REGULATION (EU) 2021/241 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 12 February 2021

establishing the Recovery and Resilience Facility

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of

Article 175 thereof, Having regard to the proposal from the European Commission,

following the transmission of the draft legislative act to the national parliaments

having regard to the opinion of the European Economic and Social Committee ([1]),

having regard to the opinion of the Committee of the Regions ([2]),

Acting in accordance with the ordinary legislative procedure ([3]),

whereas:

(1) In accordance with Articles 120 and 121 of the Treaty on the Functioning of the European Union (TFEU), Member States shall conduct their economic policies with a view to contributing to the achievement of the Union’s objectives and in the light of the broad guidelines laid down by the Council. Article 148 of the TFEU provides that Member States shall implement employment policies that take account of the employment guidelines. Consequently, the coordination of Member States’ economic policies is a matter of common interest.

(2) Article 175 of the TFEU provides, inter alia, that Member States shall coordinate their economic policies with a view to achieving the objectives of economic, social and territorial cohesion referred to in Article 174 of the TFEU.

(3) Article 174 of the TFEU provides that, with a view to promoting the harmonious development of the Union as a whole, the Union shall develop and carry out actions leading to the strengthening of its economic, social and territorial cohesion. That Article further provides that the Union shall, in particular, aim to reduce disparities between the levels of development of the various regions and the underdevelopment of the least-favoured regions. Efforts to reduce these disparities should, in particular, benefit islands and the outermost regions. The different starting points and specific characteristics of the regions should be taken into account when implementing Union policies.

(4) At Union level, the European Semester for economic policy coordination (‘the European Semester’), including the principles of the European Pillar of Social Rights, provides the framework for identifying national reform priorities and monitoring their implementation. In addition to measures to strengthen competitiveness, growth potential and sustainable public finances, reforms based on solidarity, inclusion, social justice and the fair distribution of wealth should also be introduced, with the aim of creating quality jobs and sustainable economic growth, ensuring equal opportunities and access to opportunities, as well as equality in and access to social protection, protecting vulnerable groups and improving the standard of living of all citizens of the Union. Member States are to draw up their own national multiannual investment strategies in support of these reforms, whilst taking into account the Paris Agreement adopted in

(1) OJ C 364, 28.10.2020, p. 132.
(2) OJ C 440, 18 December 2020, p. 160.
(3) Position of the European Parliament of 10 February 2021 (not yet published in the Official Journal) and Council Decision of 11 February 2021.

the United Nations Framework Convention on Climate Change [4] ('the Paris Agreement'), the national energy and climate plans adopted within the framework of the governance of the Energy Union and climate action established by Regulation (EU) 2018/1999 of the European Parliament and of the Council [5], the just transition plans and the plans for implementing the Youth Guarantee, as well as the UN Sustainable Development Goals. Those strategies should be submitted, where appropriate, together with the annual national reform programmes, in order to define and coordinate the priority investment projects to be supported by national and/or Union funding.

(5) The Commission emphasised, in its 2020 Annual Growth Survey and in the 2020 Spring and Summer packages on the European Semester, that this should contribute to the implementation of the European Green Deal, the European Pillar of Social Rights and the UN Sustainable Development Goals.

(6) The outbreak of the COVID-19 pandemic in early 2020 altered the economic, social and budgetary outlook across the Union and globally, requiring an urgent and coordinated response at both Union and national levels to address the enormous economic and social consequences, as well as the asymmetric effects on Member States. The crisis caused by COVID-19, as well as the previous economic and financial crisis, have shown that the development of strong, sustainable and resilient economies, as well as financial and social protection systems based on strong social and economic structures, helps Member States to respond more effectively, fairly and inclusively to shocks and to recover more quickly from them. A lack of resilience can also lead to negative spillover effects of shocks between Member States or across the Union as a whole, thereby creating challenges for convergence and cohesion at Union level. Cuts to spending in sectors such as education, culture and the creative industries, and healthcare may prove counterproductive to a swift recovery. The medium- and long-term consequences of the COVID-19 crisis will depend crucially on the speed with which Member States' economies and societies recover from the crisis, which, in turn, depends on the fiscal space available to Member States to take measures to mitigate the social and economic impact of the crisis and on the resilience of their economies and social structures. Sustainable, growth-enhancing reforms and investments that address the structural weaknesses of Member States' economies and that strengthen resilience, increase productivity and lead to greater competitiveness among Member States will therefore be essential to put those economies back on track and to reduce inequalities and divergences within the Union.

(7) Past experience has shown that investment often falls sharply during crises. However, it is essential to support investment in this particular situation in order to accelerate the recovery and strengthen long-term growth potential. A well-functioning internal market and investment in green and digital technologies, in innovation and research – including in a knowledge-based economy, in the transition to clean energy, and in improving energy efficiency in the housing sector and otherare important for achieving fair, inclusive and sustainable growth, for contributing to job creation and for achieving the EU's climate neutrality by 2050.

(8) Against the backdrop of the COVID-19 crisis, it is necessary to strengthen the current framework for providing support to Member States and to provide direct financial support to Member States through an innovative instrument. To this end, a Recovery and Resilience Facility ('the Facility') should be established to provide effective and substantial financial support aimed at accelerating the implementation of sustainable reforms and related public investment in the Member States. The Mechanism should be an instrument specifically designed to address the negative effects and consequences of the COVID-19 crisis in the Union. It should be comprehensive and should draw on the experience gained by the Commission and the Member States through the use of other instruments and programmes. Private investment could also be stimulated through public investment programmes, including financial instruments, grants and other instruments, provided that the rules on State aid are complied with.

(4) OJ L 282, 19.10.2016, p. 4.

(5) Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the governance of the Energy Union and climate action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652, and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21 December 2018, p. 1).

(9) The reforms and investments under the mechanism should help to increase resilience and reduce dependence within the Union by diversifying critical supply chains, thereby strengthening the Union’s strategic autonomy and an open economy. The reforms and investments under the mechanism should also generate European added value.

(10) Recovery should be achieved and the resilience of the Union and its Member States should be strengthened by supporting measures relating to policy areas of European relevance, structured around six pillars (‘the six pillars’), namely: the green transition; digital transformation; smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, as well as a well-functioning internal market with strong small and medium-sized enterprises (SMEs); social and territorial cohesion; health; and economic, social and institutional resilience, with a view, amongst other things, to increasing crisis preparedness and crisis response capacity; and policies for the next generation, children and young people, such as education and skills.

(11) The green transition should be supported through reforms and investment in green technologies and capacities, including in biodiversity, energy efficiency, building renovation and the circular economy, whilst contributing to the Union’s climate objectives, promoting sustainable growth, creating jobs and maintaining energy security.

(12) Reforms and investments in digital technologies, infrastructure and processes will enhance the Union’s global competitiveness and will also contribute to increasing resilience and innovation within the Union and to reducing its dependence by diversifying critical supply chains. Reforms and investments should, in particular, promote the digitalisation of services, the development of digital and data infrastructure, clusters and digital innovation centres, as well as open digital solutions. The digital transition should also stimulate the digitalisation of SMEs. Investment in digital technologies should comply with the principles of interoperability, energy efficiency and the protection of personal data, enabling the participation of SMEs and start-ups and promoting the use of open-source solutions.

(13) Reforms and investments in smart, sustainable and inclusive growth, including in economic cohesion, employment, productivity, competitiveness, research, development and innovation, as well as a well-functioning internal market with strong SMEs, should aim to strengthen growth potential and enable a sustainable recovery of the Union’s economy. These reforms and investments should also promote entrepreneurship, the social economy, the development of sustainable infrastructure and transport, industrialisation and reindustrialisation, and mitigate the impact of the COVID-19 crisis on the economy.

(14) Reforms and investments in social and territorial cohesion should also help to combat poverty and unemployment so that Member States’ economies can recover, leaving no one behind. Such reforms and investments should lead to the creation of stable, high-quality jobs, the inclusion and integration of disadvantaged groups, and enable the strengthening of social dialogue, infrastructure and services, as well as social protection and welfare systems.

(15) The COVID-19 crisis has also highlighted the importance of reforms and investment in the health sector, as well as of economic, social and institutional resilience, with a view, amongst other things, to increasing crisis preparedness and crisis response capacity, in particular by improving business continuity and public service delivery, the accessibility and capacity of health and care systems, the effectiveness of public administration and national systems – including by minimising the administrative burden – as well as the effectiveness of judicial systems, and the prevention of fraud and the supervision of anti-money laundering measures.

(16) Reforms and investment in the next generation – children and young people – are essential to promote education and skills, including digital skills, skills upgrading, professional retraining and reskilling of the active workforce, integration programmes for the unemployed, investment policies to improve access and opportunities for children and young people in the areas of education, health, nutrition, employment and housing, as well as policies that reduce the intergenerational gap in line with the objectives of the Child Guarantee and the Youth Guarantee. These actions should ensure that the next generation of Europeans is not permanently affected by the impact of the COVID-19 crisis and that the intergenerational gap does not widen further.

(17) At present, no instrument provides for direct financial support linked to the achievement of results and the implementation of reforms and public investment by Member States in response to the challenges identified in the context of the European Semester, including the European Pillar of Social Rights and the UN Sustainable Development Goals, and with the aim of having a lasting impact on the productivity and economic, social and institutional resilience of Member States.

(18) The types of funding and methods of implementation provided for in this Regulation should be chosen on the basis of Member States' capacity to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden and the anticipated risk of non-compliance. Non-repayable financial support under the mechanism should take the form of a sui generis Union contribution to be determined on the basis of a maximum financial contribution calculated for each Member State and taking into account the estimated total costs of the recovery and resilience plan, a contribution which should be paid in accordance with the results achieved against the milestones and targets set out in the recovery and resilience plans. Such a contribution should therefore be established in accordance with the sector-specific rules laid down in this Regulation, n accordance with the rules on simplification relating to non-cost-based funding set out in Article 125(1) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council ([6]) ('the Financial Regulation'). Consequently, this Regulation should lay down specific rules and procedures, subject to the general principles of budgetary management set out in the Financial Regulation, concerning the allocation, implementation and control of non-repayable financial support granted under this Regulation. Non-cost-based funding should apply to payments made by the Commission to Member States, which are considered beneficiaries, irrespective of whether Member States reimburse financial contributions to final recipients in any form. Member States should be able to use all forms of financial contributions, including simplified cost options. Without prejudice to the Commission's right to take action in cases of fraud, corruption, conflicts of interest or double funding under the Mechanism and other Union programmes, payments should not be subject to checks regarding the costs actually incurred by the beneficiary.

(19) In accordance with Council Regulation (EU) 2020/2094 ([7]) and within the limits of the resources allocated under that Regulation, the recovery and resilience measures provided for under the Mechanism should be implemented to address the unprecedented impact of the COVID-19 crisis. Those additional resources should be used in such a way as to ensure compliance with the deadlines laid down in Regulation (EU) 2020/2094.

(20) The Mechanism should support projects that comply with the principle of additionality of Union funds. Except in duly justified cases, the Mechanism should not replace recurring national expenditure.

(21) Ensuring a high level of cybersecurity and trust in technologies is a prerequisite for the success of the digital transformation in the Union. In its conclusions of 1 and 2 October 2020, the European Council called on the Union and its Member States to make full use of the toolkit for the cybersecurity of 5G networks adopted on 29 January 2020 and, in particular, to apply the relevant restrictions to suppliers posing a high risk to core assets defined as critical and sensitive in the coordinated risk assessments at Union level. The European Council emphasised that potential 5G technology suppliers must be assessed on the basis of common objective criteria.

(22) To promote synergies between the mechanism, the InvestEU Programme established by a Regulation of the European Parliament and of the Council establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 ('the InvestEU Regulation') and the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council ([8]), the recovery and resilience plans could include, up to a certain ceiling, contributions to the Member States' windows under the InvestEU Programme and to the Technical Support Instrument, in accordance with this Regulation.

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(6) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014 and Decision No 541/2014/EU, and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30 July 2018, p. 1).

(7) Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support recovery from the COVID-19 crisis (OJ L 433I, 22.12.2020, p. 23).

(8) Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (See page 1 of this Official Journal).

(23) Reflecting the European Green Deal as Europe's strategy for sustainable growth and the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the UN Sustainable Development Goals, the mechanism is intended to contribute to the mainstreaming of climate action and environmental sustainability and to the achievement of an overall target of allocating 30 % of the Union's budget expenditure to support the fulfilment of climate objectives. To this end, the measures supported by the mechanism and included in each Member State's recovery and resilience plans should contribute to the green transition, including biodiversity, or to addressing the challenges arising from that transition, and should amount to at least 37 % of the total allocation of the recovery and resilience plan, based on the methodology for tracking climate-related expenditure set out in an annex to this Regulation. That methodology should be used accordingly for measures that cannot be directly attributed to an area of intervention included in the annex to this Regulation. Where the Member State concerned and the Commission agree, it should be possible to increase the coefficients for support towards climate objectives to 40 % or 100 % for individual investments, as explained in the Recovery and Resilience Plan, in order to take account of related reform measures that enhance their impact on climate objectives. To this end, it should be possible to increase the support coefficients for climate objectives up to a total of 3 % of the Recovery and Resilience Plan allocation for individual investments. The mechanism should support activities that fully comply with the Union's climate and environmental standards and priorities and with the 'do no significant ' principle within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council [9] (the 'do no significant harm' principle).

(24) Reflecting the importance of tackling the dramatic decline in biodiversity, this Regulation should contribute to the integration of biodiversity actions into Union policies.

(25) Member States should ensure that the measures included in their recovery and resilience plans comply with the principle 'do no significant harm' within the meaning of Article 17 of Regulation (EU) 2020/852. The Commission should provide technical guidance in this regard. The entry into force of the delegated acts referred to in Article 3(d) of Regulation (EU) 2020/852 should be without prejudice to those guidelines.

(26) The measures supported by the mechanism and included in each Member State's recovery and resilience plans should also provide for an amount representing at least 20 % of the recovery and resilience plan allocation for digital expenditure. To that end, Member States should calculate the support coefficient for digital objectives on the basis of a methodology that reflects the extent to which support granted under the Mechanism contributes to the digital objectives. The coefficients for individual measures should be determined on the basis of the areas of intervention set out in an annex to this Regulation. The methodology should be applied accordingly to measures that cannot be directly attributed to an area of intervention. Where the Member State concerned and the Commission agree, it should be possible to increase those coefficients to 40 % or 100 % for individual investments in order to take account of related reforms that enhance the impact of the measures on the digital objectives.

(27) In order to determine the contribution of relevant measures in the recovery and resilience plans to climate targets and digital objectives, it should be possible to take such measures into account under both objectives in accordance with their respective methodologies.

(28) Women have been particularly affected by the COVID-19 crisis as they make up the majority of healthcare workers across the Union and have to balance unpaid care work with their professional responsibilities. The situation is particularly difficult for single parents, 85 % of whom are women. Gender equality and equal opportunities for all, as well as the integration of these objectives, should be taken into account and promoted throughout the process of drawing up and implementing the recovery and resilience plans submitted under this Regulation. Investment in robust care infrastructure is also essential to ensure gender equality and the economic empowerment of women, to build resilient societies, to tackle precarious working conditions in a female-dominated sector, to stimulate job creation and prevent poverty and social exclusion, and to have a positive impact on gross domestic product (GDP) by enabling more women to take up paid employment.

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(9) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

(29) A mechanism should be established to ensure the link between this mechanism and sound economic governance, enabling the Commission to submit a proposal to the Council for the full or partial suspension of commitments or payments under this mechanism. The Commission’s obligation to propose a suspension should be suspended when and for as long as the so-called general escape clause provided for in the Stability and Growth Pact has been activated. To ensure uniform implementation and given the significance of the financial implications of the measures being imposed, implementing powers should be conferred on the Council, which should act on the basis of a proposal from the Commission. To facilitate the adoption of the decisions necessary to ensure effective action within the economic governance framework, reverse qualified majority voting should be used for the suspension of commitments. The relevant committee of the European Parliament should be able to invite the Commission to discuss the application of that mechanism, in the context of a structured dialogue, to enable the European Parliament to express its views. To ensure that the Commission gives due consideration to the views expressed by the European Parliament, the structured dialogue should take place within four weeks of the Commission informing the European Parliament of the application of that mechanism.

(30) The specific objective of the mechanism should be to provide financial support with a view to achieving the reform and investment milestones and targets, as set out in the recovery and resilience plans. That objective should be pursued in close cooperation with the Member States concerned.

(31) By 31 July 2022, the Commission should submit a review report on the implementation of the mechanism to the European Parliament and the Council. To that end, the Commission should take into account the common indicators and the recovery and resilience scoreboard set out in this Regulation, as well as other relevant information available. The competent committee of the European Parliament could invite the Commission to present the main findings of its review report in the context of the dialogue on recovery and resilience established under this Regulation.

(32) To ensure that the recovery and resilience plan contributes to the achievement of the mechanism’s objectives, that plan should include measures to implement reforms and public investment projects as part of a coherent package. Measures introduced from 1 February 2020 should be eligible. Recovery and Resilience Plans should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, as well as with the challenges and priorities identified in the most recent Council recommendation on the economic policy of the euro area for Member States whose currency is the euro. Recovery and Resilience Plans should also be consistent with national reform programmes, national energy and climate plans, just transition plans, the Youth Guarantee implementation plan, as well as partnership agreements and operational programmes adopted under Union funds. To stimulate actions that fall within the priorities of the European Green Deal and the Digital Agenda, the recovery and resilience plans should also set out measures relevant to the green and digital transitions. Such measures should enable the rapid achievement of the targets, objectives and contributions set out in the national energy and climate plans and their updates. All activities receiving support should be carried out in full compliance with the Union’s climate and environmental standards and priorities. Recovery and Resilience Plans should also comply with the horizontal principles of the Mechanism.

(33) Recovery and resilience plans should not affect the right to conclude or enforce collective agreements or to take collective action in accordance with the Charter of Fundamental Rights of the European Union and with national and Union law and practices.

(34) Regional and local authorities can be important partners in the implementation of reforms and investments. In this regard, they should be consulted and involved appropriately, in accordance with the national legal framework.

