



Next Generation EU: REACT and Recovery Facility

Marco Lopriore, Expert EIPA

1. REACT-EU Regulation 2020/2221

- Amending CPR 1302/2013
- EUR 47,5 Bn of external assigned resources with 2022 tranche EUR 10 Bn allocation in oct. 2021
- resources towards ERDF/ESF; FEAD, **YEI (if you have a PA already)**, CBC (specific rules)
- Programming under **new 12th TO Covid 19 and single IP**, new dedicated OP/Priority Axis (mono-fund), on-going authorities. **NOT broken down** by category of regions, approval with 15 days
- No PF, no EAC, no thematic concentration, (option) 100% EU co-financed, MS need to do 1 evaluation before end 2024 while EC Evaluation (2025)

Implementing provisions

- retroactive projects eligible since 1.2.2020
- physically completed projects or fully implemented eligible if started after 1.2.2020
- Reclassifying on-going projects
- Eligibility until 31.12.2023 but phasing option
- 11% initial pre-financing 2021 (annual pre-financing 2% 2021-2023)
- Up to 4% for TA in MS (6% for ETC); 0,35% to TA from EC
- Do no significant harm principle & **green 25% climate objective**
- Safeguards Charter FR, anti-fraud
- Publicity 'funded as part of EU response to COVID 19'

Primary scope for REACT EU spending

ERDF

- Goods & services **health sector** & social infrastructure
- Working capital & investments of SME
 - **tourism & culture**
- **Green & digital** economy
- Investments for ensuring basic services to citizens
- Measures for regions most affected

ESF

- **Keeping jobs** (limited in time)
 - STWS & self-employed, artists & creative workers, freelancers entrepreneurs
- **Not for structures**
- **Even if not combined with active measures**
- **Creating new** jobs for vulnerable persons, youth employ./YG
- development of new competences
- **access to social services** general interest (incl. children)

Allocation of resources 2021 tranche (2018 prices)

EU Member States	EUR Mn
Austria	205
Belgium	243
Bulgaria	411
Croatia	538
Cyprus	105
Czechia	786
Denmark	167
Estonia	167
Finland	127
France	2926
Germany	1777
Greece	1609
Hungary	830
Ireland	83

EU Member States	EUR Mn
Italy	10651
Latvia	197
Lithuania	257
Luxembourg	132
Malta	105
Netherlands	416
Poland	1550
Portugal	1502
Romania	1247
Slovenia	247
Slovakia	580
Spain	10229
Sweden	271

Allocation criteria REACT EU

- GDP (weighting 2/3)
 - Your share in the loss of GDP adj your GNI p.c. as EU-share
- Unemployment (weighting 2/9)
 - Your EU-share Jan 2020 (weighting $\frac{3}{4}$) adj for increase since Jan 2020 (weighting $\frac{1}{4}$)
- Youth unemployment (weighting 1/9)
 - Your EU-share in Jan 2020 (weighting $\frac{3}{4}$) adj for increase since Jan 2020 (weighting $\frac{1}{4}$)
- **(Caps) allocations not higher than :**
 - 0,07% of real GDP if GNI pc > 109 % EU,
 - 2,6% of real GDP if GNI pc < 90% EU
 - Linear interpolation for all other cases
- Additional resources: Extra: MT 50Mn, LU 100Mn, outermost 30 EUR/p.c.

Guidance of EC on typology projects

EU Cohesion policy: first REACT-EU support measures for recovery and transition approved for the Netherlands and Austria



06/04/2021

The Commission approved the first decisions under REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe) involving a modification of four operational programmes for the European Regional Development Fund (ERDF) in the Netherlands and Austria that will increase the funding available for investments by nearly €262 million from REACT-EU.



Dear Minister,

The socio-economic consequences of the COVID-19 pandemic have threatened the development prospects of Member States and regions. The crisis has affected many sectors, resulting in a sharp decline in output, putting jobs at risk and limiting national and regional capacities for public investments necessary for the economic recovery. It has also worsened the social inclusion prospects for the most vulnerable and the most deprived.

At the start of the COVID-19 pandemic, the co-legislators have promptly adopted the Coronavirus Response Investment Initiatives (CRII and CRII+) proposed by the Commission to provide additional budgetary liquidity, flexibility and simplification for Cohesion Policy Funds.

