

THE EU RESPONSE TO COVID-19 ECONOMIC CRISIS AND CHALLENGES AHEAD

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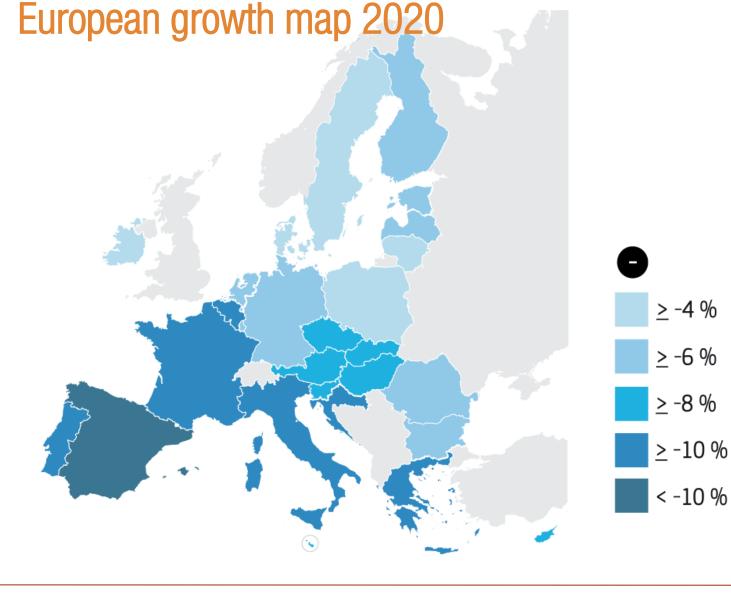




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Sudden common negative shock with an heterogeneous impact on MS

Not caused by economic imbalances



	Real GDP			Inflation		Unemployment rate		Current account		Budget balance					
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Belgium	-6.3	4.5	3.7	0.4	1.8	1.5	5.6	6.7	6.5	0.1	-0.1	-0.5	-9.4	-7.6	-4.9
Germany	-4.9	3.4	4.1	0.4	2.4	1.4	3.8	4.1	3.4	7.2	7.8	6.9	-4.2	-7.5	-2.5
Estonia	-2.9	2.8	5.0	-0.6	1.6	2.2	6.8	7.9	6.3	-1.0	1.9	1.7	-4.9	-5.6	-3.3
Ireland	3.4	4.6	5.0	-0.5	0.9	1.3	5.7	10.7	8.1	4.6	4.5	4.2	-5.0	-5.0	-2.9
Greece	-8.2	4.1	6.0	-1.3	-0.2	0.6	16.3	16.3	16.1	-7.8	-7.6	-5.3	-9.7	-10.0	-3.2
Spain	-10.8	5.9	6.8	-0.3	1.4	1.1	15.5	15.7	14.4	0.7	-0.1	0.3	-11.0	-7.6	-5.2
France	-8.1	5.7	4.2	0.5	1.4	1.1	8.0	9.1	8.7	-2.0	-1.7	-1.2	-9.2	-8.5	-4.7
Italy	-8.9	4.2	4.4	-0.1	1.3	1.1	9.2	10.2	9.9	3.5	2.9	3.1	-9.5	-11.7	-5.8
Cyprus	-5.1	3.1	3.8	-1.1	1.7	1.1	7.6	7.5	7.2	-11.8	-11.0	-8.9	-5.7	-5.1	-2.0
Latvia	-3.6	3.5	6.0	0.1	1.7	2.0	8.1	8.2	6.9	3.0	-0.4	-0.4	-4.5	-7.3	-2.0
Lithuania	-0.9	2.9	3.9	1.1	1.9	1.9	8.5	8.3	7.1	7.6	6.0	5.8	-7.4	-8.2	-6.0
Luxembourg	-1.3	4.5	3.3	0.0	2.1	1.6	6.8	7.4	7.3	6.5	7.9	8.6	-4.1	-0.3	-0.1
Malta	-7.0	4.6	6.1	0.8	1.2	1.5	4.3	4.3	3.8	-1.3	-1.9	0.1	-10.1	-11.8	-5.5
Netherlands	-3.7	2.3	3.6	1.1	1.6	1.4	3.8	4.3	4.4	7.8	8.1	8.6	-4.3	-5.0	-1.8
Austria	-6.6	3.4	4.3	1.4	1.8	1.6	5.4	5.0	4.8	2.7	2.2	2.7	-8.9	-7.6	-3.0
Portugal	-7.6	3.9	5.1	-0.1	0.9	1.1	6.9	6.8	6.5	-1.1	-0.8	-0.4	-5.7	-4.7	-3.4
Slovenia	-5.5	4.9	5.1	-0.3	0.8	1.7	5.0	5.0	4.8	5.4	4.3	3.3	-8.4	-8.5	-4.7
Slovakia	-4.8	4.8	5.2	2.0	1.5	1.9	6.7	7.4	6.6	-1.5	-0.3	-0.4	-6.2	-6.5	-4.1
Finland	-2.8	2.7	2.8	0.4	1.2	1.2	7.8	7.6	7.2	0.3	0.0	0.5	-5.4	-4.6	-2.1
Euro area	-6.6	4.3	4.4	0.3	1.7	1.3	7.8	8.4	7.8	3.0	3.1	3.1	-7.2	-8.0	-3.8
Bulgaria	-4.2	3.5	4.7	1.2	1.6	2.0	5.1	4.8	3.9	4.1	6.0	7.5	-3.4	-3.2	-1.9
Czechia	-5.6	3.4	4.4	3.3	2.4	2.2	2.6	3.8	3.5	0.1	-0.3	-0.8	-6.2	-8.5	-5.4
Denmark	-2.7	2.9	3.5	0.3	1.3	1.3	5.6	5.5	5.2	7.8	8.0	8.4	-1.1	-2.1	-1.4
Croatia	-8.0	5.0	6.1	0.0	1.3	1.3	7.5	7.2	6.6	-1.1	-2.0	-0.7	-7.4	-4.6	-3.2
Hungary	-5.0	5.0	5.5	3.4	4.0	3.2	4.3	4.3	3.8	-0.3	-0.6	-0.5	-8.1	-6.8	-4.5
Poland	-2.7	4.0	5.4	3.7	3.5	2.9	3.2	3.5	3.3	3.1	2.8	2.1	-7.0	-4.3	-2.3
Romania	-3.9	5.1	4.9	2.3	2.9	2.7	5.0	5.2	4.8	-5.0	-4.9	-4.6	-9.2	-8.0	-7.1
Sweden	-2.8	4.4	3.3	0.7	1.8	1.1	8.3	8.2	7.5	5.4	6.0	6.7	-3.1	-3.3	-0.5
EU	-6.1	4.2	4.4	0.7	1.9	1.5	7.1	7.6	7.0	3.0	3.1	3.1	-6.9	-7.5	-3.7