(35) Where a Member State is exempt from monitoring and evaluation in the context of the European Semester pursuant to Article 12 of Regulation (EU) No 472/2013 of the European Parliament and of the Council ([10]) or is subject to the verification procedure under Council Regulation (EC) No 332/2002 ([11]), it should be possible to apply this Regulation to the Member State concerned in respect of the challenges and priorities identified by the measures set out in those Regulations.

(36) In order to contribute to the development and implementation of recovery and resilience plans by Member States, the Council should be able to discuss, within the context of the European Semester, the state of the Union's capacity for recovery, resilience and adaptation. That discussion should be based on the Commission's strategic and analytical information available in the context of the European Semester and, where available, on information regarding the implementation of recovery and resilience plans in previous years.

(37) In order to ensure a significant financial contribution, proportionate to the actual needs of Member States to undertake and complete the reforms and investments included in the recovery and resilience plan, it is appropriate to set a maximum financial contribution available to them under the mechanism, in the form of non-repayable financial support. Seventy per cent of that maximum financial contribution should be calculated on the basis of the population, the inverse proportionality to GDP per capita and the relative unemployment rate in each Member State. 30 per cent of that maximum financial contribution should be calculated on the basis of population, the inverse of GDP per capita and, in equal measure, on the basis of the change in real GDP in 2020 and the aggregate change in real GDP over the period 2020–2021, using the Commission's autumn 2020 forecasts for data not available at the time of calculation, to be updated by 30 June 2022 with the actual results.

(38) It is necessary to establish a process for the submission by Member States of their recovery and resilience plans, as well as for their content. Member States should formally submit their recovery and resilience plans, as a rule, by 30 April, and may do so in a single integrated document, together with their national reform programme. To ensure the swift implementation of the mechanism, Member States should be able to submit a draft recovery and resilience plan from 15 October of the preceding year.

(39) To ensure national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly substantiated and justified. That plan should set out in detail how the recovery and resilience plan, taking into account the measures included therein, constitutes a comprehensive and appropriately balanced response to the Member State's economic and social situation, thereby contributing appropriately to the six pillars, whilst taking into account the specific challenges facing the Member State in question. The Recovery and Resilience Plan should set out the detailed set of measures for its monitoring and implementation, including targets and milestones and estimated costs, as well as the expected impact of the Recovery and Resilience Plan on growth potential, job creation and economic, social and institutional resilience, including through the promotion of policies for children and young people, and on mitigating the economic and social impact of the COVID-19 crisis, thereby contributing to the implementation of the European Pillar of Social Rights, thus strengthening economic, social and territorial cohesion and convergence within the Union. The plan should also include measures relevant to the green transition, including biodiversity, and to the digital transition. It should also include an explanation of how it contributes to effectively addressing the relevant country-specific challenges and priorities identified in the context of the European Semester, including budgetary aspects and the recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council ([12]). It should also include an explanation of how the Recovery and Resilience Plan ensures that no measure implementing the reforms and investments included in that plan significantly undermines environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the 'no significant harm' principle). The recovery and resilience plan should set out the expected contribution to gender equality and equal opportunities for all, as well as a summary of the consultation process carried out with relevant stakeholders at national level.

(10) Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).

(11) Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1).

(12) 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).

The Recovery and Resilience Plan should include an explanation of the Member State’s specific plans, systems and measures for preventing, detecting and correcting conflicts of interest, corruption and fraud, as well as for avoiding double funding under the Mechanism and other Union programmes. The Recovery and Resilience Plan could also include cross-border or multinational projects. Throughout the process, close cooperation between the Commission and the Member States should be envisaged and implemented.

(40) The implementation of the Mechanism should be carried out in accordance with the principle of sound financial management, ensuring, inter alia, the effective prevention and prosecution of fraud, including tax fraud, tax evasion, corruption and conflicts of interest.

(41) The Commission should assess the recovery and resilience plans proposed by Member States and act in close cooperation with the Member State concerned. The Commission should fully respect national ownership of the plan and should therefore take into account the justifications and evidence provided by the Member State concerned. The Commission should assess the relevance, effectiveness, efficiency and coherence of the recovery and resilience plan on the basis of a list of criteria set out in this Regulation. The Commission should assess the proposed recovery and resilience plans, and any updates thereto, within two months of the formal submission of the recovery and resilience plans. The Member State concerned and the Commission should be able to agree to extend this deadline by a reasonable period, if necessary.

(42) Appropriate guidelines should be set out in an annex to this Regulation, on the basis of which the Commission should assess, in a transparent and fair manner, the recovery and resilience plans and determine the financial contribution, in accordance with the objectives and any other relevant requirements laid down in this Regulation. To ensure transparency and efficiency, a rating system should be established for the assessment of proposed recovery and resilience plans. In the assessment, the highest score should be required for criteria relating to country-specific recommendations, the strengthening of growth potential, job creation and the economic, social and institutional resilience of the Member State, and the contribution to the implementation of the European Pillar of Social Rights. An effective contribution to the green and digital transitions should also be a prerequisite for a positive assessment.

(43) In order to contribute to the development of high-quality recovery and resilience plans and to assist the Commission in assessing the recovery and resilience plans submitted by Member States, as well as in evaluating the extent to which they have been implemented, provisions should be included on the use of expert assistance and, at the request of the Member States concerned, peer review and technical assistance. Member States could also request support under the Technical Support Instrument. Member States should be encouraged to promote synergies with the recovery and resilience plans of other Member States.

(44) For the sake of simplification, the financial contribution should be determined on the basis of simple criteria. The financial contribution should be determined on the basis of the total estimated costs of the recovery and resilience plan proposed by the Member State concerned.

(45) The Council should approve the assessment of the recovery and resilience plans by means of an implementing decision based on a proposal from the Commission, which it should endeavour to adopt within four weeks of the adoption of that proposal. Provided that the recovery and resilience plan satisfactorily meets the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the total estimated costs of the reforms and investments set out in the recovery and resilience plan are equal to or greater than the amount of the maximum financial contribution. The Member State concerned should be allocated an amount equal to the estimated total costs of the Recovery and Resilience Plan, where those estimated total costs are lower than the maximum financial contribution. The Member State concerned should not be granted any financial contribution if the recovery and resilience plan does not satisfactorily meet the assessment criteria. The Council Implementing Decision should be amended, on the basis of a proposal from the Commission, to include the updated maximum financial contribution, calculated on the basis of the actual results recorded in June 2022. The Council should adopt the relevant amending decision without undue delay.

(46) In order to ensure that financial support is concentrated at the start of the period, during the first few years following the COVID-19 crisis, and to ensure compatibility with the funding available for the mechanism, the funds should be made available by 31 December 2023. To this end, 70 % of the amount available for non-repayable financial support should be legally committed by 31 December 2022, and 30 % between 1 January 2023 and 31 December 2023. By 31 December 2021, at the request of a Member State, which must be submitted together with the recovery and resilience plan, an amount of up to 13 per cent of the financial contribution and, where applicable, up to 13 per cent of the loan granted to the Member State concerned may be paid in the form of pre-financing, within two months, as far as possible, of the Commission's adoption of the legal commitments.

(47) Financial support for a Member State's recovery and resilience plan should be able to be provided in the form of a loan, subject to the conclusion of a loan agreement with the Commission, on the basis of a duly justified request from the Member State concerned. Loans supporting the implementation of national recovery and resilience plans should be provided by 31 December 2023 and should be provided on terms that reflect the longer-term nature of this type of expenditure. Pursuant to Article 5(2) of Council Decision (EU, Euratom) 2020/2053 ([13]), repayments should be scheduled, in accordance with the principle of sound financial management, in such a way as to ensure a steady and predictable reduction in debt. These maturities may differ from the maturities of the funds that the Union borrows on the capital markets to finance the loans. It is therefore necessary to provide for the possibility of derogating from the principle laid down in Article 220(2) of the Financial Regulation, according to which the maturities of loans for financial assistance should not be rolled over.

(48) The request for support in the form of a loan should be justified by the higher financial needs associated with the additional reforms and investments included in the recovery and resilience plan, particularly those relevant to the green and digital transitions, and by the higher cost of the recovery and resilience plan than the maximum financial contribution allocated through the grant. It should be possible to submit the application for support in the form of a loan at the same time as the Recovery and Resilience Plan. Where the application for support in the form of a loan is submitted at a later date, it should be accompanied by a revised Recovery and Resilience Plan, with additional milestones and targets. To ensure that resources are concentrated at the start of the period, Member States should apply for loan support by 31 August 2023. In order to ensure sound financial management, the total amount of loan support granted under this Regulation should be capped. Furthermore, the maximum amount of the loan granted to each Member State should not exceed 6.8 % of its gross national income (GNI) for 2019, according to Eurostat data as at May 2020. An increase in the capped amount should be possible in exceptional circumstances, subject to available resources. For the same reason, the loan should be payable in instalments, subject to the achievement of results. The Commission should assess the request for support in the form of a loan within two months. Acting on a proposal from the Commission, the Council should be able to approve this assessment by a qualified majority, by means of an implementing decision which the Council should endeavour to adopt within four weeks of the adoption of the relevant Commission proposal.

(49) A Member State should be able to submit a reasoned request to amend its recovery and resilience plan during the implementation period, where objective circumstances justify such action. Where the Commission considers that the reasons put forward by the Member State concerned justify such an amendment, it should assess the new recovery and resilience plan within two months. The Member State concerned and the Commission should be able to agree to extend this period by a reasonable time, if necessary. The Council should approve the assessment of the new recovery and resilience plan by means of an implementing decision based on a proposal from the Commission, which it should endeavour to adopt within four weeks of the proposal's adoption.

(50) The Union institutions should make every effort to reduce processing times to ensure the swift and smooth implementation of the mechanism.

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(13) Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of the European Union's own resources and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1)

(51) For reasons of efficiency and to simplify the financial management of the mechanism, the Union's financial support for the recovery and resilience plans should take the form of funding conditional on the achievement of results measured against the milestones and targets set out in the approved recovery and resilience plans. To this end, additional support in the form of loans should be linked to the achievement of milestones and targets in addition to those for which financial support (namely, non-repayable financial support) is granted.

(52) The disbursement of funds under the mechanism is conditional upon Member States satisfactorily meeting the relevant milestones and targets set out in the recovery and resilience plans, the assessment of which has already been approved by the Council. Before adopting a decision authorising the payment of the financial contribution and, where applicable, the loan, the Commission should seek the opinion of the Economic and Financial Committee on whether Member States have satisfactorily met the relevant milestones and targets, on the basis of a preliminary assessment carried out by the Commission. To enable the Commission to take the Economic and Financial Committee's opinion into account in its assessment, that opinion should be delivered within four weeks of receipt of the Commission's preliminary assessment. In its deliberations, the Economic and Financial Committee shall endeavour to reach a consensus. Where, exceptionally, one or more Member States consider that there are significant deviations from the satisfactory achievement of the relevant benchmarks and targets, they may request the President of the European Council to bring the matter to the attention of the next European Council. The Member States concerned should also inform the Council without undue delay, and the Council should, in turn, inform the European Parliament without delay. In such exceptional circumstances, no decision authorising the payment of the financial contribution and, where applicable, support in the form of a loan, should be taken until the next European Council has discussed the matter in full. As a general rule, that process should not take longer than three months from the Commission's request for the opinion of the Economic and Financial Committee.

(53) In order to ensure sound financial management, whilst respecting the performance-based nature of the mechanism, specific rules should be laid down concerning budgetary commitments, payments, the suspension and recovery of funds, and the termination of agreements relating to financial support. To ensure predictability, Member States should be able to submit payment requests twice a year. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State concerned. Member States should take appropriate measures to ensure that the use of funds in connection with the measures supported by the Mechanism complies with applicable Union and national law. In particular, they should ensure that fraud, corruption and conflicts of interest are prevented, detected and corrected, and that double funding under the Mechanism and other Union programmes is avoided. It should be possible to suspend and terminate agreements relating to financial support, as well as to reduce and recover the financial contribution, where the recovery and resilience plan has not been satisfactorily implemented by the Member State concerned or in the event of serious irregularities, namely fraud, corruption and conflicts of interest in connection with measures supported by the Mechanism, or a serious breach of an obligation under the agreements relating to financial support. Recovery should, where possible, be effected by offsetting against payments not yet made under the Mechanism. Appropriate adversarial procedures should be established to ensure that the Commission's decision regarding the suspension and recovery of amounts paid, as well as the termination of agreements relating to financial support, respects the Member States' right to be heard. All payments of financial contributions to Member States should be made by 31 December 2026, with the exception of the measures referred to in the second sentence of Article 1(3) of Regulation (EU) 2020/2094 and cases where, even though a legal commitment has been made or a decision has been adopted, in accordance with the time limits laid down in Article 3 of that Regulation, it is necessary for the Union to be able to honour its obligations towards the Member States, including as a result of a final judgment against the Union.

(54) The Commission should ensure that the Union's financial interests are effectively protected. Whilst it is primarily the responsibility of the Member State to ensure that the mechanism is implemented in accordance with the relevant rules of Union and national law, the Commission should be able to obtain sufficient assurances from the Member States in this regard. To this end, when implementing the mechanism, Member States should ensure that a concrete and effective internal control system is in place and should recover amounts unduly paid or misused. Member States should be able to rely in this regard on their own

national budget management systems. Member States should collect standardised categories of data and information enabling them to prevent, detect and correct serious irregularities, namely fraud, corruption and conflicts of interest, in relation to the measures supported by the mechanism. The Commission should provide an information and monitoring system, including a single tool for data extraction and risk assessment, to access and analyse this data and information, with a view to its widespread application by Member States.

(55) The Commission, the European Anti-Fraud Office (OLAF), the Court of Auditors and, where appropriate, the European Public Prosecutor's Office (EPPO) should be able to use the information and monitoring system within the limits of their powers and rights.

(56) In order to facilitate the implementation of Member States' provisions designed to prevent double funding under the Mechanism and other Union programmes, the Commission should make available information on the beneficiaries of funds financed from the Union budget, in accordance with Article 38(1) of the Financial Regulation.

(57) Member States and the Commission should be entitled to process personal data only where this is necessary for the purposes of discharge, audit and control of the use of funds in connection with measures to implement reforms and investment projects under the Recovery and Resilience Plan . Personal data should be processed in accordance with Regulation (EU) 2016/679 ([14]) or Regulation (EU) 2018/1725 ([15]) of the European Parliament and of the Council, depending on which of the two Regulations is applicable.

(58) To ensure effective monitoring of implementation, Member States should report twice a year, as part of the European Semester, on the progress made in implementing the Recovery and Resilience Plan. These reports drawn up by the Member States concerned should be duly reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards the completion of the implementation of the recovery and resilience plans.

(59) Member States should be encouraged to seek the opinion of their national productivity councils and independent budgetary institutions on their recovery and resilience plans, including the possible validation of elements of the recovery and resilience plan.

(60) To ensure transparency and accountability in the implementation of the mechanism, the Commission should transmit to the European Parliament and the Council, simultaneously and on an equal footing, subject to provisions on sensitive and confidential information or appropriate confidentiality agreements where necessary, the relevant documents and information, such as the recovery and resilience plans or amendments thereto, as submitted by the Member States, as well as proposals for Council implementing decisions, as made public by the Commission.

(61) The competent committee of the European Parliament may invite the Commission, once every two months, to discuss, as part of a dialogue on recovery and resilience, issues relating to the implementation of the mechanism, such as Member States' recovery and resilience plans, the Commission's assessment, the main findings of the review report, the progress made in meeting milestones and targets, procedures relating to payments and suspensions, and any other relevant information and documents provided by the Commission in connection with the implementation of the mechanism. The Commission should take into account the points arising from the views expressed during the dialogue on recovery and resilience, including European Parliament resolutions, where applicable.

(62) In order to ensure the efficient and coherent allocation of funds and to comply with the principle of sound financial management, actions undertaken under this Regulation should be consistent with and complementary to ongoing Union programmes, whilst avoiding double funding of the same expenditure under the Mechanism and other Union programmes. In particular, the Commission and the Member State should ensure, at all stages of the process, effective coordination to ensure consistency, coherence, complementarity and synergy between sources of funding. To this end, when submitting their recovery and resilience plans to the Commission, Member States

(14) Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

(15) Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union's institutions, bodies, offices and agencies of the Union and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21 November 2018, p. 39).

Member States should be required to provide relevant information on existing or planned Union funding. Financial support provided under the mechanism should be additional to that provided under other Union programmes and instruments, including the InvestEU Programme. Reforms and investment projects financed under the Facility should be eligible for funding from other Union programmes and instruments, provided that such support does not cover the same costs.

(63) The Commission should monitor the implementation of the Facility and measure the extent to which the objectives set out in this Regulation are being met in a targeted and proportionate manner. When monitoring the implementation of the Facility, the Commission should ensure that data for monitoring the implementation of activities and results are collected efficiently, effectively and in a timely manner. To that end, recipients of Union funding should be subject to proportionate reporting requirements. By means of delegated acts, the Commission should establish the common indicators to be used for reporting on progress and for the monitoring and evaluation of the mechanism, and should define a methodology for reporting on social expenditure, including expenditure on children and young people, under the mechanism.

(64) Pursuant to points 22 and 23 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making ([16]), this mechanism should be evaluated on the basis of information collected in accordance with specific monitoring requirements, whilst avoiding administrative burdens, in particular for Member States, and over-regulation. Those requirements should include, where appropriate, quantifiable indicators against which to assess the mechanism's impact on the ground.

(65) A specific scoreboard should be established by means of a delegated act to set out the progress made in implementing Member States' recovery and resilience plans across each of the six pillars, and the progress made in implementing the recovery and resilience plans in relation to the mechanism's common indicators. The scoreboard should be operational by December 2021 and should be updated by the Commission twice a year.

(66) To ensure adequate reporting on performance and monitoring of the Mechanism's implementation, including with regard to social expenditure, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the specific scoreboard setting out progress in implementation and the common indicators to be used, as well as the methodology for reporting on social expenditure, including in relation to children and young people. It is particularly important that, during its preparatory work, the Commission carry out appropriate consultations, including at expert level, and that those consultations be conducted in accordance with the principles set out in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council shall receive all documents at the same time as the experts from the Member States, and the experts from those institutions shall have systematic access to the meetings of the Commission's expert groups responsible for preparing delegated acts.