Following the welcome political agreement between Member States on the multi-annual financial framework for the period 2021-27 and on a recovery powered by Next

Brussels, 29 July 2020
Ares (2020) 4552662

Subject: Additional resources of the REACT-EU in support of Cohesion Policy programmes (ERDF, ESE, FEAD) for the programming period 2014-2020

REACT EU call for projects February 2021

Dutch OP ERDF Kansen voor West

■ Target group:

- All incl SME (2n Valley of Death for last step to commercialization TRL8)
- support 250 companies, €20 Mn private co-funding, 65 MgWatt of renewable energy

■ Selection of Green and Digital projects:

- Going for **large** projects with **total cost of min €200 000** (smaller project always apply for vouchers €20 000 EUR for product testing)
- Criteria: sustainability (**green/digital**) (**30 points out of 100**), business case (20), quality (20)
- **Shorter life-time** of projects than usual (costs to be done by 2023: 2 years for delivery)
- **“first come first serve”** (lottery for overshooting on last day if you reach min 70 points out of 100)

■ Eligibility of expenditure:

- Same eligibility rules (SCO, staff SSUC, outside area 15% max if the impact is in the OP area) and compliance with SA: **not 40% ERDF but 60-70% with Temporary Framework State Aid**

REACT EU Belgium

- **ESF Flanders: €89 million will be added to the OP to strengthen dual learning, support skills development for a green & digital economy and help people affected by the pandemic to find new jobs.**
- **ERDF OP Flanders will be increased by additional €33 million from ERDF to support the digital, green and innovative transition:**
 - investments in the digitalisation of museum collections, investments in heat networks and the circular economy as well as investments in demonstration projects for innovation and living labs.

Let's have a look at the National guidances note

2. Recovery and Resilience Facility

Reg. 2021/241 of 12.2.2021

- **Legal base:** Art 175(3) TFEU
- **Objective:** Investments & reforms (measures) for **twin transition and resilience** of national economies to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions

	Annexes
I	Methodology for calculating max. financial contribution per MS
II.	Allocation key applied to 70 %
II	Allocation key applied to 30 %
IV	Maximum financial contribution per MS
V	Assessment guidelines for RRF
VI	Methodology for climate tracking
VII	Methodology for digital tagging

Chapter	Heading	Art.
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Maximum financial contribution in current prices

Annex IV (based on Autumn EC forecast 2020)

EU Member State	EUR Bn	p.c. 000 EUR
Austria	3.4	0.4
Belgium	5.9	0.5
Bulgaria	6.2	0.9
Croatia	6.2	1.6
Cyprus	1	1.1
Czechia	7	0.7
Denmark	1.5	0.3
Estonia	0.9	0.8
Finland	2	0.4
France	39.3	0.6
Germany	25.6	0.3
Greece	17.7	1.7
Hungary	7.7	0.7
Ireland	0.9	0.2

EU Member State	EUR Bn	p.c. 000 EUR
Italy	68.8	1.2
Latvia	1.9	1.0
Lithuania	2.2	0.8
Luxembourg	0.09	0.2
Malta	1.6	0.6
Netherlands	5.9	0.3
Poland	23.8	0.6
Portugal	13.9	1.4
Romania	14.2	0.7
Slovenia	1.7	0.9
Slovakia	6.3	1.2
Spain	69.5	1.5
Sweden	3.2	0.3

