RECOVERY AND RESILIENCE FACILITY

The 2022 RRF Annual Report

EPC meeting, 17 March 2022

The RRF Annual Report

- On 1 March 2022, the European Commission adopted its **first annual report** on the implementation of the Facility.
- One year on from its introduction, the **report takes stock of the progress made**.
- This report is the **first of a series of yearly reports** by the Commission, as required by Article 31 of the RRF Regulation.
- It will feed into the **dialogue on the RRF implementation** between the Union institutions and with stakeholders.

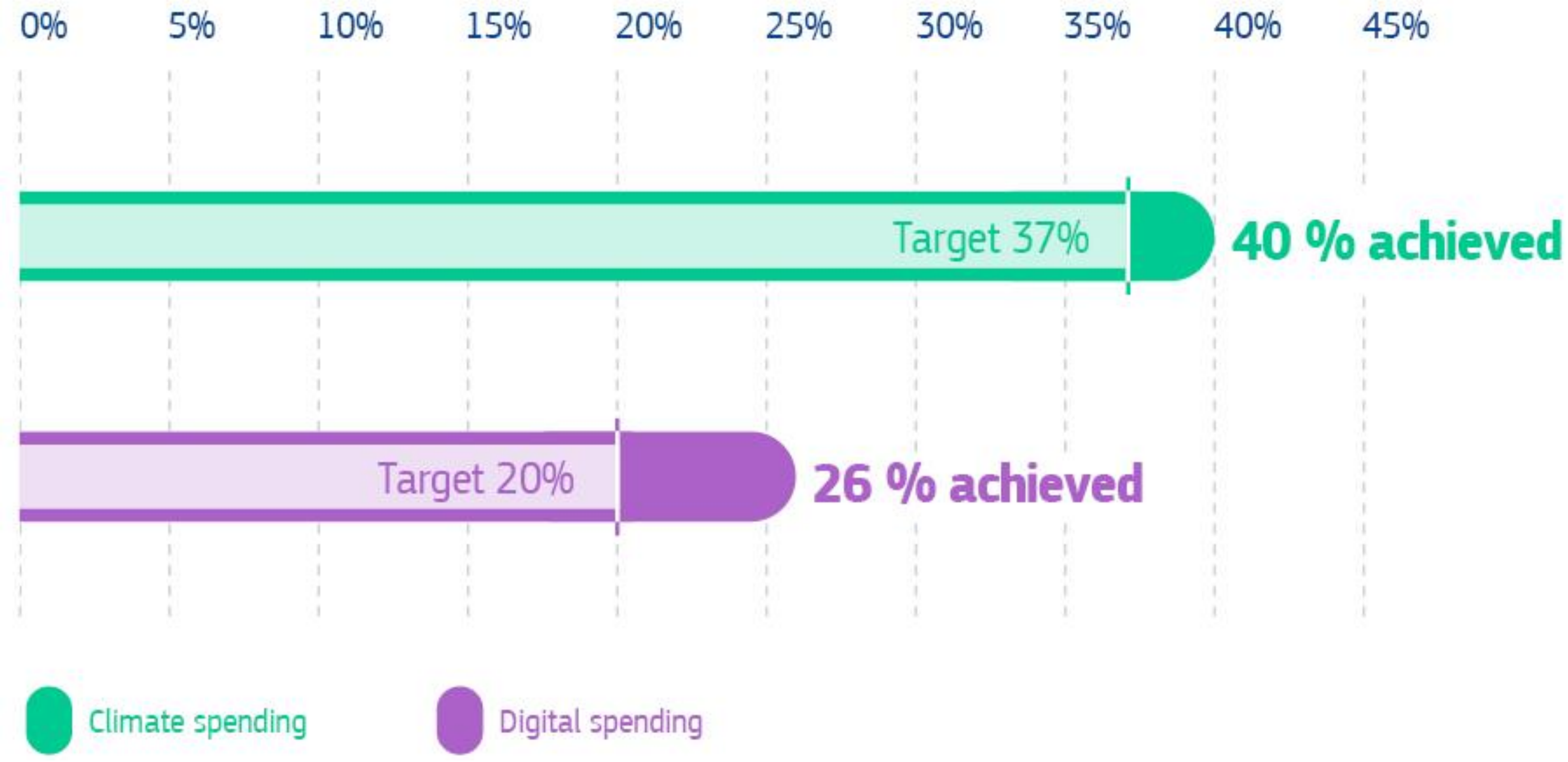
Structure of the RRF Annual Report

1. State of play with the **implementation of the facility**:
   - Plans submitted / pending; Payments; Financing
2. **Content of the 22 RRPs** approved so far:
   - Climate & digital Targets; six pillars; reforms and investments
3. **Implementation framework of the RRF**:
   - Stakeholders; Multi-country projects; communication; audit and control; Complementarity of EU funding

Implementation is well underway and the value added is already tangible on the ground.

- Most recovery and resilience plans are in place (22 out of 27)