(67) The Commission should submit an annual report to the European Parliament and the Council on the implementation of the mechanism. That report should include information on the progress made by Member States under their approved recovery and resilience plans. It should also include information on the implementation of milestones and targets, on payments and suspensions, as well as on the mechanism's contribution to climate and digital targets, to common indicators and to expenditure funded under the six pillars.

(16) OJ L 123, 12.5.2016, p. 1.

(68) An independent evaluation should be carried out to assess the achievement of the Mechanism's objectives, the efficiency of the use of its resources and its added value. Where appropriate, the evaluation should be accompanied by a proposal to amend this Regulation. In addition, an independent ex-post evaluation should assess the long-term impact of the Mechanism.

(69) The assessment of the recovery and resilience plans to be implemented by Member States and the corresponding financial support should be adopted by the Council by means of an implementing decision, on the basis of a proposal from the Commission. To that end, and in order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Council. Those implementing powers relating to the payment of financial support following the achievement of the relevant milestones and targets sh be conferred on the Commission and exercised by it in accordance with the examination procedure laid down in Regulation (EU) No 182/2011 of the European Parliament and of the Council ([17]). Taking into account the possible need to make prompt payments of financial support under the mechanism, in accordance with the relevant provisions of Regulation (EU) No 182/2011, the chair of the committee, within the meaning of that Regulation, should consider, for any draft implementing act, the possibility of shortening the time limit for convening the committee and the time limit for the committee to deliver its opinion.

(70) Following the adoption of an implementing decision, it should be possible for the Member State concerned and the Commission to agree on operational arrangements of a technical nature, setting out implementation details regarding time limits, indicators for milestones and targets, and access to underlying data. To ensure that the operational arrangements remain relevant to the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible to amend the elements of those operational arrangements by mutual agreement.

(71) This Regulation is subject to the horizontal financial rules adopted by the European Parliament and the Council pursuant to Article 322 of the TFEU. Those rules are laid down in the Financial Regulation and determine, in particular, the procedure for establishing and implementing the budget through grants, public procurement, prizes and indirect implementation, and provide for checks on the accountability of financial actors. The rules adopted pursuant to Article 322 TFEU also include a general conditionality regime for the protection of the Union budget.

(72) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council ([18]), Regulations (EC, Euratom) No 2988/95 ([19]), (Euratom, EC) No 2185/96 ([20]) and (EU) 2017/1939 ([21]) of the Council, the financial interests of the Union must be protected by proportionate measures, including measures relating to the prevention, detection, correction and investigation of fraud, corruption and conflicts of interest and, where appropriate, the imposition of administrative penalties. In particular, in accordance with Regulations (EC, Euratom) No 2185/96 and (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, OLAF is empowered to carry out administrative investigations, including on-the-spot checks and inspections, to establish whether fraud, corruption, conflicts of interest or any other irregular activity has taken place

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(17) Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

(18) Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

(19) Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests (OJ L 312, 23.12.1995, p. 1).

(20) Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15 November 1996, p. 2).

(21) Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (OJ L 283, 31.10.2017, p. 1).

illegal conduct affecting the financial interests of the Union. The EPPO is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute cases of fraud, corruption, conflicts of interest and other offences affecting the financial interests of the Union, as set out in Directive (EU) 2017/1371 of the European Parliament and of the Council ([22]). In accordance with the Financial Regulation, any person or entity receiving Union funds must cooperate fully to protect the Union's financial interests, grant the necessary rights and allow access to representatives of the Commission, OLAF, the Court of Auditors and, as regards Member States participating in the form of enhanced cooperation pursuant to Regulation (EU) 2017/1939, to representatives of the EPPO, and to ensure that any third party involved in the implementation of Union funds grants equivalent rights.

(73) The Commission should be able to engage in communication activities to ensure the visibility of Union funding and, where appropriate, to ensure that the support provided under the mechanism is communicated and acknowledged by means of a funding statement.

(74) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

(75) To ensure the prompt application of the measures set out in this Regulation, it should enter into force on the day following its publication in the Official Journal of the European Union,

HAS ADOPTED THIS REGULATION:

CHAPTER I

GENERAL AND FINANCIAL PROVISIONS

Article 1

Subject matter

This Regulation establishes the Recovery and Resilience Facility ('the Facility').

It sets out the objectives of the Mechanism, its financing, the forms of Union funding under it and the rules governing the provision of such funding.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

1. 'Union funds' means funds covered by a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund, and of financial rules applicable to those funds, as well as the Asylum, Migration and Integration Fund, the Internal Security Fund and the Border Management and Visa Instrument ('the Common Provisions Regulation for 2021–2027');
2. 'financial contribution' means non-repayable financial support granted under the mechanism available for allocation or which has been allocated to a Member State;
3. 'European Semester' means the process set out in Article 2a of Council Regulation (EC) No 1466/97 ([23]);

(22) Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on combating fraud against the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).
(23) Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (OJ L 209, 2.8.1997, p. 1).

4. ‘milestones and targets’ means measures of progress towards the achievement of a reform or an investment, with milestones being qualitative achievements and targets being quantitative achievements;

5. ‘resilience’ means the capacity to cope with economic, social and environmental shocks or persistent structural changes in a fair, sustainable and inclusive manner; and

6. ‘not to cause significant harm’ means not to support or carry out economic activities that cause significant harm to any environmental objectives, where applicable, within the meaning of Article 17 of Regulation (EU) 2020/852.

Article 3

Scope

The scope of the mechanism covers policy areas of European significance, organised around six pillars:

(a) the green transition;

(b) digital transformation;

(c) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, as well as a well-functioning internal market with strong SMEs;

(d) social and territorial cohesion;

(e) health and economic, social and institutional resilience, aimed, amongst other things, at increasing crisis preparedness and crisis response capacity; and

(f) policies for the next generation, children and young people, such as education and skills.

Article 4

General objective and specific objective

(1) In accordance with the six pillars referred to in Article 3 of this Regulation, with the coherence and synergies they generate, and in the context of the crisis caused by COVID-19, the general objective of the mechanism is to promote the economic, social and territorial cohesion of the Union by improving the resilience, crisis preparedness, adaptability and growth potential of Member States, by mitigating the social and economic impact of the crisis in question, particularly on women, by contributing to the implementation of the European Pillar of Social Rights, by supporting the green transition, by contributing to the achievement of the Union’s 2030 climate targets set out in Article 2(11) of Regulation (EU) 2018/1999 and by pursuing the EU’s objective of achieving climate neutrality by 2050, as well as the digital transition, thereby contributing to bottom-up economic and social convergence, restoring and promoting sustainable growth and the integration of the Union’s economies, encouraging the creation of high-quality jobs, contributing to the Union’s strategic autonomy alongside an open economy, and creating European added value.

(2) To achieve this general objective, the specific objective of the mechanism is to provide financial support to Member States to help them meet the milestones and targets for reforms and investments, as set out in their recovery and resilience plans. That specific objective shall be pursued in close and transparent cooperation with the Member States concerned.

Article 5

Horizontal principles

(1) Support provided under the Mechanism shall not replace recurrent national budgetary expenditure, except in duly justified cases, and shall comply with the principle of additionality of Union funds referred to in Article 9.

(2) The Mechanism shall support only support measures that comply with the ‘do no significant harm’ principle.

Article 6

Resources from the European Union Recovery Instrument

(1) The measures referred to in Article 1 of Regulation (EU) 2020/2094 shall be implemented under the mechanism:

(a) up to EUR 312 500 000 000 as provided for in Article 2(2)(a)(ii) of Regulation (EU) 2020/2094 in 2018 prices, available for non-repayable financial support, subject to the provisions of Article 3(4) and (7) of Regulation (EU) 2020/2094.

As provided for in Article 3(1) of Regulation (EU) 2020/2094, those amounts constitute external assigned revenue within the meaning of Article 21(5) of the Financial Regulation;

(b) an amount of up to EUR 360 000 000 000 as provided for in Article 2(2)(b) of Regulation (EU) 2020/2094 in 2018 prices, available for loan support to Member States pursuant to Articles 14 and 15 of this Regulation, subject to the provisions of Article 3(5) of Regulation (EU) 2020/2094.

(2) The amounts referred to in paragraph 1(a) may also cover expenditure relating to preparatory, monitoring, control, audit and evaluation activities necessary for the management of the mechanism and the fulfilment of its objectives, in particular those relating to studies, expert meetings, stakeholder consultation, information and communication activities, including inclusive awareness-raising activities, and institutional communication of the Union's political priorities, in so far as they relate to the objectives of this Regulation, expenditure on IT networks focused on the processing and exchange of information, corporate IT tools and all other expenditure on technical and administrative assistance incurred by the Commission for the management of the mechanism. Expenditure may also cover the costs of other support activities, such as quality control and on-the-ground monitoring of projects, as well as the costs of peer-to-peer advice and experts for the assessment and implementation of reforms and investments.

Article 7

Resources from programmes under shared management and the use of resources

(1) Resources allocated to Member States under shared management may be transferred, at their request, to the Mechanism, subject to the conditions laid down in the relevant provisions of the Regulation laying down common provisions for 2021–2027. The Commission shall implement these resources directly, in accordance with point (a) of the first subparagraph of Article 62(1) of the Financial Regulation. Those resources shall be used exclusively for the benefit of the Member State concerned.

(2) Member States may propose to include in their Recovery and Resilience Plan, in the form of estimated costs, payments for additional technical support in accordance with Article 7 of Regulation (EU) 2021/240 and the amount of the cash contribution to the Member States' compartment pursuant to the relevant provisions of the InvestEU Regulation. These costs shall not exceed 4 % of the total financial allocation of the recovery and resilience plan, and the relevant measures, as set out in the recovery and resilience plan, shall comply with the requirements of this Regulation.

Article 8

Implementation

The Facility shall be implemented by the Commission under direct management, in accordance with the relevant rules adopted in pursuant to Article 322 TFEU, in particular the Financial Regulation and Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council ([24]).

(24) Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).

Article 9

Additionality and complementary funding

Support provided under the mechanism shall be additional to support provided under other Union programmes and instruments. Reforms and investment projects may receive support from other Union programmes and instruments, provided that such support does not cover the same costs.

Article 10

Measures to align the mechanism with sound economic governance

(1) The Commission shall submit a proposal to the Council for the total or partial suspension of commitments or payments where the Council decides, in accordance with Article 126(8) or (11) of the TFEU, that a Member State has not taken effective action to correct its excessive deficit, unless it has established the existence of a severe economic e recession in the Union as a whole, within the meaning of Article 3(5) and Article 5(2) of Council Regulation (EC) No 1467/97 ([25]).

(2) The Commission may submit a proposal to the Council for the total or partial suspension of commitments or payments in relation to any of the following cases:

(a) where the Council adopts two successive recommendations under the same excessive imbalance procedure in accordance with Article 8(3) of Regulation (EU) No 1176/2011, on the grounds that the Member State has submitted an insufficient corrective action plan;

(b) where the Council adopts two successive decisions under the same excessive imbalance procedure in accordance with Article 10(4) of Regulation (EU) No 1176/2011 establishing a case of non-compliance by a Member State on the grounds that it has failed to take the recommended corrective action;

(c) where the Commission concludes that the Member State has not taken the measures referred to in Regulation (EC) No 332/2002 and consequently decides not to authorise the payment of financial assistance granted to that Member State;

(d) where the Council decides that a Member State is not complying with the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 or with the measures required by a Council decision adopted in accordance with Article 136(1) of the TFEU.

Priority shall be given to the suspension of commitments; payments shall be suspended only where the aim is to ensure the adoption of immediate measures and in cases of significant non-compliance.

The decision to suspend payments shall apply to payment requests submitted after the date of the suspension decision.

(3) A proposal for a Commission decision on the suspension of commitments shall be deemed to have been adopted by the Council unless the Council decides, by means of an implementing act, to reject the proposal in question by a qualified majority within one month of its submission by the Commission.

The suspension of commitments shall apply to commitments with effect from 1 January of the year following the adoption of the suspension decision.

On the basis of a proposal from the Commission referred to in paragraphs 1 and 2, the Council shall adopt, by means of an implementing act, a decision to suspend payments.

(4) The scope and level of the suspension of commitments or payments to be imposed must be proportionate, respect the principle of equal treatment between Member States and take account of the economic and social circumstances of the Member State concerned, in particular the level of unemployment and the level of poverty or social exclusion in the Member State concerned compared with the Union average, as well as the impact of the suspension on the economy of the Member State concerned.

(25) Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

(5) The suspension of commitments is subject to a ceiling of 25 % of commitments or 0.25 % of nominal GDP, whichever is the lower, in any of the following cases:

(a) upon the first instance of non-compliance with an excessive deficit procedure, as referred to in paragraph 1;

(b) in the first instance of non-compliance with a corrective action plan under an excessive imbalance procedure, as referred to in paragraph 2(a);

(c) in the event of non-compliance with the recommended corrective action under an excessive imbalance procedure, as referred to in paragraph 2(b);

(d) in the first instance of non-compliance, as referred to in paragraph 2(c) and (d).

In the event of persistent non-compliance, the suspension of undertakings may exceed the maximum percentages set out in the first subparagraph.

(6) The Council shall lift the suspension of commitments on a proposal from the Commission, in accordance with the procedure laid down in the first subparagraph of paragraph 3 of this Article, in the following cases:

(a) where the excessive deficit procedure is suspended in accordance with Article 9 of Regulation (EC) No 1467/97 or where the Council has decided, in accordance with Article 126(12) of the TFEU, to abrogate the decision on the existence of an excessive deficit;

(b) where the Council has approved the corrective action plan submitted by the Member State concerned in accordance with Article 8(2) of Regulation (EU) No 1176/2011, or where the excessive imbalance procedure is suspended in accordance with Article 10(5) of that Regulation, or where the Council has closed the excessive imbalance procedure in accordance with Article 11 of that Regulation;

(c) where the Commission has concluded that a Member State has taken appropriate measures, as referred to in Regulation (EC) No 332/2002;

(d) where the Commission has concluded that the Member State concerned has taken appropriate measures to implement the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 or the measures required by a Council decision adopted in accordance with Article 136((1) of the TFEU.

Once the Council has lifted the suspension of commitments, the Commission may recommit the previously suspended commitments, without prejudice to Article 3(4), (7) and (9) of Regulation (EU) 2020/2094.

The Council shall, on the basis of a proposal from the Commission, adopt a decision lifting the suspension of payments, in accordance with the procedure laid down in the third subparagraph of paragraph 3, where the applicable conditions set out in the first subparagraph of this paragraph are met.

(7) The Commission shall inform the European Parliament of the implementation of this Article. In particular, when the Commission submits a proposal pursuant to paragraph 1 or 2, it shall immediately inform the European Parliament and provide information on the commitments and payments that could be subject to suspension.

The competent committee of the European Parliament may invite the Commission to discuss the application of this Article in the context of a structured dialogue, to enable the European Parliament to express its views. The Commission shall give due consideration to the views expressed by the European Parliament.

The Commission shall forward to the European Parliament and the Council the proposal to suspend or to lift the suspension in question without delay following its adoption. The European Parliament may invite the Commission to explain the reasons underlying its proposal.

(8) By 31 December 2024, the Commission shall carry out an assessment of the application of this Article. To that end, the Commission shall draw up a report which it shall submit to the European Parliament and the Council, accompanied, where necessary, by a legislative proposal.

(9) If there are major changes in the social and economic situation within the Union, the Commission may submit a proposal to review the application of this Article, or the European Parliament or the Council, acting in accordance with Articles 225 or 241 TFEU respectively, may request the Commission to submit such a proposal.

CHAPTER II

FINANCIAL CONTRIBUTION, ALLOCATION PROCESS, LOANS AND REVIEW

Article 11

Maximum financial contribution

(1) The maximum financial contribution shall be calculated for each Member State as follows:

(a) for 70 % of the amount referred to in Article 6(1)(a), converted to current prices, on the basis of the population, the inverse proportionality ratio to GDP per capita and the relative unemployment rate in each Member State, as set out in the methodology laid down in Annex II;

(b) for 30 % of the amount referred to in Article 6(1)(a), converted to current prices, on the basis of population, the inverse of GDP per capita and, in equal proportions, on the basis of the change in real GDP in 2020 and the aggregate change in real GDP over the period 2020–2021, as set out in the methodology laid down in Annex III. The change in real GDP in 2020 and the aggregate change in real GDP over the period 2020–2021 shall be based on the Commission's autumn 2020 forecasts.

(2) The calculation of the maximum financial contribution referred to in paragraph 1((b) shall be updated by 30 June 2022 for each Member State by replacing the data from the Commission's autumn 2020 forecasts with the actual results regarding the change in real GDP in 2020 and the aggregate change in real GDP over the period 2020–2021.

Article 12

Allocation of the financial contribution

(1) Each Member State may submit a request, within the limits of its maximum financial contribution as set out in Article 11, to implement its recovery and resilience plan.

(2) By 31 December 2022, the Commission shall make available for allocation 70 % of the amount referred to in Article 6(1)(a), converted into current prices.

(3) From 1 January 2023 to 31 December 2023, the Commission shall make available for allocation 30 % of the amount referred to in Article 6(1)(a), adjusted to current prices.

(4) Allocations under paragraphs 2 and 3 shall be without prejudice to Article 6(2).

Article 13

Pre-financing

(1) Subject to the adoption by the Council, by 31 December 2021, of the implementing decision referred to in Article 20(1) and at the request of a Member State, submitted together with its recovery and resilience plan, the Commission shall make a pre-financing payment of up to 13 % of the financial contribution and, where applicable, a pre-financing payment of up to 13 % of the loan, as provided for in Article 20(2) and (3). By way of derogation from Article 116(1) of the Financial Regulation, the Commission shall make the corresponding payment within two months, as far as possible, of the Commission's adoption of the legal commitment referred to in Article 23.

(2) In the case of pre-financing under paragraph 1 of this Article, the financial contributions and, where applicable, the loan to be repaid as provided for in Article 20(5)(a) or (h).

(3) Where the amount of pre-financing of the financial contribution pursuant to paragraph 1 of this Article exceeds 13 per cent of the maximum financial contribution calculated in accordance with Article 11(2) by 30 June 2022, the next payment authorised in accordance with Article 24(5) and, where necessary, subsequent payments shall be reduced until the amount overpaid has been offset. Where outstanding payments are insufficient, the amount overpaid shall be repaid.

