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Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for France

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2021/0172 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for France

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1] and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The COVID-19 outbreak has had a disruptive impact on the economy of France. In 2019, the gross domestic product per capita (GDP per capita) of France was 115% of the EU average. According to the Commission's Spring 2021 forecast, the real GDP of France declined by 8,1% in 2020 and is expected to decline by 2,9% cumulatively in 2020 and 2021. Longer-standing aspects with an impact on medium-term economic performance include in particular the high public debt ratio, weak competitiveness in a context of low productivity growth, high regulatory restrictions in services and high administrative burdens, and the low level and efficiency of investment in R&D.

(2) On 9 July 2019 and on 20 July 2020, the Council addressed recommendations to France in the context of the European Semester. In particular, the Council recommended improving the sustainability of public finances, supporting the economy during the crisis and ensuing recovery, and improving the resilience of its health system. France also received recommendations on labour market integration, to ensure equal opportunities with a particular focus on vulnerable groups, to address skills shortages and mismatches, and to support employment during the crisis. The Council also recommended to France to ensure the effective implementation of measures supporting the liquidity of firms, in particular for small and medium-sized enterprises, to front-load mature public investment projects and promote private investment to foster the economic recovery. It was also recommended to France to invest in key sectors such as the green and digital transitions. In particular, for the green transition, France was recommended to invest in sustainable transports, renewable energies, energy interconnections and infrastructures, and clean and efficient production and use of energy. The Council also recommended to France to invest in research and innovation while improving the efficiency of public support schemes. Finally, it was

[1] OJ L 57, 18.2.2021, p. 17-75.

recommended to France to improve its business environment by simplifying the tax system, reducing administrative burdens, fostering firms' growth and removing barriers to competition in services. Having assessed progress in the implementation of these country-specific recommendations at the time of submission of the recovery and resilience plan, the Commission finds that the recommendation on fostering the growth of firms (country-specific recommendation 2019.4.3) has been fully implemented. Substantial progress has been achieved with respect to the recommendations on simplifying the tax system, in particular reducing taxes on production (country-specific recommendation 2019.4.1 and country-specific recommendation 2020.4.3), on taking all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery (country-specific recommendation 2020.1.1), on mitigating the employment and social impact of the crisis (country-specific recommendation 2020.2.1), and on ensuring the effective implementation of measures supporting the liquidity of firms, in particular for small and medium-sized enterprises (country-specific recommendation 2020.3.1).

(3) On 2 June 2021, the Commission published an in-depth review under Article 5 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council[2] for France. The Commission's analysis led it to conclude that France is experiencing macroeconomic imbalances, in particular relating to high government debt, weak competitiveness and low productivity growth, which have cross-border relevance.

(4) [The Council recommendation on the economic policy of the euro area[3] recommended to euro area Member States to take action, including through their recovery and resilience plans, to, *inter alia*, ensure a policy stance which supports the recovery and to further improve convergence, resilience and sustainable and inclusive growth. The Council recommendation also recommended to strengthen national institutional frameworks, to ensure macro-financial stability and to complete the Economic and Monetary Union and strengthen the international role of the euro.] [If the Council recommendation is not adopted by the time of the CID adoption, please remove this recital].

(5) On 28 April 2021, France formally submitted its national recovery and resilience plan to the Commission, in accordance with Article 18(1) of Regulation (EU) 2021/241. That submission followed a 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. The national ownership of the recovery and resilience plans is underpinning their successful implementation and lasting impact at national level and credibility at European level. Pursuant to Article 19 of that Regulation, the Commission has assessed the relevance, effectiveness, efficiency and coherence of recovery and resilience plan, taking into account the assessment guidelines of Annex V to that Regulation.

(6) The recovery and resilience plans should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 and of the

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2 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).

3 Pending final adoption by the Council, after endorsement by the European Council. The text agreed by the Eurogroup on 16 December 2020 is available at: https://data.consilium.europa.eu/doc/document/ST-14356-2020-INIT/en/pdf.

EU Recovery Instrument set up by Council Regulation (EU) 2020/2094 in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union´s economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241.

(7) The implementation of the Member States' recovery and resilience plans will constitute a coordinated effort of investment and reforms across the Union. Through the coordinated and simultaneous implementation of these reforms and investments and the implementation of cross-border projects, these reforms and investments will mutually reinforce each other and generate positive spillovers across the whole Union. Therefore, about one third of the impact of the Facility on Member States' growth and job creation will come from spillovers from others Member States.

