



**ECO**

Brussels, 19 November 2020

To the members of the Section for  
**Economic and Monetary Union and Economic and Social Cohesion**

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The secretary-general of the European Economic and Social Committee is pleased to enclose the

**APPENDIX 1**  
**TO THE**  
**MINUTES**

of the 197th meeting  
of the

**Section for Economic and Monetary Union and Economic and Social Cohesion**

held at the Committee building in Brussels

on

**19 November 2020**

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Thematic debate

**Implementing the Recovery and Resilience Facility to fight the economic  
consequences of the COVID-19 crisis:  
State of play and the role of organised civil society**

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## MINUTES

In his opening remarks, **Mr Stefano PALMIERI**, ECO president, stressed that the EU had provided an efficient and quick response to the COVID-19 crisis that would have been unthinkable a year before. He acknowledged the innovative nature of this response and pointed out the contrast with the one provided to the 2008-2009 financial crisis. Mr PALMIERI then outlined the main figures of the Recovery and Resilience Facility (RRF) and the envisaged steps for its implementation. The EUR 672-billion instrument would be disbursed between 2021 and 2026 and implemented in the framework of the European Semester. Each country would develop a recovery and resilience plan by April 2021. A task force at the European Commission had been created to assist the countries in setting up those plans. The plans should not only help mitigate the consequences of the crisis but also be coherent with the green and digital transitions as well as with social, economic and territorial cohesion. He pointed out the importance of involving civil society in the design and implementation of the national plans to ensure their success and the ownership of the envisaged reforms. He highlighted that the RRF had two main functions: to work as a counter-cyclical instrument in the short term and to restructure the economies in the long term. The president also highlighted the challenge of meeting objectives with different timeframes and the limits in the governance of national plans that might exacerbate the existing funds absorption problems.

The floor was then given to **Mr Dimitris DIMITRIADIS** to present the EESC opinion on the RRF, for which he was the rapporteur. He said that the RRF was the core of the EU recovery plan. Member States would benefit from it through grants and loans with long maturities and low interest rates. He stated that national plans would contribute to the four pillars of the Annual Sustainable Growth Strategy 2021 published by the Commission: environmental sustainability, competitiveness, fairness and macroeconomic stability. The investment focus areas would be clean technology, energy, sustainable transport, rapid broadband services, data cloud capacity, and education and training. In its opinion, the EESC had expressed strong support for the Commission's proposal. The opinion called for strong linkages between reform support and the European Semester. It also valued the cooperation between Member States and the Commission to ensure monitoring and supervision. Finally, it emphasised the need to share best practices within EU and to speed up bureaucratic processes regarding the allocation and disbursement of funds, with the Commission providing the necessary technical support in that sense. Mr DIMITRIADIS concluded that the RRF was the most important financial package in EU history and stressed its potential to deliver change.

**Ms Maria Teresa FABREGAS FERNANDEZ**, Director at the Recovery and Resilience Task Force of the Commission, was the first panellist to take the floor. She said that, although the legislative proposal was still being negotiated, the RRF was clearly the cornerstone of Next Generation EU and a tool to deliver the green and digital transformations. She explained that investments alone would not have the desired long-term impact, hence the need to include reforms in the national plans based on the country-specific recommendations formulated by the Commission, and to consider future generations in them. Regarding the funds absorption problems, she explained that the country-specific recommendations formulated during the previous two years had stressed the importance of improving the business environment, increasing the efficiency of public administration, and smoothening the levels of investment over the economic cycle. She pointed out that, to ensure that everyone could benefit from the RRF, the Commission had stressed the need for Member States to increase the involvement of civil society and of the different levels of government in the design and not just in the implementation of national plans. She added that the RRF was also going to be used as a single market instrument, and that cross-border projects were being encouraged. She informed the audience that the Commission had issued a template for the national plans in September 2020, which would ensure a coherent approach to all reforms and investments, including the milestones and targets that would be used later to approve the disbursement of funds twice a year.

**Mr Henning FAHLAND**, Head of the Recovery and Resilience Facility Task Force at the Federal Ministry of Finance of Germany, spoke on behalf of the German Council Presidency. He said that the goal of the German Presidency was to conclude the legislative process on the RRF, so that the Portuguese Presidency could focus on its implementation. He claimed that the participation of civil society and the Commission was necessary to ensure the functionality of the national recovery and resilience plans. He acknowledged the short timeframe for the adoption of the legislative proposal, but pointed to the fact that all actors involved in the decision-making process were aware of the extreme importance of the issue, and expressed confidence in their capacity to reach a difficult political balance in accordance with the political orientation given by the European Council in July 2020. Mr FAHLAND highlighted the short- and long-term objectives of the recovery plan, pointed out that absorption issues existed in all Member States, and acknowledged the effort of the Commission to make funds more accessible, for instance through front-loading. Finally, he recognised the role of the European Semester as a governance instrument to implement the RRF in a negotiation-based approach where Member States discuss their national plans with the Commission and the Council.

**Mr Rui Henrique ALVES**, Head of the Economic and Financial Affairs Department at the Permanent Representation of Portugal to the European Union, spoke on behalf of the future Portuguese Council Presidency. He stressed that the RRF replied to the historical demand of his government to have a European instrument providing financial support for investment and structural reforms in order to deliver convergence and resilience in the EU. He highlighted that a quick finalisation of the legislative process was needed and that the main priority for the incoming Portuguese Presidency of the Council would be the implementation of the RRF. He added that there would be a wide reflection on the future of the European Semester and the management of the RRF that would involve several Council formations and civil society. He said that work was ongoing on a proposal for virtual chats to discuss those issues and on a high-level conference that would be organised in June 2021. Regarding the national recovery and resilience plans, he said that Portugal had involved civil society to develop the first draft of its plan and would continue to do so in its implementation too, notably by the creation of a national commission chaired by an independent personality and composed of civil society and local government

representatives. The European Commission would propose an implementation decision on each national plan, which would then need to be approved by the Council.