Article 14

Loans

(1) Until 31 December 2023, at the request of a Member State, the Commission may grant that Member State a loan for the implementation of its recovery and resilience plan.

(2) A Member State may request support in the form of a loan when submitting a recovery and resilience plan as referred to in Article 18 or at any other time up to 31 August 2023. In the latter case, the request shall be accompanied by a revised recovery and resilience plan, including additional milestones and targets.

(3) A Member State's request for loan support shall include information on:

(a) the reasons for granting support in the form of a loan, justified by the increased financial needs associated with the additional reforms and investments;

(b) the additional reforms and investments in accordance with Article 18;

(c) the higher cost of the recovery and resilience plan in question compared with the amount of the financial contributions allocated to the recovery and resilience plan pursuant to Article 20(4)(a) or (b).

(4) The amount of loan support granted to the recovery and resilience plan of the Member State concerned shall not exceed the difference between the total cost of the recovery and resilience plan, as revised where applicable, and the maximum financial contribution provided for in Article 11.

(5) The maximum amount of loan support granted to each Member State shall not exceed 6.8 % of its GNI for 2019 at current prices.

(6) By way of derogation from paragraph 5, subject to the availability of resources, the amount of support in the form of a loan may be increased in exceptional circumstances.

(7) The loan shall be paid in instalments, subject to the achievement of milestones and targets, in accordance with Article 20(5)(h).

(8) The Commission shall assess the application for support in the form of a loan in accordance with Article 19. The Council shall adopt an implementing decision, on the basis of a proposal from the Commission, in accordance with Article 20(1). Where appropriate, the recovery and resilience plan shall be amended accordingly.

Article 15

Loan agreement

(1) Before concluding a loan agreement with the Member State concerned, the Commission shall assess whether:

(a) the justification for the request for support in the form of a loan and the amount of the loan are considered reasonable and plausible in relation to the additional reforms and investments; and

(b) the additional reforms and investments comply with the criteria set out in Article 19(3).

(2) Where the Commission considers that the request for support in the form of a loan meets the criteria set out in paragraph (1) and following the adoption of the Council implementing decision referred to in Article 20(1), the Commission shall conclude a loan agreement with the Member State concerned. In addition to the elements set out in Article 220(5) of the Financial Regulation, the loan agreement shall contain the following elements:

(a) the amount of the loan in euro, including, where applicable, the amount of the loan pre-financed in accordance with Article 13;

(b) the average maturity; Article 220(2) of the Financial Regulation shall not apply to this maturity;

(c) the pricing formula and the availability period of the loan;

(d) the maximum number of instalments and the repayment schedule;

(e) the other elements necessary for the implementation of the loan in relation to the reforms and investment projects concerned, in accordance with the decision referred to in Article 20(3).

(3) In accordance with Article 220(5)(e) of the Financial Regulation, the costs associated with borrowing funds for the loans referred to in this Article shall be borne by the beneficiary Member States.

(4) The Commission shall lay down the measures necessary for the administration of lending operations relating to loans granted in accordance with this Article.

(5) A Member State receiving a loan granted in accordance with this Article shall open a special account for the management of the loan received. It shall also transfer the principal and interest due on any such loan to an account designated by the Commission, in accordance with the measures laid down pursuant to paragraph 4, twenty working days before the relevant due date.

Article 16

Review report

(1) By 31 July 2022, the Commission shall submit a review report to the European Parliament and the Council on the implementation of the mechanism.

(2) The review report shall set out the following elements:

(a) an assessment of the extent to which the implementation of the recovery and resilience plans is consistent with the scope of this Regulation and contributes to its overall objective in accordance with the six pillars referred to in Article 3, including how the recovery and resilience plans address gender inequalities;

(b) a quantitative assessment of the contribution of the recovery and resilience plans to:

(i) the climate target of at least 37 per cent;

(ii) the digital target of at least 20 per cent;

(iii) each of the six pillars referred to in Article 3;

(c) the state of implementation of the recovery and resilience plans, as well as the observations and guidance provided to Member States prior to the update of their recovery and resilience plans referred to in Article 18(2).

(3) For the purposes of the review report referred to in paragraph 1 of this Article, the Commission shall take into account the scoreboard referred to in Article 30, the Member States' reports referred to in Article 27 and any other relevant information concerning the achievement of the milestones and targets of the recovery and resilience plans, as made available through the payment, suspension and termination procedures referred to in Article 24.

(4) The competent committee of the European Parliament may invite the Commission to present the main findings of the review report in the context of the dialogue on recovery and resilience referred to in Article 26.

CHAPTER III

RECOVERY AND RESILIENCE PLANS

Article 17

Eligibility

(1) Within the scope set out in Article 3 and with a view to achieving the objectives set out in Article 4, Member States shall draw up national recovery and resilience plans. These plans shall set out the Member State's agenda for reforms and investments. Recovery and resilience plans eligible for funding under the Mechanism shall comprise measures to implement reforms and public investments through a comprehensive and coherent package, which may also include public programmes designed to encourage private investment.

(2) Measures initiated on or after 1 February 2020 are eligible provided they comply with the requirements set out in this Regulation.

(3) The recovery and resilience plans are consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, as well as with those identified in the Council's most recent recommendation on the economic policy of the euro area for Member States whose currency is the euro. The recovery and resilience plans are also consistent with the information included by Member States in their national reform programmes under the European Semester, in their national energy and climate plans and in their updates pursuant to Regulation (EU) 2018/1999, in the territorial plans for a just transition under a Regulation of the European Parliament and of the Council establishing the Just Transition Fund ('the Just Transition Fund'), in the implementation plans for the Youth Guarantee, as well as in the partnership agreements and operational programmes under the Union funds.

(4) Recovery and Resilience Plans shall comply with the horizontal principles laid down pursuant to Article 5.

(5) Where a Member State is exempt from monitoring and evaluation in the context of the European Semester pursuant to Article 12 of Regulation (EU) No 472/2013 or is subject to the verification procedure pursuant to Regulation (EC) No 332/2002, this Regulation shall apply to that Member State in respect of the challenges and priorities identified by the measures set out in those Regulations.

Article 18

Recovery and Resilience Plan

(1) A Member State wishing to receive a financial contribution in accordance with Article 12 shall submit to the Commission a recovery and resilience plan, as defined in Article 17(1).

(2) Once the Commission has made available for allocation the amount referred to in Article 12(3), a Member State may update and submit the recovery and resilience plan referred to in paragraph 1 of this Article to take account of the updated maximum financial contribution calculated in accordance with Article 11((2).

(3) The recovery and resilience plan submitted by the Member State may be submitted in a single integrated document together with its national reform programme and shall, as a rule, be formally submitted by 30 April. Member States may submit a draft recovery and resilience plan from 15 October of the preceding year.

(4) The recovery and resilience plan shall be duly substantiated and justified. It shall set out, in particular, the following elements:

(a) an explanation of how the recovery and resilience plan, taking into account the measures included therein, constitutes a comprehensive and appropriately balanced response to the Member State's economic and social situation, thereby contributing appropriately to all the pillars referred to in Article 3, taking into account the specific challenges facing the Member State in question;

(b) an explanation of how the recovery and resilience plan contributes to effectively addressing all or a significant part of the challenges identified in the relevant country-specific recommendations, including their fiscal aspects, and, where applicable, in the recommendations adopted pursuant to Article 6 of Regulation (EU) No 1176/2011 addressed to the Member State concerned, or the challenges identified in other relevant documents formally adopted by the Commission in the context of the European Semester;

(c) a detailed explanation of how the recovery and resilience plan strengthens the growth potential, job creation and economic, social and institutional resilience of the Member State concerned, including by promoting policies in favour of children and young people, and mitigates the economic and social impact of the COVID-19 crisis, contributing to the implementation of the European Pillar of Social Rights, and thereby strengthens economic, social and territorial cohesion and convergence within the Union;

(d) an explanation of how the Recovery and Resilience Plan ensures that no measure implementing the reforms and investments included in the Recovery and Resilience Plan significantly undermines the environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the 'do no significant harm' principle);

(e) a qualitative explanation of how the measures set out in the Recovery and Resilience Plan are expected to contribute to the green transition, including biodiversity, or to addressing the challenges arising from that transition, and whether those measures correspond to an amount representing at least 37 % of the total allocation of the Recovery and Resilience Plan, based on the methodology for tracking climate-related expenditure set out in Annex VI; that methodology shall be used accordingly for measures that cannot be directly attributed to an area of intervention included in Annex VI; the coefficients for support for climate objectives may be increased up to a total of 3 % of the Recovery and Resilience Plan allocation for individual investments to take account of related reform measures that enhance their impact on climate objectives, as explained in the Recovery and Resilience Plan;

(f) an explanation of how the measures in the Recovery and Resilience Plan are expected to contribute to the digital transition or to addressing the challenges arising from it, and whether they account for at least 20 % of the total allocation of the Recovery and Resilience Plan, based on the digital tagging methodology set out in Annex VII; that methodology shall be applied accordingly to measures that cannot be directly attributed to an area of intervention included in Annex VII; the coefficients for support granted to digital objectives may be increased for individual investments to take account of related reform measures that enhance their impact on digital objectives;

(g) where applicable, for investments in digital capacities and connectivity, a security self-assessment based on common objective criteria, identifying any security issues and detailing how these aspects will be addressed to comply with relevant Union and national law;

(h) an indication of whether the measures included in the recovery and resilience plan comprise cross-border or multinational projects;

(i) the envisaged milestones and targets, and an indicative timetable for the implementation of the reforms and investments to be completed by 31 August 2026;

(j) the planned investment projects and the corresponding investment period;

(k) the estimated total costs of the reforms and investments covered by the submitted Recovery and Resilience Plan (also referred to as the 'estimated total costs of the Recovery and Resilience Plan'), accompanied by an appropriate justification and explanations as to how this is consistent with the principle of cost-effectiveness and proportionate to the expected economic and social impact at national level;

(l) where applicable, information on existing or planned funding provided by the Union;

(m) any accompanying measures that may be necessary;

(n) a justification of the coherence of the recovery and resilience plan; and an explanation of its coherence with the principles, plans and programmes referred to in Article 17;

(o) an explanation of how the measures in the recovery and resilience plan are expected to contribute to gender equality and equal opportunities for all, as well as to the mainstreaming of these objectives, in accordance with Principles 2 and 3 of the European Pillar of Social Rights, UN Sustainable Development Goal 5 and the national strategy on gender equality, where applicable;

(p) measures for the effective monitoring and implementation of the Recovery and Resilience Plan by the Member State concerned, including the proposed milestones and targets and the associated indicators;

(q) for the preparation and, where applicable, the implementation of the Recovery and Resilience Plan, a summary of the consultation process, carried out in accordance with the national legal framework, with local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, as well as how the stakeholders' contributions are reflected in the recovery and resilience plan;

(r) an explanation of the Member States' system for preventing, detecting and rectifying corruption, fraud and conflicts of interest in the use of funds made available under the Mechanism, and the measures aimed at avoiding double funding under the Mechanism and other Union programmes;

(s) where applicable, the request for support in the form of a loan and the additional milestones referred to in Article 14(2) and (3) and their components; and

(t) any other relevant information.

(5) When drawing up their recovery and resilience plans, Member States may request the Commission to organise an exchange of best practices so that applicant Member States can benefit from the experience of other Member States. Member States may also request technical support under the Technical Support Instrument. Member States are encouraged to promote synergies with the recovery and resilience plans of other Member States.

Article 19

Commission assessment

(1) The Commission shall assess the recovery and resilience plan or, where applicable, its updated version, submitted by the Member State in accordance with Article 18(1) or (2), within two months of the date of formal submission, and shall draw up a proposal for a Council implementing decision in accordance with Article 20(1). When carrying out the assessment, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or request further information. The Member State concerned shall provide the additional information requested and may revise the recovery and resilience plan, if necessary, including after the formal submission of the recovery and resilience plan. The Member State concerned and the Commission may agree to extend the deadline for the assessment by a reasonable period, if necessary.

(2) When assessing the recovery and resilience plan and determining the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester, as well as the justification and evidence provided by that Member State, as set out in Article 18(4), and any other relevant information, such as, in particular, information contained in that Member State's National Reform Programme and National Energy and Climate Plan, in the territorial plans for a just transition under the Just Transition Fund Regulation, in the Youth Guarantee implementation plans, and, where relevant, information relating to technical support received through the Technical Support Instrument.

(3) The Commission shall assess the relevance, effectiveness, efficiency and coherence of the recovery and resilience plan and, for that purpose, shall take into account the following criteria, which shall apply in accordance with Annex V:

Relevance:

(a) whether the recovery and resilience plan constitutes a comprehensive and appropriately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3, taking into account the specific challenges and the financial allocation of the Member State concerned;

(b) whether the recovery and resilience plan is expected to contribute to effectively addressing all or a significant part of the challenges identified in the relevant country-specific recommendations, including with regard to their fiscal aspects, and, where applicable, in the recommendations adopted pursuant to Article 6 of Regulation (EU) No 1176/2011 addressed to the Member State concerned, or the challenges identified in other relevant documents formally adopted by the Commission in the context of the European Semester;

(c) whether the recovery and resilience plan is expected to contribute effectively to strengthening the Member State's growth potential, job creation and economic, social and institutional resilience, contributing to the implementation of the European Pillar of Social Rights, including by promoting policies in favour of children and young people, and to mitigating the economic and social impact of the COVID-19 crisis, thereby strengthening economic, social and territorial cohesion and convergence within the Union;

(d) if it is envisaged that the Recovery and Resilience Plan will ensure that no measure implementing the reforms and investment projects included in the Recovery and Resilience Plan significantly undermines the environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the 'do no significant harm' principle); the Commission shall provide Member States with technical guidance in this regard;

(e) whether the Recovery and Resilience Plan contains measures that contribute effectively to the green transition, including biodiversity, or to addressing the challenges arising from that transition, and if those measures correspond to an amount representing at least 37 % of the total allocation of the Recovery and Resilience Plan, based on the methodology for tracking climate-related expenditure set out in Annex VI; that methodology shall be used accordingly for measures that cannot be directly attributed to an area of intervention included in Annex VI; the coefficients for support for climate objectives may be increased up to a total of 3 % of the Recovery and Resilience Plan allocation for individual investments to take account of related reform measures that credibly enhance their impact on climate objectives, subject to the Commission's agreement;

(f) if the Recovery and Resilience Plan contains measures that contribute effectively to the digital transition or to addressing the challenges arising from it, and if those measures correspond to an amount representing at least 20 % of the total allocation of the Recovery and Resilience Plan, based on the digital tagging methodology set out in Annex VII; that methodology shall be applied accordingly to measures that cannot be directly attributed to an area of intervention included in Annex VII; the coefficients for support granted to digital objectives may be increased for individual investments to take account of related reform measures that enhance their impact on digital objectives;

Effectiveness:

(g) whether the Recovery and Resilience Plan is expected to have a lasting impact on the Member State concerned;

(h) whether the measures proposed by the Member States concerned are expected to ensure effective monitoring and implementation of the recovery and resilience plan, including the timetable, milestones and targets set, and the related indicators;

Efficiency:

(i) whether the justification provided by the Member State regarding the total estimated costs of the recovery and resilience plan is reasonable and plausible, and is consistent with the principle of cost-effectiveness and proportionate to the expected national economic and social impact;

(j) whether the measures proposed by the Member States concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interest in the use of funds made available under the Mechanism, including measures aimed at avoiding double funding under the Mechanism and other Union programmes;

Coherence:

(k) whether the Recovery and Resilience Plan contains measures to implement reform and public investment projects that constitute coherent actions.

(4) Where the Member State concerned has requested a loan as provided for in Article 14, the Commission shall assess whether the loan application meets the criteria set out in Article 15(1) and, in particular, whether the additional reforms and investments in respect of which that application was made meet the assessment criteria set out in paragraph 3.

(5) Where the Commission gives a negative assessment of a recovery and resilience plan, it shall provide a duly reasoned assessment within the time limit laid down in paragraph 1.

(6) For the purposes of assessing the recovery and resilience plans submitted by Member States, the Commission may draw on the assistance of experts.

Article 20

Commission proposal and Council implementing decision

(1) On the basis of a proposal from the Commission, the Council shall, by means of an implementing decision, approve the assessment of the recovery and resilience plan submitted by the Member State in accordance with Article 18(1) or, where applicable, the assessment of the updated version of that plan submitted in accordance with Article 18(2).

(2) Where the Commission gives a positive assessment of a recovery and resilience plan, the Commission's proposal for a Council implementing decision shall set out the reforms and investment projects to be implemented by the Member State, including milestones and targets, and the financial contributions calculated in accordance with Article 11.

(3) Where the Member State concerned requests support in the form of a loan, the Commission's proposal for a Council implementing decision shall also set out the amount of support in the form of a loan, as provided for in Article 14(4) and (6), as well as the additional reforms and investment projects to be implemented by the Member State receiving that loan, including additional milestones and targets.

(4) The financial contribution referred to in paragraph 2 shall be determined on the basis of the total estimated costs of the recovery and resilience plan proposed by the Member State concerned, as assessed against the criteria set out in Article 19(3). The amount of the financial contribution shall be determined as follows:

(a) where the recovery and resilience plan satisfactorily meets the criteria set out in Article 19(3), and the total estimated costs of the recovery and resilience plan are equal to or greater than the maximum financial contribution calculated for that Member State in accordance with Article 11, the financial contribution allocated to the Member State concerned shall be equal to the total amount of the maximum financial contribution calculated for that Member State in accordance with Article 11;

(b) where the recovery and resilience plan satisfactorily meets the criteria set out in Article 19(3), and the total estimated costs of the recovery and resilience plan are lower than the maximum financial contribution calculated for that Member State in accordance with Article 11, the financial contribution allocated to the Member State shall be equal to the total estimated costs of the recovery and resilience plan;

(c) where the recovery and resilience plan does not satisfactorily meet the criteria set out in Article 19(3), no financial contribution shall be allocated to the Member State concerned.