RAPID OR SHORT-TERM MEASURES Temporary added flexibility to common regulatory frameworks Anti-crisis banking package (April Temporary framework of State aid Easing of fiscal rules via the activation 2020) and Quick-fix (Amendment to (March 2020 y updates) of SGP escape clause (March 2020) **CRR, June 2020)** Triple safety net: support to employement and workers, firms and EU Governments - €540 bn SURE - €100 bn EIB - €200 bn ESM - €240 bn **EU Budget Amendenments for 2020 MEDIUM-TERM MEASURES** NEXT Generation EU (NGEU) - €750 bn Multiannual Financial Framework (MFF) for 2021-2027

- EU level response: Rapid, flexible, with a solidarity component.
- A forward looking, common effort, aiming at:
- (i) Limiting damage in the short term.
- (ii) Enabling the response at national level (€3600 bn).
- (iii) Fostering the recovery from the shock.
- (iv) Avoiding an increase in heterogeneity and inequality among MS due to Covid.
- v) Making the EU economy more resilient and able to successfully address climate and digital transitions (NGEU).

NEXT GENERATION EU (NGEU) THE MOST INNOVATIVE ELEMENT OF THE RESPONSE



NEXT GENERATION EU (Temporary)

Commitments to 2023 Disbursements to 2026

€750 billion (1.8% of GDP/year over 3 years)

- Grants and budgetary guarantees:
 €390 billion
- Loans: €360 billion

Financed with debt issued by the EC (maturity to 2058)

2021-2027 Multiannual Financial Framework

€1,074 billion (1.1% of GDP/year over 7 years)

Financed with Member State contributions

FUNDS FOR NATIONAL PROGRAMMES

(Investment and structural reforms)
Total: €672.5 billion (1.6% of GDP/year)

RECOVERY AND RESILIENCE FACILITY (embedded in the European Semester)

- Grants: €312.5 billion (0.75% of GDP/year)
 70% committed in 2021 and 2022
 30% committed by the end of 2023
- Loans: €360 billion (0.85% of GDP/year)

FUNDS FOR PAN-EUROPEAN PROGRAMMES Total: €77.5 billion (0.2% of GDP/year)

- REACT-EU: accelerated disbursement of cohesion funds Resources: €47.5 billion
- InvestEU: building on the former Juncker Plan Resources: €5.6 billion
- Other: support for research and innovation, the ecological transition, rural development and catastrophes.
 Resources: €24.4 billion