- Over €56 billion paid out in pre-financing
- Five Member States have submitted their first payment request
- €10 billion paid out in instalment (at the time of publication)
- EU has successfully raised funds on the capital markets and issued its first ever green bond in 2021
  - € 78.5 billion in long-term funding (excluding short-term bills)
  - Of those, € 14.5 billion in green bonds

Content of RRPs: Aggregate contribution to the climate and digital targets



Content of RRPs: The six pillars

Green transition
- Renovation and energy efficiency
- Waste and water management
- Sustainable mobility
- Afforestation measures

Digital transformation
- Digitalisation of the public administration, including cloud services
- Digitalisation of businesses
- Digital skills
- Broadband roll-out

Smart, sustainable and inclusive growth
- Promote research and innovation
- Fiscal reforms
- Reforming public procurement rules
- Highly qualified, competitive workforce

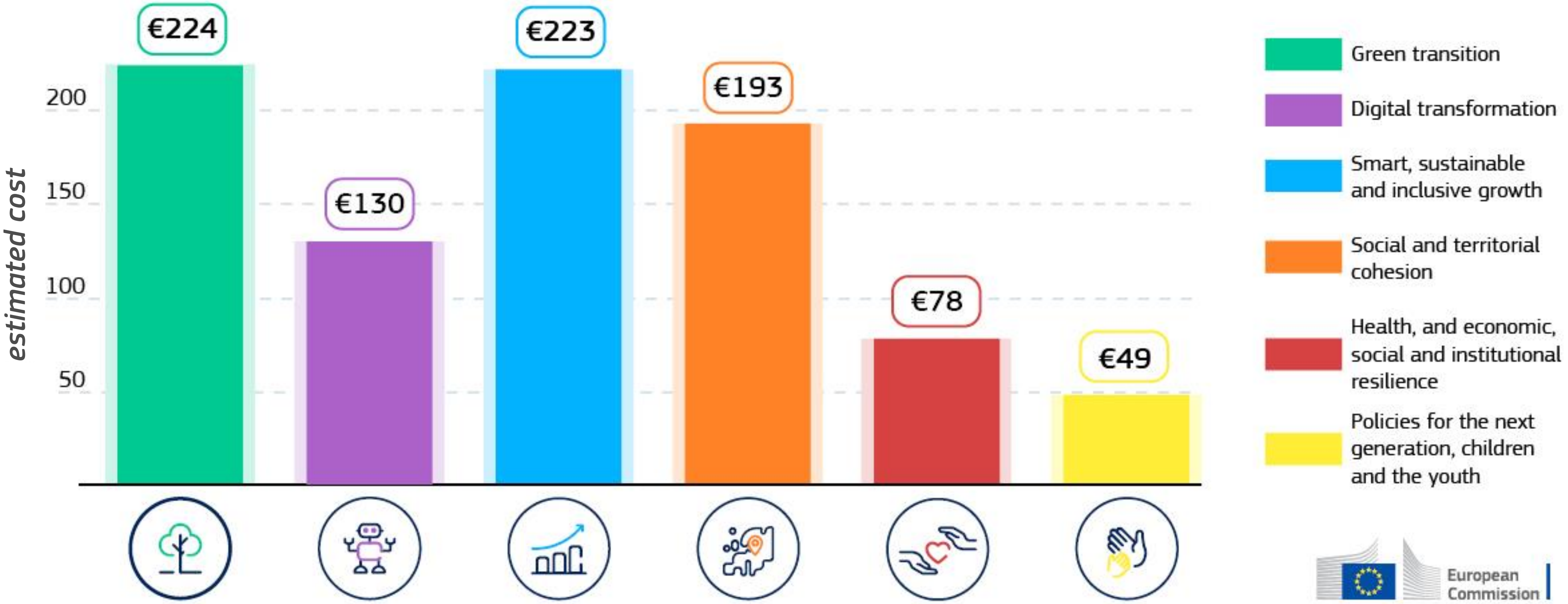
Social and territorial cohesion
- Pension reforms
- Active labour market policies
- Reforms to tackle segmentation in the labour market
- Vocational education and training