(5) The Commission proposal referred to in paragraph 2 shall also set out:

(a) the financial contribution to be paid in instalments once the Member State has satisfactorily met the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;

(b) the financial contribution and, where applicable, the amount of loan support to be paid as pre-financing in accordance with Article 13, following the approval of the recovery and resilience plan;

(c) a description of the reforms and investment projects and the estimated total costs of the recovery and resilience plan;

(d) the deadline, which should not be later than 31 August 2026, by which the milestones and final targets for both investment projects and reforms must be achieved;

(e) the measures and timetable for monitoring and implementing the recovery and resilience plan, including, where appropriate, the measures necessary to ensure compliance with Article 22;

(f) the relevant indicators relating to the achievement of the envisaged milestones and targets;

(g) the measures ensuring that the Commission has full access to the relevant underlying data; and

(h) where applicable, the amount of the loan to be paid in instalments and the additional milestones and targets relating to the payment of the loan.

(6) The monitoring and implementation measures and timetable referred to in paragraph 5(e), the relevant indicators relating to the achievement of the envisaged milestones and targets, as referred to in paragraph 5(f), the measures ensuring the Commission has full access to the underlying data referred to in paragraph (5)((g) and, where applicable, the additional milestones and targets relating to the disbursement of the loan referred to in paragraph 5(h) shall be set out in detail in operational agreements to be agreed between the Member State concerned and the Commission following the adoption of the decision referred to in paragraph 1.

(7) The Council shall adopt the implementing decisions referred to in paragraph 1, as a rule, within four weeks of the adoption of the Commission’s proposal.

(8) The Council, on the basis of a proposal from the Commission, shall, without undue delay, amend the implementing decision adopted in accordance with Article 20(1) to include the updated maximum financial contribution, calculated in accordance with Article 11(2).

Article 21

Amendment of a Member State’s recovery and resilience plan

(1) Where the recovery and resilience plan, including the relevant milestones and targets, can no longer be met, in whole or in part, by the Member State concerned as a result of objective circumstances, that Member State may submit a reasoned request to the Commission for it to draw up a proposal to amend or replace the Council implementing decisions referred to in Article 20(1) and (3). To that end, the Member State may propose an amended recovery and resilience plan or a new plan. Member States may request technical support for the preparation of such a proposal under the Technical Support Instrument.

(2) Where the Commission considers that the reasons put forward by the Member State concerned justify an amendment to that recovery and resilience plan, the Commission shall assess the new or amended recovery and resilience plan in accordance with Article 19 and draw up a proposal for a new Council implementing decision in accordance with Article 20(1) within two months of the formal submission of the request. The Member State concerned and the Commission may agree to extend that time limit by a reasonable period, if necessary. The Council shall, as a rule, adopt the new implementing decision within four weeks of the adoption of the Commission’s proposal.

(3) Where the Commission considers that the grounds put forward by the Member State concerned do not justify an amendment to that recovery and resilience plan, the Commission shall reject the request within the time limit referred to in paragraph 2, after having given the Member State concerned the opportunity to submit its observations within one month of the communication of the Commission’s conclusions.

CHAPTER IV

FINANCIAL PROVISIONS

Article 22

Protection of the Union's financial interests

(1) When implementing the Mechanism, Member States, whether as beneficiaries or as recipients of funds under the Mechanism, shall take all appropriate measures to protect the financial interests of the Union and to ensure that the use of funds in connection with measures supported by the Mechanism complies with the applicable rules of Union and national law, in particular as regards the prevention, detection and correction of fraud, corruption and conflicts of interest. To this end, Member States shall provide for an effective and efficient internal control system and for the recovery of amounts unduly paid or incorrectly used. Member States may rely on their own national budget management systems.

(2) The agreements referred to in Article 15(2) and Article 23(1) shall set out the Member States' obligations:

(a) to verify regularly that the funding granted has been used properly in accordance with all applicable rules and that any measures to implement reforms and investment projects under the Recovery and Resilience Plan have been implemented properly in accordance with all applicable rules, in particular as regards the prevention, detection and correction of fraud, corruption and conflicts of interest;

(b) to take appropriate measures to prevent, detect and correct fraud, corruption and conflicts of interest, as defined in Article 61(2) and (3) of the Financial Regulation, which affect the financial interests of the Union, and to bring legal proceedings to recover funds that have been misappropriated, including in connection with any measure implementing reforms and investment projects under the Recovery and Resilience Plan;

(c) to attach to any payment claim:

(i) a management declaration stating that the funds have been used for their intended purpose, that the information submitted with the payment claim is complete, accurate and reliable, and that the control systems put in place provide the necessary assurances that the funds have been managed in accordance with all applicable rules, in particular those on the avoidance of conflicts of interest, the fight against fraud, the avoidance of corruption and double funding under the Mechanism and other Union programmes, in accordance with the principle of sound financial management; and

(ii) a summary of the audits carried out, including the weaknesses identified and the corrective measures taken;

(d) for the purposes of auditing and control, and to provide comparable information on the use of funds in relation to measures to implement reforms and investment projects under the Recovery and Resilience Plan, to collect the following categories of standardised data and ensure access to them:

(i) the name of the final recipient of the funds;

(ii) the name of the contracting authority and the subcontractor, where the final recipient of the funds is a contracting authority in accordance with Union law or national law on public procurement;

(iii) the first name, surname and date of birth of the beneficial owner of the recipient of the funds or of the contractor, within the meaning of Article 3(6) of Directive (EU) 2015/849 of the European Parliament and of the Council [26];

(iv) a list of all measures implementing reforms and investment projects under the Recovery and Resilience Plan, the total amount of public funding for those measures and the amount of funds disbursed under the Mechanism and under other Union funds;

(26) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

(e) to expressly authorise the Commission, OLAF, the Court of Auditors and, where appropriate, the EPPO to exercise the rights set out in Article 129(1) of the Financial Regulation and to impose obligations on all final recipients of funds paid for the measures implementing the reforms and investment projects included in the Recovery and Resilience Plan or on all other persons or entities involved in their implementation, to expressly authorise the Commission, OLAF, the Court of Auditors and, where appropriate, the EPPO to exercise the rights set out in Article 129(1) of the Financial Regulation and to impose similar obligations on all final beneficiaries of the funds disbursed;

(f) to keep records in accordance with Article 132 of the Financial Regulation.

(3) The personal data referred to in paragraph 2(d) of this Article shall be processed by the Member States and by the Commission solely for the purposes of, and for the duration of, the discharge procedures, audit and control procedures relating to the use of funds in connection with the implementation of the agreements referred to in Article 15(2) and Article 23(1). As part of the discharge procedure vis-à-vis the Commission, in accordance with Article 319 TFEU, the mechanism shall be the subject of reporting under the integrated financial and accountability reports referred to in Article 247 of the Financial Regulation and, in particular, separately within the annual management and performance report.

(4) The Commission shall make available to the Member States an integrated and interoperable information and monitoring system, including a single tool for data extraction and risk assessment, to access and analyse the relevant data, with a view to the widespread application of that system by the Member States, including with the support of the Technical Support Instrument.

(5) The agreements referred to in Article 15(2) and Article 23(1) shall also provide for the Commission’s right to reduce proportionately the support granted under the mechanism and to recover any amount due to the Union budget or to request early repayment of the loan, in cases of fraud, corruption and conflicts of interest affecting the Union’s financial interests which have not been rectified by the Member State, or in the event of a serious breach of an obligation arising from such agreements.

When deciding on the amount to be recovered and the reduction to be applied, or the amount to be repaid early, the Commission shall respect the principle of proportionality and take into account the seriousness of the fraud, the act of corruption or the conflict of interest affecting the Union’s financial interests, or the seriousness of a breach of an obligation. The Member State shall be given the opportunity to submit its observations before the reduction is made or the early repayment is requested.

Article 23

Commitment regarding the financial contribution

(1) Once the Council has adopted an implementing decision as provided for in Article 20(1), the Commission shall conclude an agreement with the Member State concerned, which shall constitute an individual legal commitment within the meaning of the Financial Regulation. For each Member State, the legal commitment shall not exceed the financial contribution referred to in Article 11(1)(a) for 2021 and 2022 and the updated financial contribution referred to in Article 11(2) for 2023.

(2) Budgetary commitments may be based on global commitments and, where appropriate, may be broken down into annual instalments spread over several years.

Article 24

Rules on payments, suspension and termination of agreements on financial contributions and loans

(1) Payments of financial contributions and, where applicable, the loan to the Member State concerned under this Article shall be made by 31 December 2026, in accordance with the budgetary appropriations and subject to the availability of funds.

(2) Upon achieving the relevant agreed milestones and targets set out in the recovery and resilience plan, as approved in accordance with Article 20, the Member State concerned shall submit to the Commission a duly substantiated request for payment of the financial contribution and, where applicable, the loan. Member States may submit such requests for payment to the Commission twice a year.

(3) The Commission shall carry out a preliminary assessment, without undue delay and within two months of receiving the request, as to whether the relevant milestones and targets set out in the Council implementing decision referred to in Article 20(1) have been satisfactorily met. Satisfactory achievement of the milestones and targets presupposes that the measures relating to the milestones and targets that were previously satisfactorily achieved have not been revoked by the Member State concerned. For the purposes of the assessment, the operational-type agreements referred to in Article 20(6) shall also be taken into account. The Commission may be assisted by experts.

(4) Where the Commission carries out a positive preliminary assessment of the satisfactory achievement of the relevant milestones and targets, it shall forward its findings to the Economic and Financial Committee and seek its opinion on the satisfactory achievement of the relevant milestones and targets. In its assessment, the Commission shall take account of the opinion of the Economic and Financial Committee.

(5) Where the Commission's assessment is positive, it shall, without undue delay, adopt a decision authorising the payment of the financial contribution and, where applicable, the loan, in accordance with the Financial Regulation. Such a decision shall be adopted in accordance with the examination procedure referred to in Article 35(2).

(6) Where, following the assessment referred to in paragraph 5, the Commission determines that the milestones and targets set out in the Council implementing decision referred to in Article 20(1) have not been satisfactorily met, payment of the financial contribution and, where applicable, the loan shall be suspended in whole or in part. The Member State concerned shall have the opportunity to submit its observations within one month of the Commission's assessment being communicated to it.

The suspension shall be lifted only if the Member State concerned has taken the necessary measures to ensure that the milestones and targets set out in the Council implementing decision referred to in Article 20(1) are satisfactorily met.

(7) By way of derogation from Article 116(2) of the Financial Regulation, the payment period shall begin to run from the date on which the Member State concerned was notified of the decision authorising payment pursuant to paragraph 5 of this Article, or from the date on which it was notified of the lifting of a suspension pursuant to the second subparagraph of paragraph 6 of this Article.

(8) Where the Member State concerned has not taken the necessary measures within six months of the suspension, the Commission shall reduce the amount of the financial contribution and, where applicable, the loan proportionally, after having given the Member State concerned the opportunity to submit its observations within two months of the notification of the Commission's conclusions.

(9) Where, within 18 months of the date of adoption of the Council implementing decision referred to in Article 20(1), the Member State concerned has not made concrete progress towards meeting any relevant milestones or targets, the Commission shall terminate the agreements referred to in Article 15(2) and Article 23(1) and decommit the amount of the financial contribution, without prejudice to Article 14(3) of the Financial Regulation. Any pre-financing in accordance with Article 13 shall be recovered in full. The Commission shall adopt a decision terminating the agreements referred to in Article 15(2) and Article 23(1) and, where appropriate, on the recovery of pre-financing, after having given the Member State concerned the opportunity to submit its observations within two months of the notification of its assessment that no concrete progress has been made.

(10) In exceptional circumstances, the adoption of the decision authorising payment of the financial contribution and, where applicable, the loan in accordance with paragraph 5 may be deferred for a period of up to three months.

CHAPTER V

INSTITUTIONAL PROVISIONS

Article 25

Transparency

(1) The Commission shall forward to the European Parliament and the Council simultaneously, on an equal footing and without undue delay, the recovery and resilience plans formally submitted by the Member States, as well as the proposals for Council implementing decisions referred to in Article 20(1), as published by the Commission.

(2) Information transmitted by the Commission to the Council or any of its preparatory bodies in the context of this Regulation or its implementation shall be made available simultaneously to the European Parliament, subject to confidentiality provisions where applicable. The relevant outcomes of discussions held within the Council's preparatory bodies shall be communicated to the competent committee of the European Parliament.

(3) The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise its public interests. In such a case, the Commission shall consult the European Parliament and the Council on how the redacted information may be made available to the co-legislators on a confidential basis, in accordance with the applicable rules.

(4) The Commission shall provide the competent committee of the European Parliament with an overview of its preliminary findings on whether the relevant milestones and targets included in the Member States' recovery and resilience plans have been satisfactorily met.

(5) The competent committee of the European Parliament may invite the Commission to provide information on the state of play of the assessment of the recovery and resilience plans in the context of the dialogue on recovery and resilience referred to in Article 26.

Article 26

Dialogue on recovery and resilience

(1) In order to strengthen dialogue between the Union institutions, in particular between the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the Commission, once every two months, to discuss the following matters:

(a) the state of play regarding the Union's capacity for recovery, resilience and adjustment, as well as the measures adopted pursuant to this Regulation;

(b) Member States' recovery and resilience plans;

(c) the assessment of Member States' recovery and resilience plans;

(d) the main findings of the review report referred to in Article 16(2);

(e) the state of progress towards achieving the milestones and targets included in Member States' recovery and resilience plans;

(f) the procedures for payment, suspension and termination, including any observations made and remedial measures taken by Member States to ensure that the milestones and targets are satisfactorily met;

(g) any other relevant information and documents provided by the Commission to the competent committee of the European Parliament in connection with the implementation of the mechanism.

(2) The European Parliament may express its views on the matters referred to in paragraph 1 in resolutions.

(3) The Commission shall take into account all elements arising from the views expressed in the dialogue on recovery and resilience, including, where available, from the resolutions of the European Parliament.

(4) The Recovery and Resilience Scoreboard referred to in Article 30 shall serve as the basis for the Recovery and Resilience Dialogue.

CHAPTER VI

REPORTING

Article 27

Reporting by the Member State in the context of the European Semester

The Member State concerned shall report twice a year, in the context of the European Semester, on the progress made in implementing its recovery and resilience plan, including on the operational-type agreements referred to in Article 20(6), as well as on the common indicators referred to in Article 29((4). To this end, the reports drawn up by the Member States concerned shall be duly reflected in the national reform programmes, which shall be used as a tool for reporting on progress towards the completion of the recovery and resilience plans.

CHAPTER VII

COMPLEMENTARITY, MONITORING AND EVALUATION

Article 28

Coordination and complementarity

The Commission and the Member States concerned, in a manner commensurate with their respective responsibilities, shall encourage synergies and ensure effective coordination between the Mechanism and other Union programmes and instruments, including the Technical Support Instrument, and, in particular, with measures financed from Union funds. To that end, they shall:

(a) ensure complementarity, synergy, coherence and consistency between the various instruments at Union, national and, where appropriate, regional level, in particular with regard to measures financed from Union funds, both during the planning phase and during implementation;

(b) optimise coordination mechanisms to avoid duplication of effort; and

(c) ensure close cooperation between the authorities responsible for implementation and control at Union, national and, where appropriate, regional level in order to achieve the objectives of the mechanism.

Article 29

Monitoring of implementation

(1) The Commission shall monitor the implementation of the mechanism and measure the extent to which the objectives set out in Article 4 have been achieved. Monitoring of implementation shall focus on the activities carried out under the mechanism and shall be proportionate to those activities.

(2) The Commission's performance reporting system ensures that data for monitoring the implementation of activities and results are collected efficiently, effectively and in a timely manner. To this end, recipients of Union funding are subject to proportionate reporting requirements.

(3) The Commission shall submit an ex-post report on expenditure financed by the Mechanism under each of the pillars referred to in Article 3. Such reporting shall be based on the breakdown of estimated expenditure set out in the approved recovery and resilience plans.

(4) The Commission is empowered to adopt, by the end of December 2021, delegated acts in accordance with Article 33 to supplement this Regulation in order to:

(a) establish the common indicators to be used for reporting on the progress made by the Mechanism and for monitoring and evaluating the Mechanism in terms of the achievement of the general objective and the specific objectives; and

(b) define a methodology for reporting on social expenditure, including expenditure on children and young people, under the mechanism.

(5) Member States shall report to the Commission on the common indicators.

Article 30

Recovery and Resilience Scoreboard

(1) The Commission shall establish a Recovery and Resilience Scoreboard (hereinafter referred to as 'the Scoreboard'), which sets out the progress made in the implementation of Member States' recovery and resilience plans in each of the six pillars referred to in Article 3. The Scoreboard shall constitute the performance reporting system of the Mechanism.

(2) The Commission is empowered to adopt a delegated act, in accordance with Article 33, to supplement this Regulation by defining the detailed elements of the scoreboard with a view to presenting progress in the implementation of the recovery and resilience plans as provided for in paragraph 1.

(3) The scoreboard shall also set out progress made in the implementation of the recovery and resilience plans against the common indicators referred to in Article 29(4).

(4) The scoreboard shall remain in operation until December 2021 and shall be updated by the Commission twice a year. The scoreboard shall be made available to the public on a website or an internet portal.

Article 31

Annual report

(1) The Commission shall submit an annual report to the European Parliament and the Council on the implementation of the mechanism.

(2) The annual report shall include information on the progress made under the mechanism with regard to the recovery and resilience plans of the Member States concerned, including information on the state of implementation of the milestones and targets, as well as the status of payments and any suspensions thereof.

(3) The annual report shall also include the following information on:

(a) the Mechanism's contribution to achieving climate and digital targets;

(b) the Mechanism's performance based on the common indicators referred to in Article 29(4);

(c) expenditure financed by the Mechanism under the six pillars referred to in Article 3, comprising social expenditure, including expenditure on children and young people, as referred to in Article 29(4).

(4) For the purposes of reporting on the activities referred to in paragraphs 2 and 3, the Commission may use the content of relevant documents formally adopted by the Commission in the context of the European Semester, where appropriate.

Article 32

Evaluation and ex-post evaluation of the mechanism

(1) By 20 February 2024, the Commission shall submit to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an independent evaluation report on the implementation of the mechanism, and by 31 December 2028 an independent ex-post evaluation report.

(2) The evaluation report shall analyse, in particular, the extent to which the objectives have been achieved, the efficiency of the use of resources and the European added value. The report shall also examine whether all objectives and actions remain relevant.

(3) The evaluation shall be accompanied, where appropriate, by a proposal to amend this Regulation.

