the legal commitment shall not exceed the financial contribution referred to in point (a) of Article 11(1) for 2021 and 2022, and the updated financial contribution referred to in Article 11(2) for 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 24*

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

1. Payments of financial contributions and, where applicable, of the loan 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.
2. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in accordance with Article 20, 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. Such requests for payment may be submitted by the Member States to the Commission twice a year.
3. The Commission shall assess on a preliminary basis without undue delay, and at the latest within two months of receiving the request, whether the relevant milestones and targets set out in the Council implementing decision referred to in Article 20(1) have been satisfactorily fulfilled. The satisfactory fulfilment of milestones and targets shall presuppose that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed by the Member State concerned. For the purpose of the assessment, the operational arrangements referred to in Article 20(6) shall also be taken into account. The Commission may be assisted by experts.



4. 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.
5. Where 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 in accordance with the Financial Regulation. Such decision shall be adopted in accordance with the examination procedure referred to in Article 35(2).
6. Where, as a result of the assessment referred to in paragraph 5, the Commission establishes that the milestones and targets set out in the Council implementing decision referred to in Article 20(1) have not been satisfactorily fulfilled, the payment of all or part of the financial contribution and, where applicable, of the loan shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

The suspension shall only be lifted where the Member State concerned has taken the necessary measures to ensure a satisfactory fulfilment of the milestones and targets set out in the Council implementing decision referred to in Article 20(1).

7. 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 to the Member State concerned pursuant to paragraph 5 of this Article, or from the date of the communication of the lifting of a suspension pursuant to the second subparagraph of paragraph 6 of this Article.

8. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the Commission shall reduce the amount of the financial contribution and, where applicable, of the loan proportionately after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.
9. Where, within 18 months of the date of the adoption of the Council implementing decision referred to in Article 20(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 Articles 15(2) and 23(1) and shall decommit the amount of the financial contribution without prejudice to Article 14(3) of the Financial Regulation. Any pre-financing in accordance with Article 13 shall be recovered in full. The Commission shall take a decision on the termination of agreements referred to in Articles 15(2) and 23(1) 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.
10. If exceptional circumstances arise, the adoption of the decision authorising the disbursement of the financial contribution and, where applicable, of the loan in accordance with paragraph 5 may be postponed for up to three months.

## **CHAPTER V**

### **Institutional provisions**

#### *Article 25*

#### *Transparency*

1. The Commission shall transmit the recovery and resilience plans officially submitted by the Member States, and the proposals for Council implementing decisions referred to in Article 20(1), as made public by the Commission, simultaneously and on equal terms to the European Parliament and the Council without undue delay.
2. Information transmitted by the Commission to the Council or any of its preparatory bodies in the context of this Regulation or its implementation shall simultaneously be made available to the European Parliament, subject to confidentiality arrangements if necessary. Relevant outcomes of discussions held in Council preparatory bodies shall be shared with the competent committee of the European Parliament.
3. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State. In such a case, the Commission shall liaise with the European Parliament and the Council regarding how the redacted information can be made available to them in a confidential manner in accordance with the applicable rules.

4. The Commission shall provide the competent committee of the European Parliament with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets included in the recovery and resilience plans of the Member States.
5. The competent committee of the European Parliament may invite the Commission to provide information on the state of play of the assessment of the recovery and resilience plans in the context of the recovery and resilience dialogue referred to in Article 26.

*Article 26*

*Recovery and resilience dialogue*

1. In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the Commission every two months to discuss the following matters:
  - (a) the state of recovery, resilience and adjustment capacity in the Union, as well as the measures adopted under this Regulation;
  - (b) the recovery and resilience plans of the Member States;
  - (c) the assessment of the recovery and resilience plans of the Member States;
  - (d) the main findings of the review report referred to in Article 16(2);

- (e) the status of fulfilment of the milestones and targets of the recovery and resilience plans of the Member States;
  - (f) payment, suspension and termination procedures, including any observation presented and remedial measures taken by the Member States to ensure a satisfactory fulfilment of the milestones and targets;
  - (g) any other relevant information and documentation provided by the Commission to the competent committee of the European Parliament in relation to the implementation of the Facility.
2. The European Parliament may express its views in resolutions as regards the matters referred to in paragraph 1.
  3. The Commission shall take into account any elements arising from the views expressed through the recovery and resilience dialogue, including the resolutions from the European Parliament if provided.
  4. The recovery and resilience scoreboard referred to in Article 30 shall serve as a basis for the recovery and resilience dialogue.

# CHAPTER VI

## Reporting

### *Article 27*

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

The Member State concerned shall report twice a year in the context of the European Semester on the progress made in the achievement of its recovery and resilience plan, including the operational arrangements referred to in Article 20(6) and on the common indicators as referred to in Article 29(4). To that end, the reports of the Member States shall be appropriately reflected in the National Reform Programmes, which shall be used as a tool for reporting on the progress towards completion of the recovery and resilience plans.

## CHAPTER VII

### Complementarity, monitoring and evaluation

#### *Article 28*

#### *Coordination and complementarity*

The Commission and the Member States concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Facility and other Union programmes and instruments, including the Technical Support Instrument, and in particular with measures financed by the Union funds. For that purpose, they shall:

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

*Article 29*

*Monitoring of implementation*

1. The Commission shall monitor the implementation of the Facility and measure the achievement of the objectives set out in Article 4. The monitoring of implementation shall be targeted and proportionate to the activities carried out under the Facility.
2. The performance reporting system of the Commission shall ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funding.
3. The Commission shall report ex-post on the expenditure financed by the Facility under each of the pillars referred to in Article 3. Such reporting will be based on the break-down of the estimated expenditure provided in the approved recovery and resilience plans.
4. The Commission shall be empowered to adopt, by the end of December 2021, delegated acts in accordance with Article 33 to supplement this Regulation in order to:
  - (a) set out the common indicators to be used for reporting on the progress and for the purpose of monitoring and evaluation of the Facility towards the achievement of the general and specific objectives; and
  - (b) define a methodology for reporting social expenditure, including on children and the youth, under the Facility.
5. Member States shall report to the Commission on the common indicators.



