

Recovery and Resilience Facility: NL priorities ahead of the trilogue

- For the Netherlands, the essence of RRF lies in promoting growth-enhancing reforms. Therefore, recovery and resilience plans (RRP) will have to include ambitious reforms. Starting point is that all CSR's (from 2020 and 2019) must be addressed. The condition of addressing challenges identified in the European Semester should require the highest ("A") score.
- Recovery and resilience plans should be approved by way of a Council implementing decision, on a proposal from the Commission. Delegated acts are not a suitable instrument, as the adoption of plans does not concern supplementing or amending the regulation.
- The disbursement of funds needs to be properly anchored in the RRF Regulation, in line with the agreement in the July European Council. Decisions on disbursement should be taken by implementing act, taking into account the opinion of the EFC. The emergency procedure needs to remain intact.
- The 10% pre-financing in the Council position is a compromise and should not be increased. The Netherlands is not in favor of pre-financing because it is not linked to targets and milestones.
- The deadline for commitments should be set at 31 December 2023, and the deadline for payments at 31 December 2026. As agreed by the July European Council. As the RRP is a temporary crisis instrument, its duration needs to be limited.
- Funds that are decommitted or recovered automatically are used to lower the net-borrowing need. They cannot be re-used for EU expenditure.
- The table below reflects the main issues on which Parliament and Council positions differ. Crucial textual differences are highlighted in yellow and purple (purple = not part of ER conclusions).

Subject	Council position	EP position	Remarks
<u>Duration:</u> • 2023 deadline for commitments • 2026 deadline for payments • 70% of funds to be committed before the end of 2022.	11.1a For a period until 31 December 2022, the Commission shall make available for allocation 70 per cent of the amount referred to in point (a) of Article 5(1). 11.2 For a period starting from 1 January 2023 until 31 December 2023, the Commission shall make available for allocation 30 per cent of the amount referred to in point (a) of Article 5(1). 19a.1 Payments of financial contributions to the Member State concerned under this Article shall be made by 31 December 2026 and in accordance with the budget appropriations and subject to the available funding.	11.1 For a period until 31 December 2022, the Commission shall make available for allocation EUR 337 968 000 000, referred to in point (a) of Article 5(1). Each Member State may submit requests up to their maximum financial contribution, referred to in Article 10, to implement their recovery and resilience plans. 11.2. For a period starting after 31 December 2022 until 31 December 2024, where financial resources are available, the Commission may organise calls in line with the calendar of the European Semester. 17.4 c (1) as regards completion of the investment, the investment period by which the investment project must be implemented shall end no later than seven years after the adoption of the decision; (2) as regards completion of reforms, the period by which the reforms must be implemented shall end no later than four years after the adoption of the decision.	• A three-year duration of the measure is in accordance with the EC conclusions. As the RRP is a temporary crisis instrument, its duration needs to be limited. • The requirement to commit 70% within two years will stimulate MS to make plans swiftly and reflects the character of the RRF as a crisis instrument.
<u>Pre-financing:</u> 10%	11a.1 [...] the Commission shall make a pre-financing payment of an amount of up to 10 per cent of the financial contribution in the form of non-repayable support, and, where applicable, of up to 10 per cent of the loan support [...].	19a.2a [...] the Commission shall make a pre-financing payment of an amount of up to 20% of the legal commitment in the form of non-repayable support, and, where applicable, of up to 20% of the loan support [...]	Council position is a compromise. NL had a preference for 10% of the amount committed to a member state in 2021 (maximum 70%) instead of the full country envelope.