Health, and economic, social and institutional resilience
- Resilient health and long-term care systems
- Improving the public administration & justice system
- Mitigate the risk of floods
- Fight against corruption, fraud and money laundering

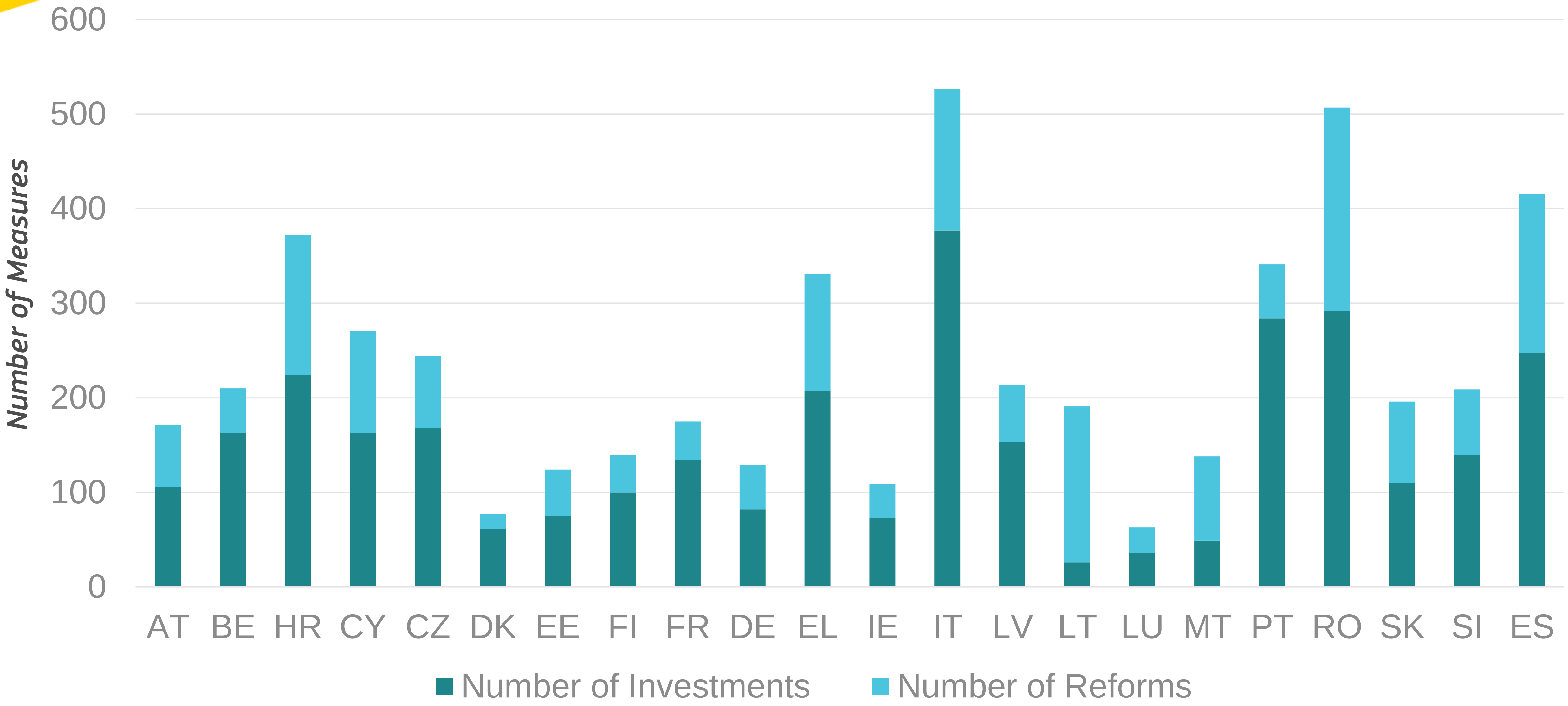
Policies for the next generation
- Reform of the education system
- Reform of university governance
- High quality accessible lifelong education
- Early childhood care

