LEGAL BRIEFING – Banking & Finance

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RRF: A life jacket in the aftermath of the Covid Crisis1: Food for thought for the European and national data protection laws

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In late 2020, EU had to deal with the unprecedented economic and social impact of the Covid-19 crisis along with a tremendous energy crisis that led to market disruption.

In such a reality, the EU's need to remain internationally competitive and to improve the economies of its Member States, led to the establishment of the Resilience and Recovery Facility ("RRF"), by virtue of the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021.

The RRF concept

The RRF is a fund distribution mechanism, directly managed by the European Commission.

Its financial package comprises of an amount of EUR 723,8 billion which will be injected into the economies of the Member States in several instalments in the form of non-repayable financial support (*grants)* (EUR 338,0 billion) and/or loans (EUR 385,0 billion) with quite attractive interest rates.

The eligibility criteria of the beneficiaries are sector-specific based, as the scope of the RRF covers six pillars of policy areas[1], with a strong emphasis on the *green transition* and *digital transformation*.

The access of interested Member States to this funding process is subject to the submission and approval of a National Recovery and Resilience Plan, which must include a detailed programme of targeted reforms and investments for the domestic economy and appropriate in terms of the scope of the aforementioned pillars.

Although the expected results of this project are long term, the disbursement of the funds is subject to a strict timeline (the use of the funds should be completed by the end of 2026), while the partial financing (2 tranches per year) is fully dependent on the completion of intermediate objectives and milestones.

[1] See article 3 of the Regulation (EU) 2021/241.

Greece 2.0

On 17.6.2021, the EC approved Greece's recovery and resilience plan, known as "Greece 2.0", with a total financing of EUR 30,5 billion (EUR 17,8 billion in grants and EUR 12,7 billion in loans).
In this context, the Hellenic Republic has:

1. established the Resilience and Recovery Fund (in Greek: "Ταμείο Ανάκαμψης και Αναδιάρθρωσης") in its capacity as National Agency of the Programme and
2. countersigned operational agreements with six Greek financial institutions, which will act as "intermediaries" in the release of RRF funds in the Greek economy.

To date, Greece has already submitted 291 investment plans to be approved as eligible, while it has already received the second payment instalment, following the EC's positive assessment of the achievement its intermediate objectives.

Conclusion remarks

The RRF is a lifeline in a troubled economic environment, but it is still not a panacea.

Projects can be financed up to a maximum of 50%, with a minimum contribution of 30% from the banks and 20% from the beneficiaries.
In any case, the sums made available are significant enough to relaunch the economy by supporting private investment, without burdening the fiscal budgets of each Member State, while this structure has two noteworthy elements:

- *Inclusive economy* → It is an attractive call for national economies to become more sustainable, inclusive and robust, and for entities (SMEs or large enterprises) to become more innovative and green/digital friendly, in order to benefit from this programme and
- *Burden-sharing effect* → High cost but also fundamental projects are much more feasible as banking system's reluctance to provide large amounts of loans, is mitigated by the RRF's contribution, which encourages all parties (Member States, banking system, private entities) to invest in ambitious and profitable projects in the long term.