Balanced response contributing to the six pillars

(8) In accordance with Article 19(3) point (a) and section 2.1 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of Regulation (EU) 2021/241, taking the specific challenges and the financial allocation of the Member State concerned into account.

(9) The plan includes measures that contribute toward all of the six pillars, with a significant number of components of the plan addressing multiple pillars. Such an approach contributes to ensuring that each pillar is comprehensively addressed in a coherent manner. Furthermore, given the specific challenges of France, the particular focus on smart, sustainable and inclusive growth, along with the overall weighting across pillars, is considered adequately balanced.

(10) The plan envisages a large focus on climate transition, with around half of the components contributing to the green transition. Relevant measures include increasing the energy efficiency of buildings, support to cleaner transport and innovation for cleaner sources of energy. The plan addresses digital-related challenges in multiple areas, by improving infrastructure, digitisation of public services and SMEs. In order to improve the resilience of the education and training system, the plan includes several measures facilitating accessibility of digital tools to all the population notably by modernising education and training schemes. The health sector should also benefit from large investment to facilitate the digital transition.

(11) The plan extensively covers the third pillar of smart, sustainable and inclusive growth, with one third of the components directly contributing to it. Economic cohesion, productivity and competitiveness are directly covered by several components of the plan. The plan contains several measures that contribute to boosting innovation in key technologies such as cybersecurity, quantum and cloud to increase the competitiveness of the French economy and to increase the use of digital solutions for education, culture and for the greening of the economy. Reforms should simplify further administrative steps for businesses. Two components address social and territorial cohesion. The plan supports transport infrastructure and health infrastructure around the country, including in rural areas, less developed regions and outermost territories. The plan includes measures for job preservation, with a focus on young people and persons with disabilities, as well as a reform of the national unemployment agency and unemployment insurance.

(12) One third of the plan contributes towards health, economic, social and institutional resilience, thereby enhancing the economic, social and territorial cohesion and convergence within France and the Union. Reinforcement of the healthcare system is well addressed in the plan, with investment in infrastructure and digitisation. Important fiscal reforms to be undertaken should improve the effectiveness of the fiscal governance framework and make the assessment of the quality of public spending a regular practice, contributing to the objective to stabilise and reduce the debt ratio. The assessment of the environmental impact of the State Budget ("green budgeting") should ensure that public spending is oriented towards inclusive and green growth. Policies for the next generation are covered by a number of measures, with a direct impact on the youth, such as supporting education performance, including for the most disadvantaged children, boosting apprenticeships, vocational education and youth employment, improving youth career and income prospects. This is accompanied by the measure on the digitalisation of education.

Addressing all or a significant subset of challenges identified in Country Specific Recommendations

(13) In accordance with Article 19(3) point (b) and section 2.2 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations, including fiscal aspects thereof and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011, 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.

(14) The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of France's recovery and resilience plan, notwithstanding the fact that France has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the provisions of the General Escape Clause. Moreover, the recommendation to make sufficient progress towards the medium-term budgetary objective in 2020 is no longer relevant, due both to the lapsing of the corresponding budgetary period and the activation in March 2020 of the General Escape Clause of the Stability and Growth Pact in the context of the pandemic crisis.

(15) The plan includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to France by the Council in the European Semester in 2019 and in 2020, notably in the areas of (i) public finance (namely public debt sustainability, expenditure savings and efficiency gains), (ii) support to businesses (access to finance, competitiveness, reduction of administrative burden, as well as fostering the research and development ecosystem), (iii) labour market policies (tackling unemployment, addressing labour market integration and skills mismatches, ensuring education for vulnerable groups), (iv) the resilience of the healthcare system (modernisation and coordination of care, eHealth, prevention), (v) the green transition (reduction of greenhouse gas emissions on the long term, decrease of emissions in the transport sector, and increase of energy efficiency), (vi) the digital transition (improving connectivity and digital skills of the population, and fostering the digitalisation of firms). After successful completion of

the plan's set of reforms and investments, the underlying challenges and bottlenecks are expected to have been addressed to a significant extent.