	(A) Amounts requested(*)		(B) Max. pre-financing: 13% of (A)	(C) Pre-financing (B) as a ratio to 2021 GDP(**)	(D) Maximum financial allocation: - Max total grants €312,5 billion in 2018 prices - Max total loans €360 billion in 2018 prices	
	Grants	Loan			Max grants per Member State in current prices (***)	Max loans per Member State in current prices (****)
Belgium	Max	0	€767 Mn	0,16%	€5.9 Bn	€32.8 Bn
Bulgaria	-		-	-	€6.3 Bn	€4.2 Bn
Czechia	Max	0	€923 Mn	0,40%	€7.1 Bn	€14.3 Bn
Denmark	Max	0	€208 Mn	0,06%	€1.6 Bn	€21.9 Bn
Germany	Max	0	€3328 Mn	0,10%	€25.6 Bn	€240.9 Bn
Estonia	Max	0	€127.73 Mn	0,45%	€1.0 Bn	€1.9 Bn
Ireland	Max	0	€130 Mn	0,03%	€1.0 Bn	€18.7 Bn
Greece	Max	Max	€3926 Mn	2,28%	€17.8 Bn	€12.4 Bn
Spain	Max	0	€9035 Mn	0,75%	€69.5 Bn	€84.8 Bn
France	Max	0	€5122 Mn	0,21%	€39.4 Bn	€168.4 Bn
Croatia	Max	0	€819 Mn	1,56%	€6.3 Bn	€3.7 Bn
Italy	Max	Max	€24921 Mn	1,44%	€68.9 Bn	€122.8 Bn
Cyprus	Max	€227 Mn	€159.51 Mn	0,73%	€1.0 Bn	€1.5 Bn
Latvia	€1.8 Bn	0	€234 Mn	0,75%	€2.0 Bn	€2.0 Bn
Lithuania	Max	0	€286 Mn	0,56%	€2.2 Bn	€3.2 Bn
Luxembourg	Max	0	€13 Mn	0,02%	€0.1 Bn	€2.7 Bn
Hungary	Max	0	€93 Mn	0,65%	€7.2 Bn	€9.7 Bn
Malta	Max	0	€41.13 Mn	0,30%	€0.3 Bn	€0.9 Bn
Netherlands	-		-	-	€6.0 Bn	€55.3 Bn
Austria	Max	0	€455 Mn	0,12%	€3.5 Bn	€27.2 Bn
Poland	Max	€12.1 Bn	€4680 Mn	0,86%	€23.9 Bn	€34.8 Bn
Portugal	Max	€ 2.7 Bn	€2158 Mn	1,01%	€13.9 Bn	€14.2 Bn
Romania	Max	Max	€3796 Mn	1,63%	€14.2 Bn	€15.0 Bn
Slovenia	Max	€700 Bn	€325 Mn	0,66%	€1.8 Bn	€3.2 Bn
Slovakia	Max	0	€819 Mn	0,84%	€6.3 Bn	€6.3 Bn
Finland	Max	0	€273 Mn	0,11%	€2.1 Bn	€16.4 Bn
Sweden	Max	0	€416 Mn	0,08%	€3.3 Bn	€33.2 Bn
Total	€325.6 Bn	€165.9 Bn	€63.9 Bn	-	€338.2 Bn	€952.4 Bn

RRF is different than MFF !

	Multi-annual Financial Framework 2021-2027	Recovery & Resilience Facility (RRF) NGEU
Beneficiaries	Projects, businesses	Member States (beneficiary/borrower)
Management	Direct, shared or indirect	direct management
Payment	Reimbursement of costs Partly on SCO/FNLC	Performance based Fully FNLC “cash for result”
Funding	EU budget + MS co-financing	EU debt funded/No co-financing
Controls	Checks on costs	Checks on achieving milestones/targets Check Col/Fraud/Corruption/DF

- ***Different compliance criteria require different checks and audits***

Which one is more simple/attractive?

Cohesion

- 330 Bn EUR (mostly newer MS)
- Several OP per MS
- Allocation mechanism also has migration, education level, climate change
- N+3; last eligibility date end 2029
- Transition phasing of projects between periods
- VAT eligible under 5 Mn EUR
- Performance Framework (But no *Reserve*)
- Geo-concentration on LDR (not MDR)
- No more TO 11 (PA) in 2021-2027
- ERDF PO 1 /PO 2 earmarking rules
- 8% to SUD
- ESF+ earmarking (youth NEET, inclusion, deprivation, child)
- 85-50% co-financing of eligible expenditure
- Annual pre financing 0,5% throughout

Recovery

-

Which one is more simple/attractive: RRF v. Cohesion?