(4) The ex-post evaluation report shall consist of an overall assessment of the mechanism and shall include information on its long-term impact.

Article 33

Exercise of the delegation

(1) The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

(2) The power to adopt delegated acts referred to in Article 29(4) and Article 30(2) shall be conferred on the Commission for an indeterminate period of time from 19 February 2021.

(3) The delegation of powers referred to in Article 29(4) and Article 30(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of powers specified in that decision. The decision shall take effect on the day following the date of its publication in the Official Journal of the European Union or on a later date specified in the decision. The decision shall not affect delegated acts that are already in force.

(4) Before adopting a delegated act, the Commission shall consult the experts designated by each Member State in accordance with the principles set out in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

(5) As soon as it adopts a delegated act, the Commission shall notify the European Parliament and the Council simultaneously.

(6) A delegated act adopted pursuant to Article 29(4) and Article 30(2) shall enter into force only if neither the European Parliament nor the Council has raised any objections within one month of its notification to the European Parliament and the Council, or if, before the expiry of that period, the European Parliament and the Council have informed the Commission that they will not raise any objections. That period shall be extended by one month at the initiative of the European Parliament or the Council.

CHAPTER VIII

NOTIFICATION AND FINAL PROVISIONS

Article 34

Information, communication and publicity

(1) The Commission may carry out communication activities to ensure the visibility of Union funding for the financial support envisaged in the relevant recovery and resilience plan, including through joint communication activities with the national authorities concerned. The Commission may, where appropriate, ensure that the support provided under the mechanism is publicised and acknowledged by means of a funding statement.

(2) Recipients of Union funds shall acknowledge the origin of those funds and ensure the visibility of Union funding, including, where appropriate, by displaying the Union emblem and an appropriate funding statement with the following wording: 'funded by the European Union – NextGenerationEU', in particular when promoting the actions and their results, by providing specific, coherent, concrete and proportionate information to various target audiences, including the media and the general public.

(3) The Commission shall carry out information and communication activities concerning the Facility, the actions undertaken under the Facility and the results achieved. The Commission shall, where appropriate, inform the European Parliament's representative offices of its actions and involve them in those actions. The financial resources allocated to the mechanism shall also contribute to the institutional communication of the Union's political priorities, in so far as those priorities are linked to the objectives referred to in Article 4.

Article 35

Committee procedure

(1) The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

(2) Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 36

Entry into force

This Regulation shall enter into force on the day following that of its publication in *the Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Adopted in Brussels, 12 February 2021.

For the European Parliament	*For the Council*
The President	*The President*
D. M. SASSOLI	A. COSTA

ANNEX I

Methodology for calculating the maximum financial contribution allocated to each Member State under the mechanism

This Annex sets out the methodology for calculating the maximum financial contribution available to each Member State in accordance with Article 11. The methodology takes into account, for each Member State, the following elements:

— population;

— the inverse of GDP per capita;

— the average unemployment rate over the last five years (2015–2019), compared with the Union average;

— the decline in real GDP in 2020 and the cumulative decline in real GDP in 2020 and 2021.

To avoid an excessive concentration of resources:

— the inverse of GDP per capita is capped at a maximum of 150 % of the Union average;

— the deviation of the unemployment rate in the Member State concerned from the EU average is capped at a maximum of 150 per cent of the EU average;

— to take account of the fact that labour markets in wealthier Member States (with a GNI per capita above the Union average) are generally more stable, the deviation of the unemployment rate in these countries from the Union average is capped at a maximum of 75 per cent.

The maximum financial contribution of a Member State under the mechanism (CFM_i) is defined as follows:

$$CFM_i = v_i \times (SF)$$

where:

SF (financial support) represents the funding available under the mechanism, as referred to in Article 6(1)(a); and

ν_i is the allocation key for Member State i, defined as:

$$\nu_i = 0.7\ \kappa_i + 0.3\ \alpha_i$$

where

κ_i is the allocation key applied to 70 % of the amount referred to in Article 6(1)(a) and set out in Annex II; and

α_i is the allocation key applied to 30 % of the amount referred to in Article 6(1)(a) and set out in Annex III.

ANNEX II

The allocation key applied to 70 % of the amount referred to in Article 6(1)(a), $\kappa_{(i)}$, is defined as follows:

$$\kappa_i = \frac{\sigma_{i,2019} * \upsilon_i}{\sum_{i=1}^{27} \sigma_{i,2019} * \upsilon_i},$$

where $\sigma_{i,2019} = \frac{PIB^{PC}_{UE,2019}}{PIB^{PC}_{i,2019}} * \frac{pop_{i,2019}}{pop_{UE,2019}}$ and $\upsilon_i = \frac{U_{i,2015-2019}}{U_{UE,2015-2019}}$,

where $\frac{PIB^{PC}_{UE,2019}}{PIB^{PC}_{i,2019}} \leq 1,5$

$\upsilon_i \leq 0.75$ for Member States where $VNB^{PC}_{i,2019} > VNB^{PC}_{UE,2019}$ and

$\upsilon_i \leq 1.5$ for Member States for which $VNB^{PC}_{i,2019} \leq VNB^{PC}_{UE,2019}$.

Defining ([1]):

— $PIB^{PC}_{i,2019}$ as the nominal GDP per capita of Member State i in 2019;

— $PIB^{PC}_{UE,2019}$ as the weighted average GDP per capita of the EU-27 Member States in 2019;

— $pop_{i,2019}$ as the total population of Member State i in 2019;

— $pop_{EU,2019}$ as the total population of the EU-27 Member States in 2019;

— $U_{i,2015-2019}$ denotes the average unemployment rate in Member State i over the period 2015–2019;

— $U_{EU,2015-2019}$ as the average unemployment rate in the EU-27 over the period 2015–2019 (using the weighted average of the EU-27 Member States for each year);

— $VNB^{PC}_{i,2019}$ as the GNI per capita of Member State i in 2019;

— $VNB^{PC}_{EU,2019}$ as the weighted average GNI per capita of the EU-27 Member States in 2019.

([1]) All data in the Regulation are sourced from Eurostat; cut-off date for historical data: May 2020.

ANNEX III

The allocation key applied to 30 % of the amount referred to in Article 6(1)(a), α_i , is defined as follows:

$$\alpha_i = \frac{\phi_i + \rho_i}{2}$$

where:

$$\phi_i = \frac{\sigma_{i,2019} * \delta PIB_{i,2020-2019}}{\sum_{i=1}^{27} \sigma_{i,2019} * \delta PIB_{i,2020-2019}} \text{ and } \rho_i = \frac{\sigma_{i,2019} * \delta PIB_{i,2021-2019}}{\sum_{i=1}^{27} \sigma_{i,2019} * \delta PIB_{i,2021-2019}}$$

where:

$$\delta GDP_{i,2020-2019} = \min\left\{\frac{GDP_{i,2020}}{GDP_{i,2019}} - 1;\ 0\right\}, \delta PIB_{i,2021-2019} = \min\left\{\frac{PIB_{i,2021}}{PIB_{i,2019}} - 1;\ 0\right\} \text{ and}$$

$$\sigma_{i,2019} = \frac{PIB_{UE,2019}^{PC}}{PIB_{i,2019}^{PC}} * \frac{pop_{i,2019}}{pop_{UE,2019}}$$

where $\frac{PIB_{UE,2019}^{PC}}{PIB_{i,2019}^{PC}} \leq 1{,}5$

Defining:

— $GDP_{i,t}$ as the real GDP of Member State i at time t = 2019, 2020, 2021;

— $PIB_{i,2019}^{PC}$ as the GDP per capita of Member State i in 2019;

— $PIB_{UE,2019}^{PC}$ as the weighted average gross domestic product per capita of the EU-27 Member States in 2019;

— $pop_{i,2019}$ denotes the total population of Member State i in 2019;

— $pop_{EU,2019}$ as the total population of the EU-27 Member States in 2019.

The decline in real GDP for 2020 ($\delta GDP_{i,2020–2019}$) and the cumulative decline in real GDP for the period 2020–2021 ($\delta GDP_{i,2020–2019}$) are based on the Commission’s autumn 2020 forecast and are updated to 30 June 2022 for each Member State, replacing the data from the Commission’s autumn 2020 forecast with the actual results reported in the most recent update of the Eurostat series ‘tec00115 (Real GDP growth rate – volume)’.

ANNEX IV

The application of the methodologies set out in Annexes I, II and III to the amount referred to in Article 6(1)(a), converted into current prices, will result in the shares and amounts for the maximum financial contribution for each Member State set out below, without prejudice to the updated calculation to be carried out by 30 June 2022 at the latest:

The maximum financial contribution for each Member State					
	for 70 % of the available amount		for 30 % of the available amount (indicative amount based on the Commission's autumn 2020 forecast)		
	% of the total	Amount (in 1 000 EUR, current prices)	% of total	Amount (in 1 000 EUR, current prices)	Total
BE	1.56 %	3,646,437	2.20 %	2,278,834	5,925,271
BG	1.98%	4,637,074	1.58 %	1,631,632	6,268,706
CZ	1.51%	3,538,166	3.41 %	3,533,509	7,071,676
DK	0.56%	1,303,142	0.24%	248,604	1,551,746
DE	6.95%	16,294,947	9.01%	9,324,228	25,619,175
EE	0.32%	759,715	0.20%	209,800	969,515
IE	0.39%	914,572	0.07%	74,615	989,186
EL	5.77%	13,518,285	4.11%	4,255,610	17,773,895
ES	19.88%	46,603,232	22.15%	22,924,818	69,528,050
FR	10.38%	24,328,797	14.54%	15,048,278	39,377,074
HR	1.98%	4,632,793	1.61%	1,664,039	6,296,831
IT	20.45 %	47,935,755	20.25%	20,960,078	68,895,833
CY	0.35%	818,396	0.18%	187,774	1,006,170
LV	0.70%	1,641,145	0.31%	321,944	1,963,088
LT	0.89%	2,092,239	0.13%	132,450	2,224,690
LU	0.03%	76,643	0.02%	16,883	93,526
HU	1.98%	4,640,462	2.45 %	2,535,376	7,175,838
MT	0.07%	171,103	0.14%	145,371	316,474
NL	1.68 %	3,930,283	1.96%	2,032,041	5,962,324
AT	0.95%	2,231,230	1.19%	1,230,938	3,462,169
PL	8.65%	20,275,293	3.46 %	3,581,694	23,856,987
PT	4.16%	9,760,675	4.01%	4,149,713	13,910,387
RO	4.36 %	10,213,809	3.90 %	4,034,211	14 248 020
AND	0.55%	1,280,399	0.48%	496,924	1,777,322
SK	1.98%	4,643,840	1.63%	1,686,154	6,329,994
FI	0.71%	1,661,113	0.41%	424,692	2,085,805
SE	1.24%	2,911,455	0.36%	377,792	3,289,248
EU27	100.00%	234,461,000	100.00 %	103,508,000	337 969 000

ANNEX V

Guidelines on the evaluation of the mechanism

1. Scope

The purpose of these guidelines is to serve, together with this Regulation, as a basis for the Commission to assess, in a transparent and equitable manner, the recovery and resilience plans proposed by Member States and to determine the financial contribution in accordance with the objectives and any other relevant requirements set out in this Regulation. These guidelines form the basis for the application of the assessment criteria and the determination of the financial contribution, as referred to in Article 19(3) and Article 20(4) respectively.

The assessment guidelines are designed to:

(a) provide further guidance on the process for assessing the recovery and resilience plans submitted by Member States;

(b) to provide further details on the assessment criteria and a scoring system, which must be established to ensure a fair and transparent process; and

(c) define the link between the assessment to be carried out by the Commission in accordance with the assessment criteria and the determination of the financial contribution to be included in the Commission's proposal for a Council decision on the recovery and resilience plans.

The guidelines are a tool designed to facilitate the Commission's assessment of the proposed recovery and resilience plans submitted by Member States and to ensure that the recovery and resilience plans support reforms and investments that are relevant and offer high added value in relation to the objectives of the mechanism, whilst ensuring equal treatment among Member States.

2. Assessment criteria

In accordance with Article 19(3), the Commission shall assess the recovery and resilience plans on the basis of the criteria of relevance, effectiveness, efficiency and coherence. Following the assessment process, the Commission shall assign grades to the recovery and resilience plans submitted by Member States for each assessment criterion referred to in Article 19(3), in order to determine the financial allocation in accordance with Article 20(4).

To ensure simplicity and efficiency, the scoring system comprises letter grades, from A to C, as set out below:

Relevance:

2.1. The recovery and resilience plan constitutes a comprehensive and appropriately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3, taking into account the specific challenges and the financial allocation of the Member State concerned.

For the assessment carried out under this criterion, the Commission takes into account the following

elements: Scope

— the recovery and resilience plan contributes in a comprehensive and balanced manner to all six pillars referred to in Article 3, taking into account the specific challenges facing the Member State concerned and having regard to the financial contribution of the Member State concerned and the loan support requested.

Assessment

A – to a large extent

B – to a moderate extent

C – to a small extent

2.2. The recovery and resilience plan is expected to contribute to effectively addressing all or a significant part of the challenges identified in the relevant country-specific recommendations, including with regard to their fiscal aspects, and, where applicable, in the recommendations adopted pursuant to Article 6 of Regulation (EU) No 1176/2011 addressed to the Member State concerned, or the challenges identified in other relevant documents formally adopted by the Commission in the context of the European Semester.

For the assessment carried out under this criterion, the Commission shall take into account the following

elements: Scope

— the recovery and resilience plan is expected to contribute to effectively addressing all or a significant part of the challenges identified in the relevant country-specific recommendations, including with regard to their fiscal aspects, and, where applicable, in the recommendations adopted pursuant to Article 6 of Regulation (EU) No 1176/2011 addressed to the Member State concerned, or the challenges identified in other relevant documents formally adopted by the Commission in the context of the European Semester, taking into account the financial contribution of the Member State concerned and the loan support requested, as well as the scale of the country-specific challenges and the information included in the national reform programme;

and

— the recovery and resilience plan constitutes a comprehensive and appropriate response to the economic and social situation in the Member State concerned;

and

— it is considered that the challenges addressed by the recovery and resilience plan have a significant effect on boosting the growth potential of the economy of the Member State concerned, in a sustainable manner;

and

— it is expected that, upon completion of the proposed reforms and investments, the relevant challenges will be resolved or addressed in a way that contributes significantly to their resolution.

Assessment

A – The Recovery and Resilience Plan contributes to effectively addressing all or a significant part of the challenges identified in the country-specific recommendations or the challenges identified in other relevant documents formally adopted by the Commission within the framework of the European Semester, and constitutes an appropriate response to the economic and social situation in the Member State concerned

B – The Recovery and Resilience Plan contributes to partially addressing all the challenges identified in the country-specific recommendations or a significant part thereof, or the challenges set out in other relevant documents formally adopted by the Commission within the framework of the European Semester, and constitutes an appropriate response to the economic and social situation in the Member State concerned

C – The Recovery and Resilience Plan does not contribute to addressing any of the challenges identified in the country-specific recommendations or in other relevant documents formally adopted by the Commission within the framework of the European Semester, and does not constitute an appropriate response to the economic and social situation in the Member State concerned

2.3. The recovery and resilience plan is expected to contribute effectively to strengthening the Member State’s growth potential, job creation and economic, social and institutional resilience, helping to implement the European Pillar of Social Rights, including by promoting policies for children and young people, and to mitigate the economic and social impact of the COVID-19 crisis, thereby strengthening economic, social and territorial cohesion and convergence within the Union.

For the assessment carried out under this criterion, the Commission takes into account the following

elements: Scope

— the recovery and resilience plan contains measures aimed at stimulating economic growth and economic cohesion in an inclusive manner, in particular by addressing the weaknesses of Member States' economies, boosting the growth potential of the economy of the Member State concerned, promoting job creation and mitigating the negative effects of the crisis;

and

— the Recovery and Resilience Plan contains measures aimed at strengthening social cohesion and social protection systems, including policies for children and young people, by reducing social vulnerabilities, contributing to the implementation of the principles of the European Pillar of Social Rights, and helping to improve the levels of the indicators in the Social Scoreboard;

and

— the Recovery and Resilience Plan aims to reduce the Member State's economic vulnerabilities to shocks; and

— the Recovery and Resilience Plan aims to increase the capacity of the Member State's economic and/or social structures and institutions to adapt to and cope with shocks;

and

— the recovery and resilience plan is expected to contribute to strengthening economic, social and territorial cohesion and convergence.

Assessment

A – expected high impact

B – expected medium impact

C – expected low impact

2.4. The Recovery and Resilience Plan is expected to ensure that no measure implementing the reforms and investment projects included in the Recovery and Resilience Plan significantly undermines the environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the 'no significant harm' principle).

For the assessment carried out under this criterion, the Commission takes the following elements into

account: Scope

— no measure implementing the reforms and investment projects included in the Recovery and Resilience Plan significantly undermines environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (the 'do no significant harm' principle).

Assessment

A – no measure significantly undermines environmental objectives (the 'do no significant harm' principle)

C – one or more measures significantly undermine environmental objectives (the 'do no significant harm' principle)

2.5. The Recovery and Resilience Plan contains measures that contribute effectively to the green transition, including biodiversity, or to addressing the challenges arising from it, and which amount to at least 37 % of the total allocation of the Recovery and Resilience Plan, based on the methodology for tracking climate-related expenditure set out in Annex VI; that methodology shall be used accordingly for measures that cannot be directly attributed to an area of intervention included in Annex VI; the coefficients for support provided to climate objectives may be increased up to a total of 3 % of the Recovery and Resilience Plan allocation for individual investments to take account of related reform measures that enhance their impact on climate objectives, subject to the Commission's agreement.