(16) A significant part of the investments in the French recovery and resilience plan is oriented to the green and digital transitions, health and research and development with a view of enhancing the competitiveness of French businesses. The weak productivity growth observed before the crisis should be addressed by the planned investment in human capital with several measures aiming at supporting skills, in particular digital ones, the digitalisation of businesses and investing in innovation.

(17) The public finance reforms are expected to help improve the quality and efficiency of public expenditures and stabilise and eventually reduce French public debt in the medium term. In particular, the reform of the governance of public finances should establish a multi-annual expenditure rule for general government expenditure and reinforce the prerogatives of the national fiscal council. The implementation of this new governance framework, as well as a multi-year trajectory for public finances that allows the debt ratio to be stabilised and then reduced, will be set out in the new public finance programming laws. A second reform introduces a regular evaluation of the quality of public spending and of the measures taken to improve it.

(18) The plan dedicates a component to the fight against unemployment. The approach focusses on youth with measures on apprenticeship, training, skills, and active labour market policies. Associated reforms, such as the reform of unemployment benefits, which includes measures aiming at addressing the challenge of labour market segmentation, are also expected to bring a lasting positive impact.

(19) By addressing the aforementioned challenges, the recovery and resilience plan is expected to also contribute to correcting the imbalances[4] that France is experiencing, notably with respect to high government debt, weak competitiveness and low productivity growth, which have cross-border relevance.

Contribution to growth potential, job creation and economic, social and institutional resilience

(20) In accordance with Article 19(3) point (c) and section 2.3 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a high impact (Rating A) on 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 on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within France, through investments in less developed regions (such as outermost regions) and within the Union.

(21) Simulations by the Commission services show that the plan has the potential to increase the GDP of France by between 0,6% and 1,0% by 2024[5]. The recovery and resilience plan includes a significant number of investments that should strengthen

[4] These macroeconomic imbalances refer to the recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in 2019 and 2020.

[5] Such simulations reflect the overall impact of NGEU, which also includes funding for ReactEU, and increased funding for Horizon, InvestEU, JTF, Rural Development and RescEU. Such simulation does not include the possible positive impact of structural reforms, which can be substantial.

France’s growth potential as well as its economic, social and institutional resilience. The investments foreseen in the plan are expected to boost competitiveness and productivity, in particular the investments in R&D, key green technologies such as hydrogen, bio-sourced materials and the decarbonisation of industry, key digital technologies such as quantum computing, cloud computing and cybersecurity, and investments targeting key sectors such as aeronautics. Measures that expand fast broadband network coverage in rural areas and outermost regions, strengthen equity of SMEs, increase the resources of research organisations and higher education institutions, improve public-private cooperation in R&D, and improve digital education and skills, are expected to further bolster France’s growth potential and stimulate job creation.

(22) The plan also includes several reforms that address structural challenges faced by France and that should contribute to greater economic, social and institutional resilience. A reform of the public finance governance framework is expected to reinforce budgetary commitments, enhance the quality of public spending, and to contribute to stabilise and ultimately reduce public debt. A reform of the unemployment benefit system should strengthen incentives for employment and provide more legal stability for employers, while expanding coverage over time. The plan also includes reforms that are expected to reduce administrative and regulatory burdens, enhance the attractiveness of research careers, and increase public funding of R&D.

(23) The recovery and resilience plan envisages significant investments to address social challenges and improve social cohesion and integration of some vulnerable groups (disadvantaged youth, persons with disabilities, and elderly people). To foster educational attainment and labour market integration of young people, investments include support to apprenticeships, targeted hiring subsidies, early school leaving prevention programmes, the creation of additional places in boarding schools and the tertiary and vocational education system, increased State guarantees on student loans, and a temporary increase in the resources of the public employment service. Investments in the digitalisation of educational materials and equipment should enable schools to offer distance learning, thereby increasing institutional resilience. Investments in health should further improve social and territorial cohesion. The plan includes investments in the modernisation and the digitalisation of the health system, with measures such as the introduction of electronic health records, which are expected to improve efficiency and accessibility of care, and in the renovation of residential care homes for elderly people, to allow for a higher quality of care. Social cohesion is also supported by renovations in social housing which should contribute to limiting energy poverty as well as the digitalisation of the administration, which is expected to improve public services.