Cohesion

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Recovery

- 672 Bn EUR (mostly older MS)
- One NRRP per MS
- Allocation: inverse GDP p.c., pop, unempl., drop real GDP for the remaining 30%
- Frontloaded
- 70% by 2022 and 30% by 2023
- VAT not eligible
- Targets (august 2026) and payment (by end 2026)
- Payment by Result
- No concentration requirements on LDR
- spending on CSR 2019/2020
- incl. reforming PA /justice
- Minimum Earmarking: 37% to green transition + 20% to digital transition
- 13% pre-financing in 2021

Respecting DNSH principle

Art 17 Taxonomy Regulation 2020/852

DNSH technical guidance

climate change
mitigation (GHG
emissions)

Climate change
adaptation

sustainable use &
protection of water
and marine
resources

circular economy

pollution prevention

control, protection
& restoration of
biodiversity
ecosystems

The assessment of DNSH
In RRF is valid for Cohesion
No need to repeat it

- significant greenhouse gas (GHG) emissions;
- increased adverse impact of the current climate and the expected future climate, on the activity itself or on people, nature or assets
- detrimental to a good status of water, incl. surface water and groundwater, or to the good environmental status of marine waters
- significant inefficiencies in using materials or natural resources, or increasing generation, incineration or disposal of waste
- significantly detrimental to the good condition and resilience of ecosystems, or detrimental to the conservation status of habitats and species
- significant increase in emissions of pollutants into air, water or land

Risk of double funding

Art 9 RRF ↓	<ul style="list-style-type: none">“Support under the RRF shall be additional to the support provided under other EU funds and programmes. Reform and investment projects <u>may receive support from other EU programmes and instruments provided that such support does not cover the same cost.</u>”
Art 65.11 CPR 2014-2020 ↓	<ul style="list-style-type: none">“An operation may receive support from one or more ESI Funds or from one or more programmes and from other EU instruments, provided that the expenditure item included in a request for payment for reimbursement by one of the ESI Funds does not receive support from another Fund or EU instrument.”
Art 63.9 CPR 2021-2027	<ul style="list-style-type: none">“An operation may receive support from one or more Funds or from one or more programmes and from other EU instruments. In such cases expenditure declared in a payment application for one of the Funds shall not be declared for either of the following: (a) support from another Fund or EU instrument;”

 **support from different instruments is possible; no double funding needs to be ensured!
RRF cannot cover the minimum national co-financing of CPR funds**

Questions

Consider the RRF and Cohesion Policy:

- **In your area is there sufficient demarcation?**
- **You are using the same delivery structures as in Cohesion, will you need additional resources for RRF?**
- **Timing for adapting your M&C system for RRF purposes ?**
- **Any additional provisions for prevention corruption, Col, fraud?**
- **Any risks of Double funding ? (risk matrix)**
- **Beneficiaries any preferences between Cohesion & RRF?**
- **Will you deliver the results for the installments under RRF?**

Let's have a look at the Demarcation note

Demarcation lines

Demarcation Note EIPA

- **PT: Check by RRF task-force and by Cohesion Agency every 6 months**

Criteria used in PT	RRF	Cohesion
Different typology	Digitalisation <i>central</i> PA	Digital transition <i>local</i> PA
Separate timetable	Trigger investments for Hydrogen and Renewables	Consolidation: future Cohesion or EU funds
Different stages of large investments	Expansion metro line	Further expansions or interventions at later date



Do You Have Any Questions?

m.lopriore@eipa.eu

RRF is surely different than Cohesion

Which is more simple/attractive:
RRF v. Cohesion?

CPR/ERDF/CF/ESF+ Regulations

330 Bn EUR (mostly on newer MS)
Several OP per MS
Allocation mechanism also has migration, education level, climate change

N+3; last eligibility date end 2029
Transition phasing of projects between periods
VAT eligible under 5 Mn EUR

Performance Framework (But no more *Perf. Reserve*)

Geo-concentration on LDR (not MDR)

No more TO 11 (PA) in 2021-2027

ERDF PO 1 /PO 2 earmarking rules MDR/TR/LDR
8% to SUD
ESF+ earmarking (youth NEET, inclusion, deprivation, child)

85-50% co-financing of eligible expenditure
Annual pre financing 0,5% throughout

Recovery & Resilience Facility Reg.