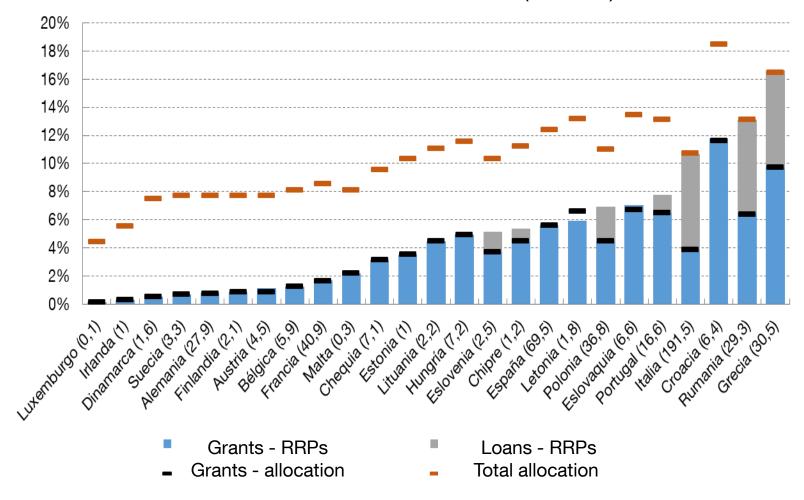
NGEU €750 bn (2018 prices)

5% of EU GDP

An EU instrument:

- Linked to EU MFF.
- **Temporary** (2021-26).
- Financed through debt issuance.
- combination of grants & loans to fund national programmes: the Recovery & Resilience Facility (RRF)

GRANTS AND LOANS PER COUNTRY/RRP (% GDP)



RECOVERY & RESILIENCE FACILITY

Total €672.5 bn (1.6%GDP/year)

Grants €312.5 bn (0.75%GDP/year)

Loans €369 bn (0.85%GDP/year)

RRF provides **grants & loans** to MS to fund recovery programmes (RRPs):

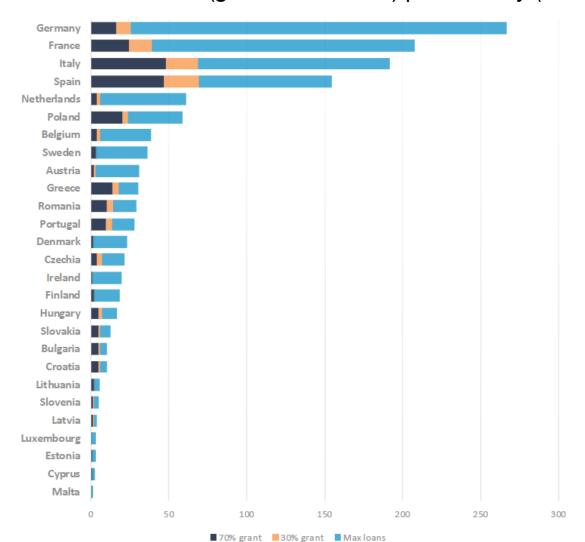
- RRPs consist of structural reforms & investments.
- Disbursements are linked to milestones & targets.

Criteria for allocation of grants to MS:

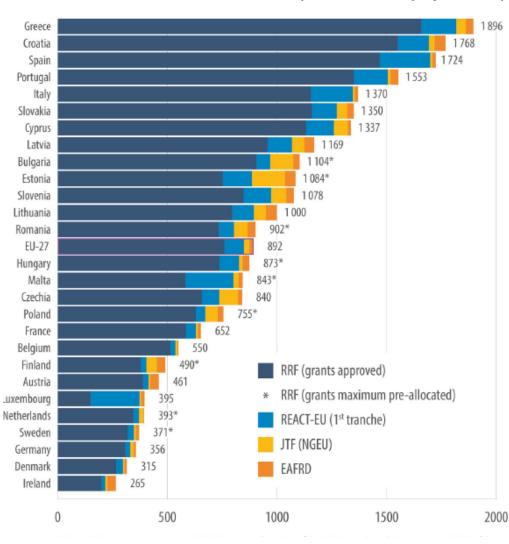
- 70%: population, inverse GDP per cap.: average unempl. 2015-19.
- real GDP loss 2020 & accumulated GDP loss 20-21 (data June 2022).