The last panellist was **Mr Dragos PÎSLARU**, one of the three European Parliament rapporteurs for the RRF. He started by insisting on the fact that the negotiating institutions formed one team working in the interest of the EU. He then outlined the specific contribution of the European Parliament to the negotiations. This consisted notably in the inclusion of a clause on a mandatory involvement of the social partners and civil society, the acknowledgement of the green and digital pillars of resilience together with an increase in the green investment benchmark up to 40%, and the inclusion of four new pillars to clarify the concept of resilience. These new pillars would be: competitiveness, focused on entrepreneurship, SME support and productivity gains; social action and cohesion to ensure that no one is left behind; institutional resilience to ensure the delivery of high-quality education and health services; and the next generation, focused on children and youth. Seven per cent of the funds should be allocated to each of these pillars. In addition, the Parliament had requested the following horizontal elements: an increase of the pre-financing rate to 20%; the inclusion of a clause on the respect to the rule of law; the incorporation of a gender dimension; the inclusion of an additionality principle; and a security-related clause to avoid using the funds for investment projects coming from certain third countries. Finally, Mr PÎSLARU stressed the importance for the Parliament to have a say in the governance of the instrument so as to ensure appropriate representation of European citizens in its design, implementation and monitoring.

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**Mr PALMIERI** opened the floor for a general debate.

The following ECO members took the floor: **Mr GOBIŇŠ**, **Mr SALAFRANCA**, **Mr DOZ ORRIT**, **Mr MARIN**, **Mr MALLIA**, **Mr MARCHIORI**, **Ms CALISTRU**, **Mr POČIVAVŠEK** and **Mr BOLAND**. The issues raised included: the ways to encourage Member States to develop participation structures to involve civil society, in particular youth; the best moment to present the first input from the Committee to the Commission regarding the RRF implementation; the management and financial capacity of the Member States to implement RRF projects; the ways to ensure that reforms contained in the national plans are actually implemented by national governments; the ways to ensure that funds reach those companies that need them most, including in the social economy; the need for Commission guidelines on the instruments available for SMEs; the need to ensure a correct and accountable spending of the funds; the reasons why some of the criteria to evaluate the national plans were considered more important than others; and the different legal possibilities to unlock the stalemate in the MFF negotiations between two Member States and the rest.

In addition, **Mr PALMIERI** read out a few questions from **external participants** that had been put forward through the Sli.do platform. These included the extent to which Member States were aware of the Commission's criteria to evaluate the national recovery and resilience plans; the eligibility of the social partners and civil society organisations to access the funds through actions that contribute to the goals of the national plans; the existence of studies on the potential effect of RRF investments on the real economy in the Member States; and the ways to create complementarities and synergies between the RRF and cohesion policy or other policies.

The panellists were then given the floor to answer the questions.

**Ms FABREGAS FERNANDEZ** said that the assessment criteria were well known by the Member States as they were included in the Regulation and in a template issued by the Commission. She pointed out that very few Member States had presented their draft national plans, and those submitted were subject to further discussions. She highlighted that the Commission was pushing Member States to ensure the participation of civil society throughout the process of design and implementation of the recovery and resilience plans. She mentioned the need to reform public administrations to tackle the existing funds absorption problems. She recalled that funds would be disbursed only after the Member States proved that they had fulfilled the milestones and targets contained in their plans. With reference to the surveillance and control of the funds, she highlighted the existence of supervisory bodies, as well as the supervisory powers of the Commission and the Parliament.

**Mr FAHLAND** acknowledged that a protracted legislative process might delay the work of Member States on their plans. He also stated that the veto on the MFF announced by certain national governments would not affect the ongoing legislative work on the RRF. He explained that the RRF would not create a direct link between the EU and SMEs, as the EU would channel funds through the national budgets of the Member States. This would allow national governments to start spending before the funds were made available. He stated that the best moment to receive input from the Committee might be the first quarter of 2021, when the legal work would be concluded and the horizontal discussions on the national plans would start. He stated that the funds would flow at national level through procurement and other sector-specific mechanisms established in each country plan, and stressed his confidence that the plans would lead to a recovery based on convergence. He explained that the different evaluation criteria would have a different weight and that the general objective was to stress green points and to have cohesive plans under the European Semester framework.

**Mr ALVES** said that the technical assessment criteria were clear in the Regulation and the guidelines delivered by the Commission. He stated that there were plenty of opportunities to build synergies, for instance through long-term national investment plans, and expressed confidence in the absorption capacity of the Member States. He highlighted his government's interest in the Committee's views on the RRF, especially on how the European Semester could include the ideas of resilience and recovery, and stressed that any moment would be adequate to receive input from the Committee.

**Mr PÎSLARU** joined the previously expressed views that the civil society's participation is welcome at all times. He stated that the Technical Support Instrument should provide the necessary assistance to the Member States on national procurement matters. He also mentioned a proposal from the Parliament for the inclusion of a scoreboard to evaluate the degree of accomplishment of the national plans and how the funds were being spent in relation to the different pillars of the RRF. He highlighted that the existing institutional framework would allow to monitor the implementation of the plans and referred to the competences of the Parliament, the Commission and other bodies such as the European Court of Auditors and OLAF in that regard. Finally, he stressed that it was necessary to avoid an unequal recovery and highlighted the willingness of the Parliament to work towards greater social cohesion through better involvement of the social partners and civil society.

**Mr PALMIERI** thanked all panellists and participants. He concluded by saying that the Committee would continue to monitor the RRF adoption and implementation process in cooperation with the other institutions.