- Each of the **22 approved RRPs** covers **all of the six policy pillars**, with varying degrees.
- The RRF Annual Report entails a **section dedicated to each of the six pillars**.

Content of RRPs: Contribution to the six pillars



Content of RRPs: Reforms and Investments per MS



Implementation framework of the RRF : Multi-country collaboration

- Multi-country collaboration allows to pool resources, **increase impact and achieve economies of scale** and synergies.
- **12 out of 22 RRPs** include measures contributing to multi-country collaboration related to the **green transition**.
- **20 out of 22 RRPs** include measures contributing to multi-country collaboration related to the **digital transition**.

European Commission

Implementation framework of the RRF: Control and Audit

- All 22 RRPs have an **adequate control system**.
- 16 MS have to take **additional measures** before the first payment request, which have been **added to the RRPs**.
- The Commission reviews the **‘management declaration’** and **‘summary of audits’** provided by the Member States with each payment request and implements ex-post audits on M/T
- Throughout the implementation of the RRPs, the Commission will **carry out system audits** on Member States’ monitoring and control systems.

Implementation framework of the RRF

Communication

- Member States have put in place national websites and the RRF Scoreboard went online on 15 December 2021.
- National authorities will also ensure that detailed information is available on the projects supported.
- Under the RRF, recipients of financial support shall acknowledge the origin and ensure the visibility of the Union funding.

Stakeholder consultation

- The Commission encourages MS to keep engaging with social partners, civil society organisations and other stakeholders.
- Commission and MS will hold annual events with stakeholders.

Implementation framework of the RRF: Complementarity of EU funding

- The Commission ensures that the **RRF is complementary to the cohesion policy funds** under the 2021-2027 programming.
- RRPs provide the **national processes and structures to ensure complementarity** and specify projects where co-financing with other EU programmes is envisaged, indicating **what is to be covered by each source** of funding.
- When submitting their payment request, MS provide a **management declaration** which includes a commitment to avoid double funding.
- Also, as part of the bi-annual reporting, MS provide updates on the **use of other EU programmes for the reforms and investments covered under the approved RRP**, including a specification of costs covered by those programmes in case of co-financing.
- The Commission is empowered to conduct **appropriate checks and system audits** on the basis of the information provided by the MS.

More reporting to come: The RRF Review Report

- By **31 July 2022**, the Commission will publish a **review report** on the implementation of the Facility.
- The report will notably provide an assessment on how the recovery and resilience plans **tackle the inequalities between women and men**.

Thank you!

For more information:

- RRF website: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en
- Recovery and Resilience Scoreboard: https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/

Contribution to the six pillars

Pillar 1 | Contribution to the green transition

€224.1 billion

The reforms and investments in the 22 adopted plans contributing to the green transition amount to €224.1 billion. They include measures addressing both climate and environmental objectives, for example by supporting sustainable mobility, energy efficiency, renewable energy, climate change adaptation, circular economy, and biodiversity. The climate expenditure in the 22 adopted plans exceeds the 37% climate target set out in the RRF Regulation.

