The Recovery and Resilience Facility and the European Semester

Presentation for the SDSN

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22 October 2020
Recovery and Resilience Facility

• 90% of the 750bn of Next Generation EU (312bn of grants and 360bn of loans)

• large scale financial support to both public investments and reforms to accelerate the recovery and to make Member States economies more resilient and better prepared for the future

• focus on reform and investments fostering green and digital transitions

• 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.

• Legislative process ongoing
The Facility will be fully embedded in the European Semester

The plans should set out a coherent national reform and investment programme.

The basis for the support will be national recovery and resilience plans.

The plans should be submitted by 30 April at the latest.

The plans should be consistent with the green and digital agenda.

The plans should be consistent with the CSR’s.
Link with the European Semester (I)

- The Recovery and Resilience Plans will become the main reference documents on the Member States’ policy initiatives.

- The European Semester will be temporarily adapted to address overlapping deadlines and avoid duplications:
  - Member States are encouraged to submit their National Reform Programme and their Recovery and Resilience Plan in a single integrated document.
  - In 2021, the Commission will accompany its proposals for Council implementing acts with an analytical document assessing the substance of the plans. This will replace next year’s country reports.
Link with the European Semester (II)

• There will be no need for the Commission to propose country-specific recommendations in 2021 for those Member States that have submitted a plan.

• The Commission will propose recommendations on the budgetary side.

• Surveillance of macroeconomic imbalances will continue with a focus on emerging risks of new imbalances due to the COVID-19 crisis.

• Reporting activities under post-programme surveillance and enhanced surveillance will be aligned, as much as possible, with the streamlined timetable of the European Semester.
Aligning timing: 2021 European Semester cycle

The usual European Semester cycle

- September: Annual Sustainable Growth Strategy
- October: Alert Mechanism Report
- November: Joint Employment Report
- December: Opinions on Draft Budgetary Plans
- January: Annual Sustainable Growth Strategy
- February: Euro Area Recommendation
- March: Single Market Report
- April: Country reports + IDR assessment
- May: Country-specific Recommendations
- June-August: (tbc) Fiscal recommendation

The 2021 European Semester cycle

- September: Annual Sustainable Growth Strategy
- October: Alert Mechanism Report
- November: Joint Employment Report
- December: Opinions on Draft Budgetary Plans
- January: Single Market Report
- February: MS submit recovery and resilience plan
- March-April: MS submit draft recovery and resilience plan
- May: Commission publishes draft decisions and SWD
- June-August: IDR assessment
Green and digital dimension

• Each RRP will have to include a minimum of 37% of expenditure related to climate, to follow the commitment of the European Council on the climate mainstreaming target of 30%.

• To ensure an ambitious digital transition, the Commission proposes that each Recovery and Resilience Plan includes a minimum level of 20% of expenditure related to digital.
Supporting the green transition

MS should focus on reforms and investments that:

• **Decarbonise** the industry (SDGs 7, 9 and 13)

• Promote a more **circular economy** (SDGs 7, 8, 9, 12 and 13)

• Improve **environmental infrastructure** (SDGs 6, 7, 8, 9, 12 and 13)

• Protect and restore **biodiversity** (SDGs 14-15)

• Strengthen **sustainable mobility** (SDG 7)

• Accelerate the **reduction of emissions** (SDGs 7, 8, 9, 12, 13)
Supporting the Digital transition

Member State should focus on reforms and investments that:

• Improve **connectivity** (SDGs 8, 9, 10)

• Help citizens develop **digital skills** (SDGs 4, 5, 10)

• Deploy **cutting edge technologies** such as artificial intelligence and high performance computing (SDGs 8-9)

• Improve **cyber security** (SDGs 8, 16-17)
Strengthening social and economic resilience

The recovery and transition process needs to be fair for all Europeans.

Member States are encouraged to:

- take measures to **ensure equal opportunities**, inclusive education, fair working conditions and adequate social protection (SDGs 1, 2, 3, 4, 5, 8, 10)

- ensure the provision of **high quality health care services** (SDG 3)
Milestones, targets and timeline

• Milestones and targets should reflect the progress on implementing reforms and investments, specifying a stage to reached by a certain date.
  • Milestone: objectively verifiable qualitative achievement (e.g. adopted legislation).
  • Target: quantitative result (e.g. number of beneficiaries, etc.).

• Milestones and targets should follow the SMART-principle (specific, measurable, achievable, realistic, and time-bound).

• They should be associated with a clear timeline (indicative date). Disbursements will be tied to the satisfactory completion of a group of milestones and targets (maximum twice a year).
Assessing the national plans

Commission’s assessment will consider whether the plans:

- contribute to effectively addressing challenges identified in the relevant country-specific recommendations;

- contain measures that effectively contribute to the green and digital transitions;

- contribute to strengthening the growth potential, job creation and economic and social resilience of the Member State.

→ Commission’s assessment will be approved by the Council
Thank you