Loans: up to 6.8% of GDP

RRF allocation (grants and loans) per country (€ bn)



NGEU contributions per country (per cápita)

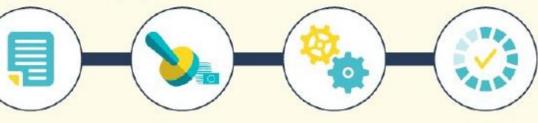


RECOVERY AND RESILIENCE PLANS ROADMAP: A VERY TIGHT SCHEDULE

Member states submit draft recovery and resilience plans from 15 October 2020 Member state are expected to submit their plans by 30 April 2021. Plans can be amended at a later stage

Council of EU assesses and adopts plans based on the Commission proposal

Payments to member states begin. Prefinancing up to 13% of grants and 13% of loans Commission regularly reports on implementation to Parliament and Council



European
Commission
discusses
plans with each
member state

Commission assesses plans and transmits to Parliament and Council Council can
suspend
adoption or
payments in case
of significant
non-compliance

Member states report on progress twice a year within the European Semester Independent evaluations in 2024 and, ex post, by 2028

020

Plans can include measures initiated from February 2020

2023

Recovery and Resilience resources for member states can be committed until end 2023 2026

Reforms and investments must be carried out by 2026

RRF process: adoption and implementation of RRPs

- Adoption: drafts discussed with COM; assessment by the COM (criteria); proposal from COM to Council of the EU (CID); adopted by the Council (Ecofin)
- New measures in RRPs: 2021-23.
- 13% prefinancing after adoption.
- Implementation: COM assesses M&T to open the disursements every 6 months.
- Last disbursements by end 2026
- Financing: the COM issues in financial markets.
- Bonds to be totally repaid by 2058
- Grants to be funded by EU (new) own resources

At least 37 % expenditure on climate
At least 20 % expenditure on digital transition

The six pillars of the RRF











Health,



Policies

for the next

Assessment process of RRPs:

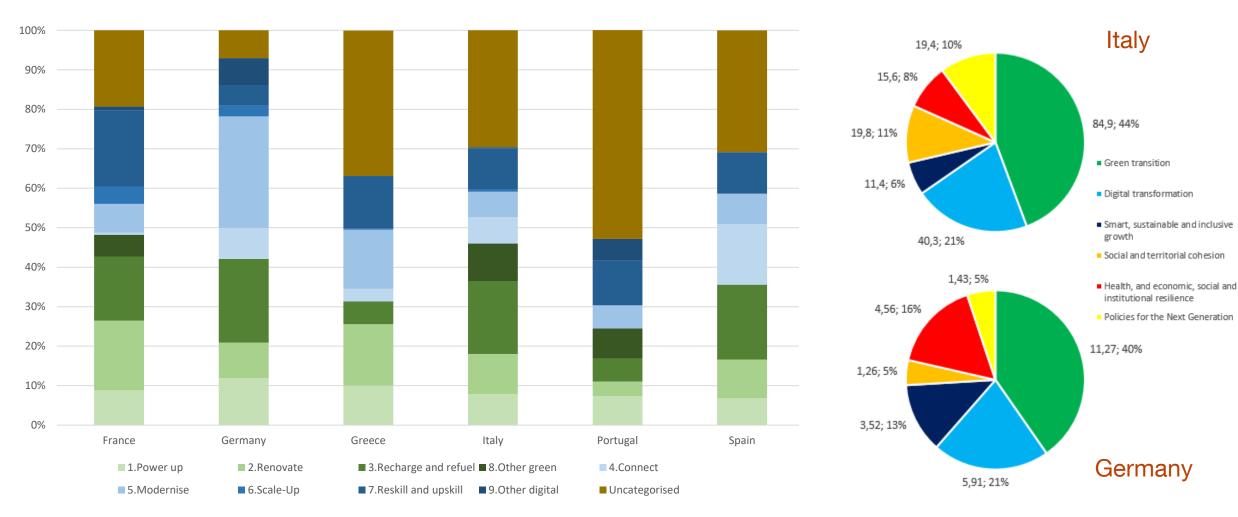
- **Scope** of the plan: 6 policy áreas (pillars).
- Horizontal principles:
 Additionality; "Do not significant harm"; Foster synergies with other EU programmes.
- CSR of the European
 Semester and NRPs.
- Rating of RRPs: across 11 criteria, rated into 3 categories.

