



Recovery and Resilience Facility

The climate and circularity impact of the recovery plans

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Policy objectives of the RRF

The Recovery and Resilience Facility will:

- **provide large scale financial support to both public investments and reforms** to accelerate the **recovery** and make Member States' economies **more resilient**
- **focus** on reforms and investments fostering the **green and digital transitions**
- aim to reduce **economic and social divergences** in the Union
- **complement** other EU initiatives (such as REACT EU and SURE) focusing on shorter term crisis repair actions.
- be fully **embedded in the European Semester** through national Recovery and Resilience Plans (RRPs) that are consistent with the country-specific recommendations

Financial dimension of the RRF

Recovery and Resilience Facility	
Grants	Loans
<ul style="list-style-type: none">• 2018 prices: €312.5 bln / Cur. prices: €338 bln• Maximum allocation formula based on pre-defined allocation key• Commitment of up to 70% of max allocation in 2021-2022; remaining commitment in 2023.• Pre-financing of up to 13% to be available in 2021	<ul style="list-style-type: none">• 2018 prices: €360 bln / Cur. prices: €386 bln• Request must be justified by higher financial needs linked to additional reforms and investments• Loans capped to 6.8% of MS GNI• Commitments by 2023• Pre-financing of up to 13% to be available in 2021

Recovery and Resilience Plans are proposed by MS

The Recovery and Resilience Facility will support measures in national Recovery and Resilience Plans (RRPs). These measures must be :

- **Proposed by the Member States**, in consultation with the Commission
- Consistent with:
 - ✓ Relevant country-specific recommendations
 - ✓ The EU's 2030 climate targets
 - ✓ National Energy and Climate Plans
 - ✓ Environmental objectives of the EU acquis and the European Green Deal
 - ✓ Territorial Just Transition plans
 - ✓ National Reform Programmes

RRP assessment criteria: green transition

- **Qualitative** (green transition) and **quantitative** criterion (at least 37% of RRP's total allocation supporting climate objectives)
- According to Annex V (2.5) of the Regulation, the Commission shall take into account the following elements for the **assessment of the plans on the green transition**:
 - the implementation of the envisaged measures is expected to **effectively contribute to the green transition**, including **biodiversity**, or 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

 - MS **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 (*see climate tracking*)

and

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

RRF climate tracking: general principles

Why?

- Within this framework, at least **37% of funds allocated in each RRP** have to support climate measures.

How?

- MSs should **specify and justify** whether and to what extent **each measure** (i.e., each reform and each investment) contributes principally (100%), significantly (40%) or has no impact (0%) on the climate objectives by:
 - ✓ **Choosing a single intervention field**, as set out by the climate tracking methodology in Annex VI
 - ✓ **Combining the coefficients with the associated cost estimates** of each measure allows assessing to what degree the plan contributes to the 37% climate target.

RRF climate tracking: in practice

- The methodology is based on the **Rio markers system** with some adaptations to take into account elements from the **Taxonomy Regulation**
- As a result, **Annex VI of the Regulation** contains **143 intervention fields** including **27 newly added sub-interventions** to account for higher or lower climate coefficients
- For example:
 - ✓ Intervention field **025** *Energy efficiency renovation of existing housing stock* accounts for a **40% climate coefficient**
 - ✓ Intervention field **025bis** accounts for a **100% climate coefficient**, provided that the **objective of the measure is on average compliant with the energy efficiency criteria for a medium-depth level renovation** (i.e., at least result in 30% primary energy savings)

RRF environmental tracking

- The tracking methodology also assigns **environmental coefficients** to the proposed measures under the same **intervention fields**:
 - There is **no quantified requirement** for the contribution of the RRP to environmental objectives
 - The environmental tagging can be used to **substantiate the contribution** of the plans to environmental objectives
 - A 100% environmental coefficient for a measure is considered as **equivalent to compliance with the Do No Significant Harm** principle for the relevant environmental objective

Do No Significant Harm in the RRF (1/2)

Why?