For the assessment carried out under this criterion, the Commission shall take into account the following

elements: Scope

— the implementation of the envisaged measures is expected to contribute effectively to the transition to a green economy, including biodiversity, and, where appropriate, to address the challenges arising from it, thereby contributing to the achievement of the EU's 2030 climate targets, whilst respecting the EU's objective of achieving climate neutrality by 2050;

and

— Member States shall apply a methodology consisting of assigning a specific weighting to the support granted, reflecting the extent to which that support contributes to the achievement of climate objectives. The weightings shall be based on the dimensions and codes for the types of intervention set out in Annex VI and may be increased for individual investments to take account of related reform measures that credibly enhance their impact on climate objectives. The same weighting system shall apply to measures that cannot be directly attributed to an intervention area listed in Annex VI;

and

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

Assessment

A – to a large extent

B – to a moderate extent C –

to a small extent

2.6. The Recovery and Resilience Plan contains measures that contribute effectively to the digital transition or to addressing the challenges arising from it, and which amount to at least 20 % of the total allocation of the Recovery and Resilience Plan, based on the digital scoring methodology set out in Annex VII; that methodology shall be applied accordingly to measures that cannot be directly attributed to an area of intervention included in Annex VII; the coefficients for support granted to digital objectives may be increased for individual investments to take account of related reform measures that enhance their impact on digital objectives.

For the assessment carried out under this criterion, the Commission shall take into account the following

elements: Scope

— the implementation of the envisaged measures is expected to contribute significantly to the digital transformation of the economic or social sector;

or

— the implementation of the proposed measures is expected to contribute significantly to addressing the challenges arising from the digital transition;

and

— Member States shall apply a methodology consisting of assigning a specific weighting to the support granted, reflecting the extent to which that support contributes to the achievement of the digital objectives. The weightings shall be based on the dimensions and codes relating to the types of intervention set out in Annex VII and may be increased for individual investments to take account of related reform measures that enhance their impact on the digital objectives. The same weighting system shall apply to measures that cannot be directly attributed to an area of intervention included in Annex VII;

and

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

Assessment

A – to a large extent

B – to a moderate extent

C – to a small extent

Effectiveness:

2.7. The recovery and resilience plan is expected to have a lasting impact on the Member State concerned. In its

assessment under this criterion, the Commission takes the following elements into account:

Scope

— the implementation of the envisaged measures is expected to bring about a structural change within the relevant administration or institutions;

or

— the implementation of the proposed measures is expected to bring about a structural change in the relevant policies;

and

— it is anticipated that the implementation of the proposed measures will have a lasting impact.

Assessment

A – to a large extent

B – to a moderate extent

C – to a small extent

2.8. The measures proposed by the Member State in question are expected to ensure the effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetables, milestones, targets and related indicators.

For the assessment carried out under this criterion, the Commission takes the following elements into

account: Scope

— within the Member State concerned, there is a body responsible for: (i) implementing the recovery and resilience plan; (ii) monitoring progress against the milestones and targets; and (iii) reporting;

and

— the proposed milestones and targets are clear and realistic; the proposed indicators for these milestones and targets are relevant, acceptable and reliable;

and

— the general measures proposed by Member States regarding the organisation of the implementation of reforms and investments (including ensuring sufficient staffing) are credible.

Assessment

A – adequate measures for effective implementation

B – minimum measures for effective implementation

C – insufficient measures for effective implementation

Efficiency:

2.9. The justification provided by the Member State regarding the total estimated costs of the recovery and resilience plan is reasonable and plausible, and is in line with the principle of cost-effectiveness and proportionate to the expected national economic and social impact.

For the assessment carried out under this criterion, the Commission takes the following elements into

account: Scope

— whether the Member State has provided sufficient information and evidence to support the view that the amount of the estimated total costs of the recovery and resilience plan is appropriate (‘reasonableness’);

and

— the Member State has provided sufficient information and evidence to demonstrate that the estimated total costs of the recovery and resilience plan are consistent with the nature and type of the reforms and investments envisaged ('plausibility');

and

— the Member State has provided sufficient information and evidence to support the fact that the estimated total costs of the recovery and resilience plan to be financed under the mechanism are not subject to existing or planned Union funding;

and

— the total estimated costs of the recovery and resilience plan are proportionate to the social and economic impact of the envisaged measures on the Member State concerned.

Assessment

A – to a large extent

B – to a moderate extent

C – to a small extent

2.10. The measures proposed by the Member States concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds made available under the Mechanism, including measures aimed at avoiding double funding under the Mechanism and other Union programmes.

For the assessment carried out under this criterion, the Commission takes the following elements into

account: Scope

— the internal control system described in the recovery and resilience plan is based on robust processes and structures and identifies clear actors (bodies/entities), as well as their roles and responsibilities for carrying out internal control tasks; in particular, it ensures the appropriate segregation of relevant functions;

and

— the control system and other relevant measures, including those for the collection and provision of data on final recipients as described in the recovery and resilience plan, in particular to prevent, detect and correct corruption, fraud and conflicts of interest when using funds provided under the Mechanism, are adequate;

and

— the mechanisms set out in the recovery and resilience plan to avoid double funding under the Mechanism and other Union programmes are adequate;

and

— the actors (bodies/entities) responsible for controls have the legal authority and administrative capacity to carry out their designated roles and tasks.

Assessment

A – adequate measures

C – insufficient measures

Coherence:

2.11. The Recovery and Resilience Plan contains measures to implement reform and public investment projects that constitute coherent actions.

For the assessment carried out under this criterion, the Commission takes the following elements into

account: Scope

— the Recovery and Resilience Plan includes measures whose effects reinforce one another; or

— the recovery and resilience plan includes measures that complement one another.

Assessment

A – to a large extent

B – to a moderate extent

C – to a small extent

3. Determination of the financial contribution

In accordance with Article 20, the Commission's proposal shall determine the financial contribution, taking into account the quality and coherence of the recovery and resilience plan proposed by the Member State concerned, assessed on the basis of the criteria set out in Article 19(3). To this end, the Commission shall apply the following criteria:

(a) where the recovery and resilience plan satisfactorily meets the criteria set out in Article 19(3), and the total estimated costs of the recovery and resilience plan are equal to or greater than the maximum financial contribution calculated for that Member State in accordance with Article 11, the financial contribution allocated to the Member State concerned shall be equal to the total amount of the maximum financial contribution calculated for that Member State in accordance with Article 11;

(b) where the recovery and resilience plan satisfactorily meets the criteria set out in Article 19(3), and the total estimated costs of the recovery and resilience plan are lower than the maximum financial contribution calculated for that Member State in accordance with Article 11, the financial contribution allocated to the Member State shall be equal to the total estimated costs of the recovery and resilience plan;

(c) where the recovery and resilience plan does not satisfactorily meet the criteria set out in Article 19(3), no financial contribution shall be allocated to the Member State concerned.

For the purposes of implementing this paragraph, the following formulae shall apply:

— for point (a) above: If $C^{i} \geq CFM^{i}$ Member State i receives CFM^{i}

— for point (b) above: If $C^{i} \geq CFM^{(i),}$ Member State i receives $C^{(i),}$ where:

— i refers to the Member State in question

— CFM is the maximum financial contribution for the Member State in question

— C is the total estimated cost of the recovery and resilience plan Following the

assessment process and taking into account the scores awarded:

The recovery and resilience plan is deemed to satisfactorily meet the assessment criteria if the final scores for

the criteria set out in point 2 include:

— an 'A' mark for criteria 2.2, 2.3, 2.5 and 2.6; and

for the other criteria:

— an 'A' for each criterion, or

— no more B marks than A marks and no C marks.

The recovery and resilience plan is deemed not to meet the assessment criteria satisfactorily if the final scores for

the criteria set out in point 2 include:

— a mark other than A for criteria 2.2, 2.3, 2.5 and 2.6; and

for the other criteria:

— more B marks than A marks, or

— at least one 'C' mark.

ANNEX VI

Methodology for tracking climate-related expenditure

Dimensions and codes relating to types of intervention for the mechanism

	INTERVENTION AREA	Coefficient for calculating support for climate change objectives	Coefficient for calculating support for environmental objectives
001	Investments in fixed assets, including research infrastructure, in micro-enterprises directly linked to research and innovation activities	0 %	0 %
002	Investment in fixed assets, including research infrastructure, in small and medium-sized enterprises (including private research centres) directly linked to research and innovation activities	0 %	0
002a1	Investment in fixed assets, including research infrastructure, in large enterprises ([1]) directly linked to research and innovation activities	0 %	0
003	Investment in fixed assets, including research infrastructure, in public research and higher education centres directly linked to research and innovation activities	0 %	0
004	Investment in intangible assets in micro-enterprises directly linked to research and innovation activities	0 %	0
005	Investment in intangible assets in SMEs (including private research centres) directly linked to research and innovation activities	0 %	0
005a1	Investment in intangible assets in large enterprises directly linked to research and innovation activities	0 %	0
006	Investment in intangible assets in public research and higher education centres directly linked to research and innovation activities	0 %	0
007	Research and innovation activities in micro-enterprises, including networking (industrial research, experimental development, feasibility studies)	0 %	0 %
008	Research and innovation activities in SMEs, including networking	0 %	0
008a1	Research and innovation activities in large enterprises, including networking	0 %	0
009	Research and innovation activities in public research centres, higher education institutions and centres of excellence, including collaboration within networks (industrial research, experimental development, feasibility studies)	0 %	0 %
010	Digitalisation of SMEs (including e-commerce, e-business and networked business processes, digital innovation centres, living labs, web entrepreneurs and ICT start-ups, B2B)	0 %	0
010a1	Digitalisation of large enterprises (including e-commerce, electronic business activities and networked business processes, digital innovation centres, living labs, web entrepreneurs and ICT start-ups, B2B)	0 %	0

	AREAS OF INTERVENTION	Coefficient for calculating support granted for climate change objectives	Coefficient for calculating support for environmental objectives
010b	Digitalisation of SMEs or large enterprises (including e-commerce, e-business and networked business processes, digital innovation centres, living labs, web entrepreneurs and ICT start-ups, B2B) that meet the criteria for reducing greenhouse gas emissions or energy efficiency criteria ([2])	40 %	0 %
011	ICT solutions, e-services and government applications	0 %	0
011a	ICT solutions, e-services and government applications that meet the criteria for reducing greenhouse gas emissions or the energy efficiency criteria ([2])	40 %	0 %
012	IT services and applications dedicated to digital skills and digital inclusion	0 %	0
013	E-health services and applications (including e-care, the Internet of Things dedicated to physical activity and support for independent living at home)	0 %	0
014	Commercial infrastructure for SMEs (including business parks and industrial sites)	0 %	0
015	Business development and internationalisation of SMEs, including productive investment	0 %	0
015a	Support for large enterprises through financial instruments, including productive investment	0 %	0
016	Skills development for smart specialisation, industrial transition, entrepreneurship and the adaptability of enterprises to change	0 %	0
017	Advanced support services for SMEs and clusters of SMEs (including management, marketing and design services)	0 %	0
018	Incubators, support for spin-offs, spin-outs and start-ups	0 %	0
019	Support for innovation clusters, including between enterprises, research organisations and public authorities, and business networks, primarily for the benefit of SMEs	0 %	0
020	Innovation processes in SMEs (process, organisational, commercialisation, co-creation, and user-centred and demand-driven innovation)	0 %	0
021	Technology transfer and cooperation between enterprises, research centres and the higher education sector	0 %	0
022	Research and innovation processes, technology transfer and cooperation between enterprises focusing on the low-carbon economy, resilience and adaptation to climate change	100 %	40 %
023	Research and innovation processes, technology transfer and business cooperation focusing on the circular economy	40 %	100 %
024	Energy efficiency and demonstration projects in SMEs and support measures	40 %	40

	SCOPE OF INTERVENTION	Coefficient for calculating support granted for climate change objectives	Coefficient for calculating support for environmental objectives
024a	Energy efficiency and demonstration projects in large enterprises and support measures	40 %	40
024b	Energy efficiency and demonstration projects in SMEs or large enterprises and support measures that meet energy efficiency criteria ([3])	100 %	40 %
025	Renovation of the existing housing stock to improve energy efficiency, demonstration projects and support measures	40 %	40
025a	Renovation of the existing housing stock to improve energy efficiency , demonstration projects and support measures that meet energy efficiency criteria ([4])	100 %	40 %
025b	The construction of new energy-efficient buildings ([5])	40 per cent	40 %
026	Renovation to improve energy efficiency or energy efficiency measures relating to public infrastructure, demonstration projects and support measures	40 %	40
026a	Renovation to improve energy efficiency or energy efficiency measures relating to public infrastructure, demonstration projects and support measures that meet energy efficiency criteria ([6])	100 %	40 %
027	Support for enterprises providing services that contribute to a low-carbon economy and climate resilience, including awareness-raising measures	100 %	40
028	Renewable energy: wind power	100 %	40 %
029	Renewable energy: solar energy	100 %	40 %
030	Energy from renewable sources: biomass ([7])	40 %	40 %
030a	Energy from renewable sources: biomass with high greenhouse gas emission reductions ([8])	100 %	40 %
031	Energy from renewable sources: marine energy	100 %	40 %
032	Other renewable energy (including geothermal energy)	100 %	40 %
033	Smart energy systems (including smart grids and ICT systems) and associated storage	100 %	40 %
034	High-efficiency cogeneration, district heating and cooling	40 %	40
034a0	High-efficiency cogeneration, efficient district heating and cooling with low life-cycle emissions ([9])	100 %	40 %
034a1	Replacement of coal-fired heating systems with gas-fired heating systems, with a view to mitigating climate change	0 %	0
034a2	Distribution and transport of natural gas replacing coal	0 %	0
035	Climate change adaptation measures and the prevention and management of climate-related risks: floods (including awareness-raising, civil protection and systems, infrastructure and ecosystem-based approaches to disaster management)	100 %	100 %

	AREAS OF INTERVENTION	Coefficient for calculating support for climate change objectives	Coefficient for calculating support for environmental objectives
036	Climate change adaptation measures and the prevention and management of climate-related risks: fires (including awareness-raising, civil protection and systems, infrastructure and ecosystem-based approaches to disaster management)	100 %	100 %
037	Climate change adaptation measures and the prevention and management of climate-related risks: other, e.g. storms or droughts (including awareness-raising, civil protection and systems, infrastructure and ecosystem-based approaches to disaster management)	100 %	100 %
038	Prevention and management of natural risks unrelated to climate (e.g. earthquakes) and risks linked to human activities (e.g. industrial accidents), including awareness-raising, civil protection, and systems, infrastructure and ecosystem-based approaches to disaster management	0 %	100 %
039	Supply of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply)	0 %	100 %
039a	Supply of water intended for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply) that meets the efficiency criteria ([10])	40 %	100 %
040	Water management and conservation of water resources (including river basin management, specific measures to adapt to climate change, reuse, reduction of runoff)	40 %	100
041	Wastewater collection and treatment	0 %	100
041a	Wastewater collection and treatment meeting energy efficiency criteria ([11])	40 %	100 %
042	Household waste management: measures for prevention, minimisation, sorting, reuse and recycling	40 %	100
042a	Household waste management: management of residual waste	0 %	100
044	Commercial and industrial waste management: prevention, minimisation, sorting, reuse and recycling measures	40 %	100
044a	Commercial and industrial waste management: residual and hazardous waste	0 %	100
045	Promoting the use of recycled materials as raw materials	0 %	100
045a	Use of recycled materials as raw materials that meet the efficiency criteria ([12])	100 %	100
046	Remediation of industrial sites and contaminated land	0 %	100 %
046a	Remediation of industrial sites and contaminated land in accordance with efficiency criteria ([13])	40 %	100
047	Support for environmentally friendly production processes and the efficient use of resources in SMEs	40 %	40

	FIELD OF INTERVENTION	Coefficient for calculating support granted for climate change objectives	Coefficient for calculating support for environmental objectives
047a	Support for environmentally friendly production processes and the efficient use of resources in large enterprises	40 %	40
048	Measures relating to air quality and noise reduction	40 %	100
049	Protection, restoration and sustainable use of Natura 2000 sites	40 %	100
050	Nature and biodiversity protection, natural heritage and natural resources, green and blue infrastructure	40 %	100
051	ICT: very high-capacity broadband network (backbone/backhaul network)	0 %	0 %
052	ICT: very high-capacity broadband network (access/local loop with performance equivalent to that of a fibre-optic installation, up to the distribution point at the service location for multi-apartment properties)	0 %	0
053	ICT: very high-capacity broadband network (access/local loop with performance equivalent to that of a fibre-optic installation, up to the distribution point at the service location for residential and commercial premises)	0 %	0
054	ICT: very high-capacity broadband network (access/local loop with performance equivalent to that of a fibre-optic installation, up to the base station for advanced wireless communications)	0 %	0
055	ICT: other types of ICT infrastructure (including large-scale IT resources/equipment, data centres, sensors and other wireless equipment)	0 %	0
055a	ICT: other types of ICT infrastructure (including large-scale IT resources/equipment, data centres, sensors and other wireless equipment), in accordance with criteria for reducing carbon dioxide emissions and improving energy efficiency ([2])	40 %	0
056	Newly built or upgraded motorways and roads – the TEN-T core network ([14])	0 %	0
057	Newly built or upgraded motorways and roads – the TEN-T comprehensive network	0 %	0
058	Newly built or upgraded secondary road links to the TEN-T road network and junctions	0 %	0
059	Other newly built or rehabilitated national, regional and local access roads	0 %	0
060	Motorways and roads reconstructed or modernised – the TEN-T core network	0 %	0
061	Motorways and roads reconstructed or upgraded – the TEN-T comprehensive network	0 %	0
062	Other roads reconstructed or upgraded (motorways, national, regional or local roads)	0 %	0
063	Digitalisation of transport: road transport	0 %	0