RECOVERY AND RESILIENCE PLANS: ASSESSMENT CRITERIA



	(1) Comprehensive and balanced response	(2) Country- specific recommendatio ns	(3) Growth, jobs, economic, social and institutional resilience	(4) Do no significant harm to environment	(5) Green transition	(6) Digital transition	(7) Lasting impact	(8) Monitoring and implementation	(9) Cost justification	(10) Preventing corruption, fraud and conflicts of interests	(11) Coherence
Austria	А	А	А	А	А	Α	Α	А	В	A	Α
Belgium	А	Α	Α	А	Α	Α	Α	А	В	A	В
Croatia	Α	Α	A	Α	А	Α	Α	Α	В	A	Α
Cyprus	А	Α	А	А	Α	Α	Α	А	В	A	Α
Czechia	А	Α	Α	А	А	Α	Α	В	В	A	В
Denmark	Α	Α	А	А	А	Α	Α	А	В	Α	Α
France	А	Α	А	Α	А	Α	Α	Α	В	A	Α
Germany	А	Α	Α	Α	А	Α	Α	А	В	A	Α
Greece	А	Α	А	А	Α	Α	Α	А	В	A	Α
Italy	A	Α	Α	Α	A	Α	Α	Α	В	A	Α
Ireland	А	Α	Α	Α	А	Α	А	Α	В	A	Α
Latvia	Α	Α	Α	Α	Α	Α	А	А	В	A	Α
Lithuania	А	Α	A	Α	А	Α	Α	Α	В	A	Α
Luxembourg	Α	Α	A	А	Α	Α	Α	А	В	A	Α
Malta	А	Α	Α	А	A	Α	Α	А	В	A	Α
Portugal	А	Α	Α	А	Α	Α	Α	Α	В	A	Α
Romania	Α	Α	Α	А	А	А	А	А	В	A	Α
Slovakia	Α	Α	А	А	А	Α	Α	А	В	А	Α
Slovenia	Α	Α	Α	Α	А	Α	Α	Α	В	А	Α
Spain	A	Α	Α	Α	А	А	Α	А	В	A	Α

RRPs composition (%)



THE SPANISH RECOVERY AND RESILIENCE PLAN: PRTR

4	Main objectives)		Green transition (37% of invertigated transformation (33% of inver	,	€69.5	bn
			Gender equality		% of total (*)	
		1.	Urban and rural agenda, territorial cohesion	on and modernization o	f agriculture	19.2%
10	Policy levers)	2.	Resilient infrastructures and ecosystems			14.6%
	•	3.	A just and inclusive energy transition		10.7%	
		4.	An administration for the 21st century			6.0%
		5.	Modernization and digitisation of industry a business climate , recovery and transform sectors		-	20.5%
		6.	Promotion of science and innovation and national health system	strengthening the capa	bilities of the	8.1%
		7.	Education and knowledge, lifelong learn	ing and capacity buildin	ıg	12.7%
		8.	The new care economy and employment	policies		6.8%
		9.	Promotion of culture and sports industries	}		1.4%
		10.	Modernization of the tax and pension syst growth	em for inclusive and su	stainable	
30	Components)	÷	Coherent packages of investments and reforms			100%

