

# EU recovery package: Council adopts Recovery and Resilience Facility

Member states are working to turn the €672.5 billion Recovery and Resilience Facility into concrete action

The EU is working to turn its €750 billion recovery package into action.

The Council today adopted a regulation establishing the Recovery and Resilience Facility, which lies at the heart of the EU's recovery plan. It will make €672.5 billion in grants and loans available for public investment and reforms in the 27 member states to help them address the impact of the COVID-19 pandemic, to foster the green and digital transitions and to build resilient and inclusive societies.

Member states will receive support from the facility on the basis of their national recovery and resilience plans, which are currently under preparation.



With the Recovery and Resilience Facility in place, it is time to focus all efforts on the preparation and submission of ambitious national recovery and resilience plans. The new facility offers the EU member states the unprecedented possibility of supporting recovery from the COVID-19 crisis and of undertaking green and digital transitions in an inclusive way. We need to make the best use of this opportunity.

*João Leão, Portugal's Minister for Finance*

## **Measures supported and main requirements**

Under the new regulation, member states will need to set out in their national recovery and resilience plans a coherent package of reforms and investment projects, covering six policy areas of European relevance:

- the green transition
- digital transformation
- smart, sustainable and inclusive growth and jobs
- social and territorial cohesion
- health and resilience
- policies for the next generation, children and youth, including education and skills

Support will be linked to country-specific recommendations under the European

Semester, which identify central challenges for each member state to address to strengthen competitiveness as well as social and economic cohesion. It will also contribute to the implementation of the European Pillar of Social Rights.

Some of the key requirements concern the EU's green and digital objectives. At least 37% of each plan's allocation has to support the green transition and at least 20% the digital transformation. In addition, all measures included in member states' plans should respect the 'do no significant harm' principle, to protect the EU's environmental goals.

Importantly, member states will also need to ensure that adequate control systems are put in place to prevent, detect and correct corruption, fraud and conflicts of interest.

## **Approval process and financing**

Member states have until 30 April, as a rule, to submit their recovery and resilience plans to the Commission. Then, generally, the Commission will have up to two months to assess the plans and subsequently the Council will have four weeks to adopt its decision on the final approval of each plan.

For the plans approved in 2021, member states will be able to get pre-financing of up to 13% of the grants and loans provided for in their plan. The rest of the funds will be paid based on the achievement of the agreed milestones and targets.

For the money to start flowing, however, the EU's own resources decision needs to be ratified in all member states first, since the decision authorises the Commission to borrow on the capital markets to address the consequences of the COVID-19 crisis.

## **Next steps**

The regulation will be signed tomorrow. It is expected to be published in the Official Journal on 18 February and will enter into force the following day.