### *Article 30*

#### *Recovery and resilience scoreboard*

1. The Commission shall establish a recovery and resilience scoreboard (the ‘Scoreboard’), which shall display the progress of the implementation of the recovery and resilience plans of the Member States in each of the six pillars referred to in Article 3. The Scoreboard shall constitute the performance reporting system of the Facility.
2. The Commission shall be empowered to adopt a delegated act in accordance with Article 33 to supplement this Regulation by defining the detailed elements of the Scoreboard with a view to displaying the progress of the implementation of the recovery and resilience plans as referred to in paragraph 1.
3. The Scoreboard shall also display the progress of the implementation of the recovery and resilience plans in relation to the common indicators referred to in Article 29(4).
4. The Scoreboard shall be operational by December 2021 and shall be updated by the Commission twice a year. The Scoreboard shall be made publicly available on a website or internet portal.

### *Article 31*

#### *Annual report*

1. The Commission shall provide an annual report to the European Parliament and the Council on the implementation of the Facility.

2. The annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility, including information on the status of the implementation of the milestones and targets, and the status of payments and suspensions thereof.
3. The annual report shall also include the following information on:
  - (a) the contribution of the Facility to the climate and digital targets;
  - (b) the performance of the Facility based on the common indicators referred to in Article 29(4);
  - (c) the expenditure financed by the Facility under the six pillars referred to in Article 3, incorporating social expenditure, including on children and the youth, as referred to in Article 29(4).
4. For the purpose of reporting on the activities referred to in paragraphs 2 and 3, the Commission may use the content of the relevant documents officially adopted by the Commission under the European Semester, as appropriate.

### *Article 32*

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

1. By ... [three years after the entry into force of this Regulation], the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on the implementation of the Facility, and by 31 December 2028 with an independent *ex post* evaluation report.
2. The evaluation report shall, in particular, assess to which extent the objectives have been achieved, the efficiency of the use of the 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 amendments to this Regulation.
4. The *ex post* evaluation report shall consist of a global assessment of the Facility and shall include information on its impact in the long term.

### *Article 33*

#### *Exercise of delegation*

1. The power to adopt delegated acts shall be conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 29(4) and 30(2) shall be conferred on the Commission for an indeterminate period of time from... [date of entry into force of this Regulation].
3. The delegations of power referred to in Articles 29(4) and 30(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 29(4) and 30(2) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of one month of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by one month at the initiative of the European Parliament or of the Council.

## **CHAPTER VIII**

### **Communication and final provisions**

#### *Article 34*

#### *Information, communication and publicity*

1. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant recovery and resilience plan, including through joint communication activities with the national authorities concerned. The Commission may, as appropriate, ensure that support under the Facility is communicated and acknowledged through a funding statement.
2. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, including, where applicable, by displaying the emblem of the Union and an appropriate funding statement that reads ‘funded by the European Union – NextGenerationEU’, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
3. The Commission shall implement information and communication actions relating to the Facility, to actions taken pursuant to the Facility and to the results obtained. The Commission shall where appropriate inform the representation offices of the European Parliament of its actions and involve them in those actions. Financial resources allocated to the Facility shall also contribute to the corporate communication of the political priorities of the Union, insofar as they are related to the objectives referred to in Article 4.

*Article 35*  
*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 36*  
*Entry into force*

This Regulation shall enter into force on the 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 ...,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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## ANNEX I

### Methodology for the calculation of the maximum financial contribution per Member State under the Facility

This Annex sets out the methodology for calculating the maximum financial contribution available for each Member State in accordance with Article 11. The method takes into account, with regard to each Member State:

- the population;
- the inverse of the GDP per capita;
- the average unemployment rate over the past five years compared to the Union 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 of the GDP per capita is capped at a maximum of 150 % of the Union average;
- the deviation of an individual Member State's unemployment rate from the Union average is capped at a maximum of 150 % of the Union average;
- to account for the generally more stable labour markets of wealthier Member States (with GNI per capita above the Union average) the deviation of their unemployment rate from the Union average is capped at a maximum of 75 %.

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

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

where:

FS (Financial Support) is the available financing under the Facility as referred to in Article 6(1)(a); and

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

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

where:

$\kappa_i$  is the allocation key applied to 70 % of the amount referred to in point (a) of Article 6(1) and set out in Annex II; and

$\alpha_i$  is the allocation key applied to 30 % of the amount referred to in point (a) of Article 6(1) and set out in Annex III.

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## ANNEX II

The allocation key applied to 70 % of the amount referred to in point (a) of Article 6(1),  $\kappa_i$  is defined as follows:

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

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

$$\text{with } \frac{\text{GDP}_{\text{EU},2019}^{\text{PC}}}{\text{GDP}_{i,2019}^{\text{PC}}} \leq 1,5,$$

$u_i \leq 0,75$  for Member States with  $\text{GNI}_{i,2019}^{\text{PC}} > \text{GNI}_{\text{EU},2019}^{\text{PC}}$  and

$u_i \leq 1,5$  for Member States with  $\text{GNI}_{i,2019}^{\text{PC}} \leq \text{GNI}_{\text{EU},2019}^{\text{PC}}$ .

Defining<sup>1</sup>:

- $GDP_{i,2019}^{PC}$  as the 2019 nominal GDP per capita of Member State  $i$ ;
- $GDP_{EU,2019}^{PC}$  as the 2019 weighted average of GDP per capita of the EU-27 Member States;
- $pop_{i,2019}$  as the 2019 total population in Member State  $i$ ;
- $pop_{EU,2019}$  as the 2019 total population in the EU-27 Member States;
- $U_{i,2015-2019}$  as the average unemployment rate over the period 2015-2019 of Member State  $i$ ;
- $U_{EU,2015-2019}$  as the average unemployment rate over the period 2015-2019 in the EU-27 (in each year the weighted average of the EU-27 Member States);
- $GNI_{i,2019}^{PC}$  as the 2019 GNI per capita of Member State  $i$ ;
- $GNI_{EU,2019}^{PC}$  as the 2019 weighted average GNI per capita of the EU-27 Member States.

