

## CHAPTER VII

### Communication and final provisions

#### *Article 26*

##### *Information, communication and publicity*

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
2. The Commission shall implement information and communication actions relating to the instruments established by this Regulation, its actions and its results. Financial resources allocated to the instruments established by this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Articles 4.

#### *Article 27*

##### *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 28*

##### *Entry into force*

This Regulation shall enter into force on the following 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.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## LEGISLATIVE FINANCIAL STATEMENT

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

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## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>23</sup>

Cohesion

Economic and financial affairs

#### 1.3. Nature of the proposal/initiative

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action**<sup>24</sup>

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

#### 1.4. Objective(s)

##### 1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The strategic objective of the Recovery and Resilience Facility is to promote the Union's economic, social and territorial cohesion by improving the resilience and adjustment capacity and convergence of the Member States and supporting the green and energy transitions, thereby contributing to restoring the growth potential of the economies of the Member States in the aftermath of the COVID-19 crisis, , and to fostering sustainable growth.

##### 1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

###### Specific objective No

The specific objective is to provide Member States with financial support ("grants" and "loan") with a view to achieving the milestones and targets of reforms and investment as set out in the recovery and resilience plans that the Member States will submit and the Commission will approve. The specific objective will be pursued in close cooperation with the Member States concerned.

###### ABM/ABB activity(ies) concerned

[...]

<sup>23</sup> ABM: activity-based management; ABB: activity-based budgeting.

<sup>24</sup> As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

### 1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The financial support under the Facility is linked to the achievement of results; therefore, the Facility is expected to contribute to improving Member States' resilience and adjustment capacity and regaining the path of economic recovery and of sustainable growth; this will also include the contributing to the green and digital transitions, and ensure fairness of the process as far as social sectors are concerned.

### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

#### **Output indicators:**

number of plans as approved by the Commission;  
overall financial contribution allocated to the plans;

#### **Result indicators:**

number of plans implemented;

#### **Impact indicators**

the objectives set in the plans, which have been achieved due, inter alia, to the financial support received

## 1.5. **Grounds for the proposal/initiative**

### 1.5.1. *Requirement(s) to be met in the short or long term*

Developing sound and resilient economies and financial systems built on strong economic and social structures will help Member States to respond more efficiently to shocks and recover more swiftly from them. Reforms and investments to address structural weaknesses of the economies and to strengthen their resilience are therefore essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

### 1.5.2. *Added value of EU involvement*

Action at Union level is necessary to achieve a fast and robust economic recovery in the Union. This goal cannot be achieved to a sufficient degree by the Member States acting alone, while the Union's intervention can bring an additional value by establishing instruments targeted at supporting Member States financially as regards the design and implementation of the much needed reforms and investments. Such support would contribute to also mitigate the societal impact caused by the crisis.

### 1.5.3. *Lessons learned from similar experiences in the past*

Other instruments at Union level support the implementation of structural reforms and investments. On the policy side, the policy recommendations provided by the Union under the European Semester identify reform and investment priorities. Union funds, notably those covered by Regulation (EU) No XXX/XX of the European Parliament and of the Council [CPR] finance investment projects requiring thematic concentration and that certain enabling conditions are fulfilled. InvestEU provides financing to private investment projects under different policy windows, not necessarily linked to reform efforts.

None of these instruments though provide direct and comprehensive financial support in the form of “grants” and “loans” to Member States in view of the fulfilment of results related to agreed recovery plans for reforms and investments. This will be the distinctive delivery mode of the Facility.

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

The Facility will be complementary and ensure synergies with other Union programmes, notably the projects financed by the structural and cohesion funds and by InvestEU; this will contribute to leverage the use of the Union funds and to avoid duplications. To that effect, firstly Member States are required to present the relevant, information on existing or planned Union financing when submitting their plans to the Commission; secondly, financial support from the Facility will be additional to the support provided under other Union funds and programmes, in that reform and investment projects may receive funding from other Union programmes and instruments provided that such support does not cover the same cost; thirdly, the coordination between the Facility and other Union programmes and Union funds will be ensured via a strengthened governance within the internal working arrangements of the Commission. Decisions to provide financial support to a Member State will take into account the measures financed by the Union funds and programmes, and the need to avoid double funding. In addition, reforms and investments that will benefit from financial support under the instruments will be identified in the context of the European Semester.

## 1.6. Duration and financial impact

Proposal/initiative of **limited duration**

- Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- Financial impact from 2021 to 2024 for commitment appropriations and from 2021 for payment appropriations.

Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>25</sup>

**Direct management** by the Commission

- by its departments, including by its staff in the Union delegations;
- by the executive agencies

**Shared management** with the Member States

**Indirect management** by entrusting budget implementation tasks to:

- third countries or the bodies they have designated;
  - international organisations and their agencies (to be specified);
  - the EIB and the European Investment Fund;
  - bodies referred to in Articles 208 and 209 of the Financial Regulation;
  - public law bodies;
  - bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
  - bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
  - persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

N/A
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<sup>25</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

Specific output, result and impact indicators will be defined in each approved plan with the Member States, so that the completion of the milestones and targets will be set as a condition for receiving the financial support.

Member States will report on a quarterly basis in the European Semester on progress made towards milestones and targets. The Commission will also report annually to the European Parliament and to the Council.

A mid-term evaluation and an ex-post evaluation will be carried out with a view to assessing the effectiveness, efficiency, relevance, and coherence of the Facility.

The Commission will communicate the conclusions of the evaluations accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

### **2.2. Management and control system**

#### **2.2.1. Risk(s) identified**

The risk relates to the performance measurement (non-achievement of pre-defined targets/milestones).