(24) Several reforms are expected to further strengthen social resilience and cohesion. Reforms to the health system aim to improve the attractiveness of the careers of health personnel and facilitate the organisation of local care. The renewed strategy adopted by the public employment service is expected to better counsel jobseekers, including through a new diagnostic and guidance methodology. Moreover, a reform of the unemployment insurance should incentivise companies to offer more permanent contracts over shorter fixed-term ones. Other reforms regulate the relations between the State and local territories, allowing for more flexible modalities of transfer of powers from the State to local territories, with streamlined decision making to

strengthen institutional resilience as well as territorial cohesion. In addition, the cross-cutting reform of public service, through revised recruitment procedures and reinforcement of the equal treatment and opportunity principle, is expected to further contribute to the social cohesion.

Do no significant harm

(25) In accordance with Article 19(3) point (d) and section 2.4 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to ensure that no measure (Rating A) 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').

(26) France's recovery and resilience plan includes a systematic assessment of each measure against the principle of 'do no significant harm'. The information provided allows to assess that measures comply with the principle, for instance by providing justifications on the modalities of application of the existing Union and French legislative framework to avoid any significant harm.

(27) For some measures where calls for projects or calls for interest are still necessary to select specific projects in the future, for example measures related to the fourth '*Programme d'Investissements d'Avenir*' or to the decarbonisation of industry, the principle of 'do no significant harm' is complied with by ensuring, in particular through appropriate milestones associated with these measures, that the terms of reference of the calls for projects or calls for interest prevent activities that could do significant harm to environmental objectives from being selected.

Contribution to the green transition including biodiversity

(28) In accordance with Article 19(3) point (e) and section 2.5 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 46,0% of the plan's total allocation calculated in accordance with the methodology of Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of Regulation (EU) 2021/241, the recovery and resilience plan is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(29) The plan includes structural and long-lasting investments in the energy renovation of the public and private buildings stock, clean mobility infrastructures and vehicles, as well as the decarbonisation of industrial processes, putting France on the path towards a substantial and sustainable reduction of greenhouse gas emissions and therefore to climate transition. The plan also features significant intangible investments in R&D and innovation, in particular in the field of green technologies under the fourth '*Programme d'Investissements d'Avenir*' that should promote the deployment of renewable and low-carbon hydrogen as a way to support the decarbonisation of the economy, and to support the aeronautics industry to transition towards a low-carbon industry. In terms of environmental transition, the plan should directly contribute to the preservation of biodiversity through investments in protected areas, ecological restoration operations, improvement of the forest management and extension of wooded areas. Other investments (in circular economy and in particular in the field of

plastic materials, in the fight against the artificialisation of soils, in management of water resources and waste, as well as in the agricultural transition) should also contribute to the green transition. Finally, the Climate and Resilience Law, the implementation decrees on the circular economy and the 'green budgeting' of public spending should ensure a lasting impact of the French recovery and resilience plan on the green transition, including on biodiversity and environmental protection.

(30) Reforms and investments should make a significant contribution to advance the decarbonisation and climate objectives of France as set out in France's National Energy and Climate Plan as well as in the '*Stratégie Nationale Bas Carbone*', whose 2020 revision sets the roadmap to achieve carbon neutrality by 2050. The French recovery and resilience plan mainly focuses on energy efficiency measures, in particular in the building and industry sectors, and reduction of greenhouse gas emissions. As regards renewable energy, the emphasis on renewable and low-carbon hydrogen production as well as other electrification measures, e.g. in the transport sector, is expected to lead to increased consumption of renewable electricity, to the extent that the additional electricity demand is met by additional renewable electricity production. In addition, the facilitation of administrative requirements for the deployment of renewable investments included in the ASAP Law ("*Accélération et simplification de l'action publique*" – Acceleration and Simplification of Public Action) may foster the development of additional renewable electricity capacity. Therefore, the French plan is expected to contribute to the Union's energy and climate targets for 2030 and the objective of EU Union climate neutrality by 2050.

Contribution to the digital transition

(31) In accordance with Article 19(3) point (f) and section 2.6 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 21,3% of the plan's total allocation calculated in accordance with the methodology of Annex VII to Regulation (EU) 2021/241.