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<sup>1</sup> All data in the regulation is from Eurostat; cut-off date May 2020 for historical data.

### ANNEX III

The allocation key applied to 30 % of the amount referred to in Article 6(1)(a),  $\alpha_i$ , is defined as follows:

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

where

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

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 GDP of Member State  $i$  at time  $t = 2019, 2020, 2021$ ;
- $GDP_{i,2019}^{PC}$  as the 2019 GDP per capita of Member State  $i$ ;
- $GDP_{EU,2019}^{PC}$  as the 2019 weighted average of GDP per capita of the EU-27 Member States;
- $pop_{i,2019}$  as the 2019 total population in Member State  $i$ ;
- $pop_{EU,2019}$  as the 2019 total population in the 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 IV

The application of the methodologies in Annexes I, II and III to the amount referred to in Article 6(1)(a), converted into current prices, will result in the following share and amount of the maximum financial contribution per Member State, without prejudice to the updated calculation by 30 June 2022:

Maximum financial contribution per EU Member State					
	for 70 % of the amount available		for 30 % of the amount available (Indicative amount based on the Commission Autumn 2020 forecasts)		Total
	Share as % of total	Amount (in EUR 1 000, current prices)	Share as % of total	Amount (in EUR 1 000, current prices)	
BE	1,56 %	3 646 437	2,20 %	2 278 834	5 925 271
BG	1,98 %	4 637 074	1,58 %	1 631 632	6 268 706
CZ	1,51 %	3 538 166	3,41 %	3 533 509	7 071 676
DK	0,56 %	1 303 142	0,24 %	248 604	1 551 746
DE	6,95 %	16 294 947	9,01 %	9 324 228	25 619 175
EE	0,32 %	759 715	0,20 %	209 800	969 515
IE	0,39 %	914 572	0,07 %	74 615	989 186
EL	5,77 %	13 518 285	4,11 %	4 255 610	17 773 895
ES	19,88 %	46 603 232	22,15 %	22 924 818	69 528 050
FR	10,38 %	24 328 797	14,54 %	15 048 278	39 377 074
HR	1,98 %	4 632 793	1,61 %	1 664 039	6 296 831
IT	20,45 %	47 935 755	20,25 %	20 960 078	68 895 833
CY	0,35 %	818 396	0,18 %	187 774	1 006 170
LV	0,70 %	1 641 145	0,31 %	321 944	1 963 088
LT	0,89 %	2 092 239	0,13 %	132 450	2 224 690

Maximum financial contribution per EU Member State					
	for 70 % of the amount available		for 30 % of the amount available (Indicative amount based on the Commission Autumn 2020 forecasts)		Total
	Share as % of total	Amount (in EUR 1 000, current prices)	Share as % of total	Amount (in EUR 1 000, current prices)	
LU	0,03 %	76 643	0,02 %	16 883	93 526
HU	1,98 %	4 640 462	2,45 %	2 535 376	7 175 838
MT	0,07 %	171 103	0,14 %	145 371	316 474
NL	1,68 %	3 930 283	1,96 %	2 032 041	5 962 324
AT	0,95 %	2 231 230	1,19 %	1 230 938	3 462 169
PL	8,65 %	20 275 293	3,46 %	3 581 694	23 856 987
PT	4,16 %	9 760 675	4,01 %	4 149 713	13 910 387
RO	4,36 %	10 213 809	3,90 %	4 034 211	14 248 020
SI	0,55 %	1 280 399	0,48 %	496 924	1 777 322
SK	1,98 %	4 643 840	1,63 %	1 686 154	6 329 994
FI	0,71 %	1 661 113	0,41 %	424 692	2 085 805
SE	1,24 %	2 911 455	0,36 %	377 792	3 289 248
EU27	100,00 %	234 461 000	100,00 %	103 508 000	337 969 000

## ANNEX V

### Assessment guidelines for the Facility

#### 1. Scope

The purpose of these guidelines is to serve together with this Regulation as a basis for the Commission to assess - in a transparent and equitable manner - the recovery and resilience plans proposed 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 represent the basis for the application of the assessment criteria and the determination of the financial contribution as referred to, respectively, in Articles 19(3) and 20(4).

The assessment guidelines are designed to:

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

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

## 2. Assessment criteria

In accordance with Article 19(3), the Commission shall assess the recovery and resilience plans under the criteria of relevance, effectiveness, efficiency and coherence. 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 19(3), with a view to establishing the financial allocation in accordance with Article 20(4).

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

Relevance:

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



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

#### Scope

- the recovery and resilience plan contributes in a comprehensive and adequately balanced manner to all six pillars referred to in Article 3, considering the specific challenges of the Member State concerned and taking into account the financial contribution of the Member State concerned and the requested loan support.

#### Rating

A – to a large extent

B – to a moderate extent

C – to a small extent

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

and

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

and

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

and

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

### Rating

- A – the recovery and resilience plan contributes to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the recovery and resilience 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 addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester and the recovery and resilience plan represents an adequate response to the economic and social situation of the Member State concerned
- C – the recovery and resilience plan does not contribute to addressing any challenges identified in the country-specific recommendations, or in other relevant documents officially adopted by the Commission under the European Semester and the recovery and resilience plan does not represent an adequate response to the economic and social situation of the Member State concerned

- 2.3. The recovery and resilience plan is expected to effectively contribute to strengthening the growth potential, job creation, and economic, social and institutional resilience of the Member State, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and to mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.