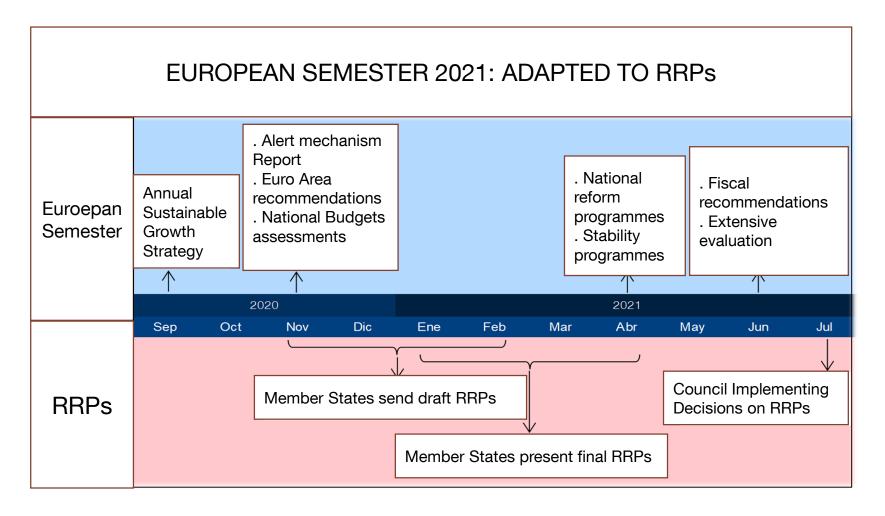
SPANISH RECOVERY, TRANSFORMATION AND RESILIENCE PLAN: MAIN INVESTMENTS



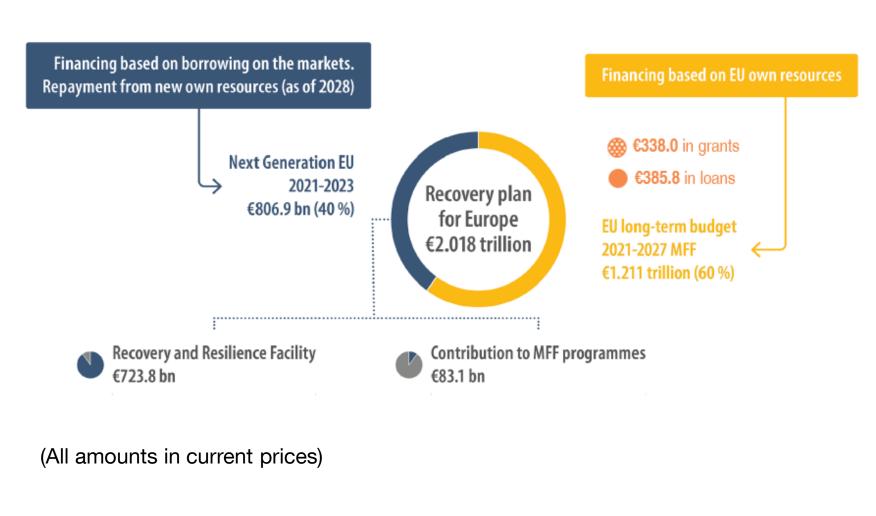
1. Sustainable, safe and connected mobility	12.4				
2. Building renovation wave and urban renewal	5.3				
3. 5G & 100% Connectivity	4				
4. Digital skills	3.5				
5. Modernization and competitiveness of tourism sector	3.4				
6. National system of Science Technology and innovation	3.3				
7. Renewable energy	3.1				
8. New Industrial Policy Spain 2030	2.8				
9. Modernization of Public Administration	2.6				
10. New labour market active policies	2.4				
11. New care economy	1.9				
12. Strategic Plan for Vocational Training	1.9				
13. Modernization and digitalization of the education system	1.6				
14. Roadmap for renewable hydrogen	1.5				
15. SME Digitalization	1.5				
16. Energy infrastructures, Smart networks, storage	1.3				
17. Renewal and modernization of the national health system	1				
18. National Strategy for Artificial Intelligence	0.5				
(Main investment plans in Spanish PRTR for 2021-23, bn €)					



- 1. Law on climate change
- 2. Energy reform
- 3. Modernization of the agricultural and fisheries policies soil protection and efficient use of water
- 4. Green strategy
- 5. Policy on waste management and circular economy
- 6. Strategy for sustainable, safe and connected mobility
- 7. New housing policy
- 8. Modernization of the justice system
- 9. Reform and digitalization of the Public Administration
- 10. Better regulation and improvement of the business environment insolvency framework reform
- 11. Modernization and strengthening of the national health system
- 12. Education, vocational training and university reform
- 13. Labour market reform
- 14. New care economy
- 15. Reform of social and inclusion policies
- 16. Tax reform
- 17 Pension reform



- The European Semester is the mechanism for economic policy coordination in the EU.
- It has been temporarily modified to accommodate RRF implementation.
- EurSem process: monitoring of the fiscal situation and the macroeconomic disequilibria of EU members.
- COM issues Country Specific Recommendations (CSR)
- RRPs should address the structural weaknesses identified in CSR.
- The incentive structure of RRF may help improve the EurSem enforcement procedures.

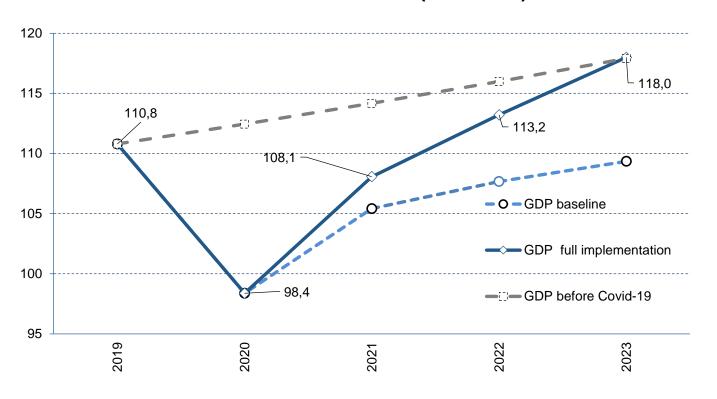


- To finance NGEU, the EC will raise from the capital markets up to €800 billion between June 2021 and end-2026, in current prices.
- This will translate into borrowing volumes of €150 billion per year on average.
- Thanks to the EU's high credit rating, EC can borrow on advantageous financial terms.
- The borrowing will be concentrated between mid-2021 and 2026. All borrowing will be repaid by 2058.
- The Commission will seek to raise 30% of the funds through the issuance of NGEU green bonds and use the proceeds to finance green policies.