(32) The recovery and resilience plan's investments for digital transition contribute to tackling France's challenges, for instance by improving connectivity, fostering the digitalisation of firms, and improving digital education and skills. Investments foreseen in the area of digital connectivity such as ultrafast broadband plan, should have a lasting impact, addressing both structural weaknesses and contributing to improve technological resilience while increasing cohesion among the whole territory, including rural areas. The recovery and resilience plan builds on existing initiatives such as "France Num" to increase the digitalisation of 200°000 SMEs by 2024 while providing employees with the necessary support to manage their transition to digital technologies. The plan also includes investment to support education and employment, including specific interventions for digital skills development, such as a complementary allocation to the individual learning accounts for training in "jobs of the future", targeting the training of 25000 people in digital professions. These investments will support the implementation of the comprehensive strategy for the digitalisation of education, in particular for primary and secondary schooling. Measures to improve digital skills specifically are key to address France's structural issues related to the persistent lack of digital skills among the French population, which in 2019 was below the Union average and contribute reaching the Digital

Decade target of 80% of Union citizens with basic digital skills by 2030 and 20°000°000 information and communications technology specialists.

(33) Moreover, the plan includes a crosscutting approach to the digital transition of the country. The plan includes digital investments covering research, innovation, deployment of new technologies, digitalisation of the State and the territories, cybersecurity, electronic identity and eHealth. Cybersecurity investments should strengthen public services whose disruption would have a strong impact on citizens. Significant investments in eHealth should support the national digital health services infrastructure and project management. The plan also supports a number of actions for the deployment of key digital capacities, mainly through the *Programme d'Investissements d'Avenir*. The areas targeted include cybersecurity, 5G, quantum, cloud computing as well as digital education and cultural and creative sectors. The recovery and resilience plan details the participation of the country in two planned digital Important Projects of Common European interest: one on next generation cloud and edge computing and the other on microelectronics and communication technologies, both to be supported under Regulation (EU) 2021/241 via the '*Programme d'Investissements d'Avenir*'.

Lasting impact

(34) In accordance with Article 19(3) point (g) and section 2.7 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a lasting impact on France to a large extent (Rating A).

(35) The implementation of the investments and reforms envisaged by France in its recovery and resilience plan should have a lasting impact on the country's economic, social and institutional resilience. The investments in technology, innovation such as green technologies, digital, health, and in skills and digital transition envisaged in the plan should have an impact on productivity and thus on the potential growth of the French economy. The measures aimed at increasing employability, particularly of young people, should also have a positive effect on potential growth in the long term. The youth employment policy in the plan is both innovative in its scope and likely to have a lasting impact through its expected effects on employment and social inclusion. The resilience, efficiency and accessibility of the health sector should be strengthened through the implementation of the national health system reform strategy, the modernisation of infrastructure as well as the digitalisation of health. It is expected to improve the availability of certain health services in underserved regions, such as rural areas and outermost regions. The ecological transition is supported by several specific reforms including the Climate and Resilience Law and the Mobility Law. The research reform and related investments should allow France to make some progress towards the 3% of GDP target for R&D by gradually increasing public spending on R&D and strengthening public/private cooperation. The investments to support the transformation of higher education institutions should have high spill over effects that should be beneficial to the economy and society (as a whole, incentivising the transition of these institutions to excellence, increasing the diversification of resources and their role in the innovation chain should have a lasting impact). Finally, specific measures presented in the plan should contribute to the objective of long-term sustainability of public finances.

(36) Lasting impact of the plan can also be enhanced through synergies between the plan and other programmes financed by the cohesion policy funds, notably by addressing in

a substantive manner the deeply rooted territorial challenges and promoting a balanced development.

Monitoring and implementation

(37) In accordance with Article 19(3) point (h) and section 2.8 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan are adequate (Rating A) to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators.

(38) The Ministry of Economy, Finances and Recovery, together with the General Secretariat of European Affairs, is responsible for the monitoring and implementation of the French recovery and resilience plan. Milestones and targets are clear, realistic and well-suited to tracking progress in implementation of the recovery and resilience plan, with relevant, acceptable and robust related indicators, covering all reforms and investments featured in the plan.

(39) The milestones and targets of the French plan constitute an appropriate system for monitoring the plan's implementation. They are sufficiently clear and comprehensive to ensure that their completion is traced and verified.

(40) The verification mechanisms, data collection and responsibilities described by the French authorities appear sufficiently robust to justify in an adequate manner the disbursement requests once the milestones and targets are assessed as completed.

(41) Member States should ensure that financial support under the Facility is communicated and acknowledged in line with article 34 of Regulation (EU) 2021/241. Technical support may be requested under the Technical Support Instrument to assist Member States in the implementation of their plan.