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

#### Scope

- the recovery and resilience plan contains measures that aim to foster economic growth and economic cohesion in an inclusive manner, in particular addressing weaknesses of the economy of the Member States, boosting the growth potential of the economy of the Member State concerned, stimulating job creation, and mitigating the adverse effects of the crisis;

and

- the recovery and resilience plan contains measures that aim to strengthen social cohesion and social protection systems, including policies for children and youth, by reducing social vulnerabilities, contributing to the implementation of the principles of the European Pillar of Social Rights and contributing to improving the levels of the indicators of its Social Scoreboard;

and

- the recovery and resilience plan aims to reduce economic vulnerabilities of the Member State to shocks;

and

- the recovery and resilience plan aims to increase the capacity of the economic and/or social structures and institutions of the Member State to adjust to and withstand shocks;

and

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

Rating

A – high expected impact

B – medium expected impact

C – low expected impact

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

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

#### Scope

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

#### Rating

A – no measure does significant harm to environmental objectives (the principle of ‘do no significant harm’)

C – one or more measure does significant harm to environmental objectives (the principle of ‘do no significant harm’)

- 2.5. The recovery and resilience plan contains measures that effectively contribute to the green transition, including biodiversity, or to addressing the challenges resulting therefrom, and that account for an amount which represents at least 37 % of the recovery and resilience plan’s total allocation, based on the methodology for climate tracking set out in Annex VI; that methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI; the coefficients for support for the climate objectives may be increased up to a total amount of 3 % of the allocation of the recovery and resilience plan for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives, subject to the agreement of the Commission.

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

#### Scope

- the implementation of the envisaged measures is expected to effectively contribute to the green transition, including biodiversity, and, where applicable, to addressing the challenges resulting therefrom, thereby contributing to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050;

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 Annex VI and may be increased for individual investments to take account of accompanying reform measures that credibly increase their impact on the climate objectives. The same weighting system shall apply for measures that cannot be directly assigned to an intervention field listed in Annex VI;

and

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

## Rating

A – to a large extent

B – to a moderate extent.

C – to a small extent

- 2.6. The recovery and resilience plan contains measures that effectively contribute to the digital transition or to addressing the challenges resulting therefrom, and that account for an amount which represents at least 20 % of the recovery and resilience plan's total allocation, based on the methodology for digital tagging set out in Annex VII; that methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VII; the coefficients for support for 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 VII 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 Annex VII;

and

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

Rating

A – to a large extent

B – to a moderate extent

C – to a small extent

Effectiveness:

- 2.7. 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

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

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

#### Scope

- a structure is tasked within the Member State with: (i) the implementation of the recovery and resilience plan; (ii) the monitoring of progress on milestones and targets; and (iii) the reporting;

and

- the proposed milestones and targets are clear and realistic and the proposed indicators for those milestones and targets are relevant, acceptable and robust;

and

- the overall arrangements proposed by the Member States in terms of organisation (including provision to ensure sufficient staff allocation) of the implementation of the reforms and investments, are credible.

## Rating

A – adequate arrangements for effective implementation

B – minimum arrangements for effective implementation

C – insufficient arrangements for effective implementation

## Efficiency:

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

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 costs 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 costs 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 costs of the recovery and resilience plan to be financed under the Facility is not covered by existing or planned Union financing;

and

- the amount of the estimated total costs of the recovery and resilience plan is commensurate to the expected social and economic impact of the envisaged measures included on the Member State concerned.

Rating

A – to a high extent

B – to a medium extent

C – to a low extent

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

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

Scope

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

and

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

and

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

and

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

## Rating

A – adequate arrangements

C – insufficient arrangements

## Coherence:

- 2.11. 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 reinforcing the effects of one another;

or

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

## Rating

A – to a high extent

B – to a medium extent

C – to a low extent

### 3. Determination of the financial contribution

In accordance with Article 20, 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 19(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 19(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 11, 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 11;
- (b) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 19(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 11, 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 19(3), no financial contribution shall be allocated to the Member State concerned.



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

- for (a) above: If  $C^i \geq MFC^i$  the Member State  $i$  receives  $MFC^i$
- for (b) above: If  $C^i < MFC^i$  the Member State  $i$  receives  $C^i$

where:

- $i$  refers to the Member State concerned
- $MFC$  is the maximum financial contribution for the Member State concerned
- $C$  is the amount of the estimated total costs of the recovery and resilience plan

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

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

If the final ratings for the criteria under point 2 include scores with:

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

and for the other criteria:

- all As,

or

- no majority of Bs over As and no Cs.

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

If the final ratings for the criteria under point 2 include scores with:

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

and for the other criteria:

- a majority of Bs over As,

or

- - at least one C.