DFS: a two-pillar strategy:

- LTF (long term funding): regular issuance of large and liquid EU-Bonds in order to establish a liquid benchmark curveacross the yield curve (3y-30y).
- STF (short term funding): to manage the liquidity risk by establishing an EU-Bill programme.
- Based on the de-linking of individual transactions from the disbursement side (moving away from back to back funding).
- Supported by regular communications to the markets: 6-months funding plans and a regular Newsletter to keep investors updated.
- Funding techniques: Auctions (for bills, 2/mo., and bonds, 1/mo.) and syndications (for bonds, 1/mo.).
- In the first four syndicated NGEU bond issuances the EC raised €54 billion. Largely oversubscribed and with an attractive cost of funding: EU now prices as a core Sovereign. The target for long term funding in 2021 is € 80bn.
- The EU-Bill programme started in September with a very successful transaction (in terms execution and price): the first EU-Bills auction raised €3bn in 3-months maturity and €2bn in 6-months maturity.
- The strategy ensures a steady and regular market presence, access to a large and well diversified investors' base, and flexibility to adapt to the changes in market environment.

GDP level in real terms (2015=100)



The medium-term outlook is conditional on the implementation of the RRPs

Estimate of the impact of RRPs:

- +800,000 Jobs over three year
- 1.2-1.5 peak impact 2021-27
- +0.4 to potential GDP growth in the longterm, to exceed 2%

Under prudent assumptions:

- Spillovers among EU countries not taken into account
- Additional funding from REACT-EU is not simulated
- 1.2 multiplier in 2021

Caveats

- Uncertainties: additionality, absorption capacity; crowding out/ or in of private investment?
- Lack of genuine EU projects

COMMISSION ESTIMATES OF NGEU INDUCED GDP GROWTH								
Belgium	0.5% - 0.9% by 2026	Cyprus	1.1% - 1.8% by 2026					
Denmark	0.4% - 0.6% by 2024	Latvia	1.3% - 2.0% by 2026					
Germany	0.4% - 0.7% by 2026	Lithuania	1.0% - 1.6% by 2026					
Greece	2.1% - 3.3% by 2026	Luxembourg	0.5% - 0.8% by 2026					
Spain	1.8% - 2.5% by 2024	Austria	0.4% - 0.7% by 2026					
France	0.6% - 1.0% by 2024	Portugal	1.5% - 2.4% by 2026					
Croatia	1.9% - 2.9% by 2026	Slovenia	1.1% - 1.7% by 2026					
Italy	1.5% - 2.5% by 2026	Slovakia	1.3% - 2.1% by 2026					
Czechia	0.8% - 1.2% by 2026	Ireland	0.3% - 0.5% by 2026					
Malta	0.7% - 1.1% by 2026							

Based on Commission staff assessment reports. Not including the impact of structural reforms, potential cross-country impacts, nor other NGEU programmes, different from RRF.

A Commission study including spillover effects estimates NGEU will induce around 1.5% higher real GDP in 2024. It finds EU-wide GDP effects are around one third larger when accounting for the spillover effects from individual-country measures. There are different spillover patterns across Member States:

- For small open economies with smaller allocations (LU, IE), spillover effects are the bulk of NGEU impact.
- For larger economies with deep trade integration (DE) spillovers account for more than half of the GDP effect.
- For closer economies (BU, KR, GR, IT) with large NGEU allocations, domestic effects dominate.

Additional policy action needed to:

- Address emerging risks
- Bankruptcy / insolvency risks.
- Expected developments in NPLs.
- Need to ensure and broaden access to finance in the recovery phase, also towards supporting the twin transition.

RRPs partly respond to these through e.g. insolvency and broader judicial reforms, set-up of publicly-backed equity funds.

- Deepen BU and CMU
- Capital Markets Union: Implementation of the 2020 CMU Action Plan.
- Banking Union: Strengthening and unifying banks' supervision and crisis management in the euro area.
 - Review EU Economic Governance

Revision of fiscal rules.