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Allocation mechanism: inverse GDP p.c., population, unemployment, drop real GDP for the remaining 30%

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Payment by Result

No concentration requirements on LDR

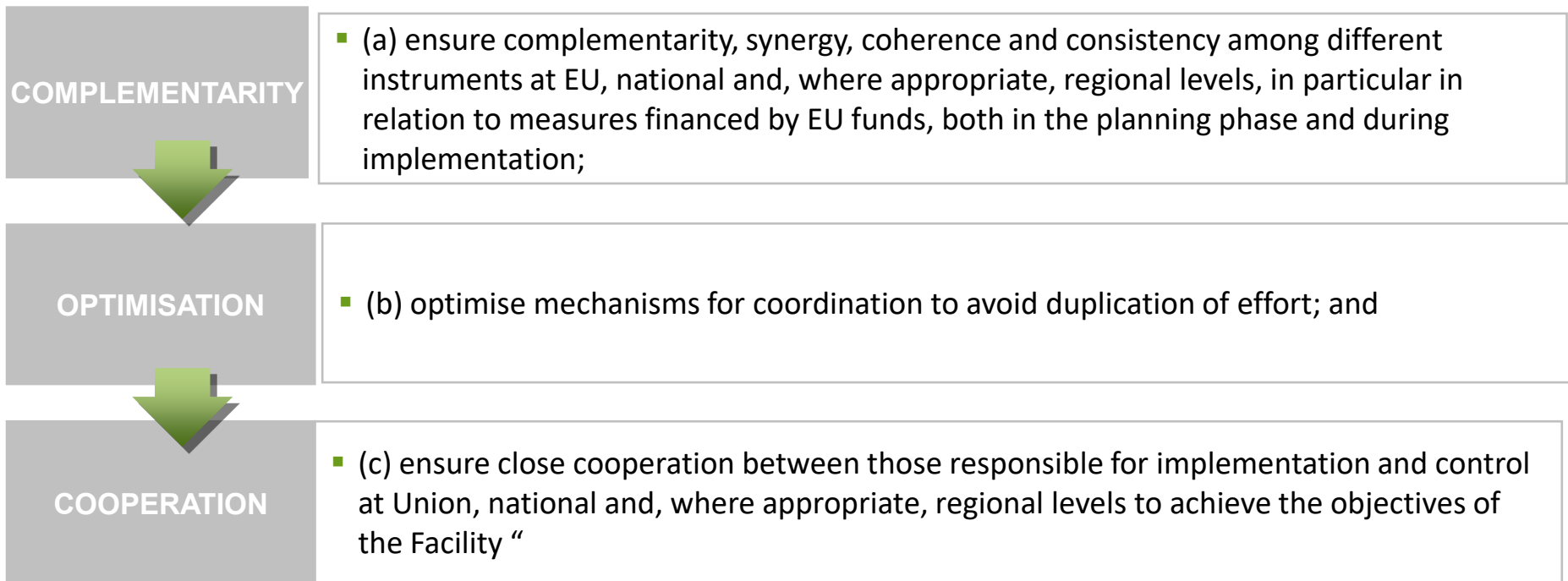
Key spending on CSR 2019/2020 incl. reforming PA /justice

Minimum Earmarking: 37% to green transition + 20% to digital transition

13% pre-financing in 2021

Risk: proper articulation with Cohesion policy

Art 28 RRF “EC and MS shall, in a measure commensurate to their respective responsibilities, foster synergies and ensure effective coordination between RRF and other EU programmes, including TSI, and in particular with measures financed by EU funds”



New different selection weights

REACT EU project selection OP Kansen voor West

- **Sustainable: 30%**
 - Digitalisation of processes
 - Zero emission mobility of people and goods
 - CO2 free electricity systems and CO2 free building
 - Making industry climate neutral & circular products
 - Human capital for transition
- **Innovation: 15 %**
- **Business case: 20%**
- **Project plan quality: 20 %**
- **Contribution to OP objectives: 15%**



Examples of projects

REACT EU project selection OP Kansen voor West



- **DIGITAL:** robotisation, cyber security, drones, IoT, AI, smart farming, smart mobility, e-health
- **GREEN:** consumers/SME, replace plastic, recyclable materials (bamboo composites), de carbonisation, smart energy grids
- **Mismatch LABOUR:** green/digital competences, SIB, talents, innovative internships, re- and upskilling
- **Green ITI:** circular economy in business parks