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## ANNEX VI

### Methodology for climate tracking

#### Dimensions and codes for the types of intervention for the Facility

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
001	Investment in fixed assets, including research infrastructure, in micro enterprises directly linked to research and innovation activities	0 %	0 %
002	Investment in fixed assets, including research infrastructure, in small and medium-sized enterprises (including private research centres) directly linked to research and innovation activities	0 %	0 %
002 bis1	Investment in fixed assets in large, including research infrastructure, enterprises <sup>1</sup> directly linked to research and innovation activities	0 %	0 %
003	Investment in fixed assets, including research infrastructure, in public research centres and higher education directly linked to research and innovation activities	0 %	0 %
004	Investment in intangible assets in micro enterprises directly linked to research and innovation activities	0 %	0 %
005	Investment in intangible assets in SMEs (including private research centres) directly linked to research and innovation activities	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
005bis1	Investment in intangible assets in large enterprises directly linked to research and innovation activities	0 %	0 %
006	Investment in intangible assets in public research centres and higher education directly linked to research and innovation activities	0 %	0 %
007	Research and innovation activities in micro enterprises including networking (industrial research, experimental development, feasibility studies)	0 %	0 %
008	Research and innovation activities in SMEs, including networking	0 %	0 %
008bis1	Research and innovation activities in large enterprises, including networking	0 %	0 %
009	Research and innovation activities in public research centres, higher education and centres of competence including networking (industrial research, experimental development, feasibility studies)	0 %	0 %
010	Digitising SMEs (including e-commerce, e- business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	0 %	0 %
010bis1	Digitising large enterprises (including e-commerce, e-business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
010ter	Digitising SMEs or large enterprises (including e-commerce, e-business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B) compliant with GHG emission reduction or energy efficiency criteria <sup>2</sup>	40 %	0 %
011	Government ICT solutions, e-services, applications	0 %	0 %
011bis	Government ICT solutions, e-services, applications compliant with GHG emission reduction or energy efficiency criteria <sup>2</sup>	40 %	0 %
012	IT services and applications for digital skills and digital inclusion	0 %	0 %
013	e-Health services and applications (including e-care, Internet of Things for physical activity and ambient assisted living)	0 %	0 %
014	Business infrastructure for SMEs (including industrial parks and sites)	0 %	0 %
015	SME business development and internationalisation, including productive investments	0 %	0 %
015bis	Support for large enterprises through financial instruments, including productive investments	0 %	0 %
016	Skills development for smart specialisation, industrial transition, entrepreneurship and adaptability of enterprises to change	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
017	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	0 %	0 %
018	Incubation, support to spin-offs and spin-outs and start-ups	0 %	0 %
019	Support for Innovation clusters including between businesses, research organisations and public authorities and business networks primarily benefiting SMEs	0 %	0 %
020	Innovation processes in SMEs (process, organisational, marketing, co-creation, user and demand driven innovation)	0 %	0 %
021	Technology transfer and cooperation between enterprises, research centres and higher education sector	0 %	0 %
022	Research and innovation processes, technology transfer and cooperation between enterprises focusing on the low carbon economy, resilience and adaptation to climate change	100 %	40 %
023	Research and innovation processes, technology transfer and cooperation between enterprises focusing on circular economy	40 %	100 %
024	Energy efficiency and demonstration projects in SMEs and supporting measures	40 %	40 %
024bis	Energy efficiency and demonstration projects in large enterprises and supporting measures	40 %	40 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
024ter	Energy efficiency and demonstration projects in SMEs or large enterprises and supporting measures compliant with energy efficiency criteria <sup>3</sup>	100 %	40 %
025	Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	40 %	40 %
025bis	Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures compliant with energy efficiency criteria <sup>4</sup>	100 %	40 %
025ter	Construction of new energy efficient buildings <sup>5</sup>	40 %	40 %
026	Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures	40 %	40 %
026bis	Energy efficiency renovation or energy efficiency measures regarding public infrastructure, demonstration projects and supporting measures compliant with energy efficiency criteria <sup>6</sup>	100 %	40 %
027	Support to enterprises that provide services contributing to the low carbon economy and to resilience to climate change including awareness-raising measures	100 %	40 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
028	Renewable energy: wind	100 %	40 %
029	Renewable energy: solar	100 %	40 %
030	Renewable energy: biomass <sup>7</sup>	40 %	40 %
030bis	Renewable energy: biomass with high GHG savings <sup>8</sup>	100 %	40 %
031	Renewable energy: marine	100 %	40 %
032	Other renewable energy (including geothermal energy)	100 %	40 %
033	Smart Energy Systems (including smart grids and ICT systems) and related storage.	100 %	40 %
034	High efficiency co-generation, district heating and cooling	40 %	40 %
034bis0	High efficiency co-generation, efficient district heating and cooling with low lifecycle emissions <sup>9</sup>	100 %	40 %
034bis1	Replacement of coal-based heating systems by gas-based heating systems for climate mitigation purposes	0 %	0 %
034bis2	Distribution and transport of natural gas substituting coal	0 %	0 %
035	Adaptation to climate change measures and prevention and management of climate related risks: floods (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	100 %	100 %