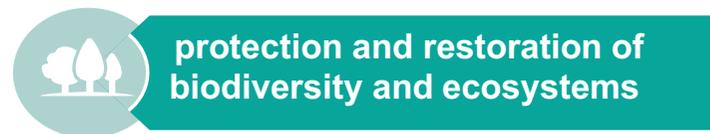
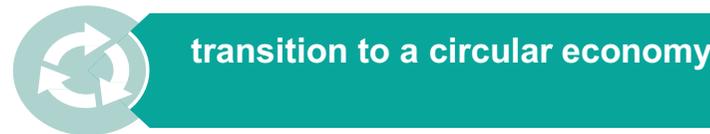
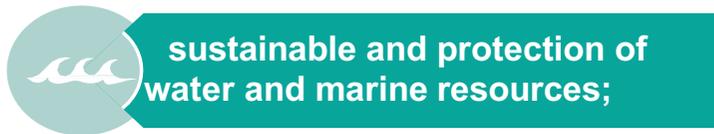
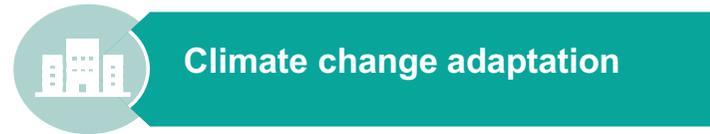
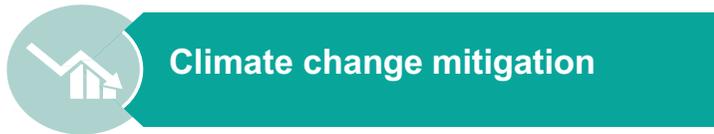
- The “**Do No Significant Harm**” (DNSH) principle originates from the [Taxonomy Regulation](#).
- A DNSH analysis has to be completed by the Member State **for all measures in its RRP** to ensure that none of the six key environmental objectives* is undermined.

How?

- Member States are asked to **answer a list of questions** on how each proposed measure avoids doing significant harm to any of the six environmental objectives.
- Answers to the questions will be **integrated into the RRP**s and used as a **checklist** to assess how the RRP supports actions in full respect of the DNSH principle.

Do No Significant Harm in the RRF (2/2)

Check that all RRP measures do not significantly harm any of the **6 environmental objectives**



Commitment to Green Bonds funding



Ursula von der Leyen, 2020

*“I can today announce that we will set a target of **30% of NextGenerationEU's 750 billion euro to be raised through green bonds.**”*

- Ursula von der Leyen, State of the Union address 2020

Member States plans – State of play

- All Member States are engaged in detailed discussions with the Commission since the Autumn
- About 80% of Member States have sent a very detailed draft of their plan for discussion.
- Main issues so far:
 - Need for more reforms alongside investments, to strengthen the structural impact of the plans
 - Work is still needed on the design of milestones and targets, in order to set the right incentives for implementation and allow a proper monitoring from the Commission
 - The green tagging and DNSH requirements require detailed, sometimes difficult, discussions to ensure a consistent approach across Member States.

The RRF is a performance-based instrument

- The compliance of the RRFs with the green objectives of the RRF will be **assessed ex ante**, at the initial assessment phase.
- How can we make sure Member States **deliver on their commitments** during the life of the plan?
 - The disbursements will only be made upon the **satisfactory fulfilment of milestones and targets** linked to each investment/reform in the plan.
 - This is to ensure that the objectives of the plan and its components **have been achieved**.
 - The plans are for structural reforms and investments that will **have a lasting impact** on the Member States.
 - The satisfactory fulfilment of milestones and targets **will be based on evidence and can be audited**

RRF Reporting requirements

- Member States will regularly provide **information on the implementation** of the plan:
 - **Payment requests**: twice a year, report on fulfilment of milestones and targets
 - **Bi-annual reporting** on common indicators, including on green indicators (work is in progress), within the framework of the European Semester
- The Commission will use this information to report on the performance of the RRF as a whole:
 - Bi-annual update of **RRF Scoreboard**, based on the common indicators
 - **Annual RRF report** to the Council and the Parliament
- Work is also ongoing to design a **robust Green bonds reporting framework** by the Commission
 - This will be based on information provided by Member States on the implementation of green measures.