Examples of reforms and investments

Romania's plan includes key regulatory changes to incentivise zero-emission road transport, incentives for zero-emission and low-emission vehicles, and scrapping schemes to replace the most polluting vehicles.

Spain's plan will support more than half a million energy renovation actions in residential buildings by 2026, achieving on average a primary energy demand reduction of at least 30%.

Contribution to the six pillars

Pillar 2 | Contribution to the digital transformation

€130 billion

A total of almost €130 billion of estimated expenditure is allocated to the digital transformation pillar. This includes reforms and investments aiming to promote the roll-out of very high capacity networks, the digitalisation of public services and businesses, the development digital skills for the population and workforce as well as measures supporting digital-related R&D and the deployment of advanced technologies. The digital expenditure in the 22 adopted plans exceeds the 20% digital target set out in the RRF Regulation.

Examples of reforms and investments

Croatia's plan includes an investment to create a digital mobile e-service platform to enable citizens to easily use online public services on their smartphones.

Latvia's plan includes a measure to significantly increase the number of specialists with advanced digital skills by developing higher education programmes, for instance in quantum, high performance computing, and language technologies.

Contribution to the six pillars

Pillar 3 | Contribution to smart, sustainable and inclusive growth

€223 billion

Measures contributing to the smart, sustainable and inclusive growth pillar concern more than a thousand measures in the 22 adopted plans, for a total of around €223 billion. These measures concern very diverse areas, from support to SMEs to research and development and innovation, to reforms to improve the business environment or competitiveness.

Examples of reforms and investments

Denmark's plan includes reforms to provide the public and private sectors with incentives to boost R&D, particularly in innovative green technologies.

Greece's plan includes several investments promoting access to finance for Greek firms including SMEs through a loan facility scheme.

Contribution to the six pillars

Pillar 4 | Contribution to social and territorial cohesion

€193 billion

Measures supporting social and territorial cohesion amount to €193 billion of estimated expenditure in the 22 adopted plans. Measures aiming at territorial cohesion include large infrastructure investments, social policies such as social protection and social housing and measures contributing to employment and skills.

Examples of reforms and investments

Cyprus' plan will support the upgrade of flood channels in Livadia, the construction of a rainwater collection network of 4 600 meters in length in Kladeri, and of a sewer system in Nicosia.

Italy's plan includes investments to support women's participation in the labour market, including by investing in childcare facilities.

Contribution to the six pillars

Pillar 5 | Contribution to health, and economic, social and institutional resilience

€78 billion

Measures supporting this pillar in the 22 adopted plans amount to expenditure totalling €78 billion. Funding is focused on strengthening health care and reforming public administration. All recovery and resilience plans include measures related to health care, showing Member States' strong commitment towards improving health systems across the Union.

Examples of reforms and investments

Belgium's plan includes important investments in nuclear medicine initiatives aimed at constructing a prototype facility for a sustainable production of medical radioisotopes, and targeted at developing a research programme for the next generation of therapeutic radioisotopes in cancer treatment.

Finland's plan will support national and regional actors to develop digital services targeting citizens, professional systems, and management solutions.

Contribution to the six pillars

Pillar 6 | Contribution to policies for the next generation, children and the youth, such as education and skills

€49 billion

In total, measures related to Pillar 6 account for €49 billion in the 22 adopted plans. Investments and reforms cover early childhood education and care, general primary and secondary school education, initial vocational education and training, and higher education.

Examples of reforms and investments

Slovakia's plan includes a curricular reform in primary and lower secondary education, which aims to create new learning content to improve pupils' and teachers' skills.

France's plan includes a financial subsidy for employers of apprentices during their first year of contract, adding up to maximum €8,000 for over 18-year-olds, and €5,000 for minors.