	FIELD OF INTERVENTION	Coefficient for calculating support granted for climate change objectives	Coefficient for calculating support for environmental objectives
063a	Digitalisation of transport where it is partly aimed at reducing greenhouse gas emissions: road transport	40 %	0
064	Newly built or rehabilitated railways – the TEN-T core network	100 %	40 %
065	Newly built or upgraded railways – the TEN-T comprehensive network	100 %	40 %
066	Other newly built or upgraded railways	40 %	40
066a	Other newly built or rehabilitated railways – electric/zero-emission ([15])	100 %	40 %
067	Reconstructed or modernised railways – the TEN-T core network	100 %	40
068	Reconstructed or modernised railways – the TEN-T comprehensive network	100 %	40
069	Other reconstructed or modernised railways	40 %	40 %
069a	Other reconstructed or modernised railways – electric/zero-emission ([15])	100 %	40 %
070	Digitalisation of transport: rail transport	40 %	0
071	European Rail Traffic Management System (ERTMS)	40 %	40 %
072	Rolling stock	0 %	40 %
072a	Zero-emission/electric rolling stock ([16])	100 %	40 %
073	Clean urban transport infrastructure ([17])	100 %	40
074	Clean urban transport rolling stock ([18])	100 %	40 %
075	Cycling infrastructure	100 %	100
076	Digitalisation of urban transport	0 %	0 %
076a	Digitalisation of transport where it is partly aimed at reducing greenhouse gas emissions: urban transport	40 %	0
077	Infrastructure for alternative fuels ([19])	100 %	40 %
078	Multimodal transport (TEN-T)	40 %	40
079	Multimodal transport (non-urban)	40 %	40
080	Seaports (TEN-T)	0 %	0 %
080a	Seaports (TEN-T), excluding facilities dedicated to the transport of fossil fuels	40 %	0
081	Other seaports	0 %	0
081a	Other seaports, excluding facilities dedicated to the transport of fossil fuels	40 %	0
082	Inland waterways and inland ports (TEN-T)	0 %	0
082a	Inland waterways and inland ports (TEN-T), excluding facilities dedicated to the transport of fossil fuels	40 %	0 %
083	Inland waterways and inland ports (regional and local)	0 %	0

	FIELD OF INTERVENTION	Coefficient for calculating support for climate change objectives	Coefficient for calculating support for environmental objectives
083a0	Inland waterways and inland ports (regional and local), excluding facilities dedicated to the transport of fossil fuels	40 %	0 %
083a1	Airport security, safety and air traffic management systems for existing airports	0 %	0
084	Digitalisation of transport: other modes of transport	0 %	0
084a	Digitalisation of transport where it is partly aimed at reducing greenhouse gas emissions: other modes of transport	40 %	0
085	Infrastructure for the education and care of pre-school children	0 %	0
086	Infrastructure for primary and secondary education	0 %	0
087	Infrastructure for tertiary education	0 %	0
088	Infrastructure for vocational education and training and adult education	0 %	0
089	Housing infrastructure for migrants, refugees and persons seeking or under international protection	0 %	0
090	Housing facilities (other than those for migrants, refugees and persons seeking or under international protection)	0 %	0
091	Other social infrastructure contributing to social inclusion within the community	0 %	0
092	Healthcare facilities	0 %	0
093	Medical equipment	0 %	0 %
094	Movable healthcare assets	0 %	0
095	Digitalisation in healthcare	0 %	0
096	Temporary reception facilities for migrants, refugees and persons seeking or under international protection	0 %	0
097	Measures to improve access to employment	0 %	0
098	Measures to promote access to employment for the long-term unemployed	0 %	0
099	Specific support for youth employment and the socio-economic integration of young people	0 %	0
100	Support for self-employment and the creation of start-ups	0 %	0
101	Support for the social economy and social enterprises	0 %	0
102	Measures to modernise and strengthen labour market institutions and services in order to assess and anticipate skills needs and to ensure prompt and personalised support	0 %	0
103	Support for matching labour supply and demand and for transitions within the labour market	0 %	0
104	Support for labour mobility	0 %	0

	FIELD OF INTERVENTION	Coefficient for calculating support for climate change objectives	Coefficient for calculating support for environmental objectives
105	Measures to promote women's participation in the labour market and to reduce gender segregation in the labour market	0 %	0 %
106	Measures to promote work-life balance, including access to childcare and care for dependants	0 %	0
107	Measures to ensure a healthy and well-adapted working environment that tackles health risks, including the promotion of physical activity	0 %	0
108	Support for the development of digital skills	0 %	0
109	Support for workers, businesses and entrepreneurs to adapt to change	0 %	0
110	Measures to encourage active and healthy ageing	0 %	0
111	Support for the education and care of pre-school children (excluding infrastructure)	0 %	0
112	Support for primary and secondary education (excluding infrastructure)	0 %	0
113	Support for tertiary education (excluding infrastructure)	0 %	0
114	Support for adult education (excluding infrastructure)	0 %	0
115	Measures to promote equal opportunities and active participation in society	0 %	0
116	Platforms for the integration and reintegration of disadvantaged people into the labour market	0 %	0
117	Measures to improve access to education and employment for marginalised groups, such as the Roma, and to promote their social inclusion	0 %	0
118	Support for civil society organisations working with marginalised communities, such as the Roma	0 %	0
119	Specific measures to increase labour market participation among third-country nationals	0 %	0
120	Measures for the social integration of third-country nationals	0 %	0
121	Measures to facilitate equal and timely access to high-quality, sustainable and affordable services	0 %	0
122	Measures to improve the provision of care services within the family and the community	0 %	0
123	Measures to improve the accessibility, effectiveness and resilience of health systems (excluding infrastructure)	0 %	0
124	Measures to improve access to long-term care services (excluding infrastructure)	0 %	0
125	Measures to modernise social protection systems, including promoting access to social protection	0 %	0

	AREAS OF INTERVENTION	Coefficient for calculating support for climate change objectives	Coefficient for calculating support for environmental objectives
126	Promoting the social inclusion of people at risk of poverty or social exclusion, including the most deprived and children	0 %	0 %
127	Combating material deprivation through food and/or material assistance for the most deprived, including accompanying measures	0 %	0 %
128	Protection, development and promotion of public tourism assets and tourism services	0 %	0 %
129	Protection, development and promotion of cultural heritage and cultural services	0 %	0
130	Protection, development and promotion of natural heritage and ecotourism outside Natura 2000 sites	0 %	100 %
131	Physical regeneration and safety of public spaces	0 %	0
131a	Territorial development initiatives, including the preparation of territorial strategies	0 %	0
132	Strengthening the capacity of programme authorities and bodies involved in the implementation of funds	0 %	0
133	Developing cooperation with partners within and outside the Member State	0 %	0
134	Cross-financing within the ERDF (support granted to ESF-type actions necessary for the implementation of the ERDF part of the operation and directly linked to it)	0 %	0
135	Strengthening the institutional capacity of public authorities and stakeholders to implement territorial cooperation projects and initiatives in a cross-border, transnational, maritime and interregional context	0 %	0
135a	Interreg: management of border crossing points and management of mobility and migration	0 %	0
136	Outermost regions: compensation for any additional costs arising from lack of accessibility and territorial fragmentation	0 %	0
137	Outermost regions: specific measures to compensate for additional costs arising from factors linked to market size	0 %	0
138	Outermost regions: support to offset additional costs arising from climatic conditions and difficult terrain	40 %	40 %
139	Outermost regions: airports	0 %	0
140	Information and communication	0 %	0
141	Preparation, implementation, monitoring and control	0 %	0
142	Evaluation and studies, data collection	0 %	0
143	Capacity building for Member State authorities, beneficiaries and relevant partners	0 %	0 %
01	Contribution to green skills and jobs and the green economy	100 %	-

(1) 'Large enterprises' means: all enterprises that are not SMEs, including small enterprises with medium market capitalisation.

(2) If the objective of the measure is that, as part of the activity, data must be processed or collected to enable reductions in greenhouse gas emissions leading to demonstrated substantial reductions in greenhouse gas emissions over the life cycle. If the objective of the measure requires data centres to comply with the 'European Code of Conduct on Energy Efficiency for Data Centres'.

(3) (a) If the objective of the measure is to achieve, on average, at least a moderate-scale renovation, as defined in the Commission Recommendation on the renovation of buildings (EU) 2019/786, or (b) if the objective of the measures is to achieve, on average, a reduction of at least 30 % in direct and indirect greenhouse gas emissions compared with ex-ante emissions.

(4) If the objective of the measure is to achieve, on average, at least a moderate-scale renovation, as defined in the Commission Recommendation on the renovation of buildings (EU) 2019/786. The renovation of buildings also includes infrastructure within the meaning of intervention areas 85–92.

(5) If the objective of the measures is to construct new buildings with a primary energy demand that is at least 20 per cent lower than the requirement for nearly zero-energy buildings (national directives). The construction of new energy- e buildings also includes infrastructure within the scope of intervention areas 85–92.

(6) If the objective of the measure is (a) to achieve, on average, at least a moderate-scale renovation, as defined in the Commission Recommendation on the renovation of buildings (EU) 2019/786, or (b) to achieve, on average, a reduction of at least 30 % in direct and indirect greenhouse gas emissions compared with ex-ante emissions. Building renovation also includes infrastructure as de n the context of intervention areas 85–92.

(7) Where the objective of the measure concerns the production of electricity or heat from biomass, in accordance with Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21 December 2018, p. 82).

(8) If the objective of the measure relates to the production of electricity or heat from biomass, in accordance with Directive (EU) 2018/2001, and if the objective of the measure is to achieve a reduction of at least 80 % in greenhouse gas emissions at the installation through the use of biomass, in accordance with the methodology for reducing greenhouse gas emissions and its relative fossil fuel counterpart set out in Annex VI to Directive (EU) 2018/2001. If the objective of the measure relates to the production of biofuels from biomass (excluding food and feed crops), in accordance with Directive (EU) 2018/2001, and if the objective of the measure is to achieve a reduction of at least 65 % in greenhouse gas emissions at the installation through the use of biomass for this purpose, in relation to the greenhouse gas emission reduction methodology and its relative fossil fuel counterpart set out in Annex V to Directive (EU) 2018/2001.

(9) In the case of high-efficiency cogeneration, where the objective of the measure is to achieve life-cycle emissions of less than 100 g_{CO_2}e/kWh or district heating/cooling produced from waste heat. In the case of district heating/cooling, if the associated infrastructure complies with Directive 2012/27/EU Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1) or if the existing infrastructure is refurbished to meet the definition of efficient district heating and cooling, or if the project is an advanced pilot scheme (energy management and control systems, the Internet of Things) or results in a lower temperature regime in the district heating and cooling system.

(10) If the objective of the measure is for the constructed system to have an average energy consumption of ≤ 0.5 kWh or an infrastructure loss index (ILI) of ≤ 1.5, and for the renovation work to reduce average energy consumption by more than 20 per cent or to reduce losses by more than 20 per cent.

(11) If the objective of the measure is for the entire constructed wastewater treatment system to have a net energy consumption of zero, or for the refurbishment of the wastewater treatment system to lead to a reduction in average energy consumption of at least 10 % (ly through energy efficiency measures and not through substantial modifications or changes to the load).

(12) If the objective of the measure is to convert at least 50 %, by weight, of separately collected and treated non-hazardous waste into secondary raw materials.

(13) If the objective of the measure is to transform industrial sites and contaminated land into a natural carbon sink.

(14) For intervention areas 56–62, intervention areas 73, 74 and 77 may be used for elements of measures relating to interventions concerning alternative fuels, including the charging of electric vehicles or public transport.

(15) If the objective of the measure concerns electrified track systems and associated subsystems, or if there is an electrification plan or if it will be suitable for use by trains with zero tailpipe emissions within 10 years.

(16) This also applies to hybrid trains.

(17) Clean urban transport infrastructure means: infrastructure that allows the operation of zero-emission rolling stock.

(18) 'Clean urban transport rolling stock' means: rolling stock with zero emissions.

(19) Whether the objective of the measure is in accordance with Directive (EU) 2018/2001.

ANNEX VII

Digital scoring methodology under the mechanism

Digital labelling methodology:

Table of interventions

Code	Area of intervention and type of intervention ([1])	Coefficient for calculating support for the digital transition
	Intervention area 1: Connectivity DESI dimension 1: Connectivity	
051	Very high-capacity broadband network (backbone/backhaul network) ([2])	100 %
052	Very high-capacity broadband network (access/local loop with performance equivalent to that of a fibre-optic installation, up to the distribution point at the service location for multi-apartment properties)	100 %
053	Very high-capacity broadband network (access/local loop with performance equivalent to that of a fibre-optic installation, up to the distribution point at the service location for residential and commercial premises)	100 %
054	Very high-capacity broadband network (access/local loop with performance equivalent to that of a fibre-optic installation, up to the base station for advanced wireless communications) ([3])	100 %
054a	5G network coverage, including uninterrupted connectivity along transport routes; Gigabit-level connectivity (networks offering a symmetrical connection of at least 1 Gbps) for socio-economic stakeholders such as schools, transport hubs and key public service providers	100 %
054b	Mobile data connectivity with extensive territorial coverage	100 %
	Intervention area 2: Digital-related investments in R&D DESI: 'The EU's ICT sector and its R&D performance'	
009a	Investments in digital R&I activities (including centres of research excellence, industrial research, experimental development, feasibility studies, and the acquisition of fixed or intangible assets for digital R&I activities)	100 %
	Intervention area 3: Human capital DESI dimension 2: Human capital	
012	IT services and applications dedicated to digital skills and digital inclusion ([4])	100 %
016	Skills development for smart specialisation, industrial transition, entrepreneurship and the adaptability of enterprises to change	40 %
108	Support for the development of digital skills ([5])	100 %
099	Specific support for youth employment and the socio-economic integration of young people	40 %
100	Support for self-employment and the creation of start-ups	40
	Intervention area 4: e-government, digital public services and local digital ecosystems DESI Dimension 5: Digital public services	
011	ICT solutions, e-services and government applications ([6])	100 %
011a	ICT solutions, e-services and government applications that meet greenhouse gas emission reduction criteria or energy efficiency criteria ([7])	100 %
011b	Implementation of the European digital identity system for public and private use	100 %

Code	Area of intervention and type of intervention ([1])	Coefficient for calculating support for the digital transition
013	E-health services and applications (including e-care, the Internet of Things dedicated to physical activity and support for independent living at home)	100 %
095	Digitalisation in healthcare	100 %
063	Digitalisation of transport: road transport	100 %
063a	Digitalisation of transport where it is partly aimed at reducing greenhouse gas emissions: road transport	100 %
070	Digitalisation of transport: rail transport	100
071	European Rail Traffic Management System (ERTMS)	100 %
076	Digitalisation of urban transport	100
076a	Digitalisation of transport where it is partly aimed at reducing greenhouse gas emissions: urban transport	100 %
084	Digitalisation of transport: other modes of transport	100 %
084a	Digitalisation of transport where it is partly aimed at reducing greenhouse gas emissions: other modes of transport	100 %
033	Smart energy systems (including smart grids and ICT systems) and associated storage	40 %
011c	Digitalisation of justice systems	100 %
	Intervention area 5: Digitalisation of enterprises DESI dimension 4: Integration of digital technologies	
010	Digitalisation of SMEs (including e-commerce, e-business and networked business processes, digital innovation centres, living labs, web entrepreneurs and ICT start-ups, B2B)	100 %
010a	Digitalisation of large enterprises (including e-commerce, e-business and networked business processes, digital innovation centres, living labs, web entrepreneurs and ICT start-ups, B2B)	100 %
010b	Digitalisation of SMEs or large enterprises (including e-commerce, electronic business activities and networked business processes, digital innovation centres, living labs, web entrepreneurs and ICT start-ups, B2B) that meet greenhouse gas emission reduction criteria or energy efficiency criteria ([7])	100 %
014	Commercial infrastructure for SMEs (including business parks and industrial sites) ([8])	40 %
015	Business development and internationalisation of SMEs, including productive investments ([8])	40
017	Advanced support services for SMEs and clusters of SMEs (including management, marketing and design services) ([8])	40 %
018	Incubators, support for spin-offs, spin-outs and start-ups ([8])	40
019	Support for innovation clusters, including between enterprises, research organisations and public authorities, and business networks, primarily for the benefit of SMEs. ([8]) ([9])	40
020	Innovation processes in SMEs (process, organisational, commercialisation, co-creation, and user-centred and demand-driven innovation) ([8])	40 %

Code	Area of intervention and type of intervention ([1])	Coefficient for calculating support for the digital transition
021	Technology transfer and cooperation between enterprises, research centres and the higher education sector ([8])	40 %
021a	Support for the production and distribution of digital content	100 %
	Intervention area 6: Investment in digital capabilities and the deployment of advanced technologies DESI Dimension 4: Integration of digital technologies + ad hoc data collection	
055	Other types of ICT infrastructure (including large-scale IT resources/equipment, data centres, sensors and other wireless equipment)	100 %
055a	Other types of ICT infrastructure (including large-scale IT resources/equipment, data centres, sensors and other wireless equipment) that meet the criteria for reducing carbon dioxide emissions and energy efficiency ([7])	100 %
021b	Development of highly specialised services and support structures for public administrations and businesses (national centres of excellence in high-performance computing, cyber centres, testing and experimentation facilities for AI, blockchain technology, the Internet of Things, etc.)	100 %
021c	Investments in advanced technologies, such as: high-performance computing and quantum computing/quantum communication capabilities (including quantum encryption); the design, production and integration of systems in the field of microelectronics; next-generation data, cloud and edge capabilities (infrastructures, platforms and services); virtual and augmented reality, deep technology and other advanced digital technologies. Investments in securing the digital supply chain.	100 %
021d	Development and implementation of cybersecurity technologies, measures and support structures for users in the public and private sectors.	100 %
	Area of intervention 7: Greening the digital sector	
027a	Investments in technologies, skills, infrastructure and solutions that improve energy efficiency and ensure the climate neutrality of data centres and networks.	100 %

(1) The description of the interventions in this table is without prejudice to compliance with competition rules, in particular to ensure that the interventions do not crowd out private investment.
(2) Including submarine cables within and between Member States and between the Union and third countries.
(3) Including 5G and 6G networks.
(4) Including: measures to support the digitalisation of education and vocational training institutions (including investment in ICT infrastructure), including for vocational education and training and adult education.
(5) This covers digital skills at all levels and includes: highly specialised education programmes for training digital specialists (namely technology-focused programmes), teacher training, the development of digital content for educational purposes, and relevant organisational capacities. It also includes measures and programmes aimed at improving the of basic digital skills.
(6) This includes the use of advanced technologies (such as high-performance computing, cybersecurity or artificial intelligence) for public services and decision-making processes, and the interoperability of digital public services and infrastructure (regional, national and cross-border).
(7) If the objective of the measure is that, as part of the activity, data must be processed or collected to enable reductions in greenhouse gas emissions leading to demonstrated substantial reductions in greenhouse gas emissions over the life cycle. If the objective of the measure requires data centres to comply with the 'European Code of Conduct on Energy Efficiency for Data Centres'.
(8) The 40% digital coefficient should only be applied if the intervention focuses on elements directly linked to the digitalisation of enterprises, including, for example, digital products, ICT assets, etc.
(9) Including entities in the social economy.