	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
036	Adaptation to climate change measures and prevention and management of climate related risks: fires (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	100 %	100 %
037	Adaptation to climate change measures and prevention and management of climate related risks: others, e.g. storms and drought (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	100 %	100 %
038	Risk prevention and management of non-climate-related natural risks (for example earthquakes) and risks linked to human activities (for example technological accidents), including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches	0 %	100 %
039	Provision of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply)	0 %	100 %
039bis	Provision of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply) compliant with efficiency criteria <sup>10</sup>	40 %	100 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
040	Water management and water resource conservation (including river basin management, specific climate change adaptation measures, reuse, leakage reduction)	40 %	100 %
041	Waste water collection and treatment	0 %	100 %
041bis	Waste water collection and treatment compliant with energy efficiency criteria <sup>11</sup>	40 %	100 %
042	Household waste management: prevention, minimisation, sorting, reuse, recycling measures	40 %	100 %
042bis	Household waste management: residual waste management	0 %	100 %
044	Commercial, industrial waste management: prevention, minimisation, sorting, reuse, recycling measures	40 %	100 %
044bis	Commercial, industrial waste management: residual and hazardous waste	0 %	100 %
045	Promoting the use of recycled materials as raw materials	0 %	100 %
045bis	Use of recycled materials as raw materials compliant with the efficiency criteria <sup>12</sup>	100 %	100 %
046	Rehabilitation of industrial sites and contaminated land	0 %	100 %
046bis	Rehabilitation of industrial sites and contaminated land compliant with efficiency criteria <sup>13</sup>	40 %	100 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
047	Support to environmentally-friendly production processes and resource efficiency in SMEs	40 %	40 %
047bis	Support to environmentally-friendly production processes and resource efficiency in large enterprises	40 %	40 %
048	Air quality and noise reduction measures	40 %	100 %
049	Protection, restoration and sustainable use of Natura 2000 sites.	40 %	100 %
050	Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure	40 %	100 %
051	ICT: Very High-Capacity broadband network (backbone/backhaul network)	0 %	0 %
052	ICT: Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for multi-dwelling premises)	0 %	0 %
053	ICT: Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for homes and business premises)	0 %	0 %
054	ICT: Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the base station for advanced wireless communication)	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
055	ICT: Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment)	0 %	0 %
055bis	ICT: Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment) compliant with the carbon emission reduction and energy efficiency criteria <sup>2</sup>	40 %	0 %
056	Newly built or upgraded motorways and roads - TEN-T core network <sup>14</sup>	0 %	0 %
057	Newly built or upgraded motorways and roads - TEN-T comprehensive network	0 %	0 %
058	Newly built or upgraded secondary road links to TEN-T road network and nodes	0 %	0 %
059	Newly built or upgraded other national, regional and local access roads	0 %	0 %
060	Reconstructed or modernised motorways and roads - TEN-T core network	0 %	0 %
061	Reconstructed or modernised motorways and roads - TEN-T comprehensive network	0 %	0 %
062	Other reconstructed or modernised roads (motorway, national, regional or local)	0 %	0 %
063	Digitalisation of transport: road	0 %	0 %
063bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: road	40 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
064	Newly built or upgraded railways - TEN-T core network	100 %	40 %
065	Newly built or upgraded railways - TEN-T comprehensive network	100 %	40 %
066	Other newly or upgraded built railways	40 %	40 %
066bis	Other newly or upgraded built railways – electric/zero emission <sup>15</sup>	100 %	40 %
067	Reconstructed or modernised railways - TEN-T core network	100 %	40 %
068	Reconstructed or modernised railways - TEN-T comprehensive network	100 %	40 %
069	Other reconstructed or modernised railways	40 %	40 %
069bis	Other reconstructed or modernised railways – electric/zero emission <sup>15</sup>	100 %	40 %
070	Digitalisation of transport: rail	40 %	0 %
071	European Rail Traffic Management System (ERTMS)	40 %	40 %
072	Mobile rail assets	0 %	40 %
072bis	Mobile zero emission/electric powered <sup>16</sup> rail assets	100 %	40 %
073	Clean urban transport infrastructure <sup>17</sup>	100 %	40 %
074	Clean urban transport rolling stock <sup>18</sup>	100 %	40 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
075	Cycling infrastructure	100 %	100 %
076	Digitalisation of urban transport	0 %	0 %
076bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: urban transport	40 %	0 %
077	Alternative fuels infrastructure <sup>19</sup>	100 %	40 %
078	Multimodal transport (TEN-T)	40 %	40 %
079	Multimodal transport (not urban)	40 %	40 %
080	Seaports (TEN-T)	0 %	0 %
080bis	Seaports (TEN-T) excluding facilities dedicated to transport of fossil fuels	40 %	0 %
081	Other seaports	0 %	0 %
081bis	Other seaports excluding facilities dedicated to transport of fossil fuels	40 %	0 %
082	Inland waterways and ports (TEN-T)	0 %	0 %
082bis	Inland waterways and ports (TEN-T) excluding facilities dedicated to transport of fossil fuels	40 %	0 %
083	Inland waterways and ports (regional and local)	0 %	0 %
083bis0	Inland waterways and ports (regional and local) excluding facilities dedicated to transport of fossil fuels	40 %	0 %
083bis1	Security, safety and air traffic management systems, for existing airports	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
084	Digitising transport: other transport modes	0 %	0 %
084bis	Digitising transport when dedicated in part to GHG emissions reduction: other transport modes	40 %	0 %
085	Infrastructure for early childhood education and care	0 %	0 %
086	Infrastructure for primary and secondary education	0 %	0 %
087	Infrastructure for tertiary education	0 %	0 %
088	Infrastructure for vocational education and training and adult learning	0 %	0 %
089	Housing infrastructure for migrants, refugees and persons under or applying for international protection	0 %	0 %
090	Housing infrastructure (other than for migrants, refugees and persons under or applying for international protection)	0 %	0 %
091	Other social infrastructure contributing to social inclusion in the community	0 %	0 %
092	Health infrastructure	0 %	0 %
093	Health equipment	0 %	0 %
094	Health mobile assets	0 %	0 %
095	Digitalisation in health care	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
096	Temporary reception infrastructure for migrants, refugees and persons under or applying for international protection	0 %	0 %
097	Measures to improve access to employment	0 %	0 %
098	Measures to promote access to employment of long-term unemployed	0 %	0 %
099	Specific support for youth employment and socio-economic integration of young people	0 %	0 %
100	Support for self-employment and business start-ups	0 %	0 %
101	Support for social economy and social enterprises	0 %	0 %
102	Measures to modernise and strengthen labour market institutions and services to assess and anticipate skills needs and to ensure timely and tailor-made assistance	0 %	0 %
103	Support for labour market matching and transitions	0 %	0 %
104	Support for labour mobility	0 %	0 %
105	Measures to promote women's labour market participation and reduce gender-based segregation in the labour market	0 %	0 %
106	Measures promoting work-life balance, including access to childcare and care for dependent persons	0 %	0 %