ADDITIONAL SLIDES



				,		
	(A)	(B)	(C)		(D)
Belgium	Max	0	€767 Mn	0,16%	€5.9 Bn	€32.8 Bn
Bulgaria		-	-	-	€6.3 Bn	€4.2 Bn
Czechia	Max	0	€923 Mn	0,40%	€7.1 Bn	€14.3 Bn
Denmark	Max	0	€208 Mn	0,06%	€1.6 Bn	€21.9 Bn
Germany	Max	0	€3328 Mn	0,10%	€25.6 Bn	€240.9 Bn
Estonia	Max	0	€127.73 Mn	0,45%	€1.0 Bn	€1.9 Bn
Ireland	Max	0	€130 Mn	0,03%	€1.0 Bn	€18.7 Bn
Greece	Max	Max	€3926 Mn	2,28%	€17.8 Bn	€12.4Bn
Spain	Max	0	€9035 Mn	0,75%	€69.5 Bn	€84.8 Bn
France	Max	0	€5122 Mn	0,21%	€39.4Bn	€168.4Bn
Croatia	Max	0	€819 Mn	1,56%	€6.3 Bn	€3.7 Bn
Italy	Max	Max	€24921Mn	1,44%	€68.9 Bn	€122.8 Bn
Cyprus	Max	€227 Mn	€159.51Mn	0,73%	€1.0 Bn	€1.5 Bn
Latvia	€1.8 Bn	0	€234 Mn	0,75%	€2.0 Bn	€2.0 Bn
Lithuania	Max	0	€286 Mn	0,56%	€2.2 Bn	€3.2 Bn
Luxembourg	Max	0	€13 Mn	0,02%	€0.1 Bn	€2.7 Bn
Hungary	Max	0	€93 Mn	0,65%	€7.2 Bn	€9.7 Bn
Malta	Max	0	€41.13 Mn	0,30%	€0.3 Bn	€0.9 Bn
Netherlands		-	-	-	€6.0 Bn	€55.3 Bn
Austria	Max	0	€455 Mn	0,12%	€3.5 Bn	€27.2 Bn
Poland	Max	€12.1 Bn	€4680 Mn	0,86%	€23.9 Bn	€34.8 Bn
Portugal	Max	€ 2.7 Bn	€2158 Mn	1,01%	€13.9Bn	€14.2 Bn
Romania	Max	Max	€3796 Mn	1,63%	€14.2 Bn	€15.0 Bn
Slovenia	Max	€0,7 Bn	€325 Mn	0,66%	€1.8 Bn	€3.2 Bn
Slovakia	Max	0	€819 Mn	0,84%	€6.3 Bn	€6.3 Bn
Finland	Max	0	€273 Mn	0,11%	€2.1 Bn	€16.4Bn
Sweden	Max	0	€416 Mn	0,08%	€3.3 Bn	€33.2 Bn
Total	€325.6Bn	€165.9 Bn	€63.9Bn	-	€338.2 Bn	€952.4Bn

A: Amounts requested

A1: Grants A2: Loans

B: Maximum pre-financing (13% of A)

C: Pre-financing B as a ratio to 2021 GDP

D: Maximum financial allocation:

- Max. total grants €312.5 bn in 2018 prices

- Max. Total loans €360 bn in 2018 prices

D1: Max. grants per MS in current prices

D2: Max. loans per MS in current prices

ANNEX: RECOVERY AND RESILIENCE FACILITY ROADMAP

Preparatory phase

Adoption phase

made available simultaneously to EP

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Implementation phase

Review phase

Member States prepare RRPs, undertaking public consultation, and expected to submit to COM by 30.04 (Measures started from 1 February 2020 are potentially eligible). COM informs EP and Council simultaneously of RRPs submitted.

Member States may submit an update of their RRP, once adopted, thus launching a new assessment process.

Within 2 months of submission, COM assesses RRPs, and may require additional information from the Member States.

COM informs EP and COM of its assessment simultaneously

In case of a positive assessment of the RRPs, COM submits to Council its assessment and a draft Council implementing decision

In case of a negative assessment of the RRP, COM delivers a duly justified assessment to the Member State

Council adopts the implementing decision assessing the RRPs within 4 weeks of submission (qualified majority voting)

Funding:

Once Council adopts the implementing decisions on RRPs:

- COM concludes individual commitments (and loan agreements, if applicable) with Member States
- Member States can request pre-financing
- Member States implement the RRPs

Within 2 months of receiving requests for payments, COM preliminary assesses whether milestones and targets are met.

In case of a preliminary positive assessment:

- COM submits assessment and requests EFC opinion on whether milestones and targets are reached (with possible involvement of the European Council)
- COM to submit to Comitology Committee a decision authorising disbursement (examination procedure; qualified majority voting)
- COM to submit its preliminary findings concerning satisfactory fulfillment of targets and milestones to Parliament

COM negative assessment shall lead to suspending payments In case of a negative assessment, COM may suspend payments

If no or limited progress in implementing the RRPs within 18 months of the adoption of the Council implementing decisions, COM shall terminate the individual commitment and loan agreement (if applicable)

Reporting:

- · COM to set up the recovery and resilience scoreboard (by December 2021)
- · Member States to report on progress every six months as part of the European Semester
- COM to provide an annual report on implementation of the RRF and to report (ex post) on expenditure financed by the RRE

RRPs adoption and implementation

- **Adoption**: drafts discussed with COM; assessment by the COM (criteria); proposal from COM to Council of the EU (CID); adopted by the Council (Ecofin)
- New measures 2021-23.
- 13% prefinancing.
- **Implementation:** M&T are assessed by COM to allow disursements every 6 mo.
- Last disbursements 2026
- Financing: COM issuance in financial markets. Bonds to be totally repaid by 2058
- Grants to be funded by EU (new) own resources

Reforms and investments need to be completed by August 2026, payments by 31.12.2026. Independent ex post evaluation by 20.02.2024 and by 31.12.2028