The measures that will be put into place to mitigate these risks are the following:

- thorough evaluation process before the disbursement of funds for achievement of the milestones/targets by the beneficiary Member States;
- activation of suspension, and cancellation of payments in case of non achievement of the milestones/targets by beneficiary Member States.

#### **2.2.2. Information concerning the internal control system set up**

The Facility will be implemented in direct management by the Commission in accordance with the Financial Regulation.

#### **2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error**

Financial contribution will be provided to Member State in the form of financing not linked to cost referred to in point (a) of Article 125(1) of the Financial Regulation.

### **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

Standard provisions exist in the proposal for Regulation for the protection of the financial interests of the Union.

DG REFORM will apply its Anti-fraud Strategy, having regard to the proportionality and cost benefit of the measures to be implemented.

Appropriate internal control processes will apply at levels of management and be designed to provide reasonable assurance of achieving the following objectives: effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; adequate management of the risks relating to

the legality and regularity of the underlying transactions, and prevention, detection, correction and follow up of fraud and irregularities.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./Non-diff. <sup>26</sup>	from EFTA countries <sup>27</sup>	from candidate countries <sup>28</sup>	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/N O	YES/NO	YES/N O	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/N O	YES/NO	YES/N O	YES/NO

<sup>26</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>27</sup> EFTA: European Free Trade Association.

<sup>28</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

Apart from the administrative expenditure under Heading 7 of the multiannual financial framework, the proposed expenditure linked to the Recovery and Resilience Facility will be covered by EUR 267 955 000 000 (in current prices) in the form of loans and EUR 334 950 000 000 (in current prices) made available as external assigned revenue, within the meaning of Article 21(5) of the Financial Regulation, stemming from the borrowing operations of the Union as set out in Regulation (EU) XXX/XX [EURI regulation].

Out of this amount, up to EUR 42 000 000 may be dedicated to administrative expenditure.

The indicative breakdown of the expenditure is as follows (EUR million, in current prices):

Recovery and Resilience Facility			Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Later years	TOTAL
• Operational appropriations											
Loans	Signed agreements	(1)	132 651.000	135 304.000	-	-	-	-	-	-	<b>267 955.000</b>
	Loan instalments	(2)	39 795.300	73 753.950	66 988.750	60 356.200	27 060.800	-	-	-	<b>267 955.000</b>
Grants	Commitments	(1a)	131 580.000	134 211.000	34 228.000	34 913.000	6.000	6.000	6.000	-	<b>334 950.000</b>
	Payments	(2a)	19 742.100	53 030.250	78 162.750	86 952.550	59 129.300	25 743.850	10 443.850	1 745.350	<b>334 950.000</b>
of which appropriations of an administrative nature financed from the above-mentioned envelope for grants			6.000	6.000	6.000	6.000	6.000	6.000	6.000	-	<b>42.000</b>

<b>Heading of multiannual financial framework</b>	<b>7</b>	‘Administrative expenditure’
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EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<b>TOTAL</b>
Commission (ECFIN, SG)									
• Human resources		2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>
• Other administrative expenditure									
<b>TOTAL Commission (ECFIN, SG)</b>	Appropriations	2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>

<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>
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EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<b>TOTAL</b>
<b>TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework</b>	Commitments	2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>
	Payments	2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs  ↓			Year N		Year N+1		Year N+2		Year N+3		Enter as many years as necessary to show the duration of the impact (see point 1.6)						TOTAL	
	<b>OUTPUTS</b>																	
	Type <sup>29</sup>	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 <sup>30</sup> ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
<b>TOTAL COST</b>																		

<sup>29</sup> Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

<sup>30</sup> As described in point 1.4.2. ‘Specific objective(s)...’

### 3.2.3. Estimated impact on appropriations of an administrative nature

#### 3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	2021	2022	2023	2024	2025	2026	2027	TOTAL
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<b>HEADING 7 of the multiannual financial framework</b>								
Human resources	2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>
Other administrative expenditure								
<b>Subtotal HEADING 7 of the multiannual financial framework</b>	2,250	2,250	2,250	2,250	2,250	2,250	2,250	<b>15,750</b>

<b>Outside HEADING 5<sup>31</sup> of the multiannual financial framework</b>								
Human resources	6,000	6,000	6,000	6,000	6,000	6,000	6,000	<b>42,000</b>
Other expenditure of an administrative nature								
<b>Subtotal outside HEADING 7 of the multiannual financial framework</b>	6,000	6,000	6,000	6,000	6,000	6,000	6,000	<b>42,000</b>

<b>TOTAL</b>	<b>8,250</b>	<b>57,750</b>						
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

<sup>31</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

### 3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full time equivalent units*

	2021	2022	2023	2024	2025	2026	2027
<b>• Establishment plan posts (officials and temporary staff)</b>							
XX 01 01 01 (Headquarters and Commission's Representation Offices)	15	15	15	15	15	15	15
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
<b>• External staff (in Full Time Equivalent unit: FTE)<sup>32</sup></b>							
XX 01 02 01 (AC, END, INT from the 'global envelope')							
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)							
<b>XX 01 04 yy<sup>33</sup></b>	- at Headquarters						
	- in Delegations						
XX 01 05 02 (AC, END, INT - Indirect research)							
10 01 05 02 (AC, END, INT - Direct research)							
Other budget lines (specify)	75	75	75	75	75	75	75
<b>TOTAL</b>							

**XX** is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

<sup>32</sup> AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

<sup>33</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

### 3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
  - on own resources
  - on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>34</sup>							
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			
Article .....									

For miscellaneous ‘assigned’ revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

<sup>34</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.