Link to CSRs: • Reference to budgetary and MEOP CSRs. • “all or a significant subset of” • Minimum A-score required.	15.3 (a) an explanation of the way the relevant country-specific challenges and priorities identified in the context of the European Semester, including fiscal aspects thereof, and challenges related to Article 6 of Regulation (EU) No 1176/2011, are expected to be addressed 16.3 (a) whether the recovery and resilience plan is expected to contribute to effectively address all or a significant subset of challenges identified in the relevant country-specific recommendations, including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011 where appropriate, addressed to the Member State concerned. Annex II [criterion 2.1] The recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned, including fiscal aspects and recommendations made under Article 6 of Regulation (EU) No 1176/2011, or in other relevant documents officially adopted by the Commission in the European Semester. Annex II The recovery and resilience plan complies satisfactorily with the assessment criteria: If the final rating for criteria 2.1 to 2.7 includes scores with:	15.3 (ab) in line with the scope of the Facility, a justification on how the plan contributes to effectively address challenges identified in the relevant country-specific recommendations for the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester, including the relevant recommendations for the euro area as endorsed by the Council; 16.3 (m) whether the plan contains measures that, in line with the scope of the Facility, effectively contribute to address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester, including the relevant recommendations for the euro area as endorsed by the Council; Annex II [criterion m] whether the plan contains measures that, in line with the scope of the Facility, effectively contribute to address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester, including the relevant recommendations for the euro area as endorsed by the Council; Annex II The recovery and resilience plan complies satisfactorily with the assessment criteria: If the final rating for criteria (a) to (q) includes scores with:	• The relevant CSRs are wide-ranging, those of 2020 even focus mainly on crisis management. The reference to CSRs aimed at debt sustainability and macro-economic imbalances makes clear that these must be taken seriously. • It is important that the starting point is that all CSRs must be addressed. If MS prioritise, they must be able to justify this in view of the objectives of the RRF. • The criterion of addressing the challenges identified in the CSR's should require an A-score (B-score should not be permitted. Moreover, by including so many criteria, the EP position dilutes this criterion.
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	- an A for criteria 2.1, 2.1a, 2.2, and 2.2a; and for the other criteria: - all A's, or - no majority of B's over A's and no C's,	- an A for criteria (a) to (f); and for the other criteria: - all A's, or - a majority of A's over B's and no C's,	
<u>Governance:</u> approval of plans through a Council implementing decision	17.1 On a proposal from the Commission, the Council shall approve by means of an implementing decision, the assessment of the recovery and resilience plan submitted by the Member State in accordance with Article 15(1) or, where applicable, of its update in accordance with Article 15(1a).	17.1 The Commission shall adopt a decision within two months of the official submission of the recovery and resilience plan by the Member State, by means of a delegated act in accordance with Article 25a.	NL can only accept implementing acts. Delegated act not suitable here, since it does not concern supplementing or amending the regulation.
• Governance: approval of payments through an implementing decision taking into account the EFC opinion. • Inclusion of an emergency procedure.	19a.1 [...] For this purpose, the Commission decision referred to in paragraph 3 shall be adopted in accordance with the examination procedure referred to in Article 27(2). 19a.2(b) Where the Commission makes a positive preliminary assessment of the satisfactory fulfilment of the relevant milestones and targets, it shall provide its findings to the Economic and Financial Committee and ask for its opinion on the satisfactory fulfilment of the relevant milestones and targets. The Commission shall take the opinion of the Economic and Financial Committee into account for its assessment. Recital 31a If, exceptionally, one or more Member States consider that there are serious deviations from the satisfactory fulfilment of the relevant milestones and targets, they may request the President of the European Council to refer the matter to the next European Council. In such exceptional circumstances, no	19a.2 [...] The decisions referred to in this Article shall be adopted in accordance with Article 25(a). Article 25a 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 17 and Article 19 shall be conferred on the Commission until 31 December 2027. [...]	• NL can only accept implementing acts. Delegated act not suitable here, since it does not concern supplementing or amending the regulation. • EFC can only form an opinion on the basis of a preliminary assessment by the Commission. • The Commission must take the EFC's assessment into account when drawing up the final disbursement decision. • The emergency procedure was part of a delicate political compromise in the European Council.

	decision for payment of the financial contribution and, where applicable, of the loan support will be taken until the next European Council has exhaustively discussed the matter. This process shall, as a rule, not take longer than three months after the Commission has asked the Economic and Financial Committee for its opinion.			
<u>Sustainability of reforms:</u> previously achieved goals and milestones are not to be reversed.	19a.2a The satisfactory fulfilment of milestones and targets shall presuppose that measures related to previously satisfactory fulfilled milestones and targets have not been reversed by the Member State concerned	Not included, but no issue.	NL was in favor of repayment in case reform is reversed. Turned out not to be feasible. This provision ensures that reforms are maintained at least until 2026.	
<u>Decommitted and recovered funds</u>	Decommitted and recovered funds automatically lead to a lower need to borrow.	5.2a By 31 December [2024], the Commission shall assess the expected amount of unused commitment appropriations and decommitment appropriations available for non-repayable support referred to in paragraph 1, point a of this Article that may be entered into the Union budget to reinforce programmes with the European added value as external assigned revenues in accordance with Article 21(5) of the Financial Regulation in the 2025 Draft Budget of the EU.		