Costing

(42) In accordance with Article 19(3) point (i) and section 2.9 of Annex V to Regulation (EU) 2021/241, the justification provided in the plan on the amount of the estimated total costs of the recovery and resilience plan is to a medium extent (Rating B) reasonable and plausible and is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(43) France has generally provided breakdowns of costs for the measures, with references to earlier similar projects or studies carried out to justify cost figures and adequate explanations of the methodology used to establish total costs. For the various measures where costs may not be determined in detail beforehand because projects are selected through competitive procedures such as calls for proposals, the recovery and resilience plan generally provides justification, using past experience, that the costs are not disproportionate to the aims of the measure. The assessment of the cost estimates and supporting documents show that most of the costs are reasonable and plausible. However, the fact that sometimes the methodology used is not sufficiently well explained and the link between the justification and the cost itself is not fully clear precludes an A rating for this assessment criterion. Finally, the estimated total cost of the recovery and resilience plan is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of financial interests

(44) In accordance with Article 19(3) point (j) and section 2.10 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan and the additional measures contained in this Decision are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding from that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with EU law, including for preventing, detecting and correcting corruption, fraud and conflicts of interests, and for protecting the Union finances in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council.

(45) The national recovery and resilience plan describes in an appropriate way the system for the implementation of the recovery and resilience plan in France. The national regulatory framework represents a robust internal control system whereby clear roles and responsibilities are distributed to the competent actors. At central government level, the Minister of Economy, Finance and Recovery is responsible for steering the recovery plan, in permanent consultation with the General Secretariat for European Affairs (SGAE). The plan is monitored by the "*Secrétariat Général France Relance*" attached to the Prime Minister and the Minister of Economy. The implementation is delegated to the Ministries by means of "*conventions de délégation de gestion*" and "*chartes de gestion*". In particular, the controls on the milestones and targets are delegated to the Ministries in charge of the implementation of the components through the "*convention de délégation de gestion*". A circular is expected to be signed by the Prime Minister prior to the submission of first payment claim relative to (i) the system organisation and the obligations of each structure in terms of ensuring reliability and control of data; (ii) the procedures for collecting and storing data on monitoring indicators. In accordance with the Regulation, all the standardised categories of data set out in Article 22(2)(d) shall be collected. With regard to the internal control system, the authorities in charge of the recovery and resilience plan should rely on the national system in place in France to control the national budget. The "*Commission interministérielle de Coordination des Contrôles*" (CiCC) is appointed as the national audit and control coordinator. The CiCC aims to protect the financial interests of the Union in France. With its own power of control, it ensures that European funds are used in accordance with Union and national rules. It also has a mission to prevent and sanction fraud. Verification, inspection and audit missions should ensure the effectiveness of these systems and to control the quality of the data transmitted for the most significant measures. It has adopted already in 2016 a national strategy to combat fraud against European funds, and disposes of several actors in the fight against fraud. France has put in place adequate arrangements to avoid double funding under Regulation (EU) 2021/241 and other Union programmes.

Coherence of the plan

(46) In accordance with Article 19(3) point (k) and section 2.11 of Annex V to Regulation (EU) 2021/241, the plan includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(47) The French recovery and resilience plan is structured around nine coherent components, which support the common objectives to stimulate the recovery of the French economy, to contribute to the green and digital transition and to increase

France’s resilience towards sustainable and inclusive growth. Each component is built around consistent packages of both reforms and investments, with measures that are mutually reinforcing or complementary. Synergies also exist across the various components and no measure contradicts or undermines the effectiveness of another.

Equality

(48) Gender equality and equal opportunities for all are addressed through reforms and investments supporting education, vocational training and access to employment of youth, including for children and youth from disadvantaged background. These also include specific measures to incentivise the recruitment of workers with disabilities, including in the public service. The plan also contains reforms and investments to improve of the quality of life and care of older persons. As regards gender equality, key measures include the transformation of the public service with quantitative objectives for women in management positions as well as pay transparency obligations for companies. Companies benefitting from measures under Regulation (EU) 2021/241 are expected to contribute to economic, social, and environmental transformations, notably through an obligation for companies to publish an index measuring progress in the area of gender equality.