	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
107	Measures for a healthy and well-adapted working environment addressing health risks, including promotion of physical activity	0 %	0 %
108	Support for the development of digital skills	0 %	0 %
109	Support for adaptation of workers, enterprises and entrepreneurs to change	0 %	0 %
110	Measures encouraging active and healthy ageing	0 %	0 %
111	Support for early childhood education and care (excluding infrastructure)	0 %	0 %
112	Support for primary to secondary education (excluding infrastructure)	0 %	0 %
113	Support for tertiary education (excluding infrastructure)	0 %	0 %
114	Support for adult education (excluding infrastructure)	0 %	0 %
115	Measures to promote equal opportunities and active participation in society	0 %	0 %
116	Pathways to integration and re-entry into employment for disadvantaged people	0 %	0 %
117	Measures to improve access of marginalised groups such as the Roma to education, employment and to promote their social inclusion	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
118	Support to the civil society working with marginalised communities such as the Roma	0 %	0 %
119	Specific actions to increase participation of third-country nationals in employment	0 %	0 %
120	Measures for the social integration of third-country nationals	0 %	0 %
121	Measures to enhancing the equal and timely access to quality, sustainable and affordable services	0 %	0 %
122	Measures to enhancing the delivery of family and community-based care services	0 %	0 %
123	Measures to improve the accessibility, effectiveness and resilience of healthcare systems (excluding infrastructure)	0 %	0 %
124	Measures to improve access to long-term care (excluding infrastructure)	0 %	0 %
125	Measures to modernise social protection systems, including promoting access to social protection	0 %	0 %
126	Promoting social integration of people at risk of poverty or social exclusion, including the most deprived and children	0 %	0 %
127	Addressing material deprivation through food and/or material assistance to the most deprived, including accompanying measures	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
128	Protection, development and promotion of public tourism assets and tourism services	0 %	0 %
129	Protection, development and promotion of cultural heritage and cultural services	0 %	0 %
130	Protection, development and promotion of natural heritage and eco-tourism other than Natura 2000 sites	0 %	100 %
131	Physical regeneration and security of public spaces	0 %	0 %
131bis	Territorial development initiatives, including preparation of territorial strategies	0 %	0 %
132	Improve the capacity of programme authorities and bodies linked to the implementation of the Funds	0 %	0 %
133	Enhancing cooperation with partners both within and outside the Member State	0 %	0 %
134	Cross-financing under the ERDF (support to ESF-type actions necessary for the implementation of the ERDF part of the operation and directly linked to it)	0 %	0 %
135	Enhancing institutional capacity of public authorities and stakeholders to implement territorial cooperation projects and initiatives in a cross-border, transnational, maritime and inter-regional context	0 %	0 %

	INTERVENTION FIELD	Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
135 bis	Interreg: border crossing management and mobility and migration management	0 %	0 %
136	Outermost regions: compensation of any additional costs due to accessibility deficit and territorial fragmentation	0 %	0 %
137	Outermost regions: specific action to compensate additional costs due to size market factors	0 %	0 %
138	Outermost regions: support to compensate additional costs due to climate conditions and relief difficulties	40 %	40 %
139	Outermost regions: airports	0 %	0 %
140	Information and communication	0 %	0 %
141	Preparation, implementation, monitoring and control	0 %	0 %
142	Evaluation and studies, data collection	0 %	0 %
143	Reinforcement of the capacity of Member State authorities, beneficiaries and relevant partners	0 %	0 %
01	Contributing to green skills and jobs and the green economy	100 %	-

- 
- <sup>1</sup> Large enterprises are all enterprises other than SMEs, including small mid-cap companies.
- <sup>2</sup> If the objective of the measure is that the activity has to process or collect data to enable GHG emission reductions that result in demonstrated substantial life-cycle GHG emissions savings. If the objective of the measure requires data centres to comply with “European Code of Conduct on Data Centre Energy Efficiency”.

- 3 (a) If the objective of the measure is to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786 or (b) if the objective of the measures is to achieve, on average, at least a 30 % reduction of direct and indirect GHG emissions compared to the ex-ante emissions.
- 4 If the objective of the measure is to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786. The renovation of buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.
- 5 If the objective of the measures concerns the construction of new buildings with a Primary Energy Demand (PED) that is at least 20 % lower than the NZEB requirement (nearly zero-energy building, national directives). The construction of new energy efficient buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.
- 6 If the objective of the measure is (a) to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786 or (b) to achieve, on average, at least a 30 % reduction of direct and indirect GHG emissions compared to the ex-ante emissions. The renovation of buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.
- 7 If the objective of the measure relates to the production of electricity or heat from biomass in line with Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).
- 8 If the objective of the measure relates to the production of electricity or heat from biomass in line with Directive (EU) 2018/2001; and if the objective of the measure is to achieve at least 80 % GHG emission savings at the facility from the use of biomass in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001. If the objective of the measure relates to the production of biofuel from biomass (excluding food and feed crops), in line with Directive (EU) 2018/2001; and if the objective of the measure is to achieve at least 65 % GHG emission savings at the facility from the use of biomass for this purpose in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex V to Directive (EU) 2018/2001.

- 9 In case of high-efficiency cogeneration, if the objective of the measure is to achieve life cycle emissions that are lower than 100gCO<sub>2</sub>e/kWh or heat/cool produced from waste heat. In case of district heating/cooling, if the associated infrastructure follows the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1) or the existing infrastructure is refurbished to meet the definition of the efficient district heating and cooling, or the project is an advanced pilot system (control and energy management systems, Internet of Things) or leads to a lower temperature regime in the district heating and cooling system.
- 10 If the objective of the measure is for the constructed system to have an average energy consumption of  $\leq 0,5$  kWh or an Infrastructure Leakage Index (ILI) of  $\leq 1,5$ , and for the renovation activity to decrease the average energy consumption by more than 20 % or decrease leakage by more than 20 %.
- 11 If the objective of the measure for the constructed front-to-end waste water system to have net zero energy use or for the renewal of the front-to-end waste water system to lead to a decreased average energy use by at least 10 % (solely by energy efficiency measures and not by material changes or changes in load).
- 12 If the objective of the measure is to convert at least 50 %, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials.
- 13 If the objective of the measure is to turn industrial sites and contaminated land into a natural carbon sink.
- 14 For intervention fields 56 to 62, intervention fields 73, 74 and 77 can be used for elements of the measures that relate to interventions in alternative fuels, including EV charging, or public transport.
- 15 If the objective of the measure relates to electrified trackside and associated subsystems or if there is a plan for electrification or it will be fit for use by zero tailpipe emission trains within 10 years.
- 16 Also applies to bi-mode trains.
- 17 Clean urban transport infrastructure refers to infrastructure that enables the operation of zero-emission rolling stock.
- 18 Clean urban transport rolling stock refers to zero-emission rolling stock.
- 19 If the objective of the measure is in line with Directive (EU) 2018/2001.
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## ANNEX VII

### Methodology for digital tagging under the Facility

Methodology for digital tagging:

Intervention table

Code	Intervention field and type of intervention <sup>1</sup>	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) <sup>2</sup>	100 %
052	Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for multi-dwelling premises)	100 %
053	Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the distribution point at the serving location for homes and business premises)	100 %
054	Very High-Capacity broadband network (access/local loop with a performance equivalent to an optical fibre installation up to the base station for advanced wireless communication) <sup>3</sup>	100 %
054bis	5G network coverage, including uninterrupted provision of connectivity along transport paths; Gigabit connectivity (networks offering at least 1 Gbps symmetric) for socio-economic drivers, such as schools, transport hubs and main providers of public services	100 %
054ter	Mobile data connectivity with wide territorial coverage	100 %

Code	Intervention field and type of intervention <sup>1</sup>	Coefficient for the calculation of support to digital transition
	Intervention field 2: Digital-related investment in R&D DESI: “The EU ICT Sector and its R&D Performance”	
009bis	Investment in digital-related R&I activities (including excellence research centres, industrial research, experimental development, feasibility studies, acquisition of fixed or intangible assets for digital related R&I activities)	100 %
	Intervention field 3: Human Capital DESI dimension 2: Human Capital	
012	IT services and applications for digital skills and digital inclusion <sup>4</sup>	100 %
016	Skills development for smart specialisation, industrial transition, entrepreneurship, and adaptability of enterprises to change	40 %
108	Support for the development of digital skills <sup>5</sup>	100 %
099	Specific support for youth employment and socio-economic integration of young people	40 %
100	Support for self-employment and business start-ups	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 <sup>6</sup>	100 %
011bis	Government ICT solutions, e-services, applications compliant with GHG emission reduction or energy efficiency criteria <sup>7</sup>	100 %
011ter	Deployment of the European digital identity scheme for public and private use	100 %



Code	Intervention field and type of intervention <sup>1</sup>	Coefficient for the calculation of support to digital transition
013	e-Health services and applications (including e-Care, Internet of Things for physical activity and ambient assisted living)	100 %
095	Digitalisation in health care	100 %
063	Digitalisation of transport: road	100 %
063bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: road	100 %
070	Digitalisation of transport: rail	100 %
071	European Rail Traffic Management System (ERTMS)	100 %
076	Digitalisation of urban transport	100 %
076bis	Digitalisation of transport when dedicated in part to GHG emissions reduction: urban transport	100 %
084	Digitising transport: other transport modes	100 %
084bis	Digitising transport when dedicated in part to GHG emissions reduction: other transport modes	100 %
033	Smart Energy Systems (including smart grids and ICT systems) and related storage	40 %
011quater	Digitalisation of Justice Systems	100 %
	Intervention field 5: Digitalisation of businesses DESI dimension 4: Integration of digital technologies	
010	Digitising SMEs (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100 %
010bis	Digitising large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B)	100 %

Code	Intervention field and type of intervention <sup>1</sup>	Coefficient for the calculation of support to digital transition
010ter	Digitising SMEs or large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B) compliant with GHG emission reduction or energy efficiency criteria <sup>7</sup>	100 %
014	Business infrastructure for SMEs (including industrial parks and sites) <sup>8</sup>	40 %
015	SME business development and internationalisation, including productive investments <sup>8</sup>	40 %
017	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services) <sup>8</sup>	40 %
018	Incubation, support to spin offs and spin outs and start ups <sup>8</sup>	40 %
019	Support for innovation clusters including between businesses, research organisations and public authorities and business networks primarily benefiting SMEs <sup>8 9</sup>	40 %
020	Innovation processes in SMEs (process, organisational, marketing, co-creation, user and demand driven innovation) <sup>8</sup>	40 %
021	Technology transfer and cooperation between enterprises, research centres and higher education sector <sup>8</sup>	40 %
021bis	Support to digital content production and distribution	100 %

Code	Intervention field and type of intervention <sup>1</sup>	Coefficient for the calculation of support to digital transition
	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 %
055bis	Other types of ICT infrastructure (including large-scale computer resources/equipment, data centres, sensors and other wireless equipment) compliant with the carbon emission reduction and energy efficiency criteria <sup>7</sup>	100 %
021ter	Development of highly specialised support services and facilities for public administrations and businesses (national HPC Competence Centres, Cyber Centres, AI testing and experimentation facilities, blockchain, Internet of Things, etc.)	100 %
021quater	Investment in advanced technologies such as: High-Performance Computing and Quantum computing capacities/Quantum communication capacities (including quantum encryption); in microelectronics design, production and system-integration; next generation of European data, cloud and edge capacities (infrastructures, platforms and services); virtual and augmented reality, DeepTech and other digital advanced technologies. Investment in securing the digital supply chain.	100 %
021quinquies	Development and deployment of cybersecurity technologies, measures and support facilities for public and private sector users.	100 %

Code	Intervention field and type of intervention <sup>1</sup>	Coefficient for the calculation of support to digital transition
	Intervention field 7: Greening the digital sector	
027bis	Investment in technologies, skills, infrastructures and solutions that improve the energy efficiency and ensure climate neutrality of data centres and networks.	100 %

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- 1 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.
- 2 Including submarine cables within and between Member States and between the Union and third countries.
- 3 Including 5G and 6G networks.
- 4 Including: measures to support the digitalisation of education and training institutions (including investments in ICT infrastructure), including for vocational education and training and adult learning.
- 5 This refers to digital skills at all levels and includes: highly specialised education programmes to train digital specialists (that is 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.
- 6 Including use of advanced technologies (such as high performance computing, cybersecurity or artificial intelligence) for public services and decision making and interoperability of digital public services and infrastructures (regional, national and cross border).
- 7 If the objective of the measure is that the activity has to process or collect data to enable GHG emission reductions that result in demonstrated substantial life-cycle GHG emissions savings. If the objective of the measure requires data centres to comply with “European Code of Conduct on Data Centre Energy Efficiency”.
- 8 The 40 % digital co-efficient should only be applied, where intervention is focused on elements directly linked to digitalisation of business, including for instance digital products, ICT assets, etc.
- 9 Including social economy entities.
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