Security self-assessment

(49) France has provided a security self-assessment for investments in digital capacities and connectivity in accordance with Article 18(4) point (g) of Regulation (EU) 2021/241. Such assessment is present in the plan for the following three measures: the ultrafast broadband plan (‘plan France très haut débit’), the digitalisation of the State and Territories, and mobility and teleworking in the Ministry of Interior.

Cross-border and multi-country projects

(50) France is participating in cross-border and multi-country projects in three distinct fields. In cooperation with other Member States to promote hydrogen technology, France should participate in planned Important Projects of Common European interest (IPCEI) aiming at fostering renewable and low-carbon hydrogen production and use. A second planned IPCEI is focusing on next generation cloud and edge computing, to increase Europe's digital leadership in future data processing and improve the European offer of infrastructure and cloud services. A third planned IPCEI on microelectronics and communication technologies (including 5G/6G) should aim to reinforce Europe’s innovative technologies in this field.

Consultation process

(51) The consultation process was coordinated by the Ministry of Economy and Finance and involved relevant stakeholders, including employers’ organisations, trade unions, enterprises, economists, non-governmental organisations and think thanks. The Parliament contributed to the design of the plan, while regional and local authorities were consulted through specific committees. Social partners were consulted on the plan on four occasions, through the “*Conseil économique, social et environnemental”* (CESE). To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the plan.

Positive assessment

(52) Following the positive assessment of the Commission concerning the French recovery and resilience plan with the finding that the plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of that Regulation, this Decision should set out the reforms and investment projects necessary for the implementation of the plan, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the plan in the form of non-repayable financial support.

Financial contribution

(53) The estimated total cost of the recovery and resilience plan of France is EUR 40 950 000 000. As the recovery and resilience plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the recovery and resilience plan is higher than the maximum financial contribution available for France, the financial contribution allocated for France's recovery and resilience plan should be equal to the total amount of the financial contribution available for France.

(54) In accordance with Article 11(2) of Regulation (EU) 2021/241, the calculation of the maximum financial contribution for France is to be updated by 30 June 2022. As such, in accordance with Article 23(1) of that Regulation, an amount for France should be made available now for a legal commitment by 31 December 2022. Where necessary following the updated maximum financial contribution, the Council, on a proposal from the Commission, should amend this Decision to include the updated maximum financial contribution without undue delay.

(55) The support to be provided is to be financed from the borrowing by the Commission on behalf of the Union on the basis of Article 5 of Council Decision (EU, Euratom) 2020/2053[6]. The support should be paid in instalments once France has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

(56) France has requested pre-financing of 13% of the financial contribution. That amount should be made available to France subject to the entry into force and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241.

(57) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any other Union programme than Regulation (EU) 2021/241 or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1

Approval of the assessment of the recovery and resilience plan

The assessment of the recovery and resilience plan of France on the basis of the criteria provided for by Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and

[6] OJ L 424, 15.12.2020, p. 1.

investment projects under the recovery and resilience plan, the arrangements and timetable for monitoring and implementation of the recovery and resilience plan, including the relevant milestones and targets, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.

Article 2
Financial contribution

1. The Union shall make available to France a financial contribution in the form of non-repayable support amounting to EUR 39 368 318 474[7]. An amount of EUR 24 323 387 303 is available to be legally committed by 31 December 2022. Subject to the update provided for in Article 11(2) of Regulation (EU) 2021/241 calculating an amount for France equal to or more than this amount, a further amount of EUR 15 044 931 171 is available to be legally committed as of 1 January 2023 until 31 December 2023.

2. The Union financial contribution shall be made available by the Commission to France in instalments in accordance with the Annex to this Decision. An amount of EUR 5 117 881 402 shall be made available as a pre-financing payment, equal to 13 per cent of the financial contribution. The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The pre-financing shall be released subject to the entry into force and in accordance with the Financing Agreement provided for in Article 23(1) of the Regulation (EU) 2021/241. The pre-financing shall be cleared against the payment of the instalments.

4. The release of instalments in accordance with the Financing Agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that France has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan. Subject to the entry into force of the legal commitments referred to in paragraph 1, to be eligible for payment, milestones and targets shall be completed no later than 31 August 2026.

Article 3
Addressee of the Decision

This Decision is addressed to the French Republic.

Done at Brussels,

For the Council
The President

[7] This amount corresponds to the financial allocation after deduction of France's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.